



Part IV

Report of the Auditor-General 2024

on the Accounts of Public Authorities and Statutory Bodies established
under the Act of Parliament and Government Owned Companies
established under the Companies Act

-
- Public Bodies and their Subsidiaries
 - National Government Owned Companies
 - National Government Shareholdings in Other Companies

OFFICE OF THE AUDITOR-GENERAL

26 September 2025

Honourable Job Pomat, MP
Speaker of the National Parliament
Parliament House
WAIGANI
National Capital District

Dear Mr Speaker,

In accordance with the provisions of Section 214 of the Constitution of the Independent State of Papua New Guinea, I forward herewith a copy of my report signed on 26th September 2025 upon the inspection and audit of the financial statements of the Public Bodies and their subsidiaries and National Government owned companies for tabling in the National Parliament. This Report (Part IV) also contains information on companies in which the Government does not hold majority interest. Section D of this Report contains information on the status of certain entities whose audits have been in arrears.

Yours sincerely,



GORDON KEGA MBA, CPA
Auditor-General

2024 AUDITOR-GENERAL'S REPORT – PART IV

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GENERAL

A. FOREWORD

My Annual Report to the National Parliament for the 2024 financial year is presented in four Parts. Part I deals with the Public Accounts of Papua New Guinea (PNG), Part II deals with National Government Departments and the Provincial Treasury Offices, whilst Part III deals with the audit of the Provincial Governments and Local-level Governments and associated entities.

Part IV (this Part) of my Report deals with Public Bodies and their Subsidiaries, Government Owned Companies and National Government's shareholdings in Other Companies.

This Report is divided into four sections:

- Section A deals with Public Bodies and their subsidiaries;
- Section B deals with National Government owned companies;
- Section C deals with the Companies in which the National Government has minority shareholdings; and
- Section D is an additional section which provides details of entities whose audits have been in arrears due to non-submission of financial statements.

The audit findings contained in Sections A and B of this Report have been reported to management of the respective entities and to the responsible Ministers.

A.1 Audit and Delivery of Government Program

I have carried out audits of Public Bodies and their Subsidiaries and other audits as mandated. These Public Bodies entities are tasked to deliver government services to the people of Papua New Guinea.

Although my report provides opinions on the financial affairs of these entities, other audit procedures performed by my Office give a picture of effective delivery of government policies and programs particularly by the public sector and their contribution to the Medium Term Development Plan III 2018-2022 by attaining an inclusive sustainable economic growth through the following key result areas:

- Increase Revenue and Wealth Creation;
- Quality Infrastructure;
- Sustainable Social Development;
- Improved Law, Justice and National Security;
- Improved Service Delivery;
- Improved Governance;

- Responsible Sustainable Development; and
- Sustainable Population.

In addition, my audit findings that have been repeatedly highlighted show the slow progress in making improvements to governance structures and public accountability mechanisms in relation to expending public finances. Without strong governance support, service delivery as envisaged by the National Government risks falling short of its objectives.

Besides the audit of financial statements, I have extended my audit programs into the audit of service delivery, performance audit and major public work projects to enhance my Office's ability to deliver reports to Parliament on how well and effective the government programs are being delivered.

B. AUTHORITY TO AUDIT

B.1 Constitution

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

I am also empowered under *Section 214(3)* if I consider it proper to do so, to inspect and audit and report to the Parliament on any accounts, finances or property of a body, in so far as they relate to, or consist of, or are derived from public moneys or property of Papua New Guinea.

B.2 Audit Act

By virtue of *Section 214(4)* of the *Constitution*, the *Audit Act 1989*, which became effective from 1 May 1989, provides more details of my functions under *sub-sections (1), (2) and (3)* of the *Constitution*. The *Audit Act* that was derived from the *Constitution* elaborates the functions and the duties of the Auditor-General. This Act was amended in 1995 and the relevant provisions of the amended Act are explained below.

B.2.1 Auditing and Reporting Requirements

In *Section 8, Sub-sections 2 and 4* of the *Audit Act* were amended to include provisions governing the auditing and the reporting requirements of public bodies including government owned companies incorporated under the *Companies Act 1997*.

B.2.2 Matters of Significant Importance

Under *Section 8(2)* of the Act, I am required to inspect and audit the accounts and records of financial transactions and the records relating to the assets and liabilities of these public bodies and their subsidiaries, and to report to the Minister vested with the responsibility for the public body and the Minister in charge of Finance any irregularities found during the inspection and audit.

B.2.3 Audit Opinion on Financial Statements

Section 8(4) of the *Audit Act* requires me to audit the financial statements of the public bodies and to report an opinion to the aforementioned Ministers on:

- *Whether the financial statements are based on proper accounts and records;*
- *Whether the financial statements are in agreement with those accounts and records; and*
- *Whether they show fairly the financial operations for the period which they cover and the state of affairs at the end of that period.*

B.3 Public Finances (Management) Act, 1995 (as amended)

The submission of the financial statements of statutory bodies for audit is required under *Section 63(1) and (3)* of the *Public Finances (Management) Act, 1995 (as amended)*. The *Section* requires each statutory body to prepare and furnish to its Minister before end of fourth calendar month from close of a fiscal year, a report on its operations for the year ended 31 December preceding, together with financial statements in respect of that year duly audited by me.

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

B.4 Companies Act 1997

I am required to audit National Government owned Companies and their Subsidiaries under the provisions of the *Companies Act 1997*. Though these companies are registered under the *Companies Act 1997*, my responsibility to audit them is by virtue of *Section 63* of the *Public Finances (Management) Act (PFMA)* and *Section 3* of the *Audit Act*.

C. AUDIT OF PUBLIC BODIES

C.1 Scope of Audit

The full scope of my audit responsibility in respect of Public Bodies covers the Statutory Bodies and their subsidiaries, National Government owned companies and their subsidiaries, and the companies in which the government holds minority interest.

Presently, the limited resources available to my Office are directed primarily towards financial attestation and compliance or regularity audit of Public Bodies. Due to resource constraints, I have not been able to venture into the audits of information systems. However, a section has been tasked with the audit of information systems per the recent organisational restructure.

C.2 Audit Objectives

Under the *Companies Act*, I am required to ascertain whether proper accounting records have been kept; whether the financial statements comply with generally accepted accounting practice; and whether those financial statements give a true and fair view of the matters to which they relate. The Act also requires me to report the instances of non-compliance with these requirements. More details on the audit responsibilities under the *Companies Act* are provided in **Section B** of this Report which covers the National Government owned companies and their subsidiaries.

C.3 Reporting Framework

My audits are conducted in accordance with the International Standards on Auditing to provide reasonable assurance that the financial statements are free of material misstatements. The audit procedures include examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, evaluation of accounting policies and significant accounting estimates, and ensuring that the financial statements are presented fairly and in accordance with the *International Financial Reporting Standards (IFRS)* and statutory requirements.

D. APPOINTMENT AND USE OF AUTHORISED AUDITORS

Section 8(5) of the *Audit Act* empowers me to employ registered company auditors to assist me in undertaking my constitutional duties, where such assistance is required.

During the period covered in the Report, I engaged a number of registered company auditors to perform audits of numerous Statutory Bodies and National Government owned companies under my direction and on terms and conditions set by me.

E. EXECUTIVE SUMMARY

E.1 Report Coverage

This Report covers the audit reports issued by my Office on the audits of Public Bodies and their Subsidiaries, Government Owned Companies, and National Government's shareholdings in Other Companies during the period **July 2024 to June 2025 (2024/2025 Audit Cycle)**. The Report covers the audits of these entities' financial statements for a number of years, not just 2024.

In **2024** there were **125 public entities** subject to audit by my Office, consisting of **63 Public Bodies** and their **23 Subsidiaries** and **14 National Government Owned Companies** and their **25 Subsidiaries**.

I am also responsible for reporting on the audits of **2 Companies**, in which the National Government has minority shareholding. These entities are audited by private company auditors and are reported under **Section C** of this Report.

E.2 Consistency in Audit Findings Over a Number of Years

The Report's findings are consistent with those in my previous years' reports that have highlighted my concerns over the number of entities that do not submit current year financial statements for audit, and the overall poor state of the financial management structure in most public entities whose statements are subject to my audit and inspection.

The overall purpose of financial statements is to provide information about the financial position, performance and cash flows of an organisation. The information is useful to a wide range of stakeholders and the financial statements constitute a formal record of the financial and business activities of an organisation. As such, the financial statements are a core component of an organisation's governance and accountability. Non-submission of the financial statements for audits in a timely manner greatly limits the ability of stakeholders to monitor performance and make appropriate decisions regarding the organisation.

Financial management in the public sector is to ensure establishment and maintenance of policies, processes and procedures to achieve effective and efficient management of public funds in such a manner as to achieve the objectives of the organisation. It consists of planning, organising, directing, monitoring and controlling the monetary resources of an organisation. Unfortunately, many organisations continue to indicate they are incapable of managing their financial affairs.

Weaknesses with financial management are contributing to significant wastage of financial resources and indicate a serious lack of transparency and accountability. Ultimately these weaknesses adversely impact the delivery of services to the citizens of PNG.

E.3 Submission of Current Year Financial Statements

Section 63(1) and (3)(a) of the PFMA requires ‘...a statutory body to prepare and furnish to the Finance Departmental Head before end of fourth calendar month from close of a fiscal year, a performance and management report of its operations for the year ended 31 December preceding, together with financial statements to enable the Finance Minister to present such report and statements to the Parliament...’

Before submitting the financial statements to the Minister, Section 63(3)(c) requires a statutory body to submit the financial statements to the Auditor-General and for the Auditor-General to report to the Minister in accordance with Part II of the Audit Act.

Despite these legislative requirements, **87 entities** had not submitted their **2024 financial statements** to be audited in addition to **225 financial statements for 2023** and prior years not been submitted for audit (**Refer Table A**). As compared to last year, the situation has deteriorated during this cycle.

The details of the audits in arrears and those entities whose financial statements have been outstanding for a number of years are shown in **Attachment ‘B’ (page xx)**.

Table A

STATUS OF AUDITS AS AT 30 JUNE 2024 (END OF 2024/2025 CYCLE)

Year	Audits Completed	Audits Substantially Completed	Audits in Progress	Audits to Commence Shortly	Financial Statements not Submitted	Non-Operational Entities/ Ceased Companies	Total 2024/2025	Total 2022/2023
2024	4	4	20	7	87	5	127	
2023	22	10	20	12	53	5	122	133
2022	15	19	12	9	40	3	98	129
2021	15	11	6	6	29	2	69	99
2020	5	5	6	7	24	2	49	73
2019	3	5	6	7	21	1	43	60
2018	1	8	5	3	16	0	33	44
2017	1	5	4	3	11	0	24	32
2016	2	3	2	2	9	0	18	19
2015	2	0	1	1	7	0	11	11
2014	0	1	0	2	5	0	8	8
2013	0	0	0	2	5	0	7	6
2012	0	0	0	2	3	0	5	4
2011	0	0	0	2	1	0	3	2
2010	0	0	0	2	1	0	3	2
Total	70	71	82	67	312	18	620	622

Table A above shows that **223 audits** were either completed, substantially completed or still in progress as at 30 June 2024. The details are graphically depicted in **Attachment ‘C’ (page xxi)**, which also includes the arrears of prior years.

Table A also shows that of the **127 current year audits (2024)**, only **4** audits were completed, with **24 audits** either substantially completed or in progress. A further **7 audits** were to commence shortly. Graphical description of the status of current year 2024 audit units (excluding arrears) is given in **Attachment ‘A’ (page xix)**. The list of entities is at **Schedule ‘A’ (pages 367-369)**.

E.4 Type of Audit Opinions Issued

In the period covered (July 2024 to June 2025) by audit, **69 audit opinions were issued**. Of the **69 audit opinions issued, 25 were unqualified, 17 were qualified, and 27 were Disclaimer Opinions**. The details are captured in **Attachment ‘D’ (page xxii)**.

Types of Audit Opinions issued for each entity over the period of ten years from **2014 to 2024** are detailed in **Attachment ‘E’ (page xxiv)**.

Audit reports issued for certain entities whose audit examination conducted have covered more than one year during the period, the recent audit report of these entities is reproduced in this Report. Further information on other years audit reports can be obtained from the minister responsible, the entity or this Office.

E.5 Key Findings

The key findings from the audits centered primarily on the non-submission of the financial statements, non-compliance with the Salaries and Conditions Monitoring Committee (SCMC) regulatory mechanisms for salaries and wages, lack of basic accounting records, inadequate capacity and competence of staff and ineffective internal control systems. Other issues noted are also highlighted in paragraph **E.9 (page xv)**.

- *Bank reconciliations not being prepared in a timely manner or not at all;*
- *Transactions not having the required supporting documents;*
- *Fixed asset registers not being properly kept or maintained and improper and inconsistent valuation of assets;*
- *Physical stock-take count of assets not being carried out properly and no proper procedures being followed in the acquisition and disposal of assets;*
- *Failure to comply with IFRS/IAS in the preparation of financial statements and breach of Public Finances Management Act and other statutory regulations;*
- *Travel and other allowances not being fully acquitted;*
- *Non-remittance of taxes to IRC (Group Tax & GST);*
- *Accounting, administrative and procedural manuals not being maintained;*
- *Employment contracts, calculations of salaries and contract gratuities not available; and*
- *Lack of knowledge, understanding and training in producing general purpose financial statements in Integrated Financial Managements System (IFMS).*

E.6 Non-Submission of Financial Statements

As stated earlier, *Section 63(3)* of the *PFMA* requires each statutory body to prepare and furnish to its Minister on or before end of fourth calendar month from close of a fiscal year, a report on its operations for the year ended 31 December preceding together with financial statements in respect of that year duly audited by me for tabling in Parliament.

This legislative requirement has not been strictly adhered to by most of the public entities' management. To comply with this requirement, the financial statements are required to be submitted to my Office on or before 30 April each year for my audit and inspection. However, out of **125 public entities** only **35 (28%)** entities have submitted their financial statements for 2024 (**Refer Schedule A (pages 367 – 368)**) for my audit and inspection up to the time of preparing this Report. A total of **85** entities have failed to comply with this provision (**Refer Schedule A (page 368)**). The public entities referred to above exclude the **2 Companies** with minority Government shareholdings.

The non-compliance of the public entities management mentioned above has resulted in:

- *My Office not being able to report adequately on the accountability of the use of public resources in a timely manner;*
- *A build-up of audits in arrears; and*
- *The non-tabling of Annual Reports on performance and management of entities by the minister responsible to the Parliament (per PFMA).*

Responsibility for Submission of Financial Statements

An entity's management is responsible for preparing and presenting financial statements for my audit and inspection. It is also the responsibility of management and those charged with governance to ensure that an adequate and effective internal control system is maintained to ensure that complete and accurate financial statements are produced on a timely basis.

Recommendation

My Office recommends the rigorous enforcement of the provisions of Section 63 of the PFMA and a legislative requirement be established to make the renewal of contracts of Chief Executive Officers subject to submission of financial statements and implementation and maintenance of prudent financial management.

This recommendation is to help achieve financial management accountability and good governance in the public sector. During the cycle, **56** public entities have financial statements not submitted for audit totaling **233**. Details of audits that have gone into arrears due to non-submission of financial statements since 2010 are presented below in **Table B** and **Schedule 'B (page 372)'**.

Table B
2023 AND PRIOR YEARS
FINANCIAL STATEMENTS NOT SUBMITTED

No.	Audit Section	Para. No.	Entity	Year	No. of Audits Financial Statements
1	A	3	Border Development Authority and its Subsidiary	2018 & 2019	2
2	A	3A	Papua New Guinea Maritime Transport Limited	2013 to 2023	11
3	A	5	Climate Change and Development Authority	2022 to 2023	2
4	A	7	Cocoa Coconut Institute of Papua New Guinea	2017 & 2018	2
5	A	8	Coffee Industry Corporation Limited and its Subsidiaries	2023	1
6	A	8A	Coffee Industry Fund	2023	1
7	A	8B	Kofi Management Services Limited	2023	1
8	A	8C	Patana No. 61 Limited	2023	1
9	A	9	Conservation and Environment Protection Authority	2020 & 2023	4
10	A	10	Government Printing Office	2023	1
11	A	12	Independent Consumers and Competition Commission	2023	1
12	A	13	Industrial Centers Development Corporation	2019 to 2023	5
13	A	14	Internal Revenue Commission.	2022 to 2023	2
14	A	16A	Papua New Guinea Coconut Extension Fund	2022 to 2023	2
15	A	16B	Papua New Guinea Coconut Research Fund	2022 to 2023	2
16	A	20	National Agriculture Quarantine & Inspection Authority	2019 to 2023	5
17	A	23	National Broadcasting Corporation	2022 to 2023	2
18	A	24A	National Capital District Botanical Enterprises Limited	2013 to 2023	11
19	A	24B.	Port Moresby Nature Park Limited	2023	1
20	A	30A	National Housing Estate Limited	2015 to 2023	9
21	A	31	National Information and Communication Technology Authority	2015 to 2023	9
22	A	32	National Maritime Safety Authority	2021 & 2023	3
23	A	33	National Museum & Art Gallery	2023	1
24	A	37	National Volunteer Service	2021 to 2023	3
25	A	38	National Youth Development Authority	2023	1
26	A	39	Office of the Insurance Commissioner	2019 to 2023	5
27	A	40	Office of the Public Trustee of Papua New Guinea	2020 to 2023	4
28	A	45	Papua New Guinea Forest Authority	2019 to 2023	5
29	A	46	Papua New Guinea Immigration and Citizenship Services Authority	2021 & 2023	3
30	A	49	Papua New Guinea National Institute Standard Industrial Technology	2022 to 2023	2
31	A	50	Papua New Guinea Sports Foundation	2021 & 2023	3
32	A	51A	National Analytical & Testing Services Limited.	2020 to 2023	4
33	A	51B	Unitech Development and Consultancy Company Limited	2020 to 2023	4
34	A	52	Parliamentary Members' Retirement Benefit Fund	2021 to 2023	3
35	A	53	PNG Road Fund	2022 to 2023	2
36	A	57	Security Industries Authority	2022 to 2023	2
37	A	60	Tourism Promotion Authority	2023	1
38	A	61	University of Goroka and its Subsidiaries	2018 to 2023	6
39	A	61A	Unigor Consultancy Limited	2019 to 2023	5
40	A	61B	Unigor Humi Catering Limited	2019 to 2023	5
41	A	612	University of Natural Resources & Environment	2016 to 2023	8
42	A	63	University of Papua New Guinea and its Subsidiaries	2018 to 2023	6
43	A	63A	Unisave Limited	2012 to 2023	12
44	A	63B	Univentures Limited	2012 to 2023	12
45	A	64	Western Pacific University	2023	1
46	B	66A	Air Niugini Properties Limited	2018 to 2023	6
47	B	66B	Link-PNG Limited	2016 to 2023	8

No.	Audit Section	Para. No.	Entity	Year	No. of Audits Financial Statements
48	B	68D.	Kumul Gas Niugini B.V.	2017 to 2023	7
49	B	68G.	Kumul Petroleum (Development) Limited	2023	1
50	B	68N.	NCPC Oil Company Pty Limited	2023	1
51	B	69	Kumul Telikom Holdings Limited and its Subsidiaries	2018 to 2023	6
52	B	73	National Airports Corporation Limited and its Subsidiaries	2022 to 2023	2
53	B	73A	Airports City Development Limited	2022 to 2023	2
54	B	73B	Airport Investments Limited	2022 to 2023	2
55	B	74	Niusky Pacific Limited	2016 to 2023	8
56	C	83	Gogol Reforestation Company Limited	2010 to 2023	14

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Arrears Reduction Strategies

During the last Audit Cycle, I took steps as in the past to remind various entities of their responsibilities to submit the financial statements on a timely basis. These steps include but are not limited to the following:

- Issuance of reminder letters to public entities management on a regular basis until the submission of the financial statements;
- My officers visited various public entities and held meetings with the Chief Executive Officers regarding non-submission of the financial statements and drew their attention to their responsibilities under the *PFMA* and the resultant breach of that Act;
- List of outstanding financial statements were forwarded to the Public Accounts Committee for their necessary action; and
- Senior officers of the Division attended various audit committee meetings during the cycle and emphasised the importance of bringing the audits up to date. My officers attended the following audit committee meetings during the past audit cycle:
 - *Internal Revenue Commission;*
 - *Civil Aviation Safety Authority of PNG;*
 - *University of Papua New Guinea;*
 - *PNG Customs Service;*
 - *Papua New Guinea University of Technology;*
 - *National Housing Corporation;*
 - *National Capital District Commission;*
 - *Tourism Promotion Authority; and*
 - *Small Medium Enterprise Corporation.*

I have set a goal to significantly reduce the audit in arrears situation and the entities listed under **Attachment ‘F’ (page xxvii)** indicate the arrears cleared during the audit cycle. This reduction largely reflects the collective efforts of all my staff members to better manage the audits in arrears.

This can only be achieved by timely submission of financial statements and cooperation of the entities’ management to clear the arrears.

E.7 Non-Compliance with the Salaries and Conditions Monitoring Committee Act (SCMC)

The SCMC was established as the regulatory mechanism for salaries and wages in the public sector. Despite the regulatory mechanism in place, some public bodies do not comply with the provisions of this Act because of legislative changes in their constituent Acts. As a result, these bodies pay salaries and allowances not subjected to monitoring from this Committee. Consequently, they have contravened *Section (3)* of the *SCMC Act* which stipulates:

- “(a) *The provisions of this Act apply notwithstanding anything in any other law relating to the determination of salaries and conditions or employment of employees of a public authority; and*
- (b) *Whereby or under any law, power is given to a public authority, to determine or vary the salaries and conditions of employment of employees of the public authority, that power shall be exercised subject to this Act.”*

E.8 Non-Compliance with the Audit Act 1989

Some public entities owned by the State have amended their enabling Acts and other legal provisions to exclude my Office from performing the constitutional mandated audit of these entities and appointed their own external auditors contrary to the *Audit Act* and the *Constitution*. The following state-owned entities have appointed their own Auditors:

- *Fresh Produce Development Agency;*
- *Kumul Minerals Holding Limited (formerly Petromin Limited);*
- *Mineral Resources Development Company;*
- *National Development Bank Limited;*
- *Ok Tedi Mining Limited; and*
- *PNG Sustainable Development Program Limited.*

E.9 Lack of Basic Accounting Records and Inadequate Control Systems

As reported in previous years, during the course of audits I noted serious deficiencies in accounting and record keeping practices and compliance to internal controls. These deficiencies, which contributed to the limitation in scope of my audit procedures, included:

- Bank, Creditors and other reconciliation statements not being prepared in a timely manner or not being prepared at all;
- Transactions not having the required supporting documentation;
- Fixed Assets Registers not being properly kept or maintained;
- Assets stock-take not being carried out to determine its existence and condition for proper valuation of assets;
- No proper procedures in place for the acquisition and disposal of assets;
- Failure to comply with International Financial Reporting Standards in the preparation of the financial statements;
- Breach of *Public Finances (Management) Act 1995 (as amended)* and other statutory regulations;

- Payments of housing allowances and Board members allowances were not subjected to tax as required;
- Accounting, administrative and procedural manuals not available;
- Ineffective or no internal audit functions;
- Validity and completeness of liabilities as at the wind-up could not be verified;
- Ineffective control mechanisms within the revenue and expenditure cycle;
- Procedures not in place in the control, monitory and recovery of staff Advances and Trade Debtors;
- Unresolved issues surrounding Information Technology (IT) Systems;
- Doubtful Human Resource, Accountant and Financial Consultant capabilities; and
- Ineffective budget controls.

The above factors contributed to the limitations in scope of my audits which have been reported in accordance with *Section 8(2) of the Audit Act, 1989 (as amended)* and resulted in the issuance of Types of Opinion in respect of reports issued during the year, as shown in **Attachment ‘D’ (pages xxii-xxiii)**.

E.10 Poor Financial Management

Over a number of years, I have expressed my concern about public bodies’ poor accounting records, weaknesses in internal controls and management information systems, and non-compliance with legislative requirements and the International Financial Reporting Standards. I also consider that a large number of Chief Executive Officers do not pay sufficient attention to financial management in their entities.

In my view, the concept of effective, prudent and efficient financial management remains to be comprehended and effectively implemented by a significant number of Chief Executive Officers.

E.11 Recommendations for Improvement

Consistent with comments in previous years’ Reports, I will report to the Parliament in future that proper accounting records and adequate internal control systems must exist in all public entities subject to my audit.

For that to be achieved, I believe that Chief Executive Officers are required to exercise proper leadership that provides an environment where there is:

- *Timely submission of financial statements;*
- *Improved record keeping and documentation;*
- *Maintenance and provision of quality information;*
- *Effective implementation of internal control systems;*
- *Sound financial management implemented and adopted by qualified and experienced accountants;*
- *Implementation of my audit recommendations; and*
- *Regular, adequate and timely training on the government’s IFMS accounting system.*

E.12 Improvement Strategies

In my view, for improvement to occur:

- Chief Executive Officers must employ well trained and professionally qualified accounting staff to manage the financial affairs of the organisation;
- Chief Executive Officers must understand the value of and how to implement a strong governance framework and their performance should be regularly assessed against implementation of the framework;
- Parliament must increase its reviews of the management of public entities and provide Chief Executive Officers with incentives to improve their management structures;
- Appointing Boards that are result oriented and service driven; and
- Regular performance reviews on public entities and those in-charge with governance.

E.13 Project Audits

My Office is also responsible for performing audits of donor funded projects undertaken by various state-owned entities and government departments. These projects are co-funded by the State. The Projects are funded by the donor agency by way of loan and the State undertake to repay the loan with interest, based on the loan agreement entered into with the donor agency.

All projects funded are under loan agreement with Asian Development Bank (ADB), World Bank (WB), Japan International Cooperation Agency (JICA), European Union (EU) and International Fund for Agricultural Development (IFAD) programs. It covers Works and Implementation, Water and Sanitation programs, Climate and Maritime Safety programs, Energy Sector programs and Social and Economic Sector Development programs.

The details of the loan and type of opinion issued during the audit cycle and progress of various project audits as at 30 June 2025 are disclosed in **Schedule 'F' (page 379)**.

E.14 Creation, Amalgamation and Abolishment of Entities

Over the years I have been observing a number of entities being created and later abolished, amalgamated or restructured. The challenges faced by my Office is that soon after creation, amalgamation or winding-up/abolishment, whether through Acts of Parliament or executive directives, these entities do not communicate to my Office for me to exercise my mandated responsibilities. Most of the times, I am placed in situations where I could not determine the actual efforts and resources put into creation of such entities and unfortunately could not do the same when the entities wind-up or cease to exist by decisions of the executive government. The cost and benefits of such actions at this stage could not be correctly ascertained by me.

E.15 Challenges Faced by My Office

During the year and prior years, my Office had faced a lot of challenges which had affected much of my mandatory duties. One which has limited my responsibilities is lack of sufficient funding. Despite being a Constitutional Office, my request for appropriate budget funding are not honored and as a result, the funding received is not sufficient to cater for my operations, which impacts on my Constitutional responsibilities.

E.16 Structure of the Report

This Report is structured as follows:

Section A – Public Bodies and Their Subsidiaries;

Section B – National Government Owned Companies and Their Subsidiaries;

Section C – National Government Shareholdings in Other Companies; and

Section D – Problem Audits (Audits in Arrears).

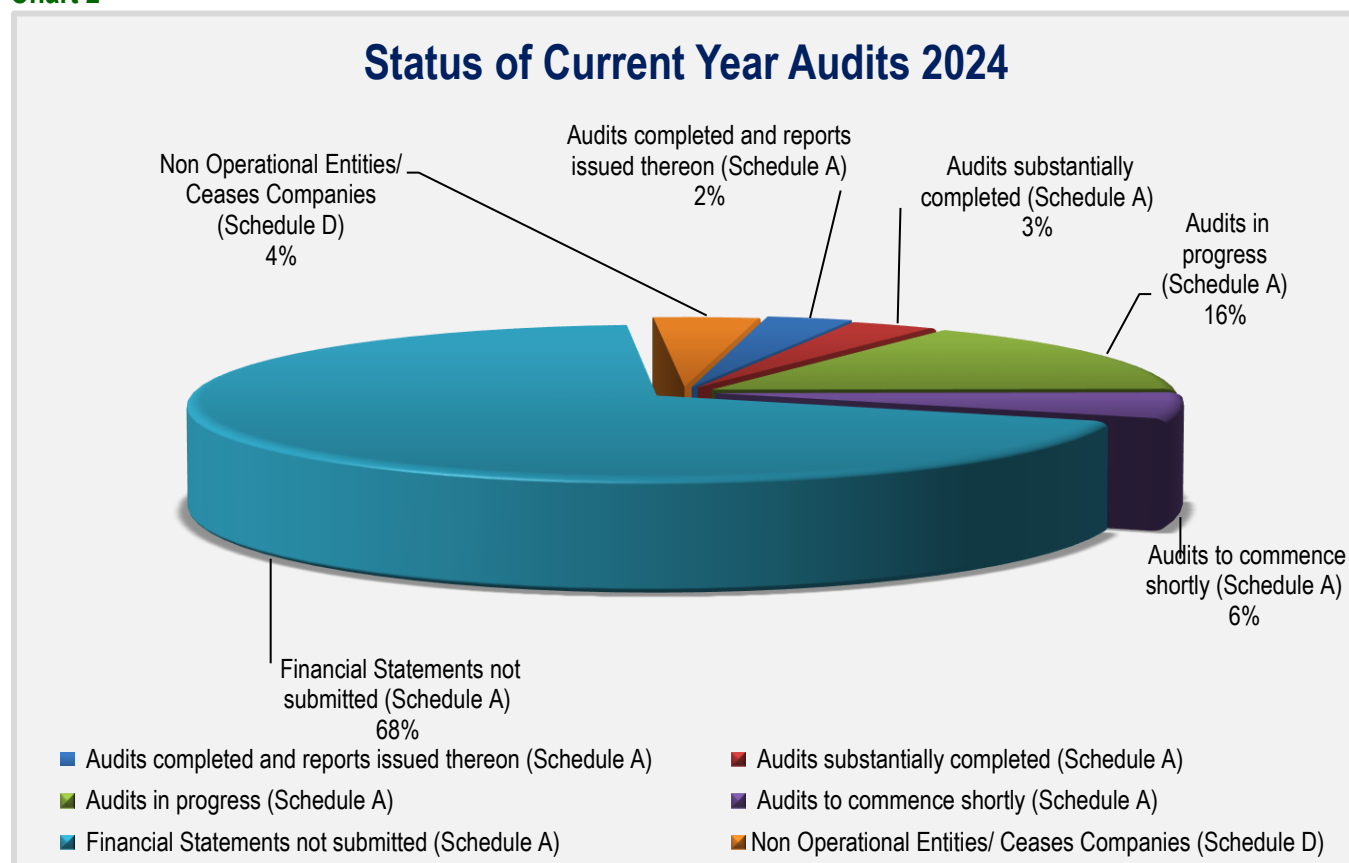
ATTACHMENT 'A'

STATUS OF CURRENT YEAR AUDITS 2024 BY ENTITIES

Table 2

No.	Status of Current Year Audits	Number of Entities	
		2024/2025	2023/2024
1	Audits completed and reports issued thereon (Schedule A)	4	4
2	Audits substantially completed (Schedule A)	4	0
3	Audits in progress (Schedule A)	20	19
4	Audits to commence shortly (Schedule A)	7	17
5	Financial Statements not submitted (Schedule A)	87	85
6	Non-Operational Entities/ Ceases Companies (Schedule D)	5	8
		127	133

Chart 2



Please refer to details in Schedule 'A' on Pages 370 to 373 and Schedule 'D' on Page 380.

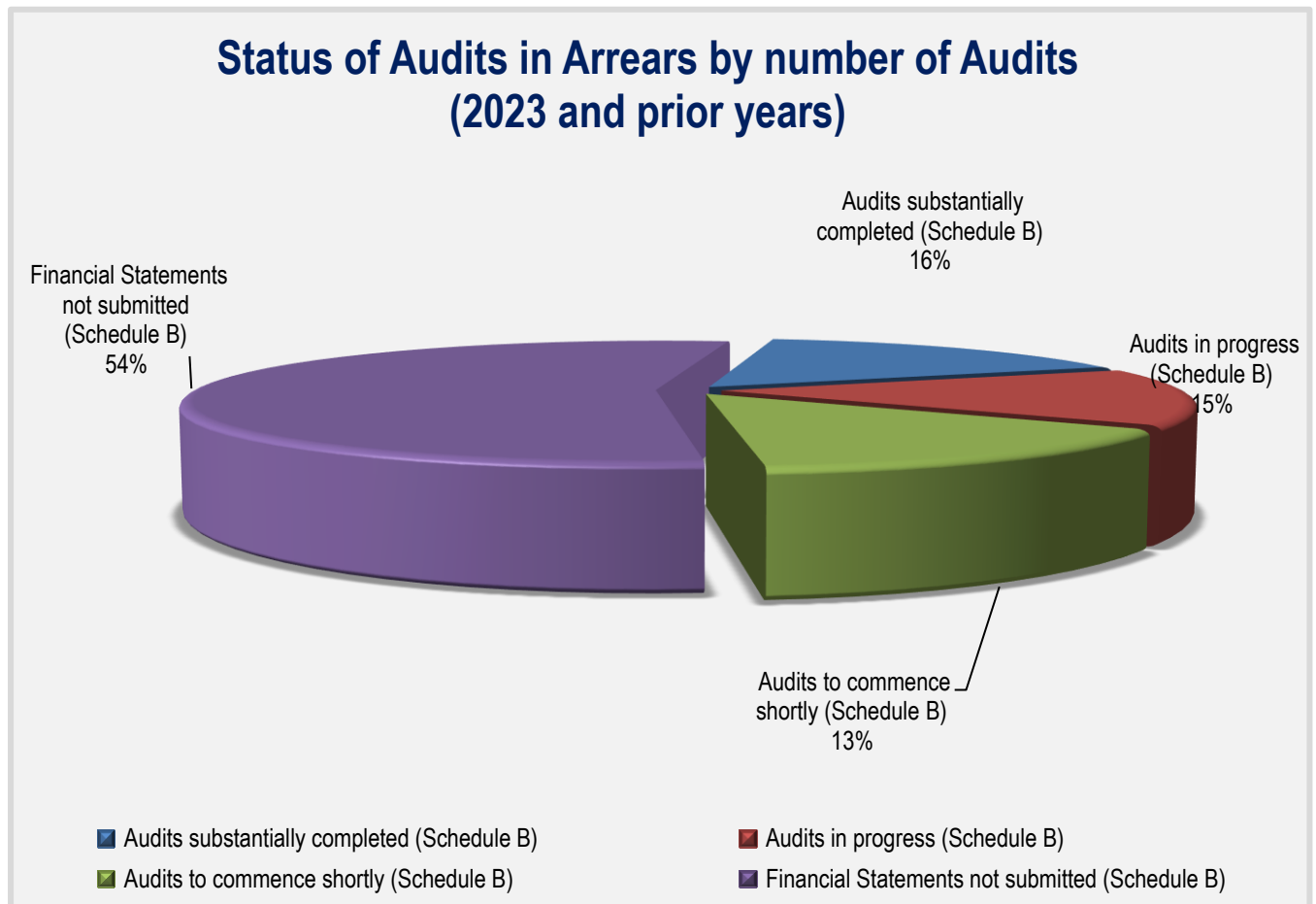
ATTACHMENT 'B'

**STATUS OF AUDITS IN ARREARS BY NUMBER OF AUDITS
(2023 AND PRIOR YEARS)**

Table 3A

No.	Status of Audits in Arrears by No. of Audits (2023 and Prior Years)	Number of Audits	
		2024/2025	2023/2024
1	Audits substantially completed (Schedule B)	67	48
2	Audits in progress (Schedule B)	62	36
3	Audits to commence shortly (Schedule B)	60	80
4	Financial Statements not submitted (Schedule B)	225	222
		414	386

Chart 3A

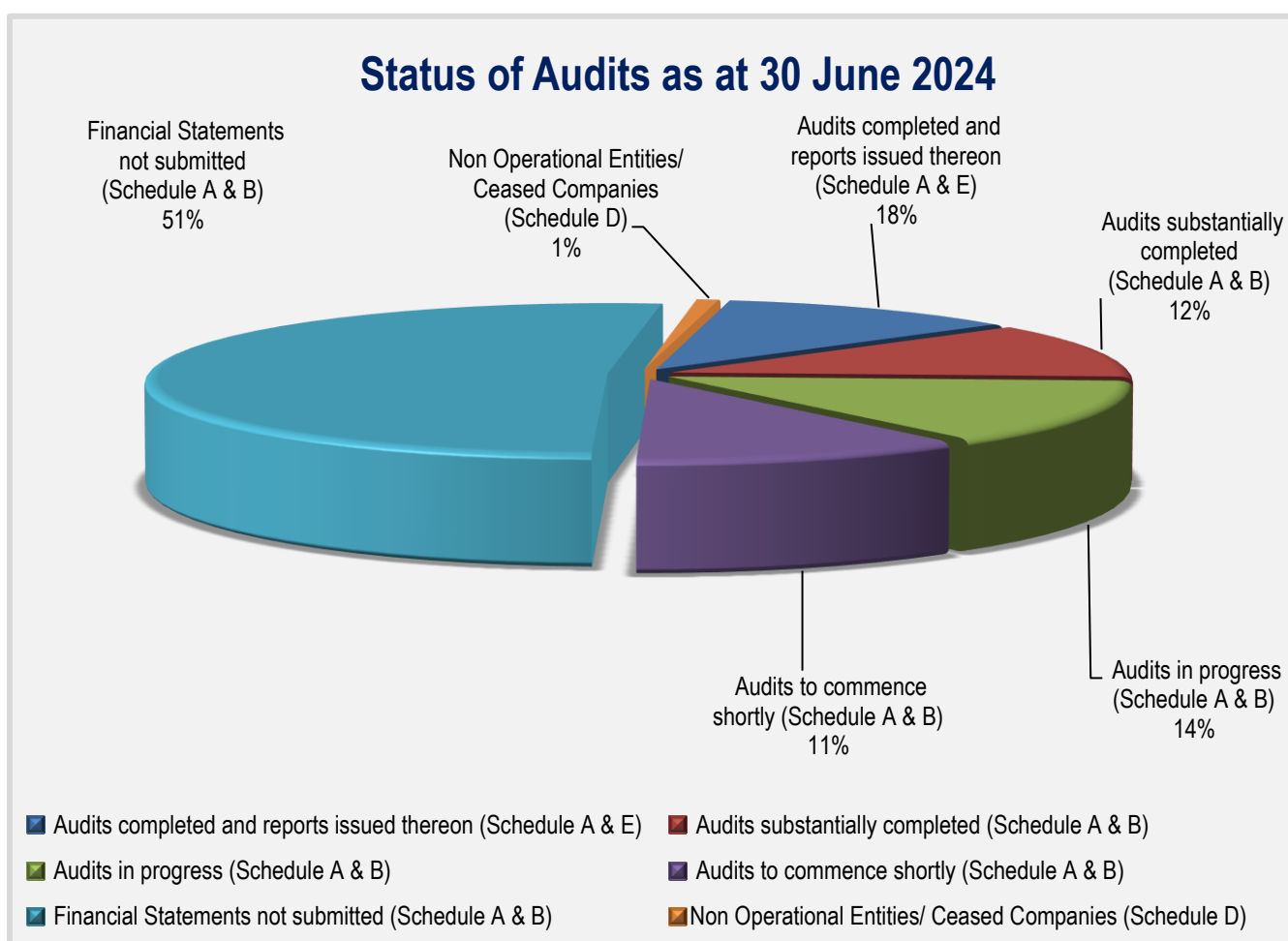


Please refer to details in Schedule 'B' on Pages 374 to 377.

ATTACHMENT 'C'

STATUS OF AUDITS AS AT 30 JUNE 2024

No.	Status of Audits	Number of Audits	
		2024 Report	2023 Report
1	Audits completed and reports issued thereon (Schedules A & E)	69	87
2	Audits substantially completed (Schedules A & B)	71	48
3	Audits in progress (Schedules A & B)	82	55
4	Audits to commence shortly (Schedules A & B)	67	97
5	Financial Statements not submitted (Schedules A & B)	312	307
6	Non-Operational Entities/Ceased Companies (Schedule D)	5	8
		606	602



Please refer to details in Schedules 'A', 'B' and 'E' on Pages 370 to 373, 374 to 377 and 381 to 382 respectively.

ATTACHMENT 'D'

TYPES OF AUDIT OPINIONS ISSUED

(i) UNQUALIFIED OPINION

No.	Section	Para No.	Entity	Year(s)	No. Audits Issued
1	A	2	Bank of Papua New Guinea	2024	1
2	A	2A.	Credit Gurantee Corporation	2022	1
3	A	4	Civil Aviation Safety Authority of Papua New Guinea	2024	1
4	A	6B.	Cocoa Stabilization Fund	2021 & 2022	2
5	A	15	Investment Promotion Authority	2022	1
6	A	17	Kumul Consolidated Holdings and its Subsidiaries	2023	1
7	A	17A.	General Business Trust	2023	1
8	A	17B.	Kumul Technology Development Corporation Limited	2023	1
9	A	17C.	PNG Dams Limited	2023	1
10	A	21	National Agricultural Research Institute	2023	1
11	A	22	National AIDS Council Secretariat	2023	1
12	A	27	National Energy Authority	2021	1
13	A	43	Papua New Guinea Accident Investigation Commission	2024	1
14	A	47	Papua New Guinea Institute of Medical Research	2022 & 2023	2
15	A	51	Papua New Guinea University of Technology and its Subsidiaries	2020 & 2021	2
16	A	60	Tourism Promotion Authority	2022	1
17	B	68N.	NCPC Oil Company Pty Limited	2015	1
18	B	71	Motor Vehicles Insurance Limited and its Subsidiaries	2023	1
19	B	71A.	Pacific MMI Insurance Limited	2023	1
10	B	71B.	Pacific Re Limited	2023	1
21	B	74	Papua New Guinea Ports Corporation Limited	2023	1
22	B	78B.	DATEC (PNG) Limited	2023	1

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(ii) QUALIFIED OPINION

No.	Section	Para No.	Entity	Year(s)	No. Audits Issued
1	A	2	Bank of Papua New Guinea	2023	1
2	A	6	Cocoa Board of Papua New Guinea and its related Subsidiaries	2021 & 2022	2
3	A	6A.	Cocoa Pod Borer Project Fund	2021 & 2022	2
4	A	10	Government Printing Office	2022	1
5	A	11	Independent Fellowship Trust	2023	1
6	A	18	Legal Training Institute	2022	1
7	A	19	Mineral Resources Authority	2021	1
8	A	27	National Energy Authority	2022	1
9	A	36	National Training Council	2023	1
10	A	42	Ombudsman Commission of Papua New Guinea	2022	1
11	A	49	Papua New Guinea National Institute Standard Industrial Technology	2020 & 2021	2
12	A	58	Small and Medium Enterprises Corporation	2019 & 2020	2
13	B	78E.	PNG Directories Limited	2023	1

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(iii) DISCLAIMER OPINION

No.	Section	Para No.	Entity	Year(s)	No. Audits Issued
1	A	8	Coffee Industry Corporation Limited and its Subsidiaries	2021	1
2	A	8A.	Coffee Industry Fund	2021	1
3	A	8B.	Kofi Management Services Limited	2021	1
4	A	8C.	Patana No. 61 Limited	2021	1
5	A	14	Internal Revenue Commission.	2019	1
6	A	23	National Broadcasting Corporation	2019 & 2020	2
7	A	24	National Capital District Commission and its Subsidiaries	2022	1
8	A	28	National Fisheries Authority	2021 & 2022	2
9	A	34	National Research Institute	2021 & 2022	2
10	A	35	National Roads Authority	2020 & 2021	2
11	A	41	Oil Palm Industry Corporation	2015 to 2018	4
12	A	55	Rubber Industry Development Board	2021 to 2023	3
13	A	63	University of Papua New Guinea and its Subsidiaries	2016	1
14	B	66	Air Niugini Limited and its Subsidiaries	2023	1
15	B	76	PNG Power Limited	2023	1
16	B	78	Telikom (PNG) Limited and its Subsidiaries	2023	1
17	B	78C.	Kalang Advertising Limited	2023	1
18	B	78D.	Media Niugini Limited (EMTV)	2023	1

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ATTACHMENT 'E'

COMPARATIVE AUDIT OPINIONS ISSUED (2014 – 2024)

No.	Section	Para. No.	Entity	Comparative Years											
				2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	
1	A	2	Bank of Papua New Guinea	UQ	Q	Q	Q	Q	UQ	UQ	UQ	UQ	UQ	UQ	
2	A	2A	Credit Guarantee Corporation			UQ									
3	A	3	Border Development Authority	Ceased in 2019											
4	A	3A	Papua New Guinea Maritime Transport Limited	No Reports Issued since 2013											
5	A	4	Civil Aviation Safety Authority of Papua New Guinea	UQ	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	
6	A	5	Climate Change and Development Authority				D	Q	Q	Q	Q	D	D	D	
7	A	6	Cocoa Board of Papua New Guinea			Q	Q	Q	Q	Q	Q	Q	Q	Q	
8	A	6A	Cocoa Pod Borer Project Fund	Ceased in 2022		Q	Q	Q	Q	Q	Q	Q	Q	UQ	
9	A	6B	Cocoa Stabilisation Fund	Ceased in 2022		UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	
10	A	7	Cocoa Coconut Institute Limited of Papua New Guinea	Ceased in 2018							D	D	D	D	D
11	A	8	Coffee Industry Corporation Limited				D	D	D	D	D	D	D	D	
12	A	8A	Coffee Industry Fund				D	D	D	D	D	D	D	D	
13	A	8B	Kofi Management Services Limited				D	D	D	Established in 2019					
14	A	8C	Patana No.61 Limited				D	D	D	D	D	D	D	D	
15	A	9	Conservation and Environment Protection Authority							Q	Established in 2017				
16	A	10	Government Printing Office			Q	Q	Q	Q	Q	D	D	D	D	
17	A	11	Independence Fellowship Trust		Q	Q	UQ	UQ	UQ	UQ	UQ	UQ	UQ	Q	
18	A	12	Independent Consumer and Competition Commission					UQ	UQ	UQ	UQ	UQ	Q	Q	
19	A	13	Industrial Centres Development Corporation							Q	Q	Q	Q	Q	
20	A	14	Internal Revenue Commission						D	D	D	D	UQ	UQ	
21	A	15	Investment Promotion Authority			UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	
22	A	16	Kokonasi Industri Koporesen				UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	
23	A	16A	Papua New Guinea Coconut Extension Fund				UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	
24	A	16B	Papua New Guinea Coconut Research Fund				UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	
25	A	17	Kumul Consolidated Holdings		UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	
26	A	17A	General Business Trust		UQ	UQ	UQ	Q	Q	Q	Q	Q	Q	Q	
27	A	17B	Kumul Technology Development Corporation Limited		UQ	UQ	UQ	UQ	Q	Q	Q	Q	D	D	
28	A	17C	PNG Dams Limited		UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	Q	
29	A	18	Legal Training Institute			Q	Q	Q	Q	Q	Q	Q	Q	Q	
30	A	19	Mineral Resources Authority				Q	Q	Q	Q	Q	Q	Q	Q	
31	A	20	National Agriculture Quarantine and Inspection Authority							D	Q	Q	Q	Q	
32	A	21	National Agricultural Research Institute		UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	
33	A	22	National AIDS Council Secretariat		UQ	Q	UQ	UQ	Q	Q	UQ	UQ	Q	D	
34	A	23	National Broadcasting Corporation					D	D	D	D	D	D	D	
35	A	24	National Capital District Commission			D	D	D	Q	D	D	D	D	D	
36	A	24A	National Capital District Botanical Enterprises Limited	No Reports issued since 2013											
37	A	24B	Port Moresby Nature Park Limited					UQ	UQ	UQ	UQ	UQ	UQ	UQ	
38	A	25	National Cultural Commission			UQ	UQ	Q	Q	Q	D	D	D	D	
39	A	26	National Economic and Fiscal Commission							UQ	UQ	Q	Q	Q	
40	A	27	National Energy Authority			Q	UQ	Established in 2021							
41	A	28	National Fisheries Authority			D	D	D	D	D	D	D	Q	Q	
42	A	28A	Fisheries Capital Limited					Established in 2021							
43	A	29	National Gaming Control Board								Q	Q	Q	Q	
44	A	29A	National Gaming Control Board Community Benefit Fund Trust								Q	Q	Q	Q	
45	A	30	National Housing Corporation											D	
46	A	30A	National Housing Estate Limited	No Reports issued since 2010											
47	A	31	National Information and Communications Technology Authority (NICTA)							Q	Q	Q	D	D	

48	A	32	National Maritime Safety Authority					Q	UQ	UQ	UQ	UQ	UQ	UQ	Q
49	A	33	National Museum and Art Gallery				Q	UQ	UQ	Q	D	D	D	D	
50	A	34	National Research Institute			D	D	Q	Q	Q	Q	Q	UQ	UQ	
51	A	35	National Roads Authority			Ceased in 2021		D	D	UQ	UQ	UQ	UQ	UQ	Q
52	A	36	National Training Council		Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
53	A	37	National Volunteer Service									Q	Q	Q	
54	A	38	National Youth Development Authority								D	D	D	D	
55	A	39	Office of the Insurance Commissioner							D	Established in 2018				
56	A	40	Office of the Public Trustee of Papua New Guinea								D	D	D		
57	A	41	Oil Palm Industry Corporation							D	D	D	D	D	
58	A	42	Ombudsman Commission of Papua New Guinea			Q	Q	Q	Q	Q	Q	Q	UQ	Q	
59	A	43	Papua New Guinea Accident Investigation Commission	UQ	UQ	UQ	UQ	UQ	Q	Q	UQ	UQ	UQ	UQ	
60	A	44	Papua New Guinea Customs Service							Q	Q	Q	Q	Q	
61	A	45	Papua New Guinea Forest Authority										D	D	
62	A	46	Papua New Guinea Immigration and Citizenship Service Authority								UQ	Q	D	D	
63	A	47	Papua New Guinea Institute of Medical Research		UQ	UQ	UQ	UQ	UQ	Q	Q	Q	D	D	
64	A	48	Papua New Guinea Maritime College			Q	Q	Q	Q	Q	Q	Q	Q	Q	D
65	A	49	Papua New Guinea National Institute of Standards and Industrial Technology				Q	Q	Q	Q	Q	Q	Q	Q	
66	A	50	Papua New Guinea Sports Foundation										D	D	
67	A	51	Papua New Guinea University of Technology				UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	Q
68	A	51A	National Analytical and Testing Services Limited						D	D	Q	Q	Q	Q	
69	A	51B	Unitech Development and Consultancy Company Limited						D	D					
70	A	52	Parliamentary Members' Retirement Benefits Fund									UQ	UQ	UQ	
71	A	53	PNG Road Fund								Established in 2021				
72	A	54	Road Traffic Authority				UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	
73	A	55	Rubber Industry Development Board		D	D	D	Established in 2022							
74	A	56	Securities Commission of Papua New Guinea					UQ	UQ	Established in 2019					
75	A	57	Security Industries Authority				UQ	UQ	UQ	UQ	UQ	Q	Q	Q	
76	A	58	Small and Medium Enterprises Corporation					Q	Q	Q	Q	Q	Q	Q	
77	A	59	Somare Institute of Leadership and Governance				Q	Q	Q	Q	Q	Q	Q	Q	
78	A	60	Tourism Promotion Authority			UQ	UQ	Q	Q	UQ	UQ	UQ	UQ	UQ	
79	A	61	University of Goroka								D	D	D	D	
80	A	61A	Unigor Consultancy Limited										D	D	
81	A	61B	Unigor Humi Catering Limited										D	D	
82	A	62	University of Natural Resources and Environment										A	D	
83	A	63	University of Papua New Guinea									D	D	Q	
84	A	63A	Unisave Limited	No Reports Issued since 2012											
85	A	63B	Univentures Limited	No Reports Issued since 2012											
86	A	64	Western Pacific University							UQ	UQ	UQ	UQ		
87	B	66	Air Niugini Limited		D	D	D	D	D	D	D	D	Q	Q	
88	B	66A	Air Niugini Properties Limited								No reports issued since 2018				
89	B	66B	Link-PNG Limited										UQ		
90	B	67	Kumul Agriculture Limited						D	A	A	A	A	A	
91	B	68	Kumul Petroleum Holdings Limited				UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	
92	B	68A	Eda Oil Limited				Q	Q	Q	UQ	UQ	UQ			
93	B	68B	Kumul Energy Limited				UQ	UQ	UQ						
94	B	68C	Kumul Exploration (Asia) Limited				UQ	UQ	UQ	UQ	UQ				
95	B	68D	Kumul Gas Niugini B.V										No reports issued since 2016		
96	B	68E	Kumul Lending Co Pte Limited				UQ	UQ	UQ	UQ	UQ				
97	B	68F	Kumul LNG Limited				UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	
98	B	68G	Kumul Petroleum (Development) Limited									UQ	UQ	UQ	
99	B	68H	Kumul Petroleum (Investments) Limited				UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	
100	B	68I	Kumul Petroleum (Kroton) Limited				UQ	Q	Q	UQ	UQ	UQ			

101	B	68J	Kumul Petroleum (Pipeline) Limited				UQ	UQ	UQ	UQ	UQ	UQ		
102	B	68K	Kumul Petroleum (Tech and Advisory) Limited				UQ	UQ	UQ	UQ	UQ	UQ	UQ	
103	B	68L	Kumul Petroleum Marketing Pte Limited				UQ	UQ	UQ	UQ	UQ			
104	B	68M	Kumul Security Agent Limited				UQ	UQ	UQ	UQ	UQ			
105	B	68N	NPCP Oil Company Pty Limited										UQ	
106	B	69	Kumul Telikom Holdings Limited										No Reports Issued since 2017	
107	B	70	Livestock Development Corporation Limited							A	A	A	A	A
108	B	71	Motor Vehicles Insurance Limited		UQ	UQ	Q	Q	Q	Q	UQ	UQ	Q	Q
109	B	71A	Pacific MMI Insurance Limited		UQ	UQ	UQ	UQ					Included in 2020	
110	B	71B	Pacific Re Limited		UQ	UQ	UQ						Included in 2020	
111	B	72	National Airports Corporation Limited					D	D	D	D	Q	Q	Q
112	B	72A	Airport City Development Limited					UQ	UQ	D	D	D	D	D
113	B	72B	Airports Investments Limited					UQ	UQ	UQ	UQ	UQ		
114	B	73	Niusky Limited										Q	Q
115	B	74	Papua New Guinea Ports Corporation Limited		UQ	UQ	Q	Q	Q	Q	UQ	UQ	UQ	Q
116	B	75	PNG DataCo Limited		UQ	UQ	UQ	UQ	UQ	UQ	UQ	Q	Q	UQ
117	B	76	PNG Power Limited		D	D	D	D	D	D	D	D	D	D
118	B	77	Post (PNG) Limited				Q	Q	UQ	UQ	UQ	UQ	UQ	UQ
119	B	78	Telikom (PNG) Limited		D	D	D	D	D	D	D	D	D	Q
120	B	78A	Bmobile (Solomon Island) Limited										No Reports Issued since 2017	
121	B	78B	DATEC (PNG) Limited		UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ
122	B	78C	Kalang Advertising Limited		D	D	D	D	Q	Q	Q	UQ	UQ	UQ
123	B	78D	Media Niugini Limited (EMTV)		D	D	D	D	D	D	UQ	UQ		
124	B	78E	PNG Directories Limited		Q	D	D	D	D	Q	UQ	UQ	UQ	UQ
125	B	79	Water PNG Limited			Q	D	D	D	D	D	D	D	D
126	C	81	Bougainville Copper Limited	Q	Q									
127	C	82	Gogol Reforestation Company Limited										No Reports Issued since 2009	

Keys:

UQ – Unqualified Opinion

Q – Qualified Opinion

D – Disclaimer Opinion

A – Adverse Opinion

ATTACHMENT 'F'

AUDITS IN ARREARS (2023 AND PRIOR YEARS) COMPLETED DURING
2024/2025 AUDIT CYCLE

No.	Section	Para No.	Entity	Audits Completed and Reports Issued	Total Units	Audits Substantially Completed	Total Units
1	A	2	Bank of Papua New Guinea	2023	1		
2	A	2A	Credit Guarantee Corporation	2022	1	2023	1
3	A	3	Border Development Authority and its Subsidiary			2014	1
4	A	6	Cocoa Board of Papua New Guinea and its Subsidiaries	2021 & 2022	2		
5	A	6A	Cocoa Pod Borer Project Fund	2021 & 2022	2		
6	A	6B	Cocoa Stabilisation Fund	2021 & 2022	2		
7	A	8	Coffee Industry Corporation Limited and its Subsidiaries	2021	1		
8	A	8A	Coffee Industry Fund	2021	1		
9	A	8B	Kofi Management Services Limited	2021	1		
10	A	8C	Patana No. 61 Limited	2021	1		
11	A	9	Conservation and Environment Protection Authority			2018	1
12	A	10	Government Printing Office	2022	1		
13	A	11	Independent Fellowship Trust	2023	1		
14	A	12	Independent Consumers and Competition Commission			2021 & 2022	2
15	A	14	Internal Revenue Commission.	2019	1		
16	A	15	Investment Promotion Authority	2022	1		
17	A	17	Kumul Consolidated Holdings and its Subsidiaries	2023	1		
18	A	17A	General Business Trust	2023	1		
19	A	17B	Kumul Technology Development Corporation Limited	2023	1		
20	A	17C	PNG Dams Limited	2023	1		
21	A	18	Legal Training Institute	2022	1		
22	A	19	Mineral Resource Authority	2021	1		
23	A	21	National Agricultural Research Institute	2023	1		
24	A	22	National AIDS Council Secretariat	2023	1		
25	A	23	National Broadcasting Commission Limited	2019 & 2020	2		
26	A	24	National Capital District Commission and its Subsidiaries	2022	1		
27	A	25	National Cultural Commission			2023	1
28	A	26	National Economic and Fiscal Commission			2019 to 2021	3
29	A	27	National Energy Authority	2021 & 2022	2	2023	1
30	A	28	National Fisheries Authority	2021 & 2022	2		
31	A	34	National Research Institute	2021 & 2022	2		
32	A	35	National Roads Authority	2020 & 2021	2		
33	A	36	National Training Council	2023	1		
34	A	38	National Youth Development Authority			2018 to 2022	5
35	A	41	Oil Palm Industry Corporation	2015 to 2018	4		
36	A	42	Ombudsman Commission of Papua New Guinea	2022	1	2023	1
37	A	44	Papua New Guinea Customs Service			2019 to 2021	3
38	A	47	Papua New Guinea Institute of Medical Research	2022 & 2023	2		
39	A	49	Papua New Guinea Institute of Standards & Industrial Technology	2020 & 2021	2		
40	A	51	Papua New Guinea University of Technology & its Subsidiaries	2020 & 2021	2		
41	A	52	Parliamentary Members' Retirement Benefit Fund			2017 to 2020	4
42	A	53	PNG Road Fund			2021	1
43	A	54	Road Traffic Authority			2022 & 2023	2
44	A	55	Rubber Industry Development Board	2021 to 2023	3		
45	A	56	Securities Commission of Papua New Guinea			2021 & 2023	3
46	A	58	Small and Medium Enterprises Corporation	2019 & 2020	2	2021	1
47	A	59	Somare Institute of leadership and Governance			2022 & 2023	2
48	A	60	Tourism Promotion Authority	2022	1		
49	A	61A	Unigo Consultancy Limited			2016 to 2018	3
50	A	61B	Unigo Catering Service Limited			2016 to 2018	3
51	A	63	University of Papua New Guinea and its Subsidiaries	2016	1		
52	B	66	Air Niugini Limited and its Subsidiaries	2023	1		
53	B	67	Kumul Agriculture Limited			2022 & 2023	2
54	B	68	Kumul Petroleum Holdings Limited and its Subsidiaries			2022	1
55	B	68A	Eda Oil Limited			2022	1
56	B	68B	Kumul Energy Limited			2022	1
57	B	68C	Kumul Exploration (Asia) Limited			2022	1
58	B	68E	Kumul Lending Co. Pte Limited			2022	1
59	B	68F	Kumul LNG Limited			2022	1
60	B	68G	Kumul Petroleum (Development) Limited			2017 & 2018	2
61	B	68H	Kumul Petroleum (Investments) Limited			2022	1
62	B	68I	Kumul Petroleum (Kroton) Limited			2022	1
63	B	68J	Kumul Petroleum (Pipeline) Limited			2022	1
64	B	68K	Kumul Petroleum (Tech and Advisory) Limited			2022	1
65	B	68L	Kumul Petroleum Marketing Pte Limited			2022	1

No.	Section	Para No.	Entity	Audits Completed and Reports Issued	Total Units	Audits Substantially Completed	Total Units
66	B	68M	Kumul Security Agent Limited			2022	1
67	B	68N	NPCPC Oil Company Pty Limited	2015	1	2016 to 2018	3
68	B	71	Motor Vehicles Insurance Limited and its Subsidiaries	2023	1		
69	B	71A	Pacific MMI Insurance Limited	2023	1		
70	B	71B	Pacific Re Limited	2023	1		
71	B	72	National Airports Corporation Limited and its Subsidiaries			2021	1
72	B	72A	Airports City Development Limited			2021	1
73	B	72B	Airport Investments Limited			2021	1
74	B	74	Papua New Guinea Ports Corporation Limited	2023	1		
75	B	76	PNG Power Limited	2023			
76	B	77	Post (PNG) Limited			2023	1
77	B	78	Telikom (PNG) Limited and its Subsidiaries	2023	1		
78	B	78A	Bmobile (Solomon Island) Limited			2018 to 2022	5
79	B	78B	DATEC (PNG) Limited	2023	1		
80	B	78C	Kalang Advertising Limited	2023	1		
81	B	78D	Media Niugini Limited (EMTV)	2023	1		
82	B	78E	PNG Directories Limited	2023	1		
83	B	79	Water PNG Limited			2023	1
					<u>65</u>		<u>67</u>

SECTION A

PUBLIC BODIES AND THEIR SUBSIDIARIES

1. FOREWORD

This Section of my Report deals with the audit of public bodies and their subsidiaries.

The auditing and reporting requirements of the public bodies and their subsidiaries are stipulated in *Section 8* of the *Audit Act*. My findings in that regard are detailed in paragraphs **2** to **64** of this part of my Report.

2. BANK OF PAPUA NEW GUINEA

2.1 INTRODUCTION

2.1.1 Legislation

The Bank of Papua New Guinea (BPNG) was established under the *Central Banking Act (Chapter 138)*. This Act was in operation until 16 June 2000 when it was repealed and replaced by the *Central Banking Act 2000*. Further amendments to the Principal Act were made under the *Central Banking (Amendment) Act 2021* and certified on 22 December 2021.

2.1.2 Objectives of the Bank

The main objectives of the Bank of PNG as stipulated in the new Act are to:

- formulate and implement the monetary policy with a view to achieving and maintaining price stability, promoting employment and economic growth, especially of the non-mineral and non-petroleum sector;
- formulate financial regulation and prudential standards to ensure stability and development of the financial system in PNG;
- promote an efficient national and international payments system; and
- provide efficient and responsive banking services to the Government.

2.1.3 Functions of the Bank

The primary functions of the Bank are to:

- issue currency;
- act as banker and agent of the Government;
- regulate banking, credit and other financial services as empowered by the Act or by any other law of the Independent State of PNG;
- manage the gold, foreign exchange and other international reserves of PNG;
- perform any function conferred on it by or under international agreement to which PNG is a party;
- perform any other functions conferred on it by or under any other law of PNG; and
- advise the Minister as soon as practicable where the Bank considers that a body regulated by the Central Bank is in financial difficulty.

2.1.4 Structural Reforms at the Bank

In addition to the *Central Banking Act*, three (3) other Acts were legislated in 2000 which gave additional responsibilities to the Bank. These other Acts are:

1. *Banks and Financial Institutions Act 2000*;
2. *Superannuation Act 2000*; and
3. *Life Insurance Act 2000*.

Each of these Acts provide additional responsibilities to the Bank.

2.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

2.2.1 Comments on Financial Statements

My reports to the Ministers under *Section 8(4)* of the *Audit Act* on the Bank's financial statements for the years ended 31 December 2023 and 2024 were issued on 14 October 2024 and 20 June 2025 respectively. The 2023 report contained a Qualified Opinion while 2024 report did not contain any qualification.

2.2.2 Audit Observations Reported to the Ministers

My reports to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Bank for the years ended 31 December 2023 and 2024 were issued on 14 October 2024 and 20 June 2025 respectively. The reports contained similar observations, hence, only the 2024 report is reproduced:

Revaluation of Foreign Currency Nominated Accounts

During my review of foreign currency-denominated accounts, specifically foreign investments, accrued interest receivable, derivative assets/liabilities, and foreign exchange gain/loss from revaluation, discrepancies were identified between the general ledger balances and the independently computed balances. The discrepancies were attributed to the following control weaknesses:

1. Incorrect year-end valuation of foreign investments held with External Fund Managers (EFM) including Schrodgers, Lombard, and Black Rock;
2. Failed to revalue accrued interest receivable using the applicable buy rate as at year-end; and
3. Non-revaluation of derivative assets and liabilities using the year-end buy rate.

These discrepancies indicate weaknesses in the Bank's control environment over the valuation and revaluation processes for foreign exchange (FX) denominated balances, particularly during the financial reporting period. Although the Bank has documented processes for month-end and year-end reporting of EFM transactions, the execution of these processes appears to have been inconsistent or incomplete.

Although the Bank accepted the audit computed adjustments and incorporated them into the final financial statements, the recurrence of such issues could undermine the integrity of financial reporting and expose the Bank to potential misstatements. I recommended management to critically assess and strengthen the internal controls around the FX revaluation and financial closing processes.

Minutes of Meetings

I noted that the minutes of several meetings were not properly recorded or made available for my review. Although the Bank has a process in place for documenting meeting minutes, particularly for those held by various committees, I recommended that management enhance this process to ensure that minutes are consistently drafted, reviewed, approved, and circulated in a timely manner.

Interest Expenses on International Monetary Fund (IMF) Liabilities

My review of interest expenses on IMF liabilities revealed an ineffective month-end reporting process for identifying and adjusting IMF-related charges. This resulted in discrepancies in the interest recharges to the Department of Treasury and the recorded interest expenses. Although management acknowledged the discrepancies and accepted the proposed adjustments, the Bank's month-end reporting process remains ineffective. Accordingly, I recommended that management:

- Adhere to the two (2) Memoranda of Understanding (MOUs) between the Bank and the Department of Treasury;
- Establish a clear process for interest recognition in relation to the 2021 Special Drawing Rights (SDR) allocation and DOT loans under the Extended Credit Facility (ECF) and Extended Fund Facility (EFF) programs;
- Develop detailed reports that can be reviewed internally and by external auditors to ensure compliance; and
- Maintain proper records of all transactions, communications, amendments, and decisions related to the MOUs, as these documents are critical for ongoing and future reviews.

Management responded to my observation as follows:

“FAD noted the recommendation. Work has already commenced on establishing a clear process for interest recognition, recovery and reporting. FAD expects strict adherence to the process once a replacement officer (Budget Accountant) is on boarded.”

Deviation in Standard Foreign Currency Intervention Process

My review of the standard foreign exchange (FX) transaction process between the Bank of Papua New Guinea (BPNG) and commercial banks, specifically with ANZ Commercial Bank, revealed a deviation from the expected settlement sequence. Typically, for FX transactions, local currency (Kina) settlement should occur prior to the transfer of the corresponding foreign currency. This sequencing ensures that the transaction is adequately funded and minimizes financial and operational risks related to currency settlement mismatches. However, an exception was noted in one FX transaction during December 2023 and January 2024. This incident highlights a control weakness in the FX transaction process, particularly in the areas of data entry validation and sequencing enforcement. I recommended management to revisit and enhance the FX transaction processing procedures, especially with regard to sequencing compliance (kina payment before FX transfer) and implement an automated Bank Identification Code (BIC) verification system that cross-references inputs with a validated database before allowing transactions to proceed to mitigate recurrence of similar issues and strengthen operational controls.

Management responded to my observation as follows:

“FEU acknowledges the recommendation to revisit and enhance its work processes related to front office data entry and verification for all foreign exchange transactions. To address this, FEU plans to conduct a comprehensive review of current procedures and clearly classify counterparties based on the nature of transactions—distinguishing between domestic and international trades. Additionally, FEU will organize a refresher training session for staff to reinforce the importance of data accuracy to minimize errors.”

Prior Year Issues – Ongoing Internal Control and Accounting Deficiencies

As part of the audit for the year ended 31 December 2023, several deficiencies relating to internal controls and accounting practices were identified and communicated to the Bank. A follow-up review during the current audit has revealed that these issues remain unaddressed. Accordingly, they are re-emphasized for management's immediate attention and corrective action as part of the 2024 audit. The unresolved issues are summarized below:

- Long-outstanding bank reconciling items;
- Unreconciled differences between in-house foreign investment holdings reports and the general ledger;
- Lack of reconciliation of supplier accounts;
- Absence of a policy on dormant accounts;
- Mismatches between Ascender (payroll system) and long service/annual leave reports;

- Lack of structured integration between risk management and internal audit functions;
- Inadequate oversight of the Bank's overall risk management framework; and
- Dormant staff loan accounts.

General Information Technology Controls (ITGC)

During my review of the Bank's IT General Controls (ITGCs), I noted a total of thirty-five (35) control weaknesses. Of these, twenty-two (22) were previously identified during the 2022 and 2023 audits and reported to management. However, in the 2024 audit, I observed that these previously reported weaknesses remain unaddressed, and the associated controls continue to be ineffective. Additionally, the 2024 audit identified the following ITGC issues:

- a) The Oracle E-Business Suit (EBS) application's password configuration for certain user accounts does not comply with the organization's policy or industry best practices;
- b) Password expiry settings for certain Oracle EBS accounts are non-compliant with policy requirements;
- c) Active user accounts have shown no activity for more than three months;
- d) The default 'SYSADMIN' account password has not been changed;
- e) Inconsistent approval processes and access permissions;
- f) User access aligns with job roles but lacks formal approval;
- g) Access rights for terminated or transferred users are not revoked or modified in a timely manner;
- h) Periodic user access reviews are not performed or actioned promptly;
- i) Segregation of Duties (SoD) risks exist due to inappropriate access privileges and insufficient SoD monitoring;
- j) Presence of generic accounts with privileged access in Oracle EBS;
- k) Application changes are made directly in the production environment without following the change management process;
- l) Lack of segregation of duties within the change management process; and
- m) No periodic review of job scheduling and concurrent program logs.

Given the Bank's dependence on information technology systems, I recommended that management implement a more robust and effective IT control environment to address these ongoing weaknesses and mitigate associated risks.

2A. CREDIT GUARANTEE CORPORATION LIMITED

2A.1 INTRODUCTION

2A.1.1 Legislation

Credit Guarantee Corporation Limited (CGC) was incorporated under the *Companies Act 1997* on 5 January 2022 following approval by the *National Executive Council Decision 383/2018* in 27 November 2018 under Papua New Guinea's Medium-Term Development Plan (III). It was established by the Bank of Papua New Guinea (BPNG) as the sole shareholder to the Company.

2A.1.2 Objectives of the Company

The key objectives of the Company are to:

- Facilitate Access to Credit for Micro, Small and Medium Enterprises (MSMEs) by providing partial credit guarantees to participating financial institutions to reduce the credit risk associated with lending to MSMEs and enable SMEs lacking sufficient collateral to secure loans from banks and other lenders;
- Promoting Inclusive Economic Growth by supporting inclusive financing by helping underserved populations to participate in the formal economy through access to capital and address inequalities in financial access across provinces and districts;
- Supporting Government Development Policies by contribute to the goals of PNG Vision 2050, the Medium-Term Development Plan (MTDP IV) and the SME Policy by enhancing SME capacity and development;
- Stimulate Private Sector Development by encouraging the expansion and formalization of the SME sector as well as reduce banks' risk exposure and promote private sector confidence in lending to small businesses;
- Develop a Sustainable Guarantee System by building a self-sustaining credit guarantee mechanism through prudent risk-sharing, capital preservation and guarantee fee collections;
- Enhance job creation and income generation by empowering SMEs to scale their operations, which in turn contributes to employment, innovation and economic diversification; and
- Collaborate with stakeholders by working with financial institutions, government agencies, development partners and donors to expand the reach and impact of SME financing.

2A.1.3 Functions of the Company

The main functions of the Company are to:

- Provide Credit Guarantees by issuing partial credit guarantees to participating financial institutions to reduce their risk when lending to MSMEs. Guarantees typically cover 50%–60% of a loan's value in case of default;
- Facilitate Access to Credit by enable MSMEs that lack sufficient collateral to still access loans;
- Support Financial Inclusion by expanding the reach of formal financial services to underserved population align with the government's Financial Inclusion Strategy and Vision 2050;
- Promote SME Development by help stimulate the growth and sustainability of local MSMEs by ensuring they can access capital to operate, expand, and create jobs;
- De-risk Lending for Financial Institutions by share credit risk with financial institutions, making them more willing to lend to high-risk sectors. Encourage competitive lending products and lower interest rates;
- Build Partnerships by partnering with commercial banks, microfinance institutions, SACCOs, cooperatives, and development partners to enhance SME financing;
- Enhance Policy Implementation where CGC serve as an implementation tool for national policies such as the SME Policy 2016, MTDP IV, Green Finance, and Youth Enterprise Programs; and
- Monitor and Evaluate Guarantee Programs by tracking the performance of guaranteed loans, assess default rates and recovery efforts, and report findings to stakeholders and government bodies.

2A.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

2A.2.1 Comments on Financial Statements

My report in accordance with the provisions of the *Companies Act* on the financial statements of the Company for the year ended 31 December 2022 was issued on 4 July 2025. The report did not contain any qualification.

2A.2.2 Audit Observations Reported to the Ministers

My report to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Company for the year ended 31 December 2022 was issued on 4 July 2025. The report contained the following observations:

Internal Audit Function

The Company does not have an internal audit function to ensure policies and procedures are properly followed and applied in the Company's daily operations and recommend weaknesses to the Board and management for improvement. In the absence of internal audit function, policies and procedures may not be implemented and followed resulting in ineffective operation of controls within the Company. I recommended management to establish an internal audit function to ensure the Company's internal controls are operating effectively and mitigate operational risks.

Bank Reconciliations

The bank reconciliations for the Company's three (3) bank accounts were not prepared, reviewed and verified by concerned officers on a monthly basis during the period under review. As a result, I was not able to place reliance on the effectiveness of the internal controls surrounding bank reconciliations. Cash is very liquid in nature and the lack of independent review and timely preparation of bank reconciliations may result in errors and a high possibility of fraudulent activities taking place without being detected in the absence of internal controls. I recommended management to ensure that bank reconciliations are performed on a monthly basis throughout the year and there is segregation.

Management responded to my observation as follows:

"Bank reconciliations are now prepared monthly in 2024"

2A.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2023 had been completed and results were being evaluated.

The Company has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

3. BORDER DEVELOPMENT AUTHORITY AND ITS SUBSIDIARY

3.1 INTRODUCTION

3.1.1 Legislation

The Border Development Authority was established under the *Border Development Authority Act 2008*. This Act came into operation on 9 October 2008. However, this Act was repealed and the Border Development Authority was abolished by Parliament through *Border Development Authority (Repeal) Act 2019*.

3.1.2 Objectives of the Authority

The objectives of the Authority are to manage and fund development activities in the Border Provinces of PNG and to make provision for the functions and powers of the Authority and for related purposes.

3.1.3 Functions of the Authority

The functions of the Authority generally are to consult with relevant agencies and to supervise and co-ordinate all development activities in each of the border provinces and, without prejudice to the generality of the foregoing, are:

- the co-ordination of the planning and implementation of capital works, infrastructure and socio-economic programs in respect to:
 - education, health care, road networks, communications, transport system, electricity, water, sewerage and all activities relevant to the improvement of basic living standards in the border provinces;
 - liaison with public bodies, non-government organisations and private enterprise in identifying and negotiating sources of funding for short to medium-term activities;
 - the co-ordination of the development of specifications for contracts for all capital and infrastructure works and the advertising, evaluation and awarding of such contracts;
 - the supervision and monitoring of the implementation of all contracts relating to such capital and infrastructure works;
 - the transformation of border provinces into agro-financial sectors by developing their respective natural resources; and
 - the promotion of investors, both foreign and local, into the border provinces and to encourage and facilitate international cross-border and inter-border trade.

- the establishment of programs and regulatory framework for immigration including the monitoring of immigrants and immigrant activity along the border with respect to:
 - the establishment of proper state of the art offices and facilities for relevant government agencies, including customs, immigration, quarantine, police, defence force, such as security monitoring systems, communications, transport, electricity, water, sewerage, staff accommodation, computers and all other facilities that would be relevant to the administration of border activities;
 - the establishment of dialogue and co-operation with the respective cross-border authority or government for the prevention of diseases, drug trafficking, human smuggling, money laundering and other illicit activities; and
 - the development of long-term activities for the establishment of infrastructure and other facilities.
- such other functions as are likely to assist in the border administration activities.

3.1.4 Subsidiary of the Authority

The Subsidiary of the Authority is *Papua New Guinea Maritime Transport Limited*. Comments in relation to the Company are contained in paragraph 3A of this Report.

3.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Authority for the year ended 31 December 2014 has been completed. However, I was unable to evaluate the results and complete the report as the Authority was abolished by Parliament in 2019.

The Authority has submitted its financial statements for the years ended 31 December 2015, 2016 and 2017 for my inspection and audit. However, my efforts to conduct these audits were unsuccessful as the Authority's Office located at the NDB Building in Waigani was locked. In addition, my attempts to locate the current Office were unsuccessful.

The Authority has not submitted its financial statements for the years ended 31 December 2018 and 2019 for my inspection and audit.

Further, I was unable to establish whether proper procedures were followed to account and dispense or transfer assets and liabilities in the custody of the Authority back to the State or its nominated State agencies since its abolishment.

3A. PAPUA NEW GUINEA MARITIME TRANSPORT LIMITED **(Subsidiary of the Border Development Authority)**

3A.1 INTRODUCTION

3A.1.1 Legislation

The Papua New Guinea Maritime Transport Limited was incorporated under the *Companies Act* on 3 September 2009. The Company is wholly owned by the Border Development Authority.

I noted that the *Border Development Authority Act 2008* was repealed and therefore Border Development Authority was abolished by Parliament through *Border Development Authority (Repeal) Act 2019*.

3A.1.2 Function of the Company

The primary function of the Company is to take charge of the management and operations of seven vessels acquired and maintained by the Border Development Authority. The vessels are to serve the border provinces and other maritime provinces in the country.

3A.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Company has not submitted its financial statements for the years ended 31 December 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023 and 2024 for my inspection and audit, despite numerous reminders.

Although the parent entity was abolished in 2019, I will continue to report on Papua New Guinea Maritime Transport Limited until this subsidiary Company is fully liquidated and deregistered from the Registrar of Companies.

4. CIVIL AVIATION SAFETY AUTHORITY OF PAPUA NEW GUINEA

4.1 INTRODUCTION

4.1.1 Legislation

The Civil Aviation Safety Authority (CASA) of Papua New Guinea was established on 1 January 2010 after the enactment of the *Civil Aviation Act 2000 (as amended)*.

4.1.2 Functions of the Authority

The principal functions of the Authority are to:

- undertake activities that promote safety in civil aviation at a reasonable cost;
- ensure the provision of air traffic services, aeronautical communications services and aeronautical navigation services; and
- ensure the provision of meteorological services and science.

4.2 AUDIT OBSERVATIONS

4.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Authority for the year ended 31 December 2024 was issued on 30 June 2025. The report did not contain any qualification but an emphasis of matter.

“EMPHASIS OF MATTER

Property Valuation

I draw attention to *Note 26* of the financial statements on *Event After the Reporting Date* which disclosed that fair and reasonable market value of the properties of CASA as at 15 January 2025 was K41,815,000. This value comprised of land valued at K40,500,000 and structural improvement including buildings valued at K1,315,000. I obtained copy of the valuation report which the Board in its meeting No.1 of 2025 accepted the valuation amount for taking up in the books and the financial statements of CASA. Since the minutes of the meeting No.1 was pending sign off by Board at the time of this Report, the revaluation of the properties has been deferred for disclosure in the 2025 financial year.

My opinion is not modified in respect of this matter.”

5. CLIMATE CHANGE AND DEVELOPMENT AUTHORITY (formerly Office of Climate Change and Development)

5.1 INTRODUCTION

5.1.1 Legislation

The Office of Climate Change and Development (OCC&D) was created on 22 March 2010 through *NEC Decision No. 54/2010*. On the same date, the NEC in its *Decision No. 53/2010* had noted and approved *NEC Decision No. 181/2009* which abolished the former Office of Climate Change and Environmental Sustainability (OCC&ES). The former OCC & ES was created in 2009 and operated under the Department of Environment and Conservation.

On 10 November 2011, the NEC through its *Decision No. 96/2011* had approved to rescind and amend *NEC Decision No. 53/2010, 54/2010 and 55/2010* and approved for the creation and establishment of *PNG Climate Change Authority (PNGCCA)*. However, SCMC in its meeting held on 22 May 2012 had withheld the submission of the organisational structure as the certified governing Act was not in place.

On 27 November 2012, the NEC approved to rescind whole of *NEC Decision No. 96/2011 of 10 November 2011*. As a result, establishment of the PNG Climate Change Authority was abandoned. However, on 28 July 2015, the National Parliament passed the *Climate Change (Management) Act 2015 (as amended)* and certified by the Acting Speaker of the National Parliament on 20 November 2015. The Climate Change and Development Authority came into existence on that date.

5.1.2 Objectives of the Authority

The objectives of the Authority are to provide a coordination mechanism at the national level for research, analysis and development of the policy and legislative framework for the management of climate change within the *Government's National Strategy on Climate-Compatible Development (CCD)* as per *NEC Decision No. 55/2010*.

5.1.3 Functions of the Authority

Major functional responsibilities of the Authority are:

- policy development:
 - adopt and incorporate national strategies and plans on climate change compatible development into the national development strategies and plans;
 - coordinate and facilitate the implementation of the National Strategy on Climate Compatible Development;
 - align national development policies and plans to ensure climate compatibility across different government departments;

- commission research and development to support the development of a comprehensive greenhouse gas inventory and a more comprehensive understanding of the impacts of climate change in the country; and
- formulate and refine the policy framework and legislation.

- coordination of projects and programs:
 - coordinate with relevant government departments, NGOs, Private Sectors and indigenous landowners (or local forest custodians) to implement and manage pilot projects, demonstration projects and programs.

- stakeholder management and consultation:
 - collaborate and coordinate with development partners to inform and improve upon the Government’s preliminary policy initiatives;
 - coordinate the development of a robust Measurement, Reporting and Verification (MRV) system and a fair and equitable benefit sharing mechanism to protect rights and interest of resource owners; and
 - communicate to the people of PNG the benefits (economic, social and environmental) arising from the implementation of the National Strategy for Climate Compatible Development.

- funding and international negotiations:
 - implement a national financial strategy in collaboration with development partners to build capacity for Reducing Emissions from Deforestation and Forest Degradation Plus Conservation, Sustainable Forest Management and Carbon Stocks Enhancement (REDD+) and other aspects of climate compatible development; and
 - support the Government of PNG with the international climate change negotiations and climate change funding in order to provide consistent and reliable data and finances to improve and sustain forest governance and livelihoods of the forest communities.

5.2 STATUS OF FINANCIAL STATEMENTS

The Authority has not submitted its financial statements for the years ended 31 December 2022, 2023 and 2024 for my inspection and audit.

6. COCOA BOARD OF PAPUA NEW GUINEA

6.1 INTRODUCTION

6.1.1 Legislation

The Cocoa Board of Papua New Guinea was established under the provisions of the *Cocoa Act 1981*.

6.1.2 Functions of the Board

The principal functions of the Board are to:

- control and regulate the growing, processing, marketing and export of cocoa and cocoa beans and the equalisation and stockholding arrangements within the cocoa industry;
- promote research and development programmes for the benefit of the cocoa industry; and
- promote the consumption of PNG cocoa beans and cocoa products.

6.1.3 Subsidiary of the Board

The Cocoa Coconut Institute Limited of PNG (*formerly PNG Cocoa and Coconut Research Institute*) was amalgamated with PNG Cocoa and Coconut Extension Agency Limited in 2003. The Institute is owned equally by the Cocoa Board and the Kokonas Industri Koporesen (KIK) of PNG. Comments in relation to the Cocoa Coconut Institute Limited of PNG are contained in paragraph 7 of this Report.

6.1.4 Project and Stabilisation Funds

The Board as a Trustee administers the *Cocoa Stabilisation Fund* as required under Part IV and VI of the *Cocoa Act 1981*. Further, the Board manages the *Cocoa Pod Borer Project Fund* as well. Comments in relation to the Funds are contained in paragraphs 6A and 6B of this Report respectively.

6.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

6.2.1 Comments on Financial Statements

My reports to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Board for the years ended 31 December 2021 and 2022 were both issued on 30 June 2025. The reports contained similar Qualified Opinions; hence, only the 2022 report is reproduced:

“QUALIFIED OPINION

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the accompanying financial statements are;

- a) based on proper accounts and records; and
- b) in agreement with those accounts and records, and show fairly the state of affairs of the Board for the year ended 31 December 2022 and the results of its financial operations and cash flows for the year then ended.

BASIS FOR QUALIFIED OPINION

FIXED ASSETS – K3,887,174

My review of the fixed assets revealed that, Fixed Assets Register (FAR) provided by the Board is incomplete and was not properly maintained and updated. As a result:

- Projects’ assets were not captured in the Fixed Assets Register nor a separate Register maintained for the Cocoa Nursery, Cocoa Quality and Freight & Subsidy programmes;
- Assets such as vehicles, tractors, motor bikes and laptops were not captured in the Fixed Assets Register; and
- PNG CCIL’s assets were not captured in the Fixed Assets Register nor a separate Register maintained for the Institute.

As a result, I was unable to ascertain the accuracy, existence, valuation and completeness of the fixed assets balance disclosed as K3,887,174 at year end.

UNUSED PROJECT GRANT – K414,045

Note 41 and 43 of the financial statements disclosed specific project’s grants received and not utilized totaling K414,045 during the year under review. My review of the account revealed that the amounts were carried forward balances from prior years and classified as deferred income. I was not provided with the details to support the account balance. As a result, I was unable to perform the necessary audit procedures to ascertain the accuracy and completeness of the accounts balances as at year end.

PAYMENT VOUCHERS – K1,862,695

Limitation of Scope

During my review of the procurement process of payments of the Board for the year ended 31 December 2022, I noted there were a number of payments made without proper supporting documents totaled K447,349. I also noted that the Board has not fully complied with *Section 62 (1) of the Public Finances (Management) Act 1995 (as amended)* requiring public bodies to keep proper accounts and records of its affairs. As such, I noted that on several instances payment vouchers totaling K1,862,695 were missing and not provided for my verification. In the absence of proper supporting documentations and payment vouchers, I was unable to perform necessary audit procedures and substantive tests to gather sufficient and appropriate audit evidence respectively to verify the accuracy, correctness and validity of these payments.

PNG CCIL ASSETS and LIABILITIES

The PNG CCIL was subsumed into the Cocoa Board of Papua New Guinea and Kokonas Industri Koporesen upon *NEC* decision in 2017. I noted that assets and staff of the former PNG CCIL related to cocoa research and extension services were transferred to the Board following various meetings held by the shareholders in 2017. However, the assets were not recorded in the Fixed Assets Register and liabilities were also not recorded or reflected in the financial statements. As a result, the assets and liabilities were understated in the financial statements as at year ended 31 December 2022.”

6.2.2 Audit Observations Reported to the Ministers

My reports to the Ministers under *Section 8(2) of the Audit Act* on the inspection and audit of the accounts and records of the Board for the years ended 31 December 2021 and 2022 were both issued on 30 June 2025. Both reports contained similar comments, hence, only the 2022 report is reproduced:

Cash at Bank – Bank Reconciliation

My review and examination of the 2022 bank reconciliations for the Board’s nine (9) bank accounts revealed that the reconciliations were not prepared, reviewed and certified by the designated officers on a timely basis for all bank accounts. As a result, the Board has breached the provisions of the *Public Finances (Management) Act, 1995 (as amended)* and the *Financial Management Manual*. As such, I was not able to place reliance on the effectiveness and the controls surrounding the cash management of the Board.

I recommended for the Board to comply with the *Public Finances (Management) Act, 1995 (as amended)* and the *Finance Management Manual* and to ensure that bank reconciliations are done on a monthly basis for all the bank accounts for the Board. The Management responded to my concern as follows:

“We recognised that timely and properly segregated bank reconciliation are critical for maintaining accurate financial records and effective internal control.”

Fixed Assets – Fixed Assets Register (FAR)

My review of the fixed assets revealed that the Fixed Assets Register (FAR) was incomplete as it was not properly updated and has not fully captured all the assets owned by the Board. The assets details such as asset numbers, acquisition date, assets value and custodian of the assets have not been properly maintained in the Fixed Assets Register. Further, I noted that the Board had not conducted a stock-take on its fixed assets for a number of years. I recommended the Management of the Board to do a full stock-take to update the Fixed Assets Register. The Management of the Board responded to my observation as follows:

“We recognized the importance of an accurate and up-to-date FAR as a critical component of assets management and financial reporting. Management is still adamant on acquiring a Fixed Assets Management System to better monitor and track the Board’s assets and at the same time better manage the additions and depreciation schedule. A fixed assets verification team will be appointed and trained to carry out stock-takes and maintain accurate records in coordination with finance and project officers. Management is committed to strengthening assets control measures and ensuring that assets accountability is enforced across all departments and projects.”

Income – Cocoa Fermentary Central Database

My review of the income of the Board revealed that the Board did not have a complete and central database of all the registered cocoa fermentaries in the country apart from the Registered Exporters, which was provided for my review. About twelve percent (12%) of the total income disclosed during the year was generated from fermentary registrations and other related licenses. As a result, I was unable to ascertain the total number of registered fermentaries in the Country, their status, location and other statistics and, whether all fermentaries were registered and fees collected accordingly in 2022. I recommended that a complete central database of all fermentaries and other related licenses are created and maintained by the Board. The Management responded to my observation as follows:

“Management has taken note of this audit issue. In the year of management letter responses, the Cocoa Industry Management information system (CIMIS) is developed by our IT team.”

Goods and Service Tax Payables – Non-Compliance

During my review, I observed that the Board had not remitted to IRC the accumulated total of K5,310,685 GST payables for the year under review. In accordance with the *GST Act, 2003 (S.63-66)*, GST has to be remitted within 21 days of the preceding taxable and accounting periods. I recommended the Board to comply with the *GST Act, 2003* by remitting GST Returns on time to avoid penalties. The Board management responded to my observation as follows:

“Management agrees with the audit finding and recommendation. Due to financial constraints in the year under review, Cocoa Board was not able to lodge returns with payments on a timely basis.”

Group Tax Remittance – Non-Compliance

I noted that the Board did not remit the group tax (salary & wages) to IRC on a timely basis which had resulted in the accumulation of the balance of group tax of K4,361,748 as at 31 December 2022. Consequently, the Board has not complied with the requirement of *Section 299G of the Income Tax Act, 1959 (as amended)*. I recommended the Board to comply with the *Income Tax Act, 1959 (as amended)* and ensure that the group tax is remitted to IRC in the year salary and wages are earned and paid. The Management responded to my observation as follows:

“This situation arose due to severe cash flow constraints during the year, which affected the Board’s ability to honour some of its statutory obligation on time. However, management recognizes the importance of timely tax remittance and the legal implications of non-compliance.”

Debtors – Staff Advance K3,065,918

During my review of the Debtors and Prepayments, I observed that this account balance was related to Cash Advances given to officers on duty travel and advances in-relation to events organised by the Board. However, I noted that there was a significant increase during the year by K1,193,425 approximately (64%) compared to prior year. I also noted that debtors totalling K224,053 showed no movements in the debtor’s account balance and the Board did not take any measures to recoup these outstanding debts. I recommended the Management of the Board to ensure proper controls are put in place to manage the staff advances. Further, proper reconciliation should be done regularly to the staff advances to accurately and fairly state the balance in the financial statements at year end. The Management of the Board responded to my observation as follows:

“We also take note of the stagnant debtors accounts totalling K224,053 and appreciate the concerns raised.”

Personnel Files

During my review, I noted that staff personnel files were not maintained properly by the Board. There were no IRC tax declarations, birth certificates or statutory declarations to verify the dependents and pay variation advise to keep track of movement in the Salaries and Allowances. No history cards were also maintained by the Board for each staff. As a result, I was unable to confirm the salary and allowances and the leave records from their personnel files. I brought this observation to the attention of the Management and they responded to my observation as follows:

“Management notes the audit findings and audit recommendations.”

Expenditures – No proper Supporting Documentations

During my review of the procurement process of the expenditures of the Board for the year ended 31 December 2022, I noted that there were a number of payments totaling K447,349 that were made without proper supporting documents such as minutes/memos, receipts, invoices including acquittal forms for cash advanced to officers and three (3) quotes for purchases above K5,000 and below K500,000 as required by *Finance Instruction 3/2013* and *Financial Management Manual, Part 12, Div. 3 Para 9* and delivery documents. I brought these issues to the attention of the Management of the Board and they responded to my observation as follows:

“Management notes the audit findings and audit recommendation. Management will also establish agreements with our main suppliers so to avoid this issue from recurring. We will ensure three (3) quotation are obtained for expenditures over K5,000. Three quotes (3) policy to be effective immediately. We are ensuring that proper supporting documents are attached to expense requisition to substantiate the payments.”

Travel Advance Acquittals

My review of travel and subsistence expenses for the year ended 31 December 2022 revealed lack of travel acquittals by concerned staff of the Board. There was Travel Advances Register maintained by the Board in 2022, however, there was no proper acquittal forms, receipts and airline boarding pass maintained in the file.

It is a requirement as per the *Financial Management Manual Part 20 paragraph 11.2* that cash advanced to officers travelling overseas on official duty must acquit travel advances within 14 days of return from duty travel. At the same time *Part 20 paragraph 12.10* of the *Finance Management Manual* stipulates that advances to officers for domestic duty travels to be acquitted within 7 days of return from duty travel by submitting an acquittal form. This issue was also raised in my prior year audit report. I brought this matter to the attention of the Board and they responded to my observation as follows:

“Management is ensuring that the Travel Register is regularly updated and Travel Acquittal file will be in place before the next audit. Moving forward, Management has taken steps to rectify this by way of reassigning a fulltime clerk to oversee travels and also ensure that register for acquittals and travel are prepared on a timely manner.”

6.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Board has submitted its financial statements for the years ended 31 December 2023 and 2024 for my inspection and audit and arrangements were being made to commence the audits shortly.

6A. COCOA POD BORER PROJECT FUND

6A.1 INTRODUCTION

6A.1.1 Legislation

The National Government has funded the Cocoa Pod Borer Project based on the Project Proposal for Cocoa Pod Borer Management Project submitted by the Cocoa Board of Papua New Guinea. The Project is administered by the Cocoa Board of Papua New Guinea and was implemented in 2010.

6A.1.2 Objectives of the Project Fund

The Principal objectives of the Project Fund are to:

- facilitate the impartation of skills and knowledge on better management practices that will result in the reduction of Cocoa Pod Borer (CPB) infestation to less than 10% of production and increase cocoa yields;
- introduce and/or enhance farmers' skills and knowledge in the combined use of basic CPB management via the five Golden rules and the Integrated Pest Disease Management Technology; and
- provide farmer support by way of making high yielding cocoa planting materials, tools, equipment and chemicals readily available or accessible to cocoa farmers which would enable effective adaption of good management practices.

6A.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

6A.2.1 Comments on Financial Statements

My reports to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Fund for the year ended 31 December 2021 and period ended 30 April 2022 were issued on 30 June 2025. The reports contained similar Qualified Opinions, hence, only the 2022 report is reproduced:

“QUALIFIED OPINION

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the accompanying financial statements are;

- a) based on proper accounts and records; and
- b) in agreement with those accounts and records, and show fairly the state of affairs of the Fund for the period ended 30 April 2022 and the results of its financial operations and cash flows for the period then ended.

BASIS FOR QUALIFIED OPINION

Limitation of Scope – Debtors, Creditors and Deferred Income

During my examination of Debtors and Prepayments, Trade Creditors and Accruals and Deferred Income, I was not provided with schedules and supporting documents to confirm the account balances totalling K97,232, K70,242 and K394,212 respectively. As a result, I was unable to verify the balances disclosed in the financial statements as at 30 April 2022.”

6A.2.2 Audit Observations Reported to the Ministers

My reports to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Fund for the year ended 31 December 2021 and period ended 30 April 2022 were issued on 30 June 2025. The reports contained similar observations, hence, only the 2022 report is reproduced:

Fixed Assets Register (FAR)

My review of the Project’s Fixed Assets Register (FAR) revealed that the Register was not properly maintained during the period under review. I noted that the FAR was incomplete as it did not include asset numbers, model and serial numbers of the different types of assets listed. For instance, registration numbers for the motor vehicles were not provided in the FAR and assets were not tagged for verification or easy identification. As a result, I was unable to place reliance on the controls surrounding the management of the fixed assets acquired and used by the Project during the period under review. The Management responded to my observations as follows:

“The audit issue is noted. Fixed Assets Register for the project has not been improved or changed due to nil transactions on this account.”

Going Concern

The Cocoa Pod Borer Project accounts and records have been prepared on a Going Concern basis during the period ended 30 April 2022. However, during my review it was revealed that the Project account remained dormant during the period. I brought this query to the management and they responded to my observations as follows:

“Management has taken note of the going concern issue. A disclosure has also been included on the financial statements. The Board of Directors has closed this account on the 26th of April 2022.”

6A.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Project was dysfunctional and its account was dormant. The Project was abolished on 26 April 2022 by the resolution of the Board of Directors of Cocoa Board and with National Executive Council (NEC) decision *No. 301/2006 on 20 December 2006* to abolish the project. Hence, this will be my final report of the Project to Parliament.

6B. COCOA STABILISATION FUND (Related Entity of Cocoa Board of PNG)

6B.1 INTRODUCTION

6B.1.1 Legislation

The Cocoa Stabilisation Fund was established under *Section 19* of the *Cocoa Act 1981*. The Fund is administered by the Cocoa Board of PNG with the objective of establishing price stabilisation, price equalisation and stockholding arrangements within the cocoa industry.

6B.2 AUDIT OBSERVATIONS AND RECOMMENDATION

6B.2.1 Comments on Financial Statements

My reports to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Fund for the year ended 31 December 2021 and period ended 30 April 2022 were issued on 30 June 2025. The reports did not contain any qualification.

6B.2.2 Audit Observations Reported to the Ministers

My reports to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Fund for the year ended 31 December 2021 and period ended 30 April 2022 were issued on 30 June 2025. The reports contained similar matter, hence, only 2022 report is reproduced:

Going Concern

The Cocoa Stabilization Fund accounts and records have been prepared on a Going Concern basis during the period ended 31 April 2022. However, my examination revealed that the fund account remained dormant over the years. In response, the Management stated that the Board of Directors have decided to close this account on 26 April 2022 based on the NEC decision *No. 301/2006 on 20 December 2006*.

6B.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Fund was dysfunctional and its account was dormant over the years and closed on 26 April 2022 through resolution of the Cocoa Board of Papua New Guinea, in accordance with National Executive Council (NEC) decision *No. 301/2006 on 20 December 2006* to abolish the Fund. Hence, this report will be my final report of the Fund to Parliament.

7. COCOA COCONUT INSTITUTE LIMITED OF PAPUA NEW GUINEA

7.1 INTRODUCTION

7.1.1 Legislation

The Cocoa Coconut Institute Limited of Papua New Guinea (*formerly PNG Cocoa and Coconut Research Company Limited*) was amalgamated with PNG Cocoa and Coconut Extension Agency Limited in 2003. The Company is owned equally by the Cocoa Board of PNG and the Kokonas Industri Koporesen (KIK) of PNG.

7.1.2 Functions of the Company

The principal functions of the Company are to:

- conduct research into all aspects of Cocoa and Coconut growing and production and all aspects of the Cocoa and Coconut industries;
- promote research and beneficial programs for these industries;
- provide assistance to all persons and bodies engaged in any aspect of the Cocoa and Coconut industries;
- produce planting materials for the Cocoa and Coconut industries; and
- provide consultancy services.

7.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Company has not submitted its financial statements for the years ended 31 December 2017 and 2018 for my inspection and audit. Numerous attempts have been made by my Office to obtain the outstanding financial statements but have been unsuccessful.

The management has advised that the Company had been liquidated and deregistered in 2018 with research and extension functions reverted to Kokonas Industri Koporesen and Cocoa Board of PNG respectively. Consequently, 2018 will be my final year of audit.

8. COFFEE INDUSTRY CORPORATION LIMITED

8.1 INTRODUCTION

8.1.1 Legislation

The Coffee Industry Corporation Limited (CICL) was incorporated under the *Companies Act* as a company limited by guarantee and was conferred with statutory powers relating to the control and regulation of the production, processing, marketing and export of coffee by the *Coffee Industry Corporation (Statutory Functions and Powers) Act 1991*. Under this Act, the undertakings of the Coffee Industry Board, the Coffee Development Agency and the Coffee Research Institute were, on 1 October 1991, transferred to and vested in the Coffee Industry Corporation Limited.

The members of the Corporation according to the Articles of Association are from the Growers Associations, the Coffee Exporters Association, the Plantation Processors Association, the Block Development Association, the Secretary - Department of Agriculture and Livestock, the Secretary - Department of Finance and the Secretary - Department of Trade and Industry. The liability of each member is limited to an amount not exceeding one hundred Kina.

8.1.2 Functions of the Corporation

The principal functions of the Corporation are to:

- engage in research, extension, promotion, marketing, administration, management and control of the coffee industry in PNG;
- act in the best interests of coffee producers; and
- promote development of the coffee industry in PNG.

8.1.3 Fund and Subsidiaries of the Corporation

The Corporation has a Fund and two subsidiary companies namely, *Coffee Industry Fund*, *Kofi Management Services Limited* and *Patana No.61 Limited*. Comments in relation to the Fund and the subsidiaries are contained in paragraphs 8A, 8B and 8C respectively in this Report.

8.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

8.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Corporation for the year ended 31 December 2021 was issued on 25 April 2025. The report contained a Disclaimer of Opinion with Emphasis of Matter.

“DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs below, I have not been able to obtain sufficient appropriate audit evidence and, accordingly, I am unable to and do not express an opinion on the financial statements of Coffee Industry Corporation Limited for the year ended 31 December 2021.

BASIS FOR DISCLAIMER OF OPINION

Opening Balances

My Report on the financial statements of Coffee Industry Corporation Limited for the year ended 31 December 2020 was a disclaimer of opinion. I was unable to ascertain the accuracy and validity of all the assets and liabilities accounts balances as at 31 December 2020. These disclaimed closing account balances have been taken up as opening balances for the financial year 2021. I was unable to perform alternate audit procedures to ascertain the validity and accuracy of the opening balances of all the assets and liabilities taken up at 1 January 2021.

Since the opening balances enter into the determination of the results of operations, cash flows and equity movements of the Corporation for the year ended 31 December 2021, any adjustment found necessary on the opening balances would have consequential effects on the elements making up the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows. I was unable to determine whether any such adjustment might have been necessary for the year ended 31 December 2021 or for the comparative financial period ended 31 December 2020.

Unreconciled Balances

At year end, cash and cash equivalent balance was reported at K5,192,283 (2020: K31,738,051) while trade and other payables balance having reported at K8,729,510 (2020: K8,750,241). However, these accounts' balances reported had not been reconciled. Had management performed reconciliations of these accounts' balances, all transactions occurred would have been taken up in the balances. In the absence of reconciliations, I was unable to ascertain the extent of financial impact any unrecorded transactions may have on the financial position, profit and loss account, cash flows and equity movement of the Corporation for the year ended 31 December 2021. I was unable to perform alternate audit procedures to ascertain the validity and completeness of these accounts' balances.

Property, Plant and Equipment

At year-end, CICL had written down value of property, plant and equipment at K10,789,921 (2020: K13,755,422). There was no physical verification performed on all of the fixed assets to confirm their existence and state of conditions. Furthermore, there were no valuation exercises performed in the last 7 years to ascertain the fair value of the land and buildings at year-end. The book value of land and buildings as per *Note 9* at the year-end was K4,478,192 (2020: K4,558,120). I was unable to ascertain whether there was any impairment of the property, plant and equipment as at 31 December 2021.

Employee Provision

The employee provisions recorded and reported in the financial statements as at 31 December 2021 for accrued long service leave and annual leave were K139,173 and K6,524 respectively. These balances have been carried forward since 2016. At year-end, these employee provisions have not been estimated and measured. Accordingly, the recorded and unrecorded liabilities were estimated to be material at year-end. I have not been provided with any further audit evidence for my test to confirm the validity, accuracy and completeness of these balances.

Taxes Payable

As at 31 December 2021, CICL had an unrecorded and unrecognized tax balance relating to salaries and wages taxes. Due to lack of documentations, I was unable to quantify the balance at year-end.

Non-consolidation of Subsidiaries

Coffee Industry Corporation Limited being a parent entity had not consolidated the financial statements of its subsidiaries; Kofi Management Services Limited and Patana No. 61 Limited. I noted that the shareholdings by CICL in these subsidiaries as at 31 December 2021 exceeded 50%. Under *International Financial Reporting Standards (IFRS 10)*, the consolidated financial statements for the Group is required, I could not determine the effects on the financial statements of the failure to consolidate.

EMPHASIS OF MATTER

Status of the Coffee Industry Corporation Limited

My review of the *Coffee Industry Corporation (Statutory Function and Powers) Act, 1991* confirms that, Coffee Industry Corporation is a *Corporation* and not a “*Limited Company*.” There has been no subsequent *Act* passed by the Parliament to corporatize the “Coffee Industry Corporation.” Unless Parliament by an *Act* had amended the existing *Act* to corporatize the Coffee Industry Corporation, the word *Limited* used by the Corporation is not appropriate.

I was not provided with the amended *Act* for me to determine the appropriateness of incorporating this Corporation under the *Companies Act 1997*.”

8.2.2 Audit Observations Reported to the Ministers

My report to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Corporation for the year ended 31 December 2021 was issued on 25 April 2025. The report contained the following significant matters:

Bank Reconciliations

Coffee Industry Corporation Limited (CICL) has over 50 bank accounts which include Imprest Accounts to cater for its operational requirements. Through discussions with management, I noted that some of these bank accounts have been dormant while others been operational. Over the last 12 to 18 months, a dedicated team has been set up to reconcile all the bank accounts. However, I noted invalid reconciling items especially outstanding deposits to a value of K6.2 million.

I pointed out to management that chance of financial transactions not been accounted for is very high considering the fact that no bank reconciliations have been prepared and no audit evidence provided to ascertain that the transaction records have been correctly maintained, reconciled and agreed to the bank balances. I further advised that due to the lack of maintaining the records in order, cash are subject to misuse, misappropriation and incorrectly recorded in the books and financial statements.

Moreover, I stressed that a significant internal control measure is the timely and regular process of reconciling, reviewing and approving of a duly prepared and reconciled bank balances between the general ledgers and bank statements. I also emphasized that reconciliation ensures all financial transactions are captured and recorded (completeness of financial transactions) and there are no possibilities of occurrence of fraud or fraudulent transactions processed through the bank accounts (validity of financial transactions).

Accordingly, I recommended management to prepare up-to-date reconciliations of all the bank accounts, preferably on a monthly basis, and reconciliations are reviewed, approved and signed off by a senior finance manager.

The management responded, *“The management has taken appropriate action regarding the subject in addressing the issue. Bank reconciliations of all bank accounts maintained to be completed before financial reports being produced are accepted to ensure completeness of the accounting process.”*

Imprest Accounts

Since 2018, CICL has maintained about 16 Imprest Accounts to cater for its operational needs nationwide. Occasionally, the custodians of these Imprest Accounts report (provide acquittals) to CICL on the financial transactions as well as requesting for replenishment. The initial recording of transactions of the imprest funds have been vested entirely with the custodians. As such, the process of recording the use of the imprest funds have been done manually by the respective custodians. Thereafter, the financial transactions are captured and posted into the general ledgers of CICL only when the acquittal reports are sent to CICL finance team by the Imprest Account custodians.

However, in 2021, there were no Imprest Account transactions and balances captured in the general ledgers and trial balance of CICL. My request for monthly acquittal reports for some Imprest Accounts were not provided. Accordingly, I cautioned management that lack of such important internal control in reporting systems may highly likely expose CICL to incomplete, inaccurate and misrepresentation of its financial reporting, and may over time expose CICL to misuse and misapplication of these funds.

I therefore recommended management to draft and adopt a specific Imprest Account Policy that can provide clear guide for use, recording and reporting of imprest funds on a timely basis.

The management in responded as stated, *“The management appreciates the recommendations and advises that the directives have been issued to the head of Finance to take appropriate actions to strengthen the controls on managing the imprest accounts as per the recommendations.”*

MOA Funds

Included in the CICL bank balances were several specific government grants made available through Memorandum of Agreement (MoA) between CICL and certain Provincial and District governments for coffee developments and specific needs in their provinces and districts. At year end, most of these MoA funds have not been utilised. However, CICL when receiving such funds has been recording as income for the year of receipt in the profit and loss account.

I highlighted to management that use of Government grants and assistance must be accounted for in accordance with the requirements of IAS 20, Accounting for Government Grants and Disclosure of Government Assistance. Hence, I alarmed management that Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate, which in the case of grants related to assets requires setting up the grant as deferred income or deducting it from the carrying amount of the asset.

CICL's current practice has been to recognise full amount of such fund receipts as income for the year, which is a departure from compliance with the requirements of IAS 20. Hence, I warned management that there is a risk of overstating income when the full amount of funds received are recorded without systematically recognizing it over the period in which related expenses are incurred. Further, I cautioned management that there is also a possibility of a financial exposure (liability) risk arises when the relevant provincial or district government authorities decide to cancel the MoA, and the funds become reimbursable.

Therefore, I advised management that in future when funds are received, bank (asset) is debited and a deferred income account (liability) is credited. As soon as the specific projects under the MoA commence and costs or expenses incurred, the deferred income is released, income recognised and relevant expenses or assets recorded.

The management replied, "The management notes the observations and recommendations and issued directives to the Head of Finance to address and take corrective actions in implementing IAS 20 when accounting for MOA and/or other funding arrangements as per the recommendations."

Physical Asset Verification and Valuation Exercises

I noted during my review of the fixed assets of CICL that records related to actual physical assets verification and valuation performed were not available. I also noted several fixed assets purchased in 2004 and prior years that apparently should either be disposed or fully written down were still in the Corporation's fixed asset register (FAR). Further, the FAR especially in relation to land and buildings could not provide adequate audit trail for costs and valuation components.

I highlighted to management that fixed assets are key investing activities of the entity which drive the entity forward in meeting its financial, statutory and operational plans. Entities or organizations looking forward to bolstering accuracy and comprehensiveness of their audits and put together a balance sheet that reflects true value of their holdings can leverage from a proper fixed asset register.

I brought to the attention of management that in the absence of physical assets verification and valuation, it is highly likely that non-operational and outdated, stolen or fully written down fixed assets may still sit in the fixed asset register and overstate the overall fixed assets value. Alternatively, some existing fixed assets may not be registered or may be undervalued which can understate the overall fixed assets value. Hence, I stressed to management that physical assets verification and valuation exercises are compulsory to ensure that the physical assets on hand (actuals) are reconciled to the fixed assets register (book) to ensure true and fair reporting of the entity's fixed assets value.

Hence, I recommended management to carry out a 100% nationwide physical assets verification and valuation within the next 12 months and update the fixed assets register accordingly.

The management in response stated that, “The management notes the recommendations and advises that directives have been issued to undertake physical verification and valuation of all fixed assets of the Corporation and its Subsidiaries. Moreover, regular spot checks and stock takes will be undertaken as recommended. The management has issued directives to Corporate Service Program/Administration Section to formally engage a registered valuer to work with CICL team to undertake full valuation of all land and buildings as per the recommendation.”

Annual and Long Service Leave Computations

There was no movement in annual and long service leave provisions during the year. My review to determine the cause revealed the following shortcomings and internal control weaknesses:

- Annual and long service leave liabilities were not computed for the year under review;
- Listing of staff entitled to annual and long service leaves were not available for my review;
- Payroll Division has not been providing sufficient information and data to Finance Division team for computing employee provisions and recording in the accounting system; and
- There was a lack of vital information sharing between the Payroll Division and Finance Division in ensuring that information validity, accuracy and completeness are considered and shared for the benefit of CICL and its financial reporting obligations.

I recommended management to undertake the following remedial actions immediately: carryout comprehensive review of all existing staff contracts and offer letters and ascertain their eligibility to annual and long service leaves; perform computations to correctly recognize annual and long service leave liabilities; and ensure that the Payroll Division provides sufficient information and data as part of its fortnightly or monthly reporting to the Finance Division for computing and recording in the accounting system.

The management responded as stating, “*The management notes the observations and recommendations. This has been an ongoing issue since 2008 and the management has issued directives to appropriate personnel to take corrective actions and appropriately manage staff records and provisions to reflect true value of staff provisions at year end.*”

Maintenance of Employee Files

My review on maintenance of employee files revealed a need for proper update and regular revisit of the terms of employment contract with the individual employees. It is a best practice to ensure that all employment arrangements are properly recorded and agreed to between the employer and the employee in regards to the terms of the employment. A properly executed employment agreement protects the employer of unexpected liabilities that may be brought about by the employees.

The Payroll Division has not been recording or keeping proper records of potential liabilities including annual leave, long service leave, repatriation costs liabilities, gratuity, leave airfares, superannuation contributions and payroll tax liabilities.

I advised management that all employee files should be maintained appropriately and up-to-date while maintaining constant communication between the Payroll, Human Resource and Finance Divisions. This approach ensures that individual employee liabilities are tracked and funds are managed and secured to meet the employment related liabilities as and when they fall due, and that the payments are binding, appropriate and accurate.

The management in respond stated, *“The management notes the recommendations and had issued directives to HR and Payroll to ensure accountability of all liabilities relating to all provisions of staff entitlements, and employee files are also updated and properly maintained as recommended”*.

No Tax on Assessable Benefit Allowances

I noted that certain management staff are provided with institutional houses or rental accommodation. As such, those staff provided with accommodation under this arrangement would attract an assessable benefit allowance. Therefore, his/her salary tax should be computed in accordance with the prescribed rates provided for by the Internal Revenue Commission (IRC). Also, any contract employee who is provided with a motor vehicle with fuel and unrestricted use also attracts an assessable benefit.

I noted that certain staff benefiting from these assessable allowances are not taxed appropriately. However, at the time of this report, my request for supporting documentations and explanation from the Payroll team to justify why assessable benefits are not taxed remain outstanding.

I recommended management to carry-out a detailed review of all existing staff contracts and offer letter to ensure those being provided with accommodations and motor vehicles are taxed per the IRC’s prescribed tax rates.

The management responded as follows:

“The management notes the recommendations and advises that contract officers paid Assessable Benefits are taxed and withheld for those officers with no official Tax ID No. Those officers registered with IRC with a Tax ID No. are responsible to lodge their own tax returns directly with IRC.

The CIC officers those have been provided with company accommodation and vehicle will be assessed appropriately and accordingly as this had been an oversight over the years.”

Information Technology (IT) System

I identified that IT Policy and Procedures Manual has not been formally drafted and adopted by CICL. Due to the lack of such critical document, key risk factors identified included: no Formal Business Continuity Management Plan, no Formal Disaster Recovery Plan and no Documentations around Access Controls.

I recommended management to ensure a detailed IT Policy Procedure Manual is developed, accepted and implemented immediately.

The management responded as, *“The management noted the observation and recommendation and has directed appropriate technical officers to establish IT Policy and Procedural Manual and take corrective measures to address all IT issues going forward.”*

Financial Reporting to Board

My review of the Board meetings held in 2021 revealed that there were no financial reports presented to the Board of Directors. I also noted that had the financial reports been prepared and presented would have deemed inaccurate and misleading for making informed decisions as the bank and general ledger account balances of CICL have not been reconciled appropriately on regular basis.

I warned management that lack of proper month end procedures risk those charged with governance from making informed decisions in regard to the financial aspects and operations of CICL.

Hence, I recommended management to perform proper and strict month end procedures to ensure that financial reports are accurate, reliable and readily available for providing to Board for making informed decisions.

The management replied, *“The issue has been resolved with new Board of Directors appointed. The CICL management noted the observations and advises that the Management Financial Reports will be provided to the Board on a quarterly basis. The quarterly financial reports comprising mainly of income and expenditure overview and the budget and actual variances. CICL Finance has faithfully fulfilled that.”*

Approved Financial Delegation Authority

My request for the approved Financial Delegation Authority of CICL was not provided for my review. As such, I could not ensure the financial authority limit vested with the Chief Financial Officer (CFO), Chief Operation Officer (COO), Chief Executive Officer (CEO) and the Board. Accordingly, I was unable to determine the financial authority limit bestowed for reviewing, approving and endorsing financial transactions at each management level.

I alarmed management that having no approved and documented Financial Delegation Authority may expose CICL to unnecessary and unbudgeted spending and may lead to possible misuse of public funds. Therefore, I recommended management to develop Financial Delegate Authority, obtain Board's approval and implement immediately.

The management reacted, "*Management notes the recommendation.*"

Month and Year End Financial Closures

I noted that CICL has failed to perform proper month and year end closure processes. I brought to the attention of management that generally accepted accounting practices requires every entity to ensure a proper month end and year-end financial closure processes are performed. Key issues noted from my review are: long outstanding and delayed reconciliation of all balance sheet items; accounting system opened and not properly rolled over to the next period; no cut off time being set for transactions processed especially towards the period end; there existed high possibility of inaccurate, incomplete and unjustifiable financial report being provided to key stakeholders including the management, board of directors and aid donor agencies; and CICL has been exposed to such an environment prone to misappropriate, fraud and theft.

I recommended to management to execute the following corrective measures:

- issue an internal directive to CICL Finance and other teams to immediately commence the process of proper month end financial closure;
- reconcile all balance sheets items on a monthly basis;
- ensure all imprest account custodians provide monthly reports immediately after each month end for capturing in the CICL's accounting system;
- record and capture occurrences of all monthly financial transactions including payroll, employee provisions, taxes etc. in the system; and
- ensure the Financial Controller sets deadline preferably 10 days after period end to ensure, supervise and sign off on the above processes.

The management stated, "*The management take note of the observation and recommendation and will improve going forward with the introduction of Accpac system in 2022 onwards to assess our bank reconciliations and financial statements through our internal auditor*".

Significant Issues in the Payment Processes

My review of the payment processes of CICL noted significant issues of non-compliance and lapses with the required laws and regulatory frameworks and processes. The issues I detailed in my Management Letter included the following:

- *Missing requisition forms* – certain payments were made either without raising requisition forms or the requisition forms were incomplete, unclear and not signed off by both the requisition and authorizing officers;

- *Incomplete expense claim forms* – certain expense claim forms both for general and business travel expenses were incomplete or contained insufficient information;
- *Excluding GST* – a number of payments had GST not considered and recorded;
- *Certificate of Compliance* – a number of payments had no copy of certificate of compliance;
- *Quotations and invoices* – numerous payment vouchers had no quotations or invoices intact;
- *Price canvassing* – numerous suppliers were chosen without making price comparisons;
- *Reconciliations* – petty cash, incidental and other cash expenditures were not reconciled; and
- *Non-acquittals* – a number of cash payments requiring proper acquittals were not done.

These specific issues were detailed in my Management Letter. However, most of the issues raised were not appropriately responded and documented. Hence, I will follow up in my next (2022) audit.

8.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Corporation for the year ended 31 December 2022 was in progress.

The Corporation has not submitted its financial statements for the years ended 31 December 2023 and 2024 for my inspection and audit.

8A. COFFEE INDUSTRY FUND **(A subsidiary of Coffee Industry Corporation Limited)**

8A.1 INTRODUCTION

8A.1.1 Legislation

The *Coffee Industry Corporation (Statutory Functions and Powers) Act 1991* provided for the establishment of the Coffee Industry Fund (CIF). The main purpose of the Coffee Industry Fund is to stabilise the coffee industry by giving the Coffee Industry Corporation the financial ability to implement schemes relating to stabilisation and equalisation of coffee prices and stock holdings of coffee.

8A.2 AUDIT OBSERVATIONS

8A.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Fund for the year ended 31 December 2021 was issued on 25 April 2025. The report contained a Disclaimer of Opinion.

“DISCLAIMER OF OPINION

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph below, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I am unable to and do not express an opinion on the financial statements of the Fund for the year ended 31 December 2021.

BASIS FOR DISCLAIMER OF OPINION

I was not provided with sufficient audit evidence to perform my audit procedures on the balances in the statement of financial position and transactions in the statement of comprehensive income. The Fund was created to cater for specific Government funding. However, administratively, the financial transactions have been recorded and reported through the books of Coffee Industry Corporation, the custodian of the Fund.”

8A.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Fund for the year ended 31 December 2022 was in progress.

The Fund has not submitted its financial statements for the years ended 31 December 2023 and 2024 for my inspection and audit.

8B. KOFI MANAGEMENT SERVICE LIMITED **(A subsidiary of Coffee Industry Corporation Limited)**

8B.1 INTRODUCTION

8B.1.1 Legislation

Kofi Management Service Limited was incorporated under the *Companies Act* on 21 February 2014 by the Executive Management of Coffee Industry Corporation Limited (CICL). The Company is a 100% owned subsidiary of Coffee Industry Corporation Limited which commenced its full business operations in 2017.

8B.1.2 Objectives of the Company

The Company's prime objectives are to:

- manage and grow property portfolios in terms of property investment, development and improvement of current commercial properties in PNG;
- manage research and developed coffee blocks into commercial plantation thus exporting coffee to international markets; and
- generate income with marginalised profit to support the recurrent budget of CICL.

8B.2 AUDIT OBSERVATIONS

8B.2.1 Comments on Financial Statements

My report in accordance with the provisions of the *Companies Act* on the financial statements of the Company for the year ended 31 December 2021 was issued on 29 May 2025. The report contained a Disclaimer of Opinion.

“DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs below, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I am unable to and do not express an opinion on the financial statements of Kofi Management Service Limited for the year ended 31 December 2021.

BASIS FOR DISCLAIMER OF OPINION

Opening Balances

In 2019, the transactions and result of operations of Kofi Management Service Limited (KMSL) were included and reported as part of Coffee Industry Corporation Limited (CICL), the parent entity, and not separately reported as requires. Due to the disclaimer of opinion issued on the financial statements of the parent entity (CICL) for the year ended 31 December 2020, I was unable to perform alternate audit procedures to ascertain the validity and accuracy of the opening balances of KMSL at 1 January 2021.

Since the opening balances enter into the determination of the results of operations, cash flows and equity movements of the Company for the year ended 31 December 2021, any adjustment found necessary on the opening balances would have consequential effects on the elements making up the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cashflows. I was unable to determine whether any such adjustment might have been necessary for the year ended 31 December 2021 or for the comparative financial period ended 31 December 2020.

Employee Provision

At year end, employee provisions for long service leave and annual leave were recorded and reported as Nil in the financial statements. The management has not estimated and measured the employee provisions at year end. Accordingly, the unrecorded liabilities may likely be material at year end. I have not been provided with any further audit evidence to verify the employee provision balances.

Biological Assets

KMSL owns and operates several coffee plantations. In the past, these plantations or biological assets have not been brought into account resulting in potential misstatement of the financial statements of KMSL. *International Financial Reporting Standards IAS 41 - Agriculture* provides for guidance on the treatment and measurement of such biological assets. At year end, I was unable to quantify the value of these biological assets and the extent of impact to the financial statements had it been brought into account.

Property, Plant and Equipment

At year end, KMSL had written down value of property, plant and equipment at K1,562,629 (2020: K1,465,635). There was no physical verification performed on all of the fixed assets to confirm their existence and conditions. Furthermore, there were no valuation exercises performed in the last 6 years to ascertain the fair value of the land and buildings at year end. The book value of land and buildings at year end was K1,338,237 (2020: K1,365,550). I was unable to ascertain whether there was any impairment of the property, plant and equipment at year end.

Revenue and Expenses

I was not provided with all audit evidences to perform my testing on revenue, expenses and payroll balances disclosed in the financial statements. Due to non-provision of sufficient audit evidence, I was unable to perform alternate audit procedures to ascertain the validity and accuracy of expenses and payroll related balances incurred during the year.

As a result, I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded balances and transactions, and the elements making up the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows.”

8B.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2022 was in progress.

The Company has not submitted its financial statements for the years ended 31 December 2023 and 2024 for my inspection and audit.

8C. PATANA NO. 61 LIMITED **(A subsidiary of Coffee Industry Corporation Limited)**

8C.1 INTRODUCTION

8C.1.1 Legislation

Patana No. 61 Limited was incorporated under the *Companies Act*. The Company was acquired by the Coffee Industry Corporation Limited on 10 February 1994 and has a total issued capital of two ordinary shares of K1.00 each. The Company is wholly owned by the Coffee Industry Corporation Limited. The principal activity of the Company is to invest in property.

8C.2 AUDIT OBSERVATIONS

8C.2.1 Comments on Financial Statements

My report in accordance with the provisions of the *Companies Act* on the financial statements of the Company for the year ended 31 December 2021 was issued on 25 April 2025. The report contained a Disclaimer of Opinion.

“DISCLAIMER OF OPINION

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I am unable to and do not express an opinion on the financial statements of the Patana No. 61 Limited for the year ended 31 December 2021.

BASIS FOR DISCLAIMER OF OPINION

I was not provided with sufficient audit evidence to perform my audit procedures on the balances in the statement of financial position and transactions in the statement of comprehensive income for the year ended 31 December 2021. The accounting records of the Company have not been adequately maintained.”

8C.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2022 was in progress.

The Company has not submitted its financial statements for the years ended 31 December 2023 and 2024 for my inspection and audit.

9. CONSERVATION AND ENVIRONMENT PROTECTION AUTHORITY

9.1 INTRODUCTION

9.1.1 Legislation

The *Conservation and Environment Protection Authority Act 2014* was Certified on 30 May 2014, establishing the Conservation and Environment Protection Authority (CEPA).

Prior to May 2014, the Conservation and Environment Protection Authority was operating as a Department of National Public Service.

9.1.2 Functions of the Authority

The functions of the Authority are to:

- do all things necessary for the conservation and protection of the environment in accordance with the environmental conservation laws and any policy directions of the Minister and the National Executive Council;
- co-ordinate with provincial and local-level governments and sub-national authorities to foster, manage and monitor environmental conservation strategies and programmes in the country;
- relation to land under the care, control and management of the Authority:
 - *to establish and maintain zoological and botanical parks and gardens;*
 - *to permit and assist zoological and botanical research; and*
 - *to construct buildings, walks, drives, fences, enclosures, dams, reservoirs, drains and other structures for or in connection with the purposes of the Authority;*
- impose and receive rents, fees, charges and bonds in respect of its functions under any environmental conservation law, including but not limited to providing services related to the approval and issue of environment permits and the investigation and audit of activities under the *Environment Act 2000*;
- promote Papua New Guinea's laws, regulations and policies relating to conservation and environment matters within the country and overseas;
- give advice to the Minister and maintain dialogue with other government agencies on environmental conservation laws and policies;
- encourage, accept, administer and allocate aid monies, whether from within the country or elsewhere, for purposes consistent with its objects;

- accept donations, gifts, devises and bequests made to the Authority and control, manage and develop those donations, gifts, devises and bequests in accordance with any conditions attached to them;
- where it considers it necessary or convenient to do so, to establish committees and similar bodies in relation to its functions, in accordance with regulations and to that effect; and
- perform such other functions and duties as may be conferred on it by the Authority's Act or any other law.

9.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Authority for the year ended 31 December 2018 has been completed. Due to lack of cooperation from management, the signed financial statements were not furnished for me to finalize the reports.

The fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Authority for the year ended 31 December 2019 was in progress.

The Authority has not submitted its financial statements for the years ended 31 December 2020, 2021, 2022, 2023 and 2024 for my inspection and audit despite my repeated reminders.

10. GOVERNMENT PRINTING OFFICE

10.1 INTRODUCTION

10.1.1 Legislation

The Government Printing Office was established by the British Colonial Administration in 1888.

The functions of the Printing Office are empowered by *Section 252 of the Constitution, the Interpretation Act (Chapter 2)* and *Printing of the Laws Act (Chapter 333)*.

10.1.2 Objective of the Office

The main objective of the Government Printing Office is to provide efficient and quality printing services to the executive arm of the government, judicial arm of the government, government departments and various statutory bodies at an affordable cost.

10.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

10.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the Office's financial statements for the year ended 31 December 2022 was issued on 30 June 2025. The report contained a Qualified Opinion.

“QUALIFIED OPINION

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the accompanying financial statements are;

- a) based on proper accounts and records; and
- b) in agreement with those accounts and records, and show fairly the state of affairs of the Printing Office for the year ended 31 December 2022 and the results of its financial operations and cash flows for the year then ended.

BASIS FOR QUALIFIED OPINION

Casual Wages – K982,564

The financial statements disclosed Casual Wages balance as K982,564 at year end. My review of the supporting documents revealed that most of the related supporting documents were not provided limiting my scope. As a result, I was unable to perform my audit procedures to satisfactorily verify casual wages balance of K982,564 stated in the financial statements.

Limitation of Scope – Alesco Payroll Summaries – K3,261,000

The Alesco Payroll summaries for permanent staff reported in the financial statements under *Note 10* was K3,261,000 at the year end. My review of the payroll reports revealed that fourteen (14) payroll reports totaling K1,912,523 were not provided for my examination. The absence of these source documents place a scope limitation on my audit procedures and as such, I was not able to ascertain the validity, completeness and accuracy of the salaries and allowances balance of K3,261,000 reported under *Note 10* of the financial statements.”

10.2.2 Audit Observations Reported to the Ministers

My report to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Office for the year ended 31 December 2022 was issued on 30 June 2025. The report contained the following observations:

Fixed Assets Register – General Controls

My review of the Property, Plant and Equipment revealed that the Printing Office had not fully complied with *Part 32* of the *Financial Management Manual* by not maintaining an updated Fixed Assets Register on a timely basis. As a result, the following discrepancies were noted;

- No Fixed Assets Policy to administer the acquisition, disposal, and depreciation and impairment of non-current assets;
- No proper stock-take had been done to formulate a proper asset register and fairly state the assets value as items represented had been dated back to 2001; and
- Tangible assets had not been properly coded, tagged and labelled in the Fixed Assets Register. Further, management also did not maintain asset bin cards for each Division to monitor the location, movement and condition of assets therein.

Management responded to my findings as follows:

“The audit findings and comments are acknowledged and noted, which was also confirmed with the team that we have made every effort to improve our fixed assets Registering processes and the Management is fully aware of the impediment and relevant circumstances and has discussed the way forward to correct these issues.”

Bank Reconciliations

My review of the Cash at Bank account revealed that bank reconciliations were not prepared on a timely basis. Further, I noted that the bank reconciliations were not approved. Bank reconciliation is a vital internal control function, the absence of being approved indicates weaknesses in controls surrounding the management and use of cash which are prone to misuse and theft.

As such, I was not able to place reliance on the effectiveness of the controls maintained by the Government Printing Office over cash.

I recommended management to put in place internal control measures on bank reconciliations and management concurred with my recommendation and agreed to improve going forward.

Long Outstanding Trade Debtors

My review of the Trade Debtors account revealed that ninety-one percent (91%) of the total debts of K9,911,169 have been outstanding for over a year. The cumulative total dating back to 2010 is K9,899,445. The debt is mainly for the Government Departments particularly; Education, National Planning, Treasury and Finance. This may potentially lead to an increasingly incorrect debt balance each year stated under *Note 6* in the financial statements that may not be collected at all.

I recommended management to ensure all outstanding amounts are promptly followed up and collected within the minimum timeframe. Additionally, I recommended that management carefully assess each debtor, particularly those with overdue accounts of over a year, and make the necessary provisions accordingly.

Management concurred with my recommendation and agreed to improve going forward.

Staff Loans Register

My review of loans and advances made to staff revealed that the Printing Office does not maintain a staff loans register. I further noted that there was no loan/advance policy in place to guide them in the disbursement and repayment of loans. As a result, I was not able to verify how much have been taken as advance/loan, how much was repaid during the year and the remaining balance at year end.

Management responded as follows:

“The Management is aware of the need to engage a reputable HR Manager which is an outstanding funded position in the GPO structure to Manage the HR Functions to be more effective. This is one of the management immediate plans so this and trade debt collector are the immediate actions of the GPO Management for 2024 & 2025.”

Non-Compliance with Income Tax Act and Superannuation Act

My review of the liabilities account revealed that the Printing Office did not remit its tax liabilities together with its penalties totaling K956,563 to the Internal Revenue Commission.

Further, I noted that Employee and Employer contributions have not been remitted to Nambawan Super Fund. These were the same items brought forward from prior year audits.

Management responded as follows:

“Acting Director Corporate Services will be working with HR branch to proceed with the process of improving the areas of Leave records, statutory Liabilities, Group tax and super fund Liabilities, staff loans, Pay Roll Record Keepings and etc. for improvements.”

Personnel Files Maintenance

My review of the personnel files for certain selected officers of the Printing Office revealed that salary history cards were maintained in their respective personal files, however, the salary history cards were not updated by the payroll officer and HR Personnel in terms of base salary and other allowances. Also leave records for each employee such as recreational, sick, compassionate and long service leave were not updated. Proper filing of history and salary cards will enable the payroll officer to easily access the information and calculate the staff entitlements correctly including provisions for leave entitlements.

Management concurred with my recommendation and agreed to improve on HR matters going forward.

10.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Office has not submitted its financial statements for the years ended 31 December 2023 and 2024 for my inspection and audit.

11. INDEPENDENCE FELLOWSHIP TRUST

11.1 INTRODUCTION

11.1.1 Legislation

The Independence Fellowship Trust was established under the *Independence Fellowship Trust Act (Chapter 1040)*.

11.1.2 Objective of the Trust

The objective of the Trust is to benefit village development by making annual awards to selected citizens for the purposes of broadening their knowledge and experience, as well as implementing and encouraging that development.

11.1.3 Functions of the Trust

The functions of the Trust are to:

- make selections of candidates to receive the awards of fellowships;
- determine the number and value of awards; and
- invest the funds of the Trust.

11.2 AUDIT OBSERVATIONS

11.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Trust for the year ended 31 December 2023 was issued on 7 May 2025. The report contained a Qualified Opinion.

“QUALIFIED OPINION

In my opinion, except for the effects of the matter referred to in the Basis for Qualified Opinion paragraph below:

- (a) the financial statements of the Trust are based on proper accounts and records; and
- (b) the financial statements are in agreement with those accounts and records, and show fairly the state of affairs of the Trust as at 31 December 2023 and the results of its financial operations for the year then ended.

BASIS FOR QUALIFIED OPINION

Payments – K1,856,527

The financial statements of the Trust disclosed payments totalling K1,856,527 for the year ended 31 December 2023. However, my review of the payments revealed that the payments were approved by the former Director who resigned in 2021 instead of being approved by the current acting Director. As a result, I was unable to gain satisfactory assurance on the total payments for the Trust as at 31 December 2023.”

11.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Trust for the year ended 31 December 2024 has been completed and results were being evaluated.

12. INDEPENDENT CONSUMER AND COMPETITION COMMISSION

12.1 INTRODUCTION

12.1.1 Legislation

The Independent Consumer and Competition Commission was established by the *Independent Consumer and Competition Commission Act 2002*. The Act came into operation in January 2003.

12.1.2 Functions of the Commission

The main functions of the Commission are to:

- perform such functions relating to price regulation, licensing, industry regulation and other matters as are conferred on the Commission by or under this Act or any other Act, including, without limitation, in relation to issuing, administering and enforcing regulator contracts under Part 3;
- promote and protect the *bona fide* interests of consumers in relation to the acquisition and supply of goods and services;
- make available information in relation to matters affecting the interests of consumers, including information with respect to the rights and obligations of persons under Papua New Guinea laws that are designed to protect the interest of consumers;
- investigate complaints concerning matters affecting or likely to affect the *bona fide* interests of consumers in relation to the acquisition of goods and services and to enforce compliance with laws relating to such matters;
- investigate complaints concerning market conduct and to enforce compliance with laws relating to market conduct in Papua New Guinea;
- make, monitor the operation of, and review from time to time, codes and rules relating to the conduct or operation of regulated entities;
- advise and make recommendations to the Minister in relation to any matter referred to the Commission by the Minister;
- advise and make recommendations to the Minister with respect to any matter connected with this Act or with respect to any matter connected to any other Act which confers functions on the Commission; and
- such other functions as may be conferred on the Commission by any other Act.

12.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Commission for the years ended 31 December 2021 and 2022 have been completed and results were being evaluated.

The Commission has not submitted its financial statements for the years ended 31 December 2023 and 2024 for my inspection and audit.

13. INDUSTRIAL CENTRES DEVELOPMENT CORPORATION

13.1 INTRODUCTION

13.1.1 Legislation

The Industrial Centres Development Corporation was established under the *Industrial Centres Development Corporation Act 1990* which came into operation on 23 August 1990. The Corporation commenced trading on 5 January 1994.

13.1.2 Functions of the Corporation

The main functions of the Corporation are:

- overall planning and implementation of the Government's industrial centre development programme;
- preparation of feasibility studies in order to identify appropriate forms of industrial development;
- to identify therewith or otherwise, regions and sites in the country for industrial centres; and
- to do such supplementary, incidental or consequential acts, as are necessary for the development and promotion of industrial centres in PNG.

13.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Corporation has not submitted its financial statements for the years ended 31 December 2019, 2020, 2021, 2022, 2023 and 2024 for my inspection and audit. However, I noted that the Corporation was abolished by Parliament in 2019 through the enactment of the *Special Economic Zones Authority Act 2019*. This Authority came into operation on 1st January 2020 by virtue of the *National Gazette No. G171*.

Despite the abolition of the *Industrial Centre Development Corporation Act 1990*, the Corporation has continued to receive Public Funds through the budgetary Appropriations Act through the *Special Economic Zones Authority Act 2019 (as amended)*.

14. INTERNAL REVENUE COMMISSION

14.1 INTRODUCTION

14.1.1 Legislation

The *National Executive Council (NEC)* in its *Decision No: 419/2013* on 5 December 2013, approved that the Internal Revenue Commission (IRC) be transformed into an Independent Statutory Authority through a separate Act of Parliament.

In accordance with the *NEC Decision*, the *Internal Revenue Commission Act 2014* was certified on 5 August 2014. In September 2014, the Internal Revenue Commission started carrying out its operations as a Statutory Authority.

Prior to September 2014, the Internal Revenue Commission was operating as a Department of the National Public Service under the Department of Finance.

14.1.2 The Objective of the Commission

The objective of the Internal Revenue Commission is to raise revenue for the government from taxes imposed on income that is liable to be taxed under the taxation laws it administers. The Commission assesses and collects taxes, conducts tax education and awareness campaigns, and proposes tax administration reform measures to ensure that a conducive business environment is established for collecting right amount of taxes.

14.1.3 The Powers and Functions of the Commission

The powers and functions of the Internal Revenue Commission enable the Commissioner General to:

- administer and enforce the revenue laws;
- promote compliance with the revenue laws;
- take such measures as may be required to improve service provided to taxpayers with a view to improving efficiency and maximising revenue collection;
- take such measures as may be required to counteract tax fraud and other forms of tax evasion;
- advise the State on matters relating to taxation and to liaise with relevant stakeholders on such matters;
- represent the State internationally in respect of matters relating to taxation; and
- carry out such functions as are given to the Internal Revenue Commission under this Act or any other law.

14.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

14.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Commission for the year ended 31 December 2019 was issued on 3 September 2024. The report contained a Disclaimer of Opinion.

“DISCLAIMER OF OPINION

Because of the significance of the matters referred to in the Basis for Disclaimer of Opinion paragraph below, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the accompanying financial statements of the Internal Revenue Commission for the year ended 31 December 2019.

BASIS FOR DISCLAIMER OF OPINION

Limitation of Scope - Administered Accounts

Presented in the Statement of Administered Accounts and the corresponding *Note 11* disclosures are Tax Collections, Transfers/Distributions, the year-end Cash at Bank balances, and Tax in Arrears as at 31 December 2019. My review of the accounts and related records for the administered transactions revealed the following observations:

- The Commission adopts the International Public Sector Accounting Standards (IPSAS) Financial Reporting Under the Cash Basis of accounting to prepare its financial statements. This method recognizes only cash transactions. As such, the year-end cash at bank balances administered by IRC should reconcile with the net tax collections after transfers, distributions and the beginning cash balances. However, my review of the Statement of Administered Accounts noted an unreconciled difference of K696,102,000 existed between the Administered Account year-end cash book balance of K816,808,000 and the administered year-end cash at bank amount of K120,706,000;
- The Cash at Bank balances for the Administered Accounts and the cash balances disclosed in *Note 11* for the thirty-four (34) bank accounts that administer various tax-related functions were derived from the bank statements and not from the cash books. I observed that this was due to unreliable/no bank reconciliations and a lack of proper cash books maintained by the Commission; and
- I observed a variance of K442,484,376.57 between the line item accounts in the Statement of Administered Accounts (K6,418,303,000) against their respective SIGTAS Ledgers and Direct Tax Collections Registers (K6,860,787,376.57) resulting in the misstatement of Administered Account balances.

Due to these discrepancies and the magnitude of transactions administered by the Commission, I was not able to satisfy myself on the completeness, accuracy, and correctness of the balances of administered tax collections, transfers/distributions, tax in arrears, and the year-end administered cash balances presented in the financial statements.”

14.2.2 Audit Observations reported to the Ministers

My report to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Commission for the year ended 31 December 2019 was issued on 3 September 2024. The report contained the following observations:

Accounting System – Administered Transactions

The Internal Revenue Commission is responsible for administering and enforcing revenue laws and collecting taxes on behalf of the State. My review of the tax revenue collections and the transfers/distributions revealed that the Commission did not have an accounting system interphase with the System Integrated Government Tax Accounting System (SIGTAS) to systematically record and reconcile revenue collected. At the time of the audit, I observed that IFMS was partially used to record tax collections, transfers and perform administered bank reconciliations. However, there is no interphase between the SIGTAS and IFMS to accurately present daily tax collections. I could not rely on the reports generated from SIGTAS and IFMS surrounding direct tax presentation in the Statement of Administered Accounts and recommended that the Revenue Accounting Division consider utilizing an accounting system.

The Management concurred with my finding and further advised that it has *“taken this prolonged issue into consideration and has held discussions with top management to procure and install an accounting software from a genuine and reputable supplier by liaising with it (supplier) to include additional features that would assist with not only collection of all taxes but (assist) with reconciliations, budgets as well as accounting functions for FAD. It is the Management's firm view that by installing the software will effectively deal with this on-going issue and plan to have that become effective toward the end of 2024 or beginning of 2025 and onward. Any additional features that need to be included or adjusted in the software after the inclusion of first hand full of functions will be reviewed and recommended for inclusion.”*

Administered Bank Accounts and related reconciliations

Bank reconciliation is a key control mechanism that supports the detection of errors and instances of fraud and ensures that the bank records are reconciled with the cash book of the Commission. My evaluation of the administered bank accounts and related reconciliations revealed the following observations:

- Bookmakers Trust Account reconciliations contained variances of K156,858.00 between bank statements amounts of (K6,184,326.62) and the cash book balances of (K6,027,468.62);
- The ABG-PIT and CIT reconciliations noted variances of K1,112,932.99 between the bank statements amounts of (K4,368,838.52) and the cash books balances of K5,481,771.51;
- My review of the controls surrounding the cash management of the Commission revealed that the year-end bank reconciliations for the twenty-two (22) PGST Trust Accounts were not prepared and reviewed on time in line with *Section 7.2* of the *IRC Financial Policy and Accounting Procedures Manual*;
- Transactions concerning the bank fees and the interests earned were noted on the Provincial GST Trust Accounts held with the Bank of South Pacific. These bank fees had not been presented and disclosed in the statement of administered accounts;
- I observed that for the Other Taxes Refunds Drawing Accounts administered by IRC in 2019 had cheques totaling K1,171,605.09 remained unrepresented for more than one (1) year and were taken up as reconciling items in the preparation of bank reconciliations. I further noted that K1,109,256.65 was captured as an adjustment to the opening balance. Cheques that have not been presented for more than twelve (12) months become stale and should be written back to the cash book;
- My review of the various BillPay accounts revealed that the Commission did not prepare timely bank reconciliations. Consequently, there is a substantial accumulation of reconciling items at the year-end. The primary contributing factors are data entry errors where bill payments posted as “*Electronic Payment*” are systematically incorrectly reconciled to another account instead of the appropriate BillPay account resulting in unmatched statement transactions. Consequently, various unmatched ledger and statement transitions due to reconciliations were delayed for several years, resulting in numerous errors being undetected and accumulated over time; and
- I observed that the GST Refunds Drawing Accounts administered by IRC revealed that cheques totaling K620,768.96 remained unrepresented for more than one (1) year and were still taken up as reconciling items in the preparation of bank reconciliations up to December 2019. Cheques that have not been presented for more than twelve (12) months have become stale and should be written back to the cash book.

Due to the above, I could not rely on the effectiveness of the internal controls surrounding the Commission's accounting and bank reconciliation processes. I drew management's attention to the timely preparation and review of bank reconciliations as a fundamental control activity. Weaknesses in this area can lead to erroneous and possible fraudulent transactions not detected promptly.

Direct and Indirect Tax Collections

My review of the collections for tax administered by the Commission revealed the following observations:

- Manual collector statements with discrepancies were further progressed into transfer advice and communicated to the Bank of PNG to facilitate transfers to the Waigani Public Accounts (WPA). Discrepancies noted included thirty-nine (39) instances of variances totaling K939,554,831 between the SIGTAS Daily Collection Reports;
- The Daily Collector Statements for the Hagen collection center were not provided for my audit and inspection. Similarly, the daily collector Statement for 25/09/2019 for the POM collection center was not provided for my review;
- I draw your attention to *Note 11.1a* of the financial statements which imply that the Mining and Petroleum taxes have been omitted from the financial statements. Further, Mining and Petroleum Taxes have been directly remitted to the WPA accounts, hence, I could not verify whether the amounts receipted were matched and reconciled against actual banking details; and
- National GST comprises GST collected across various Ports by PNG Customs Services (PNGCS) and transferred to the Internal Revenue Commission. In 2019, a total of K1,093,474,000 was remitted to the Commission by PNG Customs Services. I was informed that the only source document received by the Commission from PNG Customs was a weekly report in Excel format containing collections and transfer details of remittances performed on an ad-hoc basis. Further, the Commission does not have access to the PNG Customs ASYCUDA Receipting System and is unable to keep track of real-time Import GST collections at the respective ports.

I could not gain comfort in reconciliations between the respective records and further comment on the treatment of the discrepancies noted. I communicated to the management that I could not conclude on the accuracy and completeness of the Direct Tax Collections disclosed in the financial statements. The management took note of my observations and assured me that appropriate measures would be in place to administer direct tax collections and transfers.

Information Technology General Controls

My review of the Information Technology General Controls (ITGC) for the Commission revealed the following observations:

- Business Continuity Planning (BCP) is critical for the Commission as it ensures that the business operation of the entity can continue to operate during and after a crisis, with minimal disruption. At the time of the audit, IRC was still developing a formal BCP. I could not gain any assurance on the proactiveness of IRC towards planning for unforeseen circumstances that could affect the operation of the entity in the future;
- The Incident Response Plan (IRP), a subset of the BCP, ensures that the IT Operations of the Commission will continue during and after an outage or attack. The IRP plan was still in draft form and the audit team was unable to place reliance on this plan as it had not been reviewed and approved for implementation;
- Veeam Data Backup and Replication System is currently in use by IRC for the backup and recovery of its critical data, applications, and systems, the management did not have a Data Management Policy in place to govern the overall management of data. However, the configuration of the Veeam System has not been based on any formal documented business requirements. I could not gain any assurance over the configuration of the Veeam System; and
- As reported in my prior year's Report, the Commission migrated data from the old tax administration system RAS to the new tax administration system SIGTAS when it was implemented in 2014. As disclosed in *Note 11.1(b)* to the financial statements, the data migration was not completed. I was not furnished with the Data Migration Plan and test results of the data migration exercise and was unable to perform the required testing to confirm the status of data migration and validate the completeness and accuracy of the data as at 31 December 2019. Further, I was also unable to validate the remaining data in RAS and assess its impact on the financial statement at the reporting date;

I observed that the Commission does not have comprehensive policies and procedures in relation to BCP and a Data Management Policy and their Incident Response Plan. Further, I was also unable to place reliance on the reliability of the reports generated from SIGTAS and subsequently draw conclusions on the completeness and accuracy of the tax revenue balance disclosed in the Commission's financial statements.

I brought these issues to the attention of the management and provided the necessary recommendations to rectify them accordingly.

Fixed Assets – Acquisitions

My evaluation of capital acquisition payments noted that various payments were acquired without obtaining three (3) written quotations from three (3) different suppliers and service providers.

The Commission has not complied with the *Public Finances (Management) Act 1995 (as amended)* and *Financial Instructions 2/2013 (Paragraph: 5.1)* which require “Purchases for amounts between K5001 and K500, 000, three written quotations are required however, for purchases between K50, 000 – K500, 000 in addition to three (3) written quotations, a Minor Contract Agreement executed by the Head of the Procuring Agency is required”. As a result, I could not place reliance on the effectiveness of the internal controls surrounding the procurement of capital payments.

I drew to the Management’s attention this issue and they responded as follows:

“It has been the practice that procurement of all goods and services above the threshold amount of procuring goods and services as set by the procurement management team would capture quotations of three (3) genuine and reputable suppliers at most prior to actual consideration of those goods and services. This policy was captured during actual procurement of goods and services however could have misplaced documents while filing. Management acknowledged the audit observation raised and will ensure this was complied to and ensure proper documentations were maintained not only for procurement of goods and services but also for record keeping as well as maintaining proper payment process going forward.”

Tax on Assessable Benefits Allowance – Motor Vehicles and Housing Accommodation

I observed that certain senior staff of the Commission were provided with Institutional or rental accommodation and motor vehicles with fuel for unrestricted use. My examination of payroll records revealed that the prescribed amounts for tax purposes had not been included in the fortnightly pay calculations for income tax assessments in 2019.

The Commission has not complied with the *Income Tax Act* and *Salaries and Wages Tax Table (effective 1 January 2019)* in its salaries and wages tax computations. As a result, I could not confirm the completeness, valuation, and allocation of salary payments during the year.

The Management acknowledged my observation and responded as follows:

“Going forward HR will ensure to capture prescribed tax benefits and/or amounts for tax purposes and include them in the computation of payroll for those respective staff living in institutional accommodations and unrestricted usage of vehicles with fuel as provided by the Commission.”

Rental of Property – Lease/Tenancy Agreements

My review revealed that the Commission incurred K548,853 in rentals for office space (regional offices) and Accommodation for Consultants. Of this balance, I could not ascertain the validity of rentals pertaining to a lessor as the tenancy agreements were in draft at the time of my review.

In the absence of valid contractual documents binding the Commission and the respective landlords, I could gain comfort over the validity and accuracy of rental disbursements made against this contract.

I further recommended that the management properly execute and maintain legal tenancy agreements for offices and properties rented to ensure payments are made on legally binding agreements.

Insufficient Supporting Documents – Procurement

I was not provided with supporting documents such as delivery dockets and consignments to confirm the delivery of goods totaling K846,741 as required by the *Financial Management Manual*. Without the appropriate documentation, I could not verify whether supplied goods were received and gain assurance on the effectiveness of the internal controls surrounding the procurement process of the Commission.

I brought this issue to the attention of the management and management responded as follows:

“Management confirmed that the delivery dockets and/or consignments were not on file as mentioned in the audit observations. However, management do confirm that these were genuine payments made respective vouchers and bank statements substantiated them.”

14.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Commission has submitted its financial statements for the years ended 31 December 2020 and 2021 for my inspection and audit and arrangements were being made to commence the audits shortly.

The Commission has not submitted its financial statements for the years ended 31 December 2022, 2023 and 2024 for my inspection and audit.

15. INVESTMENT PROMOTION AUTHORITY

15.1 INTRODUCTION

15.1.1 Legislation and Objective of the Authority

The Investment Promotion Authority was established under the *Investment Promotion Act 1992*. The objective of the Act was to provide for the promotion of investment in the interests of national, social and economic development. This Act repealed the *National Investment and Development Act (Chapter 120)* and the *Investment Promotion Act 1991*.

15.1.2 Functions of the Authority

The principal functions of the Authority are to:

- provide information to investors in the country and overseas;
- facilitate the introduction of citizens and foreign investors to each other and to activities and investments of mutual benefits;
- provide a system of certification of foreign enterprises;
- advise the Minister on policy issues which relate to the Act; and
- maintain a register of foreign investment opportunities.

15.2 AUDIT OBSERVATIONS

15.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Authority for the year ended 31 December 2022 was issued on 14 November 2024. The report did not contain any qualification.

15.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Authority has submitted its financial statements for the year ended 31 December 2023 and arrangements were being made to commence the audit shortly.

The Authority has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

16. KOKONAS INDASTRI KOPORESEN (Formerly Copra Marketing Board of PNG)

16.1 INTRODUCTION

16.1.1 Legislation

The (NEC) through its *Gazettal Notice No. G19* abolished the *Copra Marketing Board Act 1992* on 4 June 2002 and replaced it with *Kokonas Industri Koporesen Act 2002* which established the Kokonas Industri Koporesen (KIK). The new Act decentralised copra buying and selling in PNG and required KIK to only regulate the copra price in PNG.

16.1.2 Functions of the Koporesen

The principal functions of the Koporesen are to regulate and assist in the export and marketing of copra in the best interest of the copra producers of PNG and to administer the PNG Coconut Extension Fund and the PNG Coconut Research Fund.

16.1.3 Funds of the Koporesen

The *Kokonas Industri Koporesen Act, 2002* subsequently established PNG Coconut Extension Fund and PNG Coconut Research Fund. Comments in relation to these Funds are contained in paragraphs 16A and 16B respectively of this Report.

16.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Koporesen for the years ended 31 December 2022 and 2023 have been completed and the results were being evaluated.

The Koporesen has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

16A. PAPUA NEW GUINEA COCONUT EXTENSION FUND

16A.1 INTRODUCTION

16A.1.1 Legislation

The *Copra Marketing Board (Amendment) Act 1997* provides for the establishment of the Papua New Guinea Coconut Extension Fund for the purpose of receiving levies and engaging in extension services and related programmes in accordance with the terms of the Act.

16A.1.2 Objective of the Fund

The objective of the Fund is to engage in extension services and related programs by itself or in co-operation with other persons or bodies for the benefit of the Copra Industry.

The Fund was administered by the Copra Marketing Board up to 3 June 2002 and since then, it has been administered by Kokonas Industri Koporesen (KIK). KIK deducts a coconut extension levy of not more than 3% of the price per tonne and pays to the Extension Fund. The Extension Fund in turn pays this levy to the PNG Cocoa and Coconut Institute.

16A.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Fund has not submitted its financial statements for the years ended 31 December 2022, 2023 and 2024 for my inspection and audit.

16B. PAPUA NEW GUINEA COCONUT RESEARCH FUND

16B.1 INTRODUCTION

16B.1.1 Legislation and Objective of the Research Fund

The Papua New Guinea Coconut Research Fund was established by the *Kokonasi Industri Koporesen Act* following the repeal of the *Copra Marketing Board (Amendment) Act* and the cessation of the PNG Copra Research Fund. The Kokonasi Industri Koporesen deducts a copra research fee of K4 per tonne of copra purchased from producers and pays it to the Research Fund. The Research Fund in turn, pays this levy to the Cocoa and Coconut Institute Limited of PNG.

16B.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Fund has not submitted its financial statements for the years ended 31 December 2022, 2023 and 2024 for my inspection and audit.

17. KUMUL CONSOLIDATED HOLDINGS (Formerly Independent Public Business Corporation)

17.1 INTRODUCTION

17.1.1 Legislation

The Independent Public Business Corporation (IPBC) was established under the *Independent Public Business Corporation of Papua New Guinea Act 2002 (as amended)* which came into operation on 27 March 2002.

The above Act was amended through the *Independent Public Business Corporation of Papua New Guinea (Amendment) Act 2007* at which time the objectives and functions of the Corporation were changed.

A major impact of the amendments made was that the Corporation, the Trusts, the State Owned Enterprises or any other enterprises in which the Corporation, the Trusts or the State Owned Enterprise holds any interest shall not be subject to the *Public Finances (Management) Act*. The amended Act also excludes the Corporation from the application of the *Public Services (Management) Act 1995* and the *Salaries and Conditions Monitoring Committee Act 1988*. These amendments came into operation on 8 June 2007.

The Principal *Independent Public Business Corporation Act* was amended on 12 August 2015. The name of the Independent Public Business Corporation was repealed and replaced with Kumul Consolidated Holdings. The objectives and functions of the principal Act were not amended and all dividends declared by Kumul Consolidated Holdings shall be paid into the Sovereign Wealth Fund.

17.1.2 Objectives of the Holdings

The objectives of the Holdings are to:

- act as trustee of the Trust and hold assets and liabilities that have been vested in or acquired by it, on behalf of the State;
- act as a financial institution for the benefit of and the provision of financial resources and services to State Owned Enterprises and the State, where approved by the National Executive Council (NEC);
- enhance the financial position of the State or State Owned Enterprises; and
- enter into and perform financial and other arrangements that in the opinion of the Holdings have as their objective either:
 - the advancement of the financial interests of the State or State Owned Enterprises; or
 - the development of the State or any part thereof.

17.1.3 Functions of the Holdings

The main functions of the Holdings are:

- to administer the Trusts and monitor the performance of the assets of the Trusts in such manner as provides for under this Act and shall perform such other functions as requires under this Act.
- without limiting the generality of *Section (1)* but subject to the provisions of this Act, the Holdings may:
 - undertake the function of holding and monitoring corporation for State owned assets and Majority State Owned Enterprises;
 - undertake the function of planning, coordinating and managing State assets, infrastructure and projects;
 - determine policies regarding:
 - the conduct of its affairs and the affairs of any of the Trusts; and
 - the administration, management and control of the Holdings and any of the Trusts;
 - borrow, raise or otherwise obtain financial accommodation in PNG;
 - advance money or otherwise make financial accommodation available to the State or State Owned Enterprises;
 - act as a central borrowing and capital raising authority for State Owned Enterprises;
 - act as agent for State Owned Enterprises in negotiating, entering into and performing financial arrangements;
 - provide a medium for the investment of funds of State Owned Enterprises;
 - manage or cause to be managed the Holdings financial rights and obligations; and
 - such other functions and duties as prescribes by the Act or any other Act.

17.1.4 Trust of the Holdings

The Trust of the Holdings is the *General Business Trust*. Comments in relation to the Trust are contained in paragraph 17A of this Report.

17.1.5 Subsidiaries of the Holdings

The subsidiaries of the Holdings are *Kumul Technology Development Corporation Limited (formerly Port Moresby Private Hospital Limited)* and *PNG Dams Limited*. Comments in relation to these subsidiaries are contained in paragraphs 17B and 17C respectively of this Report.

17.2 AUDIT OBSERVATIONS

17.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Holdings for the year ended 31 December 2023 was issued on 7 July 2025. The report did not contain any qualification.

17.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Holdings for the year ended 31 December 2024 was in progress.

17A. GENERAL BUSINESS TRUST **(A Trust under Kumul Consolidated Holdings)**

17A.1 INTRODUCTION

17A.1.1 Legislation

The General Business Trust was established under *Section 31* of the *Independent Public Business Corporation of PNG Act 2002 (as amended)* which came into operation on 20 June 2002.

The Kumul Consolidated Holdings (KCH) (formerly Independent Public Business Corporation of PNG) was appointed as Trustee of the Trust and all moneys belonging to the Trust shall be invested or dealt with by KCH in accordance with the *Act*.

At any time before or after the commencement date of the *Act*, the Minister responsible for privatisation matters may vest certain assets and liabilities in the Kumul Consolidated Holdings as Trustee of the Trust.

All the State Owned Enterprises and other investments owned by the State of PNG are vested in the Trust by the Minister responsible for privatisation as approved by the NEC from time to time.

17A.2 AUDIT OBSERVATIONS

17A.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the Trust's financial statements for the year ended 31 December 2023 was issued on 7 July 2025. The report did not contain any qualification.

17A.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Trust for the year ended 31 December 2024 was in progress.

17B. KUMUL TECHNOLOGY DEVELOPMENT CORPORATION LIMITED (A subsidiary of Kumul Consolidated Holdings)

17B.1 INTRODUCTION

17B.1.1 Legislation

This Company was initially registered under the *Companies Act* on 1 August 1994 with a name Negliw No. 81 Limited. On 30 September 1994, Negliw No. 81 Limited was acquired by the Motor Vehicles Insurance (PNG) Trust, now the Motor Vehicles Insurance Limited and on 20 March 1996 changed its name to Port Moresby Private Hospital Limited.

Port Moresby Private Hospital Limited was later transferred to the General Business Trust on 2 August 2002. Subsequently on 20 April 2016, the Company changed its name from Port Moresby Private Hospital Limited to Kumul Technology Development Corporation Limited.

17B.1.2 Objective of the Company

The objective of Kumul Technology Development Corporation Limited is to construct, furnish and equip a building to operate as a hospital.

17B.2 AUDIT OBSERVATIONS

17B.2.1 Comments on Financial Statements

My report in accordance with the provisions of the *Companies Act* on the financial statements of the Company for the year ended 31 December 2023 was issued on 7 July 2025. The report did not contain any qualification.

17B.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2024 was in progress.

17C. PNG DAMS LIMITED **(A subsidiary of Kumul Consolidated Holdings)**

17C.1 INTRODUCTION

17C.1.1 Legislation

PNG Dams Limited was incorporated under the *Companies Act* on 5 June 2002. This Company was established under *Section 3(1)* of the *Electricity Commission (Privatisation) Act 2002 (the 'Act')* by transferring to it the Sirinumu Dam and Yonki Dam from PNG Electricity Commission (ELCOM). This was gazetted through *Gazettal Notification No. G114* dated 16 July 2002. The Company was vested with the IPBC through the *Gazettal Notification No. G125* dated 2 August 2002.

PNG Dams Limited (the Company) owns the Sirinumu and Yonki Dams. These two dams were leased to PNG Power Limited as at 31 December 2021.

17C.1.2 Objective of the Company

The objective of the Company is to store water in the two dams for the controlled release of water from the storage for electricity generation.

17C.2 AUDIT OBSERVATIONS

17C.2.1 Comments on Financial Statements

My report in accordance with the provisions of the *Companies Act* on the financial statements of the Company for the year ended 31 December 2023 was issued on 7 July 2025. The report did not contain any qualification.

17C.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2024 was in progress.

18. LEGAL TRAINING INSTITUTE

18.1 INTRODUCTION

18.1.1 Legislation

The Legal Training Institute was established in 1972 under the *Post Graduate Legal Training Act (Chapter 168)*.

18.1.2 Functions of the Institute

The functions of the Institute are to provide practical training in law, the conduct and management of legal offices, trust accounts and related subjects for candidates for admission, to a standard sufficient to qualify them for admission to practice as lawyers under the Admission Rules as contained in the *Lawyers Act of 1986*.

18.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

18.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Institute for the year ended 31 December 2022 was issued on 7 May 2025. The report contained a Qualified Opinion:

“QUALIFIED OPINION

In my opinion, except for the effects of the matters referred to in the Basis for Qualified Opinion paragraphs below:

- (a) the financial statements of the Institute are based on proper accounts and records; and
- (b) the financial statements are in agreement with those accounts and records, and show fairly the state of affairs of the Institute as at 31 December 2022 and the results of its operations for the year then ended.

BASIS FOR QUALIFIED OPINION

Fixed Assets – K12,067,942

My review of the fixed assets revealed that the Institute has not maintained a complete and proper Fixed Assets Register (FAR) for the year under review. The assets owned by the Institute have not been tagged for easy identification and recording purposes. Further details such as purchase/acquisition dates and purchase values were not specified. I also noted that the Institute has not carried out physical count of fixed assets over the years to ensure that assets have been properly recorded and are in existence. As a result, I was unable to confirm the valuation, existence and accuracy of the fixed assets balance of K12,067,942 disclosed by way of notes in the financial statements.”

18.2.2 Audit Observations Reported to the Ministers

My report to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Institute for the year ended 31 December 2022 was issued on 7 May 2025. The report contained the following observations:

Accounting and Administration Procedural Manual

I noted that the Institute did not maintain a procedural manual for the staff to follow and adopt standardized procedures within the Institute for effective control purposes. In the absence of this manual, I was unable to establish whether the standard procedures were followed in the accounting, administration and other operational areas. Further, I was unable to establish whether the staff members carry out tasks in accordance with the prescribed procedures and guidelines applicable to the Institute.

Council Meeting Minutes

Section 6(3) of the *Post Graduate Legal Training Act, 1972* requires the Council to keep minutes of meetings held. However, during my review, the Council meeting minutes were not provided for my verification. As a result, I was unable to comment on whether the Council convened meetings as required by the Act. Further, I was not able to state whether the important financial, operational and administrative decisions were collectively discussed, agreed and resolution passed accordingly.

Non-Maintenance of Travel Advances Acquittal Register

The Institute has not maintained a Travel Advances Register for all duty travels and related expenses. As a result, I was unable to trace and authenticate travel advances and related expenses amounting to K134,959 during the year under review. Consequently, the Institute has breached the *Public Finance Management Act, 1995 (as amended)* and the *Financial Management Manual Part 20 paragraphs 11.2 & 12.10* which states that cash advanced to officers on official duty travels must acquit travel advances within 14 and 7 days for international and domestic travels respectively on return from duty travels. In the absence of a Travel Advance Register, the Institute was unable to monitor the acquittals promptly.

Internal Control Weaknesses

Other internal control weaknesses noted during my audit are summarized as follows:

- i. I observed on a number of instances that the Institute made payments totaling K137,277 without obtaining three (3) written quotations from reputable suppliers when making payments for expenditure exceeding K5,000.

- ii. The Institute's personnel files were not updated with birth certificates or statutory declarations and other necessary documents to verify the legitimacy of their dependents for leave fares payments totaling K35,350.

I drew management's attention to these weaknesses and I was advised that all the information is noted and will improve going forward.

18.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Institute has submitted its financial statements for the year ended 31 December 2023 and arrangements were being made to commence the audit shortly.

The Institute has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

19. MINERAL RESOURCES AUTHORITY

19.1 INTRODUCTION

19.1.1 Legislation

The Mineral Resources Authority was established by the National Parliament under the *Mineral Resources Act 2005* on 9 November 2005. This Act came into force in January 2006 but the Authority commenced operations in June 2007.

19.1.2 Objectives of the Authority

The objectives of the Authority are to achieve stability, industry growth and a degree of assurance of future revenues from the mineral industry. More effective management of issues concerning landowners and their participation in the development process and allow for the development of a more settled investment climate and industry development.

19.1.3 Functions of the Authority

The functions of the Authority are to:

- advise the Minister on matters relating to mining and the management, exploitation and development of Papua New Guinea's mineral resources;
- promote the orderly exploration for the development of the country's mineral resources;
- oversee the administration and enforcement of the *Mining Act 1992*, the *Mining (Safety) Act (Chapter 195A)*, the *Mining Development Act (Chapter 197)*, the *Ok Tedi Acts* and the *Ok Tedi Agreement*, the *Mining (Bougainville Copper Agreement) Act (Chapter 196)* and the agreements that are scheduled to that Act, and any other legislation relating to mining or to the management, exploitation or development of PNG's mineral resources;
- negotiate mining development contracts under the *Mining Act* as agent for the State;
- act as agent for the State, as required, in relation to any international agreement relating to mining or to the management, exploitation or development of PNG's mineral resources;
- receive and collect, on its own account and on behalf of the State, any fee, levy, rent, security, deposit, compensation, royalty, costs, penalty, or other money, or other account payable under the *Mining Act*, the *Mining (Safety) Act*, the *Mining Development Act*, the *Ok Tedi Acts* and the *Ok Tedi Agreement*, the *Mining (Bougainville Copper Agreement) Act* and the agreements that are scheduled to that Act, or any other Act the administration of which is the responsibility of the Authority from time to time;

- on behalf of the State, to receive and collect from persons to whom a tenement has been granted under the *Mining Act* the security for compliance with the person's obligations under the Act required to be lodged with the Registrar, and to hold and such security received or collected;
- on behalf of the State, to administer and be responsible for the administration of any public investment program relating to mining;
- conduct systematic geoscientific investigations into the distribution and characteristics of PNG's mineral and geological resources, located on, within or beneath the country's land mass, soil, subsoil and the sea-bed;
- provide small scale mining and hydrogeological survey data services, and occupational health and safety community awareness programs;
- collect, analyse, store, archive, disseminate and publish (in appropriate maps and publications) on behalf of the State geoscientific information about PNG's mineral and geological resources;
- carry out such other functions as are given to the Authority by this Act or by any other law; and
- generally to do such supplementary, incidental, or consequential acts and things as are necessary or convenient for the Authority to carry out its functions.

19.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

19.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Authority for the year ended 31 December 2021 was issued on 18 February 2025. The report contained a Qualified Opinion.

“QUALIFIED OPINION

In my Opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs below:

- (a) the financial statements of Mineral Resources Authority for the year ended 31 December 2021:
 - (i) give a true and fair view of the financial position and the results of its financial performance and cash flows for the year ended on that date; and
 - (ii) the financial statements have been presented in accordance with the *International Financial Reporting Standards* and other generally accepted accounting practice in Papua New Guinea;
- (b) proper accounting records have been kept by the Authority, as far as appears from my examination of those records; and
- (c) I have obtained all the information and explanation required.

BASIS FOR QUALIFIED OPINION

Prior Year Qualified Opinion

My report on the financial statements of the Authority for the year ended 31 December 2020 was a qualified opinion in respect to production levy and associated trade receivables, tenement rentals and associated deferred income and security deposits, employee benefits and associated employee expenses. There were no satisfactory audit procedures that I could otherwise perform to obtain reasonable assurance as to the correctness of the opening balances. Since the opening balances enter into the determination of the financial performance and position, I was unable to determine whether adjustments might have been necessary in respect of the balances reported in the statement of financial position and the related profit reported for the year.

Production Levies and Corresponding Trade Receivables

Reported in the statement of profit or loss and other comprehensive income for the year ended 31 December 2021 is production levies (alluvial and non-alluvial) income of K57,060,277 (disclosed in *Note 4*) and associated trade receivables in the statement of financial position of K62,184,078 (disclosed in *Note 13*). In accordance with the *Mineral Resources Authority Act 2018*, the Authority imposes and collects production levies from mineral producing mines, being 0.5% of assessable income (for PNG tax purposes) derived from the minerals produced during the year from the project or the alluvial gold that is to be exported. Mineral producing mines declare and file production levy returns from which the Authority recognizes revenue.

I noted that during the 2021 financial year, the Authority did not have sufficient and appropriate controls and documentation to verify the completeness and accuracy of the production returns or the alluvial gold export reports. The Authority only relies on the data provided by the mines and exporters. Consequently, I was unable to determine whether any material adjustments to the recorded revenue and associated accounts receivables balances and the resultant profit reported at 31 December 2021 were required.

Tenement Rentals Income and Associated Deferred Income and Security Deposits

Tenement rentals income for the year ended 31 December 2021 as disclosed in *Note 4* to the financial statements is K3,659,121. Associated deferred income of K1,063,491 (*Note 18*) and security deposits of K4,325,740 (*Note 16*) were disclosed in the financial statements as at 31 December 2021.

Mining license holders are required to pay annual tenement rentals to Mineral Resources Authority. The rates of tenement rentals are fixed for each type of mining license and size of mining area. However, the Authority did not have a complete and accurate list of active tenement lease or mining licenses. As a result, I was unable to gather sufficient and appropriate audit evidence to determine the accuracy and completeness of these balances.

Employee Benefits and Corresponding Employee Costs

Disclosed in *Note 17* to the financial statements as at 31 December 2021 was the annual leave provisions balance of K1,445,944 and long service leave provisions balance of K2,275,359. However, the Authority was unable to provide the underlying support for inputs used in the calculation of these benefits. In the absence of this information, I was unable to obtain sufficient and appropriate audit evidence regarding the completeness, existence and accuracy of the recognised employee benefits as at 31 December 2021. Consequently, I was unable to determine what adjustments might be necessary to the statement of financial position at 31 December 2021 and the statement of profit or loss and other comprehensive income and statement of changes in equity for the year then ended.”

19.2.2 Audit Observations Reported to the Ministers

My report to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Authority for the year ended 31 December 2021 was issued on 18 February 2025. The report contained the following observations:

Corporate Governance

During my review of the corporate governance and internal controls, I identified the following control issues:

- Board meeting frequency - the *MRA Act (Section 17)* mandates quarterly board meetings, but the meeting minutes indicate that only two meetings were held in 2021;
- Board committees - *Section 20* of the *MRA Act* requires the formation of sub-committees to advise the Board on key matters. However, only a finance committee was established, with just one meeting held in 2021;
- Vacant positions - several critical positions remain unfilled, impacting the organization’s operations;
- Internal audit function - there is no internal audit department in place to review processes and assess internal controls so that discrepancies noted are reported timely to management for corrective actions;

- Risk register - the Authority does not maintain a risk register to identify and assess potential risks that could affect its operations, nor does it take proactive steps to mitigate these risks.
- Interest register - there is no interest register to monitor potential conflicts of interest and to ensure the independence of Directors and Management; and
- Litigation register - the Authority lacks a litigation register to track and assess ongoing legal matters, relying instead on updates from external law firms when needed.

These control gaps suggest that the Authority's governance framework is not fully aligned with legal requirements and best practices. This exposes the Authority to heightened operational, financial, and reputational risks. Addressing these issues is critical for ensuring compliance, enhancing operational effectiveness, and fostering a culture of transparency and accountability within the organization.

Quality and Maintenance of Financial Information

During my audit, several significant control deficiencies related to the quality and maintenance of financial information were identified;

- Misstatements were observed, with twenty instances in total. While fourteen of these were corrected and incorporated into the audited financial statements, six were deemed immaterial and left uncorrected;
- There were delays in information retrieval, with substantial challenges in obtaining necessary data to support the financial statement balances. The requested information was either difficult to retrieve or entirely non-existent, which contravenes the stipulations in *Sections 34 and 35 of the Mineral Resources Authority Act 2018*; and
- The accounting policies and procedures manual had not been updated in several years, which could potentially lead to inconsistencies in financial reporting and internal processes.

These deficiencies undermine the Authority's ability to ensure transparency, accountability, and compliance with regulatory requirements, potentially exposing it to reputational, operational and legal risks. Addressing these issues is critical for maintaining the integrity and effectiveness of the financial reporting process.

Non-Compliance with Statutory and Regulatory Reporting Requirements

The Authority has failed to comply with statutory and regulatory reporting requirements as stipulated by the following:

1. *Section 63(3) of the Public Finances (Management) Act, 1995 (as amended)* requires the Authority to submit a performance and management report, along with financial statements for the year ending 31 December of the preceding year, to the Finance Departmental Head by 30 April each year. The financial statements must first be submitted to the Auditor-General for review before being forwarded to the Minister; and
2. *Sections 34 and 35 of the Mineral Resources Authority Act 2018* also impose the same obligation for timely submission of the financial statements.

Reconciliation and Recoverability of the Goods and Services Tax (GST) Receivable Balances

During my audit of GST receivables, I identified discrepancies between the trial balance and the Internal Revenue Commission (IRC) statements. Although management accepted the proposed adjustments to address these discrepancies, there were insufficient controls to ensure timely reconciliations between the trial balance and IRC statements. Additionally, a significant amount of K5.5 million in GST receivable from IRC remained outstanding as at 31 December 2021. Furthermore, the GST returns for seven (7) months were lodged after the 21st day of the following month, which resulted in non-compliance with the IRC's requirements. These issues highlight the need for improved controls over the reconciliation process, more effective management of outstanding receivables, and strict adherence to regulatory deadlines for filing GST returns. It is essential that management take corrective actions to address these deficiencies and ensure compliance with IRC requirements moving forward.

Property, Plant and Equipment

I observed that there was no documented proof of review and approval of the Fixed Asset Register (FAR) by an officer separate from the preparer. As a result, certain issues were not identified and addressed in a timely manner. One such issue was discovered during my physical verification, where a motor vehicle that had already been disposed off was still listed in the FAR. This highlights a weakness in the controls around the maintenance and review of the FAR. To prevent such discrepancies in the future, it is crucial that management implements a process for regular review and approval of the FAR to ensure accuracy and proper asset management.

Access to Payroll Master File

I noted that the payroll officer has access to make changes in the employee master file, which is a concern since there are no restrictions in place to prevent such access. This lack of control increases the risk of manipulation in the payments made to employees, as the same payroll officers who process payroll also have the ability to alter data used to calculate these payments.

I recommended that appropriate human resource policies, processes, and controls be established to ensure a clear segregation of duties and restrict access between employees who process payroll and those who can modify information in the employee master file. This would help mitigate the risk of unauthorized changes and ensure the integrity of payroll processing.

Property Titles

The state leases for Allotments 1, 3, and 4, Section 196 Boroko, NCD, valued at K3.2 million as of 31 December 2021, were registered under Glory Holdings Limited. According to management, the property is owned by the Authority, but the transfer of ownership has not yet been registered under the Authority's name. Similarly, I was not provided with copies of the ownership certificates for the European Union-funded SSM Training Centre in Wau, nor for the office and accommodation associated with it.

I recommended that this issue be addressed with the Department of Lands and that management formalize the ownership transfer and ensure proper records of these properties are maintained in consultation with the Department of Lands.

In adequate Information Technology (IT) Procedures and Policies

My review of the Information Technology General Controls (ITGC) revealed several inadequate Information Technology (IT) procedures and policies as of 31 December 2021, which may expose the Authority to risks. These include the following:

- User access is granted based on roles; however, there is no formal, documented structure, and no review process is in place for users with full access to the system;
- The IT officer is not performing regular reviews of user access, and there is no documented evidence of involvement from business functions in these reviews;
- There is no checklist to outline the steps taken during user access reviews, and there is no evidence supporting the completeness and accuracy of the HR or user lists used for the review;
- The Authority lacks a documented action plan for addressing system failures, such as those caused by viruses, with reliance solely on backups for restoring applications. Additionally, there are no established disaster recovery plans in place;

- The Authority has no data protection policy to safeguard its data, and there are no cybersecurity policies outlining steps to protect the organization from potential cyber threats.

These weaknesses in IT governance and security measures pose significant risks to the Authority's operations and data protection efforts. It is essential that management take corrective actions to implement proper IT policies, procedures, and security measures to mitigate these risks.

19.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Authority for the years ended 31 December 2022 and 2023 were in progress.

The Authority has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

20. NATIONAL AGRICULTURE QUARANTINE AND INSPECTION AUTHORITY

20.1 INTRODUCTION

20.1.1 Legislation

The National Agriculture Quarantine and Inspection Authority (NAQIA) was established by the *National Agriculture Quarantine and Inspection Authority Act 1997*. This Act came into operation on 29 May 1997.

Under this Act, all assets used for Quarantine and Inspection Services (other than land held by the State) and previously held by the Department of Agriculture and Livestock which were necessary to be transferred to the Authority for the purposes of the Authority, were transferred to and became the assets of the Authority at commencement.

20.1.2 Objectives of the Authority

The main objectives of the Authority as mentioned in the Act are the conduct of quarantine and inspection of: any animal and species; any fish species; any plant species; any products derived from animals, fish and plants; and to prevent pests or diseases from entering in or going out of PNG.

20.1.3 Functions of the Authority

The functions of the Authority are to:

- advise the Ministry and the National Government on policy formulations and legislative changes pertaining to agriculture quarantine and inspection matters;
- monitor and inspect all imports of animals, fish and plants and their parts and products, including fresh, frozen and processed food to ensure that the imports are free from pests, diseases, weeds and any other symptoms;
- regulate and control all imports of animals, fish and plants and their parts and products, including fresh, frozen and processed food to ensure the imports are free from pests, diseases, weeds and any other symptoms;
- undertake all necessary actions to prevent arrival and spread of pests, diseases, contamination, weeds, and any undesirable changes pertaining to animals, fish and plants and their parts and products, including fresh, frozen and processed foods;
- monitor, inspect and control the export of animals, fish and plants and their parts and products to ensure that they are free from pests, diseases, weeds and any other symptoms;

- undertake all necessary actions to ensure that the export of animals, plants, fish and their parts and products are free from pests, diseases, weeds and any other symptoms so as to provide quality assurance to meet the import requirements of importing countries;
- issue permits, certificates and endorsements pertaining to imports and exports of animals, fish and plants and their parts and products to provide quality assurance and to ensure that they are free from pests, diseases, weeds and any other symptoms;
- inspect and treat vessels, aircraft, vehicles, equipment and machinery that are used in importing and exporting animals, fish and plants to ensure that they are free from pests, diseases, weeds and any other symptoms;
- regulate the movement of animals and plants from one part of the country to another to control and prevent the spread of pests, diseases, weeds and any other symptoms;
- undertake and maintain inspection and quarantine surveillance pertaining to pests, diseases, weeds and any other symptoms on animals, fish and plants within and on the borders of the country;
- monitor, assess and carry out tests on animals, fish and plants and their parts and products that are introduced into the Country, to ensure that they are free of pests, diseases, weeds and any other symptoms;
- liaise with other countries, international agencies and other organisations in developing policies, strategies and agreements relating to quarantine, quality and inspection matters in respect of animals and plants;
- provide quarantine and inspection information and services to individuals, agencies and other organisations within the Country and overseas in respect of animals and plants;
- levy fees and charges for any of the purposes of this Act and any regulations made there under;
- exercise all functions and powers and perform all duties which, under any other written law, are or may be or become vested in the Authority or are delegated to the Authority; and
- do such matters and things as may be incidental to or consequential upon the exercise of its power or the discharge of its functions under this Act.

20.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Authority has not submitted its financial statements for the years ended 31 December 2019, 2020, 2021, 2022, 2023 and 2024 for my inspection and audit despite numerous reminders from my Office.

21. NATIONAL AGRICULTURAL RESEARCH INSTITUTE

21.1 INTRODUCTION

21.1.1 Legislation

The National Agricultural Research Institute (NARI) was established by the *National Agricultural Research Institute Act 1996*. This Act came into operation on 10 October 1996.

Under this Act, all monies allocated to or standing to the credit of the research division of the Department of Agriculture and Livestock and all assets used for research and research related functions previously held by the Department of Agriculture and Livestock prior to the operationalisation of the Act were transferred to the Institute to become the assets at commencement.

21.1.2 Objectives of the Institute

The main objectives of the Institute are to conduct and foster research into:

- any branch of biological, physical and natural sciences related to agriculture;
- cultural and socioeconomic aspects of the agricultural sector, especially of the smallholder agriculturalists; and
- matters relating to rural development, relevant to PNG.

21.1.3 Functions of the Institute

The primary functions of the Institute are to:

- generate and adapt agricultural technologies and resource management practices appropriate to the needs, circumstances and goals of smallholder agriculturalists;
- promote and facilitate applied and adaptive research in food crops, livestock, alternative cash crops, and resource management;
- promote the use of appropriate agricultural technologies and provide essential technical services to improve the productivity, income, nutritional status and food security, resource base and quality of life of rural households and communities;
- develop and promote ways of improving the output, quality, harvesting, post-harvesting, handling and processing and marketing of food crops, livestock produce and alternative crops;
- maintain and conserve the diversity of genetic resources for food and agriculture, act as custodian for these resources and promote the effective utilisation of these resources in the country;
- update and maintain the national inventory on soil resources and to develop, promote and maintain sustainable practices in agriculture;

- provide agricultural information services, extension service support and other such assistance packages to the agricultural sector and to provide liaison and access to international agencies that promote agricultural development;
- perform such other functions as are given to it under this Act or any other law;
- formulate national agricultural research policies, define sectoral research priorities and allocate funds and advise the Minister and the NEC on these matters; and
- generally, do all such things as may be incidental or consequential upon the exercise of its powers and the performance of its functions.

21.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

21.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the Institute's financial statements for the year ended 31 December 2023 was issued on 7 May 2025. The report did not contain any qualification.

21.2.2 Audit Observations Reported to the Ministers

My report to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Institute for the year ended 31 December 2023 was issued on 7 May 2025. The report contained the following observations:

Non-Compliance to *Public Finances (Management) Act*

Under *Section 63* of the *Public Finances (Management) Act, 1995 (as amended)*, the Institute had delayed preparing and furnishing its financial statements prior to the end of the fourth calendar month. The Institute's 2023 financial statements were not finalised before 30 April 2024. As a result, management was not able to meet the deadline required by *PFMA*.

I recommended management to comply with *Section 63* of the *PFMA* by ensuring that its statutory financial statements are prepared and submitted on a timely basis.

Management concurred with my recommendation and stated that draft financial statements will be provided on time going forward.

Quicken Accounting System/Software

As noted in my prior years' audits, the Quicken Accounting Software is designed specifically for small businesses and personal finances usage that requires frequent reconciliations in order to avoid errors or mistakes. The Institute has expanded its operations into other centres with a lot of transactions occurring daily but continues to use the Quicken Accounting Software over the years despite my audit recommendations to secure a new accounting software to cater for bigger operations.

I further noted that this Accounting System only allows for inputs of payments and receipts as per our walkthrough on how the system operates. The system itself cannot generate important reports like the Income Statement, Balance Sheet, Trial Balance and the General Ledger for reporting purposes. I also noted that in order for the Institute to produce its financial statements, recorded transactions in the system are manually extracted and transferred to Excel Spreadsheets and sorted manually to get the final figures as captured in the financial statements.

Management responded to my observation as follows:

“We have commenced a process to install a new user-friendly accounting package. The Xero Accounting Package has been installed and is in work-in-progress to roll it out to all NARI Centres including the Head Office. It will be fully functional in 2025.”

Outdated Financial Management, Procurement and Budgeting Manual

I noted that the Institute’s current Financial Management, Procurement and Budgeting Manual was drafted and issued in 2008. Since then, there was no update made to the Manual to date, hence, most of the information including policies and procedures and rates of allowances remained out dated which audit could not place reliance on.

Although the Institute is currently adjusting to recent changes with best practices in place, it all has to be documented into a new version of the Financial Management, Procurement and Budgeting Manual.

I recommended management to consider updating the Manual to match the current business practices of NARI in line with the *Public Finances (Management) Act, 1995 (as amended)*, *Finance Management Manual*, *Board Fees & Allowances Act*, *General Orders*, by-laws and other updated government laws and regulations.

Management responded that the Financial Management, Procurement and Budgeting Manual will be reviewed and updated.

Physical Verification and Update of Fixed Assets Register

The Institute owned Fixed Assets valued at K295,170,958 as at 31 December 2023. My review of the Fixed Assets Register revealed that the register had not been updated over the years capturing the proper accurate record of the Institute’s assets as most of the items were found to be fully depreciated or having carrying value of less than K100. Without proper update of the Fixed Assets Register, the Institute will not know the exact number and value of assets and whether the assets are still in good condition or not or might be missing through theft or being disposed-off without the Institute’s knowledge.

I recommended management to do a proper update of Fixed Assets Register and with Council’s approval, dispose-off items that are found to be fully depreciated or obsolete items.

Management responded as follows:

“We have commenced the reconciliation of purchases against the physical stock take. Asset tagging and updating the fixed assets register as required. The new online database to support the Fixed Assets Register are being updated and computerized and active in 2025.”

No Valuation done for Land owned by the Institute

My review of the Original Owner’s copy of the land titles owned by the Institute revealed that six (6) portions of land titles that are vested under the Institute requires valuation to be done in order to capture its value in the financial statements. Due to no valuation of the six (6) secured land portions with titles issued to the Institute, the fixed assets balance is understated.

Management concurred with my findings and advised that they are now pursuing the Valuer General at the Department of Lands to do inspection and do a market valuation report of these land this year – 2025.

Non-Compliance with Financial Management Manual

My review of the travel and subsistence expenses revealed that the Institute did not keep and maintain acquittal register for travel advances taken by the officers for the year ended 31 December 2023. In the absence of a Travel Acquittals Register and the related acquittals, I was unable to verify and confirm whether the travel related payments were made for the intended purposes. Consequently, the Institute had breached the *Public Finances (Management) Act, 1995 (as amended)* and the *Financial Management Manual Part 20 paragraphs 11.2 & 12.10* which require cash and travel advances to officers on official duty travel to be acquitted within 14 and 7 days for international and domestic travels respectively upon return.

21.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Institute has submitted its financial statements for the year ended 31 December 2024 and arrangements were being made to commence the audit shortly.

22. NATIONAL AIDS COUNCIL SECRETARIAT

22.1 INTRODUCTION

22.1.1 Legislation

The National AIDS Council Secretariat was established under the *National AIDS Council Act 1997*. This Act was certified and became operational on 19 January 1998.

22.1.2 Objectives of the Council

The objectives of the Council are to take multi sectoral approaches with a view to:

- prevent, control and to eliminate HIV/AIDS transmission in PNG;
- organise measures to minimise the personal, social and economic impact of HIV/AIDS; and
- safeguard personal privacy, dignity and integrity in the face of the HIV/AIDS epidemic in PNG.

22.1.3 Functions of the Council

The functions of the Council include formulation, implementation, review and revision of national policy in accordance with its objects for the prevention, control and management of HIV/AIDS and to:

- make recommendations and provide guidelines on the related issues to the National Executive Council (NEC), Provincial Governments (PGs) and Local Level Governments (LLGs);
- foster, co-ordinate and monitor HIV/AIDS prevention, control and management strategies and programmes;
- accept, administer and account for the funds and other resources allocated to it;
- consult and co-ordinate with the appropriate state agencies and other persons and organisations on matters related to its activities;
- initiate, encourage, facilitate and monitor preparation and dissemination of information, counselling, care and legal services, research on or in relation to HIV/AIDS; and
- perform such other functions given to it under *Section 5* of this *Act* or any other law.

22.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

22.2.1 Comments on Financial Statements

My reports to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Secretariat for the year ended 31 December 2023 was issued on 22 April 2025. The report did not contain any qualification.

22.2.2 Audit Observations Reported to the Ministers

My report to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Secretariat for the year ended 31 December 2023 was issued on 22 April 2025. The report contained the following observations:

Internal Control Environment - Policies and Procedures

Despite my prior years' recommendations, I noted that motor vehicle, laptop computer and mobile phone policies were still in draft and awaiting endorsement by the Council while accounting and procurements procedural manuals are yet to be drafted.

I reminded the management that documented policies and procedures are vital in ensuring an effective internal control environment as they outline the key business processes and authorization requirements of an organization. I further recommended the management to ensure that draft policies are given priority for approval. Similarly, accounting and procurement manuals need to be compiled, approved and communicated to all levels of management for implementation and adherence.

The management noted my finding and stated that NACS conducts its business affairs and manages public funds and properties in accordance with the Public Finance Management Act, General Orders and other relevant laws; hence, risk of malpractice and abuse within NACS is minimized. However, going forward, NACS will ensure to formulate its Financial Procedural Manual based on PFMA and have the draft policies approved once the Council/Board members get appointed.

Internal Audit Unit

As reported in my prior years' audits, the Secretariat is yet to utilize the Internal Audit function to review various processes including the assessment and implementation of effective internal controls and anti-fraud measures to provide necessary recommendations to the management. I cautioned management that the lack of an internal audit function encourages system break-downs and weak internal controls which may result in mismanagement and abuse of public resources. I recommended the management to ensure the internal audit unit is utilized and an internal auditor is appointed as soon as practicable.

Management concurred with my finding and stated that Internal Audit function has not been utilized since the resignation of former Internal Auditor in 2019. In 2020, the Internal Auditor position was advertised together with other positions but the recruitment was on hold due to the expiry of the former Director's employment contract in 2021. Since then there was no appointment of permanent Director of NACS and thus recruitment of Internal Auditor is still pending.

National AIDS Council

The National AIDS Council's term lapsed and expired on 14 May 2022. I noted that the appointment process of the new Council has been slow; hence as at the time of audit, the Secretariat was operating without a governing council for over two (2) years. Consequently, in the absence of the Council's oversight, the performance of the management including the implementation and delivery of the Secretariat's annual plan would be difficult to measure.

I recommended that relevant officers who are involved in the Council appointment process should fast track the process to ensure timely appointment of the National AIDS Council members.

The management responded that the appointment of National AIDS Council members is not within the jurisdiction of NACS management. It is only the Health Minister who gives direction to NACS management to facilitate the appointment process by advertising the Council members positions. The ministerial direction was issued in November 2024 with the subsequent advertisements of the positions in January 2025. Once the applications for all categories for council membership is collected, the list of applicants will be furnished to Health Minister for endorsement to Public Service Commission for fit and proper tests and subsequent submission to NEC for appointment of Council Members.

The management also assured me that during the absence of Council members, the NACS management continued to maintain smooth operations of NACS.

Fixed Assets

The Fixed Assets Register (FAR) is the main control mechanism that captures and shows the value and ownership of the assets of an organization. I noted during my review that although the Secretariat maintained the Fixed Assets Register in 2023, it was not properly updated on a regular basis. As a result, my audit identified that all assets were not tagged with customized NACS codes and captured in the FAR to enable me to locate and verify the existence of the assets. In addition, no stock-take was carried out over the years including 2023 for all assets to accurately and fairly reflect the values of assets owned and controlled by the Secretariat.

Without a complete/updated fixed assets register, I was not able to place reliance on the Secretariat's effectiveness of the controls surrounding the management of fixed assets. Further, assets that are obsolete, damaged, or disposed of may not be identified and recorded accurately in the absence of the stock take verification exercise.

Encashment of Leave Credits

A total of K11,986 was encashed by staff of the NACS in lieu of their recreational leave. However, the *Public Service General Order 14.39* states that money in lieu of recreational leave can only be paid upon exiting the organization and/or when an officer is deceased while serving the organization for which the dependents will benefit from.

While I understand the circumstances surrounding the payments to the officers, this is a deviation to the General Order; hence is not an acceptable business practice in the public sector.

I recommended that the Secretariat discourages future occurrences of such practices.

The management in its response advised that as per Court Order and State Solicitor's advise, Public Service General Order and Public Service Management Act does not apply to NACS.

Long Over Due Staff Advances

The Secretariat disclosed its staff advance balance as K33,622 in *Note 7* of the financial statements at 31 December 2023. However, I noted that this balance was not recovered and remained outstanding for a number of years now and its collectability is in doubt. This issue was brought to management's attention on numerous occasions however; management is yet to take necessary actions.

Staff Advance Policy

My audit noted that the NACS in 2023 issued advances to staff which were subsequently recouped through payroll deductions, spread equally over the duration of the year (2023). However, the Secretariat did not have a documented staff advance policy to guide the management of advances. A staff advance policy will guide the eligibility, criteria, penalties on default repayments and when advances should be fully recouped by the Secretariat.

Without this control mechanism, there might be inconsistency on the terms and conditions of advances. In addition, employees might not honor their obligation by promptly repaying the advances, which can create financial discrepancies and impact the Secretariat's cash flow.

I recommended the management to have in place an approved staff advance policy to effectively manage the advances given out.

The management agreed to my recommendation and assured me that going forward they will formulate a Staff Advance Policy.

Travel Acquittal Register and Related Acquittals

The Travel Acquittal Register provided for my verification was incomplete as it did not capture and register all the travels undertaken during the year including their relevant acquittals. As a result, a total of K94,261 from the selected sample of travel and subsistence expenses could not be verified to the Acquittal Register and File.

The management concurred with my finding and recommendation and subsequently advised that improvements will be made going forward.

Design and Implementation of controls over the procurement process assessed to be in-effective

During my walkthrough test to assess the effectiveness of the design and implementation of controls over the procurement process of the Secretariat, I interviewed the responsible officers as well as verified a payment made and revisited the process in which the particular claim was made.

My inquiry noted instances of management bypassing the established procurement process that the NACS has in place. Based on the inquiry, Cheque #7113 worth K25,000 was randomly picked and walkthrough was performed on the claim. The following observations were noted based on the review of the supporting documents:

- The pay cash cheque was raised on December 30, 2022. However, the memo requesting cash payment was submitted on January 18, 2023 which indicated a discrepancy in the procurement process, as the cheque was raised before the approval was granted as evidenced in the minute for the cash payment request;
- The payment was to be used to host dinner for the health minister, his delegates and NACS team in Enga. However, instead of raising the cheque to a hotel/hospitality industry, the cheque was paid to an officer's account;
- No acquittals were provided for the cash payment of K25,000, making it impossible to verify whether the cash was used for its intended purpose.

In view of the above, I was not able to gain comfort on the effectiveness of the design and implementation of the controls over the procurement process. I was also not able to ascertain the validity of the transaction and conclude on whether the funds were used for the purpose of achieving the objectives of the Secretariat.

I recommended the management to always comply with the NACS established procurement process when procuring goods and services. I also requested the management to provide the acquittals for the above payment for my verification or have the concerned officer to reimburse the above cash advance.

The management, in its response stated as follows:

“Cheque #7113 for the above payment was originally issued in January 2023. However, due to the Department of Finance, ICT Division not yet completing the PGAS annual year-end rollover, the cheque was dated December 30, 2022. The cheque was raised before the PGAS rollover due to the urgency of an official visit in January 2023. Additionally, due to the short notice for travel, NACS was unable to obtain supplier quotes, leading to the payment being made directly to an officer's account. Out of the K25,000 cash advanced, a total of K6,000 was provided to the Health Minister's delegates for fuel and other related costs, while the remaining K19,000 was returned and later used to purchase three Lenovo laptops and accessories for NACS officers from Theodist Ltd.”

However, I was not provided with any supporting evidence to corroborate management's justification on the usage of the cash advance.

Expenditure Review

My review of the operating and capital expenditure accounts and records of the Secretariat revealed the following discrepancies:

- Payment vouchers totaling K323,664 were not properly filed with proper supporting documentations such as three (3) quotations for payments above K5,000, Invoices/Receipts to confirm the validity of the payments and delivery dockets/consignments to confirm if the actual goods purchased had been delivered to the Secretariat;
- Controls over monitoring the accuracy of phone bills was lacking. There were no monthly reconciliations done by NACS to verify the accuracy of the amounts billed to the Secretariat prior to making payments. As such, my audit identified an instance of a duplicate payment amounting to K20,304 for phone bills with Digicel PNG. Further, from a sample of phone bill payments tested, I did not sight any detailed subscriber listing of the monthly CUG users preventing my audit to confirm whether the users were legitimate and this benefit is consistent with their entitlements;
- *Finance Instruction 2/2013* emphasizes the need for minor contract agreements to be in place in addition to three written quotations for purchases valued between K50,000–K500,000. I noted two instances of payments valued over K50,000 drawn to a contractor for website redesigning and installation setup of NACS secondary server during the year. I was only provided with one unsigned contract agreement and as such was not able to verify the basis of the payments made and unable to conclude on whether scope of services rendered were reasonable for the monies expended; and
- Cash payments amounting to K79,514 from the selected samples tested lacked proper acquittals and supporting documentation to verify the legitimacy of the payments and their alignment with the Secretariat's mandate; and

These observations collectively indicate a breakdown in key internal controls over the expenditure cycle within the Secretariat and requires immediate corrective actions to strengthen internal controls and ensure proper financial management.

Management concurred with my finding and advised that corrective actions will be taken to rectify the discrepancies identified.

Covid-19 Research Expenditures

Covid-19 Research Expenditures was presented in the financial statement as K272,574 at 31 December 2023. My review into the related accounts and records revealed the following observations:

- Similar to my 2022 observations, I still did not sight the NEC decision (No.328/2020) to confirm the purpose including important information like the guidelines on how the funds will be used and their intended outcome. I was only provided with a policy submission presumably signed off by the Prime Minister but did not contain the submission number, nor stamped to confirm the legitimacy of this document;
- During the financial year (2023), there was a search warrant by CID on alleged misappropriations into the COVID-19 Research Funds resulting in all the payment vouchers for the 2022 financial year taken away by CID. Further, there were indications that misappropriation into the research grants may have occurred, my procedures however were limited to the conduct of the financial audit and did not confirm actual fraud which may be uncovered in a forensic investigation;
- There was no evidence including any report sighted to confirm whether the Covid-19 research funding was used for the intended purpose and tangible outcomes achieved. As a result, I was not able to conclude on whether value for money was achieved on the research funds expended; and
- From a sample of six (6) payment vouchers inspected, detailed findings are presented below;
 - Cheque # 2479 worth K25,000 paid to a consultant for the provision of range of medical & scientific services for development of COVID-19 Drug database did not contain any contract agreement nor where there any documentations containing evidence of the output achieved to validate the amount spent.
 - Cheque # 2481 worth K16,000 did not agree to the invoice amount of K14,125 resulting in an unjustified overpayment of K1,975.
 - A total of K69,000 (via Cheque#2482) was paid for the provision of consultancy services rendered for compiling expenditure and pre-audit report for Niugini Biomed Limited. The payment was made based on the quotation and not the actual invoice. No contract agreement binding the service provider and Niugini Biomed Limited was sighted. Hence; I was not able to confirm the occurrence and validity of the payment as well as verify if actual service was rendered raising concern on possible misappropriation of public funds;

- A total of K11,400 paid (via Cheque#2483) as salaries and casual allowances for Niugini Biomed Limited staff did not have sufficient and appropriate supporting documentations to confirm the validity of the payments.
- Cheque #2485 worth K65,000 was paid to Niugini Biomed Limited. Based on the request letter by the CEO of Niugini Biomed Limited, the funding was to be used to conclude the Covid-19 drug repurposing work of which 75% of the work had already been completed. There were no other supporting documentations attached with the request letter to validate the legitimacy and appropriateness of this payment.
- A total of K20,000 (via Cheque#2486) was paid as legal consultancy service provided to Niugini Biomed Limited. The only supporting documentation attached with the payment voucher was the invoice that did not specify the legal service that was rendered. In the absence of sufficient and appropriate documentations, I was not able to gain comfort on the validity of this transaction.

The above observations signify significant breakdown in internal controls, governance, and accountability over the Covid-19 Research Expenditures indicating a high risk of fraud, misappropriation, and inefficient use of public funds and necessitates further investigation.

The management of the Secretariat responded to my observations as follows:

“The COVID-19 funds remitted to NACS dormant bank account was never intended for payment of NACS related operational/program activities rather it was intended for Niugini Biomed Limited to use this funding for COVID-19 research related activities. NACS was only facilitating payments requested by Niugini Biomed Limited management. Since the payments were never made for NACS operational/program activities, NACS cannot be held answerable for funds that were used by a separate/different entity (Niugini Biomed Limited). Consequently, it is only appropriate that the Auditor General’s Office conduct a separate audit into the expenditure of COVID-19 research funding by Niugini Biomed Limited (a company established under the Companies Act) and determine as to whether Niugini Biomed Limited has expended the K5m COVID-19 research funding for intended purpose in compliance to applicable GoPNG established procurement processes/Public Finances Management Act.”

22.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Secretariat has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

23. NATIONAL BROADCASTING CORPORATION

23.1 INTRODUCTION

23.1.1 Legislation

The National Broadcasting Commission (NBC) was established under the *Broadcasting Commission Act (Chapter 149)*. This Act was amended in 1995 by the *National Broadcasting Commission (Change of Name and Corporate Structure) Act 1995*.

In terms of *Section 4 of the Broadcasting Commission (Change of Name and Corporate Structure) Act No. 49 of 1995* the name of the Commission was changed to Corporation.

The *Amendment Act No.49 of 1995* came into operation on 23 April 1996 as per *Gazettal Notification No.G.32*.

23.1.2 Functions of Corporation

The principal functions of the Corporation are to provide balanced, objective and impartial broadcasting services and in so doing, to take in the interests of the community, all such measures as in its opinion are conducive to the full development of suitable broadcasting programs.

The Corporation's other functions are to:

- ensure that the services that it provides, when considered as a whole, reflect the drive for national unity and at the same time give adequate expression to the culture, characteristics, affairs, opinions and needs of the people of the various parts of the Country and in particular of rural areas;
- do all in its power to preserve and stimulate pride in the indigenous and traditional cultural heritage of PNG;
- take extreme care in broadcasting material that could inflame racial or sectional feelings; and
- co-operate with the Government in broadcasting social, political, economic and educational programs.

23.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

23.2.1 Comments on Financial Statements

My reports to the Ministers under *Section 8(4) of the Audit Act* on the Corporation's financial statements for the years ended 31 December 2019 and 2020 were issued on 18 December 2024 and 30 June 2025 respectively. The reports contained similar Disclaimer of Opinions, hence, only the 2020 report is reproduced.

“DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I am unable to and do not express an opinion on the financial statements of the National Broadcasting Corporation for the year ended 31 December 2020.

BASIS FOR DISCLAIMER OF OPINION

Opening Balances

My report on the Corporation’s financial statements for the year ended 31 December 2019 was a disclaimer of opinion in respect to cash and cash equivalents, trade and other receivables, revenue, related party transactions, property, plant and equipment, trade and other payables, employee provisions, group tax payable and equity. There were no satisfactory audit procedures that I could otherwise perform to obtain reasonable assurance as to the correctness of the opening balances as at 1 January 2020. Since the opening balances enter into the determination of the financial performance, financial position and statement of changes in equity, I was unable to determine whether adjustments might have been necessary in respect of the balances reported in the financial statements.

Cash at Bank and on Hand – K3,190,485

Note 5 to the financial statements disclosed cash at bank and on hand balance of K3,190,485. However, the aggregated closing balance of bank reconciliations and bank statements for various bank accounts did not correspond to the final balance in the financial statements resulting in a difference of K230,252. In addition, bank confirmations were not provided to confirm the bank balances at year end. As a result, I was unable to ascertain the completeness, existence and accuracy of the cash and cash on hand balance presented in the Corporation’s financial statements.

Property, Plant and Equipment – K280,355,095

My review of the property, plant and equipment valued at K280,355,095 and disclosed in *Note 7* to the financial statements revealed the following issues:

- The Corporation disclosed a net book value of its fixed assets as K280,355,095 as at 31 December 2020. However, the closing balance presented in the financial statements did not agree to the Fixed Asset Registry (FAR) balance of K278,152,537, resulting in a difference of K2,202,558;
- Total depreciation expense was reported at K11,305,477 in *Note 7* of the financial statements. However, the assets purchased from 2017 to 2020 were not captured in the Corporation’s Fixed Assets Register and depreciated accordingly;

- The Corporation did not conduct any physical verification exercises to assess the condition of its assets or to ensure that no assets were missing due to theft or other means;
- I was unable to determine whether the stated values of the land (K214,108,100) and buildings (K39,908,943) reflect current market rates, as no valuation report was provided to verify the stated values; and
- A total of K1,435,962 worth of assets purchased during the year could not be verified or confirmed in the Fixed Asset Register (FAR) due to the absence of corresponding journal entries and supporting documentation.

In the light of the issues discussed above, I was unable to confirm the existence, completeness and accuracy of the balance of K280,355,095 reported under property, plant and equipment in the financial statements as at 31 December 2020.

Trade and Other Payables – K4,111,745

Note 10 to the financial statements disclosed amounts of K1,923,709 and K2,188,036 for trade payables, other payables and accruals, respectively. However, the following issues were noted:

- The balance reported in *Note 10* of K4,111,745 did not agree with the corresponding aggregated general ledger balance of K8,010,074, resulting in an unexplained variance of K3,898,329; and
- The Corporation did not provide sufficient and appropriate documentation to support and verify the balance of K4,111,745 reported in *Note 10* and the statement of financial position at 31 December 2020.

As a result, I was unable to verify and confirm the completeness and accuracy of the trade and other payables balance disclosed in the financial statements.

Employees Provisions – K5,678,393

Employee provisions of K5,678,393 was reported in *Note 11* to the financial statements. However, I was not provided with sufficient appropriate audit evidence to verify the completeness, accuracy and validity of the employee provisions reported in the Corporation's financial statements. Accordingly, I was unable to determine whether any adjustments to the recorded balance of employee provisions in the Corporation's financial statements were required.

Group Tax Payable – K21,888,932

The statement of financial position disclosed an amount of K21,888,932 for group tax payable at 31 December 2020. However, the necessary reconciliation schedules and appropriate supporting documentation were not provided to verify and confirm the reported balance.

In addition, no timely reconciliations were prepared between the schedules maintained by the Corporation and the records of the Internal Revenue Commission (IRC). As a result, I was unable to determine whether any material adjustments to the recorded tax liability balance as at 31 December 2020 was required.

Staff Costs – K25,361,147

Note 6(a) to the financial statements disclosed an amount of K25,361,147 for staff costs. However, the following discrepancies were noted:

- Variations were observed between base salaries and allowances in the payroll report and those stated in the employment contracts. Additionally, several employment contracts related to these discrepancies had expired during the year under review, and no documentation was provided to confirm whether these contracts had been renewed; and
- The balance of K25,361,147 reported in *Note 6(a)* did not agree with the aggregated pay summary reports balance of K25,985,133, resulting in a variance of K623,986.

As a result, I was unable to determine whether adjustments to the staff costs reported in the statement of comprehensive income and the resultant equity balances at 31 December 2020 were required.

Related Party – K3,295,772

The related party account comprised government debtor and creditor balances of K2,999,877 and K6,295,649, respectively, as disclosed in *Note 9* to the financial statements. However, no reconciliations were performed to monitor the movements in these balances. In addition, no efforts were made to collect outstanding debts or settle payables relating to prior year related party transactions. As a result, I was unable to confirm and verify the validity, accuracy, and completeness of the related party balances reported in the financial statements as at 31 December 2020.

Asset Revaluation Reserve – K247,914,912

The Corporation reported a balance of K247,914,912 in the statement of financial position. However, I was not provided with sufficient appropriate audit evidence. Consequently, I was not able to ascertain the accuracy, completeness and validity of the asset revaluation reserve balance as at 31 December 2020.

Equity – K257,144,967

The following discrepancies were noted relating to issued capital, asset revaluation, retained earnings and accumulated losses:

- The share capital shows a balance of K25,503,697 at the year end. However, I was not provided any documents to confirm the initial capital that was used to establish the National Broadcasting Corporation; and

- The Corporation recognized an increase in asset revaluation reserve by K239,221,361 as shown in Corporation's statement of changes in equity. However, sufficient and appropriate audit evidence was not provided to substantiate this balance.

Due to the significant issues surrounding the equity balance in the statement of financial position as well as statement of changes in equity, I was unable to obtain sufficient and appropriate audit evidence to confirm the accuracy, valuation and completeness of the balances presented.

Proposed 2020 Audit Adjustments

I noted that audit adjustments for the balance sheet and profit and loss items relating to cash and cash equivalents, trade and other receivables, property, plant and equipment, related party transactions, trade and other payables, employee provisions, group tax payable, equity and capital expenses were done manually and not adjusted through the Attaché general ledger system. The Corporation did not provide details of the adjustment schedules for my confirmation. As such, I was unable to determine the validity of the audit adjustments.”

23.2.2 Audit Observations Reported to the Ministers

My reports to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Corporation for the years ended 31 December 2019 and 2020 were issued on 18 December 2024 and 30 June 2025 respectively. The reports contained similar observations, hence, only the 2020 report is reproduced:

General Ledger Integrity – General Ledger Reconciliation

The Corporation has not performed monthly reconciliations of its general ledger accounts, which are essential for maintaining sound internal controls. As a result, general ledger accounts were neither reconciled nor independently reviewed at month-end, leading to unresolved balances being carried forward from year to year. Additional contributing issues noted include:

- Frequent changes in key finance positions;
- Lack of independent review of accounting entries prior to posting in the Attaché accounting system;
- Limited understanding of accounting principles and processes;
- Creation of new general ledger accounts without proper approval; and
- An unclear financial reporting structure.

Despite repeated recommendations in prior years for the Corporation to perform monthly reconciliations and strengthen general ledger controls, no significant improvements have been made.

Petty Cash

My review of the controls surrounding petty cash revealed weaknesses in the maintenance of supporting documentation, including acquittals and reconciliations. These control procedures are essential to ensure that petty cash replenishments are based on proper reconciliations and approved acquittals. In the absence of these control mechanisms, it was not possible to determine whether the controls over petty cash were operating effectively.

Group Tax Payable

My review of the group tax liability revealed that the Corporation had not complied with the Income Tax Act 1959 in remitting group tax to the Internal Revenue Commission (IRC) on a timely basis. As a result, group tax liabilities have been accumulating over the years, amounting to K21,888,932 as of 30 December 2020. The late lodgement of group tax returns and accompanying payments to the IRC may result in significant penalties, including a flat 20% charge on outstanding amounts and an additional 20% per annum from the date the taxes became due.

Reporting Deadline of Financial Statements

The *Public Finances (Management) Act 1995 (as amended)*, Section 63(1) and 63(3) requires the Corporation to furnish to the Finance Departmental Head before 30 April each year, a performance and management report of its operations for the year ending 31 December preceding, together with financial statements. Before furnishing financial statements to the Finance Departmental Head, the Corporation shall submit them to the Auditor-General for audit. However, the Corporation had not prepared and submitted its financial statements for the year ended 31 December 2020 to my Office on time for me to complete the audit and table the report in the Parliament before 30 April 2021. Accordingly, the Corporation had breached Section 63(1) and 63(3) of the *Public Finances (Management) Act, 1995 (as amended)* (PFMA).

23.3 STATUS OF FINANCIAL STATEMENTS

The Corporation has submitted its financial statements for the year ended 31 December 2021 and arrangements were being made to commence the audit shortly.

The Corporation has not submitted its financial statements for the years ended 31 December 2022, 2023 and 2024 for my inspection and audit.

24. NATIONAL CAPITAL DISTRICT COMMISSION

24.1 INTRODUCTION

24.1.1 Legislation

The *National Capital District Government (Preparatory Arrangements) Act 1982* established the National Capital District Interim Commission. The purpose of this Act was to establish an interim government for the NCD and make preparatory arrangements for the establishment of a government for the NCD as required by *Section 4(4)* of the National Constitution. The *National Capital District Government (Preparatory Arrangements) (Amendment) Act 1986* came into operation in 1987.

The *National Capital District Commission Act 1990*, which became operational on 5 November 1990, established the NCD Commission. The introduction of this Act resulted in the amalgamation of Motu Koitabu Interim Assembly with the NCD Commission. Consequently, the assets, liabilities and the obligations of the Interim Assembly were absorbed by the Commission on the commencement date.

Amendments through the *National Capital District Commission (Amendment) Act 1992* which came into effect on 30 November 1992 resulted in the establishment of the Motu Koitabu Council. That was followed by the establishment of the system of government for the NCD through the *National Capital District Commission (Amendment) Act 1995* which came into operation on 19 July 1995. The NCD comprises the NCD Commission, the Motu Koitabu Council and Local-Level Governments in the NCD.

24.1.2 Function of the Commission

The function of the NCD Commission is to:

- control, manage and administer the NCD to ensure its welfare and that of the persons in its jurisdiction.

24.1.3 Subsidiaries of the Commission

The subsidiaries of National Capital District Commission are *National Capital District Botanical Enterprises Limited* and *Port Moresby Nature Park Limited*. Comments in relation to these subsidiaries are contained in paragraphs 24A and 24B of this Report respectively.

24.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

24.2.1 Comments on Financial Statements

My report to *Ministers* under *Section 8(4)* of the *Audit Act 1989 (as amended)* on the financial statements of the Commission for the year ended 31 December 2022 was issued on 14 October 2024. The report contained a Disclaimer of Opinion.

“DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I am unable to and do not express an opinion on the financial statements of the National Capital District Commission for the year ended 31 December 2022.

BASIS FOR DISCLAIMER OF OPINION

Opening Balances

My report on the Commission’s financial statement for the year ended 31 December 2021 was a disclaimer of opinion in respect to cash at bank, receivables, property, plant and equipment, non-compliance with International Financial Reporting Standards (IFRS), capital roads & work in progress, investments, payables, bank loans, bank overdraft, asset revaluation reserve, revenues and operating costs. There were no satisfactory audit procedures that I could otherwise perform to obtain reasonable assurance as to the correctness of the opening balances. Since the opening balances enter into the determination of the financial performance, financial position and the statement of changes in equity, I was unable to determine whether adjustments might have been necessary in the statement of financial performance, statement of changes in equity, statement of cash flows and the loss reported for the year ended 31 December 2022.

Cash and Cash Equivalentents – K56,150,522

The Commission disclosed cash at bank balance of K56,150,522. During my review of the bank reconciliations, I noted that the aggregate bank statement balance as at 31 December 2022 was K62,054,772 with un-presented cheques totalling K71,702,205 relating to cheques which were drawn but yet to be presented to the bank. I was unable to verify and confirm the completeness, existence, and accuracy of the bank balance due to lack of supporting documentation on the un-presented cheques. As a result, I was unable to determine whether any adjustments were necessary in respect of cash at bank balance and the related accounts payable and expenses accounts in the Commission's financial statements for the year ended 31 December 2022.

Receivables – K283,143,341

The receivables balance (net of provision) as at 31 December 2022 was disclosed at K283,143,341. I was unable to obtain sufficient appropriate audit evidence to verify and confirm the existence, valuation, accuracy, recoverability and related expected credit losses of the entire account’s receivables balance. As a result, I was not able to determine whether adjustments might have been necessary in respect of the receivables and related revenue balances at the year end.

Property, Plant and Equipment – K126,169,355

Property, plant and equipment balance as at 31 December 2022 was K126,169,355 as disclosed in *Note 5* to the financial statements. Additions for the year amounted to K6,970,454 with no disposals and adjustments. However, I was not provided with sufficient and appropriate audit evidence to verify and confirm the completeness, existence, accuracy, valuation and rights and obligation over the property, plant and equipment. As such, I was unable to determine whether any adjustments might be necessary to the Commission's property, plant and equipment balances in the statement of financial position as at 31 December 2022.

International Financial Reporting Standards (IFRS)

My review of the Commission's financial statements and the related records revealed that the Commission did not maintain the accounting records and prepare the financial statements in accordance with IFRS as discussed below.

a) International Accounting Standards (IAS) 16 – Property, Plant and Equipment

I noted that the Commission has as an asset reserve account amounting to K1,302,213,189 as at 31 December 2022. However, per Commission's accounting policy, property, plant and equipment are subsequently measured using cost model. Land and buildings have not been revalued over a number of years to reflect the current market values. The last valuation was done in 1992. *International Accounting Standard (IAS) 16* requires land and building to be revalued every three or five years. *Paragraph 58* further states that land and building are separable assets and should be accounted for separately as buildings depreciate while land appreciates. Consequently, the Commission has not complied with *IAS 16*. As a result, I was unable to conclude whether the disclosed amount of K221,222,855 for land and building in *Note 5* to the financial statement is fairly stated.

b) IFRS 10 – Consolidated Financial Statements

Botanical Enterprises Limited and Port Moresby Nature Park Limited are two subsidiary companies for the Commission. However, the Commission has not consolidated the financial statements for these companies as required by *IFRS 10- Consolidated Financial Statements* when an entity controls one or more other entities.

c) International Accounting Standards (IAS) 24 – Related Party Disclosures

The Commission has not applied *IAS 24, Related Party Disclosures* for the year ended 31 December 2022. The standard requires an entity whose financial statements comply with IFRS to disclose related party relationships irrespective of whether there have been transactions during the year.

Capital Road and Works in Progress – K365,799,482

The capital road and work in progress as at 31 December 2022 was K365,799,482. The Commission adopted fair value method for the subsequent measurement of the assets. I was unable to obtain sufficient and appropriate audit evidence to ascertain whether these costs were related to ongoing projects at year end. As a result, I was unable to determine if it was appropriate to capitalize such costs and whether any material adjustments to the classification of the capital work in progress and expenses balances in the Commission's financial statement at 31 December 2022 were required.

Investments – K22,212,147

The investments balance as at 31 December 2022 was K22,212,147. I was not provided with sufficient and appropriate audit evidence to verify and confirm the completeness, existence, and accuracy of this balance. As a result, I was unable to determine whether any adjustments to the recorded assets balances at 31 December 2022 and the revenue and resulting loss for the year in the Commission's financial statements were required.

Payables – K87,729,411

The payables balance as at 31 December 2022 was K87,729,411. Sufficient and appropriate audit evidence was not provided to support the accuracy of these amounts. As such, I was unable to perform audit procedures to determine the accuracy, completeness and the validity of this balance. Consequently, I was unable to determine whether accounts payable and the related expenses reported in the Commission's financial statements as at 31 December 2022 is reasonable.

Borrowings – Bank Loans – K275,185,489

The Commission's borrowings/bank loans as at 31 December 2022 was disclosed in *Note 10* to the financial statement at an amount of K275,185,489. However, I was not provided with sufficient and appropriate audit evidence to verify and confirm the accuracy, completeness and validity of this balance. As a result, I was unable to determine whether any adjustments to the recorded liability and the related expenses in the Commission's financial statements were required.

Bank Overdraft – K62,653,994

The bank overdraft as at 31 December 2022 was K62,653,994. Sufficient and appropriate audit evidence was not provided to support the validity of this balance. As a result, I was unable to perform audit procedures to verify and confirm the completeness, existence, and accuracy of this balance.

Asset Reserve – K1,302,213,189

The asset reserve balance at 31 December 2022 was K1,302,213,189. I was not provided with sufficient and appropriate information to confirm the completeness, existence, and accuracy of this balance. As a result, I was unable to determine whether any adjustments to the recorded values of assets and the equity balances reported in the financial statement were required.

Prior Year Revenue Adjustments – K25,070,288

The retained earnings as at 31 December 2022 was adjusted by K25,070,288 as stated in the statement of changes in equity. However, there was no appropriate disclosure in the financial statement on the nature of the adjustment in accordance with *International Accounting Standards (IAS) 8 Accounting Policies, Changes in Accounting Estimates and Errors*. The Standard requires that prior year adjustments must be backed with appropriate disclosures in the financial statement relating to the nature of the adjustment with appropriate details. As a result, I was unable to determine whether any adjustments to the recorded values of assets and the equity balances reported in the financial statement were required.

Revenue – K418,348,682

The total revenue for land rates, garbage and sanitation rates, goods & services tax, bookmakers' tax, development grants and market fees amounted to K418,348,682 as disclosed in the *Note 2* to the financial statement. Sufficient and appropriate audit evidence was not provided to support the completeness, cut-off and validity of the amounts. I was unable to determine whether adjustments might have been necessary in respect of the loss reported for the year or to what extent, if any, there may have been fraud or errors as a result of the failure to maintain appropriate supporting documentation for the revenue balances.

Operating Costs – K443,374,413

The operational costs for the year under review were stated at K443,374,413 as disclosed in *Note 3* to the financial statement. I was not provided with sufficient and appropriate information to confirm the completeness, occurrence and accuracy of these expenses. As a result, I was unable to determine whether adjustments might have been necessary in respect of the loss reported for the year or to what extent, if any, there may have been fraud or errors as a result of the failure to maintain appropriate supporting documentation for the expense balances.”

24.2.2 Audit Observations Reported to the Ministers

My report to *Ministers* under *Section 8(2)* of the *Audit Act 1989 (as amended)* on the inspection and audit of the accounts and records of the Commission for the year ended 31 December 2022 was issued on 14 October 2024. The report contained the following significant matters:

Management Information System (MIS)

My review of the Commission's management information system revealed that currently three (3) separate information technology (IT) systems are being used to support the entire accounting functions. Accpacc is used for maintaining general ledgers, fixed assets, accounts payable and procurement while ALESCO for payroll and, TARMIS for revenue and debtors. In addition, I noted the following issues:

- All transactions facilitated for by both ALESCO and TARMIS were posted by way of journal entries to Accpacc on a quarterly basis as they (Accpacc, ALESCO, TARMIS) are currently managed entirely independent without any form of automated options;
- System generated trial balance was exported in excel and a number of material adjustments were put through manually and the resulting balances were used to prepare the financial statement;
- Monthly reconciliations for all the bank accounts and balance sheet items were not consistently performed and reviewed at month end;
- Aged debtors and creditors listings cannot be generated by both TARMIS and Accpacc;
- Reconciliations of revenue and accounts receivable between TARMIS and Accpacc and management accounts were not consistently prepared and reviewed on a monthly basis; and
- A number of staff were not skilled with appropriate knowledge to be able to efficiently use all key functions of the current management information system.

When all financial data is not consolidated into one system, the accounting environment becomes more complex and quite challenging to operate in. This may increase the risk of errors and omissions that may not be detected and corrected on a timely basis. In addition, maintaining more than one set of system is not cost effective, more complex and the delay in updating data from both payroll and revenue (ALESCO and TARMIS) into Accpacc can potentially have a negative impact on the reliability and accuracy of the financial information generated by these systems. Furthermore, potential existence of fraud may not be detected on a timely basis.

Management responded to my observations as follows:

“It is agreed that all aspects of accounting function be centralized under the same system. However, a complete automation may require a longer period of time and more specialized technical support. We have commenced on interfacing the systems.”

Lack of Appropriate Account Maintenance

My audit revealed that the Commission maintained two separate trial balances from Accpac and excel (manual) respectively. I further noted that, adjustments were put through the manual trial balance which were then used to prepare the Commission's financial statement for the year. These adjustments were not reflected in the Accpac accounting system which resulted in variances between the system generated and the manual trial balances. Opening balance differences from the financial statement to the Accpac trial balance are likely to occur.

Although, management responded that the adjustments were done at financial statement level and the issues were addressed, the controls surrounding the maintenance of accounts were weak as the adjustments are yet to be reflected in the system.

Revenue and Accounts Receivable

My review of the controls around revenue and accounts receivable revealed the following weaknesses:

a) Goods and Services Taxes (GST)

I did not sight any formal agreement between Internal Revenue Commission (IRC) and the National Capital District Commission (NCDC) through the *GST Distribution Act 1999* establishing the basis which IRC uses to pay the Commission to independently verify and make assessments whether monthly GST income received from IRC represents total collections paid to IRC by all operating businesses and services providers within the boundaries of NCDC. Consequently, I am not able to confirm whether monthly GST income received from IRC represents total GST paid to IRC.

b) Book Makers Tax (BMT)

IRC and the Commission does not have a binding agreement in place to define both the collection and payment arrangement with IRC for the collection and payment of book maker taxes to the Commission.

c) Marketing Fees

Collection register for marketing fees were not maintained and provided for my review. Cash is collected at the entry of market against manual receipt books. However, the manual receipts books were not numbered in sequential order which resulted in inconsistencies in the recording and monitoring of the receipts. There were no monthly reconciliations done to accurately record the receipts collected or investigation carried out to correct errors that may arise.

d) Trade Debtors – Land & Garbage Rates

Aged debtors listing for land and garbage rates were not provided to verify whether controls around the maintenance of aged listing were working effectively and whether subledgers for each of the suppliers reconciled to the general ledger.

Due to the above issues, I was unable to determine whether internal controls around the revenue and accounts receivable functions were working effectively.

Expenses and Payables

My review of the controls around expenses and accounts payables revealed the following weaknesses:

a) Contract Agreements

The Commission did not establish contract/service agreements with the service providers of the transactions that attracted contract agreements. I was unable to substantiate the basis of the payments made nor confirm whether due processes were followed in awarding the contracts.

b) Road Constructions

Various contractors were engaged for road construction and rehabilitation within NCDC in which each contract values warrant NPC approval. However, I was not provided with the appropriate documentation on the tender process and awarding of the contracts.

c) Non-lodgment/Payment of Salaries and Wages Tax (SWT)

The Commission has not lodged and remitted salary and wages tax for the year 2022 as required by the *Income Tax Act*. The IRC by legislation levies penalties on overdue payments which is 20% of the principle amount outstanding.

24.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Commission for the year ended 31 December 2023 was in progress.

The Commission has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

24A. NATIONAL CAPITAL DISTRICT BOTANICAL ENTERPRISES LIMITED (A subsidiary of National Capital District Commission)

24A.1 INTRODUCTION

24A.1.1 Legislation

The NCD Botanical Enterprises Limited was incorporated under the *Companies Act* on 17 January 2000. The Company is wholly owned by National Capital District Commission (NCDC).

24A.1.2 Objective of the Company

The main objective of the Company is to take control over the operations of the Botanical Gardens.

24A.1.3 Functions of the Company

The Company's activities include the sale of flowers and conducting research relating to orchids and horticulture.

24A.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Company has not submitted its financial statements for the years ended from 31 December 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023 and 2024 for my inspection and audit, despite numerous reminders.

I was advised by NCDC that the Company was deregistered. However, according to Investment Promotion Authority's (IPA) records, the Company was removed by serving Notice of Removal for failure to re-register on 5 December 2023. Unless I receive sufficient information on the removal, I will still report this Company in my report.

24B. PORT MORESBY NATURE PARK LIMITED (A subsidiary of National Capital District Commission)

24B.1 INTRODUCTION

24B.1.1 Legislation

Port Moresby Nature Park Limited was incorporated on 1 December 2011 under the *Companies Act*. The Company is a subsidiary of the National Capital District Commission (NCDC).

In early 2012, a Deed of Trust was signed between Port Moresby Nature Park Limited (being the Trustee) and the National Capital District Commission (being the Settlor). The Trust Deed provided the intention of the Settlor (NCDC) to make Port Moresby Nature Park Limited a charitable body to be known as “*Port Moresby Nature Park Trust.*”

On 11 June 2012, the Port Moresby Nature Park Limited was granted status of a charitable body based on the nature of its business operations.

24B.1.2 Objectives of the Company

The objective of the Company is to allow the residents and visitors to Papua New Guinea (PNG) enjoy a botanical and zoological experience consisting of the flora and fauna of PNG in a safe, secure setting in Port Moresby, for the purposes of education and for the purposes beneficial to the community, including:

- allowing persons, including residents of, and visitors to PNG, to enjoy the benefits of flora and fauna of PNG in a peaceful, well-ordered and secure recreational settings in the grounds of the Port Moresby Nature Park;
- encouraging a greater understanding of the cultural significance of the flora, fauna and environment of PNG;
- furthering the appreciation and learning of PNG in relation to the flora, fauna and environment of PNG;
- promoting the use of the Port Moresby Nature Park to stimulate interest and research into PNG flora, fauna and environment and assisting the conservation efforts of the Government of PNG and the National Capital District Commission (NCDC) in relation to the environment; and
- allowing students from any educational institute to gain practical training, education and research opportunities on specific terms.

24B.1.3 Functions of the Company

The functions of the Company include:

- encouraging, promoting and supporting the use of new and established technologies to make the unique natural environment of PNG more accessible to the public of PNG;
- promoting, assisting and initiating research in PNG into the study of PNG flora, fauna and the environment including the provision of such financial assistance as may be necessary to enable or assist such research;
- promoting, supporting and initiating research in PNG on the flora, fauna and environment of PNG and educating and informing different communities about the results of such research;
- providing a forum for information from international contributors from the global community for the purpose of educating the PNG public in relation to the flora, fauna and environment of PNG;
- doing such other lawful acts and things as are incidental to or conducive to the attainment of any of the foregoing activities; and
- generally:
 - carrying out fund raising schemes and charitable projects for the purpose of the Company, including exhibition and competitions; and
 - establishing, promoting and fostering workshops and other educational activities for the purpose of the Company.

24B.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the years ended 31 December 2021 and 2022 were in progress.

The Company has not submitted its financial statements for the years ended 31 December 2023 and 2024 for my inspection and audit.

25. NATIONAL CULTURAL COMMISSION

25.1 INTRODUCTION

25.1.1 Legislation

The National Cultural Commission was established under the *National Cultural Commission Act 1994*. This Act came into operation on 15 November 1994, thereby repealing the *National Cultural Committee (Interim Arrangements) Act 1993*.

Under the Act, all assets held by and obligations and liabilities imposed on the former National Cultural Committee immediately before the operationalisation of the Act on that date were transferred to the Commission.

25.1.2 Functions of the Commission

The main functions of the Commission are to:

- perform the cultural functions of the former National Cultural Committee and in this connection, to assist and facilitate, preserve, protect, develop and promote the traditional cultures of the indigenous people of PNG;
- encourage the development, promotion and protection of the contemporary cultures of PNG;
- facilitate the marketing of selected and approved aspects of the cultures of PNG;
- co-ordinate with related Government and Non-Government agencies on cultural matters;
- co-ordinate cultural activities with provincial cultural bodies;
- liaise with Non-Government organisations on cultural matters; and
- liaise with international cultural organisations.

25.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Commission for the year ended 31 December 2023 has been completed and the results were being evaluated.

The Commission has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

26. NATIONAL ECONOMIC AND FISCAL COMMISSION

26.1 INTRODUCTION

26.1.1 Legislation

The National Economic and Fiscal Commission was established in April 1996 under the *National Economic and Fiscal Commission Act 1996* and *Section 117* of the *Organic Law on Provincial and Local-level Governments*.

26.1.2 Functions of the Commission

The main functions of the Commission are to:

- provide assessment and views on national macro and micro economic issues and their relevance on the overall development of rural and urban communities;
- consider and co-ordinate requests by Provincial Governments and Local-level Governments for foreign grants, loans and other financial assistance for development purposes;
- ensure that Provincial Governments and Local-level Governments obtain a fair share of the national wealth and make recommendations to the NEC on the allocation of grants to Provincial Governments and Local-level Governments;
- recommend suitable economic development strategies and sound fiscal management policies to the Minister responsible for financial matters;
- carry out cost and benefit analysis on the development of all natural resources and the impact of such development on national development and make such analysis available to the NEC;
- review public accounting and related practices;
- make yearly reports and recommendations to the NEC through the Minister responsible for financial matters;
- assist the Provincial and Local-level Service Monitoring Authority with assessments and views on the planning and implementation systems of the Provincial Governments and Local-level Governments;
- establish and maintain a gradation system for the purpose of classifying provinces and districts according to the stages of development of each;
- assist the Provincial and Local-level Service Monitoring Authority in carrying out its other functions; and
- provide advice to the Minister responsible for Provincial Government and Local-level Government (now Inter Government Relations) matters as and when required.

26.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Commission for the years ended 31 December 2019, 2020 and 2021 was substantially completed and the results were being evaluated.

The Commission has submitted its financial statements for the years ended 31 December 2022 and 2023 and arrangements were being made to commence the audits shortly.

The Commission has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

27. NATIONAL ENERGY AUTHORITY

27.1 INTRODUCTION

27.1.1 Legislation

The National Energy Authority was established under the *National Energy Authority Act 2021 (as amended)*. The Authority became operational on 1 July 2021.

27.1.2 Functions of the Authority

The functions of the Authority are to:

- perform energy industry regulatory functions including recommending electricity and energy regulations, codes and guidelines;
- review the National Energy Policy 2017 - 2027 as and when required and formulate specific policies for various renewable and non-renewable energy sources;
- prepare implementation plans for the National Energy Policy 2017 - 2027 and specific plans for various renewable and non-renewable sources approved by the Government;
- develop programs for the implementation of specific policies and plans including the National Electrification Roll-Out Plan;
- recruit staff for technical and operational functions of the Authority;
- to develop and maintain a viable workforce of professional and technical personnel qualified and competent to discharge the functions and duties required of the Authority;
- prepare annual budgets and audits for the Board's approval;
- co-ordinate with provincial and local-level governments and district development authorities and other statutory authorities and private sector agencies to foster, manage and monitor energy resource development strategies and programs within the country;
- perform such other functions and duties as may be conferred on it by the *National Energy Authority Act* or any other law;
- establish and manage an Electricity Trust Fund for the National Electrification Roll-Out Plan;
- develop and implement community service obligations programs in collaboration with Government and Non-Government Organisations; and
- review Papua New Guinea's energy needs every five years.

27.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

27.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the Authority's financial statements for the years ended 31 December 2021 and 2022 were issued on 17 September 2024 and 5 November 2024 respectively. The 2021 report contained an Unqualified Opinion while the 2022 report contained a Qualified Opinion, hence only 2022 report is reproduced:

“QUALIFIED OPINION

In my opinion except for the effects of the matter referred to in the basis for Qualified Opinion paragraph below:

- (a) The financial statements of National Energy Authority for the year ended 31 December 2022:
 - (i) give a true and fair view of the financial position and the results of its financial performance and cash flows for the year ended on that date; and
 - (ii) the financial statements have been presented in accordance with the *International Financial Reporting Framework* and generally accepted accounting practice and statutory requirements adopted in Papua New Guinea.
- (b) Proper accounting records have been kept by the Authority, as far as appears from my examination of those records; and
- (c) I have obtained all the information and explanations required.

BASIS FOR QUALIFIED OPINION

Limitation of Scope – Acting Managing Director's Salary and Allowances

During my audit, I noted that the acting Managing Director's salary and allowances were paid externally through the Alesco Payroll on behalf of the Authority. However, Alesco Payroll Reports were not provided to enable me to confirm the total salary and allowances paid to the acting Managing Director, nor was the total value of salary and allowances paid to the acting Managing Director in 2022 reflected in the financial statements. As a result, the revenue and expense balances in the statement of income and expenses in 2022 were understated.”

27.2.2 Audit Observations Reported to the Ministers

My reports to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Authority for the years ended 31 December 2021 and 2022 were issued on 17 September 2024 and 5 November 2024 respectively. The reports contained similar observations, hence, only the 2022 report is reproduced:

Control Environment - Policies and Procedures

I noted during the year of audit (2024) that a number of Policies and Procedural Manuals are in draft and not yet approved by Board for use by management and staff. I brought this matter to the attention of the management and emphasized that documented policies and procedures are vital for maintaining an effective internal control environment as they outline the key business processes, authorization requirements and ensures the consistent uniform application of processes across all levels of management of an organization.

I recommended the management to ensure that draft policies and procedural manuals are given priority for approval and endorsement and made available for use as soon as practicable.

Management acknowledged my recommendation and advised that due to limited finance and capacity in 2021 and 2022, NEA Management was not able to complete drafting these internal operational policies and procedures. As at the time of my report, there has been considerable progress noted in obtaining the respective policies and procedural manuals to the approval and implementation stages.

General Journals

As reported in my 2021 audit again I noted during my 2022 audit that the manual journals prepared were not being reviewed and signed off by the Finance Manager to validate and confirm the accuracy of data before entering into the respective manual ledger accounts. Again, I reminded management that the key controls to detect fraud and errors in the financial reporting system are the segregation of duties and independent reviews of journals before posting data into the respective ledger accounts. The absence of such controls poses risk that the general ledger and the resulting financial reports produced may contain incorrect and materially misstated balances.

I recommended to management that all journals should be reviewed and approved by the finance manager before posting data into the respective manual ledger accounts.

Management concurred with my finding and recommendation and further explained that the year 2022 was part of the transition period for NEA. The finance, operations, systems and processes were not fully established. The finance manual was not yet produced and approved by the Board. Therefore, the delegation of responsibilities was not fully assigned to respective staff in the finance division.

The finance manual will be launched in 2024 with all finance and accounting responsibilities allocated to staff and hence; all month end or year-end journal entries will be reviewed and signed off by the finance manager.

Accounting System

My review of the accounting system revealed that the Authority did not have a proper accounting system in place to keep proper record of transactions and generate management and statutory reports on a timely basis. The accounts were maintained manually using the excel spread sheets. During the course of my audit, I was informed that the Authority is expected to use the Attaché accounting software in the future.

I cautioned the management on the implication of not having in place a proper accounting system and further recommended that the Attaché system be employed as soon as practicable. Staff of the Authority should also to be properly trained to use the system effectively.

Management in its responses stated as follows:

“In 2021, there was no capacity and finance to install the Attaché Accounting System. However, in 2022 the Attaché license was purchased, and the chart of accounts and ledgers were set up. Training of finance staff was undertaken in 2023. The Attaché accounting system will be fully installed and operational in mid-2024.”

Fixed Assets Register (FAR)

The Fixed Assets Register is the main control mechanism that captures and shows the value and the ownership of the assets of an organization. My review of the Fixed Assets Register and related records of the Authority revealed the following:

- All assets captured in the Authority’s FAR were not tagged with customized NEA codes to enable my audit to easily locate and verify the existence of the assets. I noted at the time of audit that the ICT is in the process of updating assets of the Authority with NEA customized coding;
- The FAR did not identify the location (division/section) of individual assets as well as the responsible custodian (if any) for ease of trail;
- For assets purchased in bulk, I noted instances where their aggregate values were taken up in the register and depreciation applied on the aggregate balances instead of recording and depreciating the asset on an individual item basis; and
- The ICT keeps an assets management system (inventory) of assets. The Fixed Assets officer keeps the fixed assets register (in excel format) which is in the format required for audit and the Internal Audit maintains an asset listing for individual asset purchases. The listing maintained by Internal Audit was the accurate listing but lacked information on depreciation and written down value balances for audit to verify to the financial statements.

I reminded the Authority that without maintaining a complete and accurate FAR, assets may not be correctly identified, accurately valued and fairly reported.

Incorrect Tax Administration

My review of salaries and allowances revealed that senior officers who were provided with motor vehicles were not taxed according to the prescribed rates. Hence; prescribed amounts for tax purposes have not been included in the fortnightly pay calculations in 2022 for assessment of income tax. The appropriate values for officers who are provided motor vehicles with fuel and without fuel in lieu of motor vehicle allowances paid are K125 and K95 respectively as stipulated under salaries and wages tax table effective 1 January 2019.

I recommended management to review the payroll records to ensure prescribed taxable amounts are included in the fortnightly tax calculations for those staff that are provided with motor vehicles with fuel to avoid penalties imposed by IRC.

Management acknowledged my recommendations and advised that this will be updated and built into the Attaché' Payroll System.

Non-maintenance of a Travel Acquittal Register and Incorrect Travel Allowances Calculations

During my review of travel-related expenditures of the Authority, I noted that the Authority did not maintain a Travel Acquittals Register in 2022 to register and keep track of all related travels taken by the Authority and their subsequent acquittals in line with the requirements of *Financial Management Manual Part 20 paragraph 12.2*. Also, from my sample of payments tested, a total of K330,000 paid to a travel agent to facilitate travels on behalf of the Authority could not be substantiated to the related acquittals to validate the occurrence of travels taken by staff of the Authority. Further, the Authority did not use the DPM Circular Instruction 1/2013 as the basis for calculation of overseas travel allowances; instead used a flat rate of US\$201 for all overseas travels. As per the DPM circular the rates to be applied for overseas travel allowances is dependent on the country of travel and not a flat rate of US\$201.

I drew management's attention on these deficiencies and management agreed to implement my recommendations.

Board Expenses

According to *Section 17(1) of the National Energy Authority Act 2021* and in line with the *Boards (Fees and Allowances) Act 1955*, ex-officio members of the Board who are the employees of the Authority and officers of the National Public Service are not entitled to sitting allowances. During my audit, I noted that the Authority in 2022 paid a total of K25,000 for sitting allowances and K20,000 as incentives to the ex-officio members of the Board without adhering to the applicable laws that govern the Authority.

In addition, I noted instances totaling K35,000 where the Chairman and the Deputy Chairman were paid incentives and sitting allowances that did not comply with the prescribed and approved rates for sitting allowances and board fees. Also, in line with the ministerial determination in respect of board fees and allowances subject to Salaries Conditions and Monitoring Committee (SCMC), I could not confirm if the Chairman is entitled to an official vehicle currently provided to him by the Authority.

I brought these to the attention of the management and recommended the Authority to cease the practice of paying sitting allowances as well as incentives to ex-officio members of the Board. I also advised that all allowances paid to the Board Members should be in line with the relevant acts that govern the operations of the Authority as a statutory entity. I further sought clarity on the basis of allocating an official vehicle to the Chairman of the Board.

Management subsequently responded as follows:

“We sought legal advice and we ceased immediately from paying sitting allowances for Ex-Officio members in the same fiscal year.

The official vehicle was allocated to the Chairman of the Board because the chairman comes to work daily. Chairman pioneered the establishment of the National Energy Authority. Therefore, he continues to work closely with the management during this transitional period from 2021 to 2024.”

Ministerial Support Expenses

My examination and analysis into the ministerial support expenses paid by the Authority in 2022 revealed the following observations:

- A total of K109,414 paid to a travel agency to cater for the minister’s travel related expenditures were not backed by supporting acquittals like the itinerary or boarding passes to confirm the occurrence, and validity of the payments made;
- A total of K237,925 that were paid to four (4) hire car service providers had insufficient documentations to verify the purpose of the vehicles hired. Further, one of these payments inspected had the invoice incorrectly calculated resulting in an over payment of K3,000;
- No supporting documentations were sighted for a cash cheque (Chq#41) payment of K30,420 for logistical support to the ministerial team accompanying the Prime Minister to Okapa;
- An amount of K24,000 (Chq#103) paid to a service station for fuel for the minister in Eastern Highlands Province could not be reliably justified in the absence of sufficient and appropriate documentations; and
- Payments totaling K44,854 paid for medical evacuation and related expenses of the minister’s son from Goroka to Port Moresby are deemed personal expenses.

Without proper acquittals and supporting documentations, I was not able to gain comfort on the validity of these payments. I further cautioned the Authority that expending public funds on expenses that are perceived to be outside of achieving the objectives of the Authority are deemed as misappropriation of public funds and not in line with the requirements of the *Public Finances (Management) Act 1995 (as amended)*.

Vehicle Hire Expenses

The following observations were noted during my inspection into the related accounts and records of the Authority's vehicle hire expenses in 2022:

- Review done on the proposed internal budget set by the Authority revealed that vehicle hire (other than duty travels hire) was an unbudgeted item but incurred expenditures totaling K1,291,522 within Port Moresby. In my view, if a proper cost versus benefit analysis had been done by management, it would have been economical and cost saving to have purchased a number of vehicles with the amount expended for hire;
- A total of K250,860 worth of payment vouchers inspected revealed that these payments were made for vehicle hire without proper documented justifications. Of these payments, a total of K81,995 were made to four (4) different service providers for hiring four (4) motor vehicles all requested by the Office of the Acting Managing Director for the month of December. There were no internal memos/minutes justifying the purpose of the hire cars including who the vehicles were hired for. As a result, I was not able to determine the reasonableness and occurrence of these payments;
- An instance where a total of K128,700 (Chq#71) was paid to a hire car company with the initial agreement to have the vehicle hired from February to August at a rate of K650/day. However, the Authority was invoiced (Inv#00113) K800/day, an extra K150 charged and in addition, the hire was extended for another month without proper documented basis; and
- IPA Entity search into two hire car suppliers who were paid a total of K80,115 from my samples selected for testing revealed that the respective entities' business activities were for construction and hotels and restaurants services respectively; however, they were providing hire car services to the Authority, which raises doubt on the legitimacy and authenticity of these payments.

As a result of the above observations, I was unable to comment on the design and implementation of the internal controls surrounding the administration of vehicle hire expenses nor ascertain the reasonableness and validity of these payments.

I drew management's attention on these issues and provided appropriate recommendations accordingly. Management acknowledged my observations and advised to comply with my recommendations going forward.

Performance Bonus and Compensation Expense

A total of K149,666, was paid as bonuses to officers of the Authority in 2022. I was not able to ascertain the basis and further comment on the appropriateness of the bonus payments in the absence of approved policies in line with the terms and conditions as set by Salaries and Condition Monitoring Commission (SCMC) or the Department of Personnel Management. I reminded the Authority that staff of the Authority are employed by the Authority as determined by their respective job descriptions and employment conditions. Such payments are deemed improper and could be perceived as abuse of public funds.

Management acknowledged my observation and advised that this was a one-off incentive for milestone achievement.

Weaknesses in the Procurement Process

During my review of the procurement process of the Authority in 2022 I noted:

- Instances of payment vouchers totaling K580,186 that were inspected were not backed with sufficient supporting documentations such as internal memos/minutes justifying the basis of payments, invoices/receipts to confirm the validity and occurrence of the payments as well as delivery dockets/consignments to confirm if the actual goods purchased had been delivered to the Authority;
- Instances of non-compliance with the GoPNG procurement process where payments totaling K938,394 were made on the basis of one written quote rather than three quotes for expenditures exceeding K5,000 which contravene *Finance Instructions 2/2013*. I further noted that in the absence of three (3) written quotations, there was no documented justification for choosing one particular supplier of goods/ services as required by the *Financial Management Manual, Part 12, Div. 3 Para 9*;
- Instances where payment vouchers totaling K1,684,499 that were inspected were partially signed off by the accountable personnel signifying lack of segregation of duties in the procurement process as well as increasing the risk of errors on payments and/or possible fraudulent transactions. I also noted that the section on the payment vouchers for payment details was not filled out to guide the accounts team for ease of identification and posting of transactions into their respective ledger accounts;
- A payment worth K18,169.80 was made for repairs and maintenance of a motor vehicle bearing the registration number ZGT 060. However, confirmation to the Authority's assets registry revealed that this vehicle is not under the custody of the Authority; and

- A payment worth K14,311 was made for service of a private vehicle for a senior manager of the Authority. Confirmation to the payroll report revealed that the officer was receiving vehicle allowance at the time of request and as such, this payment could be perceived as double dipping in terms of benefits derived by staff of the Authority.

I cautioned the management that the lack of proper record keeping and the non-adherence to standard procedures and processes including lack of segregation of duties are indicators of an ineffective internal control system at the procurement process level and provided appropriate recommendations accordingly.

27.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Authority for the year ended 31 December 2023 has been completed and awaiting management letter responses to finalize and issue the audit reports.

The Authority has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

28. NATIONAL FISHERIES AUTHORITY

28.1 INTRODUCTION

28.1.1 Legislation

The National Fisheries Authority was established under the *Fisheries Management Act 1998*. This Act came into operation on 11 February 1999 and replaced the *Fisheries Act 1994*. Under this Act, all assets including monies held in trust accounts which were held or occupied by the National Fisheries Authority established under the *Fisheries Act 1994* were transferred to and became assets of the Authority.

28.1.2 Functions and Powers of the Authority

- The primary functions and powers of the Authority are described as follows:
 - manage the fisheries within the fisheries waters in accordance with this Act, taking into account the international obligations of PNG in relation to tuna and other highly migratory fish stocks;
 - make recommendations to the Board on the granting of licences and implement any licensing scheme in accordance with this Act;
 - liaise with other agencies and persons, including regional and international organisations and consultants, whether local or foreign, on matters concerning fisheries;
 - operate research facilities aimed at the assessment of fish stocks and their commercial potential for marketing;
 - subject to the *Food Sanitation Act*, the *Commerce (Trade Descriptions) Act*, the *Customs Act*, the *Customs Tariff Act* and the *Exports (Control and Valuation) Act* control and regulate the storing, processing and export of fish and fish products;
 - appraise, develop, implement and manage projects, including trial fishing projects;
 - prepare and implement appropriate public investment programmes;
 - collect data relevant to aquatic resources;
 - act on behalf of the Government in relation to any domestic or international agreement relating to fishing or related activities or other related matters to which the Independent State of PNG is or may become a party;
 - make recommendations on policy regarding fishing and related activities;
 - establish any procedures necessary for the implementation of this Act, including tender procedures;
 - implement any monitoring, control, and surveillance scheme, including co-operation, agreements or arrangements with other States or relevant international, regional or sub-regional organisations, in accordance with this Act; and

- the Authority has, in addition to the powers otherwise conferred on it by this Act and any other law, full powers to do all things that are necessary or convenient to be done for or in connection with the performance of its functions and the achievement of its objectives.

28.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

28.2.1 Comments on Financial Statements

My reports to the Ministers under *Section 8(4)* of the *Audit Act* on the Authority's financial statements for the years ended 31 December 2021 and 2022 were issued on 30 September 2024. The reports contained similar Disclaimer of Opinions, hence only 2022 report is reproduced.

“DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I am unable to and do not express an opinion on the financial statements of the National Fisheries Authority for the year ended 31 December 2022.

BASIS FOR DISCLAIMER OF OPINION

Opening Balances and Impact on Current Year Financial Performance

My report on the financial statements of the Authority for the year ended 31 December 2021 was a disclaimer of opinion in respect to contributed capital, revenue, journal entries, rebates, expenditure, trade and other receivables, property, plant and equipment, trade and other payables, deferred income liabilities, employee entitlements, International Financial Reporting Standards and dividends. There were no satisfactory audit procedures that I could otherwise perform to obtain reasonable assurance as to the correctness of the opening balances as at 1 January 2022. Since opening balances entered into the determination of the financial performance and cash flows for the year ended 31 December 2022, I was unable to determine whether any adjustments that were found to be necessary on such opening balances would have a consequential effect on the results and cash flows reported for the year.

Contributed Capital – K19,139,858

As noted in my prior years' audits, contributed capital of K19,139,858 was disclosed in the statement of changes in equity for the year ended 31 December 2022. This amount originated as a loan from the State in 2003, forgiven in 2006 and, subsequently has been reported as contributed capital since then. However, the Authority had not provided any documentation to support the loan being converted to equity.

In addition, the Authority's attempt to obtain supportive information from the relevant government departments to appropriately treat the contributed capital had not been made available. As a result, I was unable to obtain reasonable assurance over the contributed capital balance of K19,139,858 reported in the financial statements.

Revenue – K644,744,679

Total revenue from access agreements, sale of vessel days, domestic license, forfeiture and enforcement and student fees from National Fisheries College as at 31 December 2022 amounted to K644,744,679. I have not been able to obtain sufficient and appropriate audit evidence with regards to the completeness, occurrence, accuracy and cutoff of the revenue balance as at the balance date. As a result, I was unable to determine whether any material adjustments to the recorded revenue, the rebate, cash at bank and accounts receivable balances as at 31 December 2022 were required.

Journal Entries Testing

The Authority has not retained supporting documentation for journal entries. This resulted in a limitation on the scope of my audit procedures as I am required to assess the significant inherent risk of management override of controls through the recording of fraudulent journal entries. I was unable to determine whether any adjustments might have been necessary in respect of the profit reported for the year or to what extent, if any, there may have been fraud or errors as a result of the failure to maintain appropriate supporting documentation for journal entries.

Rebates – K119,113,217

Total rebates for the year ended 31 December 2022 amounted to K119,113,217 as disclosed in the statement of comprehensive income. However, I was not provided with sufficient and appropriate audit evidence to verify and confirm the accuracy and completeness of the rebate expenses for the year ended 31 December 2022. Consequently, I was unable to determine whether any adjustments might be necessary for the amount disclosed and the resultant profit reported in the Authority's statement of comprehensive income and statement of changes in equity.

Expenditure – K287,133,630

Notes 5, 6 and 8 to the financial statements discloses the operational expenses (K52,458,836), administrative expenses (K99,177,268) and public investment program expenses (K135,497,526) respectively totaling K287,133,630. However, I was unable to obtain sufficient and appropriate audit evidence with regards to the completeness, accuracy and occurrence of these expenses. Consequently, I was unable to determine whether any adjustments might be necessary to the recorded balances of the expenses disclosed in the Authority's statement of comprehensive income and the resultant profit for the year.

Retained Earnings – K100,865,950

Retained earnings include K100,865,950 of transactions in the current year which relate to adjustments pertaining to prior periods. Sufficient appropriate audit evidence was not provided to support the accounting for the transactions as adjustments to retained earnings. As a result, I was unable to determine whether any material adjustments might have been necessary in respect to the opening balances, balances recognized at 31 December 2022, the result for the year reported in the statement of comprehensive income, opening retained earnings and the elements making up the statement of financial position, statement of changes in equity and the statement of cash flows.

Trade and Other Receivables – K109,479,312

Trade and other receivables of K109,479,312 is disclosed in *Note 10* to the financial statements. I was not provided with sufficient and appropriate audit evidence to confirm and verify the existence, valuation, classification, accuracy, recoverability and cut-off of the trade and other receivables balance and related expected credit loss as recorded in the Authority's financial statements.

Property, Plant & Equipment – K211,375,870

The statement of financial position as at 31 December 2022 included property, plant and equipment valued at K211,375,870. However, I noted the following during my audit:

- There were no physical inspections or stock-take exercise carried out by the Authority every two (2) years as per assets policy to ascertain and confirm the existence and physical condition of the assets. Fixed assets could have gone missing or damaged and still be recorded in the Fixed Asset Register (FAR) as an existing asset instead of being disposed, devalued or written off;
- Assets with a finite lifespan were subjected to annual assessment for impairment indicators as required by *IAS 16 - Property, Plant & Equipment*. However, the Authority has not carried out any impairment assessments;
- The last independent valuation was carried out in 2013. Given the intervening period to 31 December 2022, I was unable to determine whether there has been a material change in the fair value of the land and buildings;
- Land properties recorded in the FAR did not have details of the relevant title documents issued by the Department of Lands & Physical Planning as proof of ownership; and
- Included in the property plant and equipment is the Capital works in progress balance of K59,371,590. I was unable to obtain sufficient appropriate audit evidence to ascertain that these costs were related to ongoing projects at year end.

Consequently, I was unable to obtain reasonable assurance over the completeness, accuracy, ownership and existence of the property, plant and equipment balance of K211,375,870 recorded in the statements of financial position.

Trade and Other Payables – K39,190,285

Trade and other payables of K39,190,285 was disclosed in *Note 12* to the financial statements. Sufficient and appropriate audit evidence was not provided to substantiate the existence, completeness and accuracy of these balances. As a result, I was unable to determine whether any material adjustments to the recorded liability balances at 31 December 2022, the expenses and the resulting comprehensive income for the year in the financial statements were required.

Deferred Income Liability – K151,742,178

The deferred income liability at 31 December 2022 amounted to K151,742,178. I was unable to obtain sufficient and appropriate audit evidence with regards to the existence, completeness and accuracy of these balances recorded in the Authority's financial statements at 31 December 2022.

Employee Entitlements – K10,248,070

Note 14 to the financial statements disclosed employee entitlement balances of K10,248,070. However, sufficient and appropriate audit evidence was not provided to substantiate the existence, completeness and accuracy of these balances. As a result, I was unable to determine whether any material adjustments to the recorded liability balances at 31 December 2022 and the resulting comprehensive income for the year in the financial statements were required.

International Financial Reporting Standards (IFRS) 16

As at 31 December 2022, the Authority did not carry out any assessment as required by *IFRS 16*. As a result, I was unable to determine whether any material adjustments might have been necessary in respect of the balances recognized at 31 December 2022, the result for the year reported in the statement of comprehensive income and the elements making up the statement of financial position, statement of changes in equity and the statement of cash flows in the Authority's financial statements.

Dividend

Total dividends paid between the 2017 and 2020 financial years amounted to K1.2 billion. Sufficient and appropriate audit evidence was not provided to substantiate the existence, completeness and accuracy of these balances. As a result, I was unable to determine whether any material adjustments to the balances at 31 December 2022 in the Authority's financial statements were required.”

28.2.2 Audit Observations Reported to the Minister

My reports to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Authority for the years ended 31 December 2021 and 2022 were issued on 30 September 2024. The reports contained similar observations, hence only 2022 report is reproduced.

Non-Compliance with the *Public Finances (Management) Act, 1995 (as amended)*

The *Public Finances (Management) Act 1995 (as amended) Section 63(1)* and *63(3)* requires the Authority to furnish to the Finance Departmental Head (FDH) before 30 April each year, a performance and management report of its operations for the year ending 31 December preceding, together with financial statements. Before furnishing financial statements to the FDH, the Authority shall submit them to the Auditor-General who shall report to the Minister. However, the Authority did not prepare and submit the financial statements for the year ended 31 December 2022 to my Office on time for me to complete the audit on or before 30 April 2023. Accordingly, the Authority has breached *Section 63(1)* and *63(3)* of the *Public Finances (Management) Act 1995 (as amended)*.

Accounts Reconciliations

During my audit, I noted that key account reconciliations were not performed on a timely basis. These reconciliations in some cases did not have supporting documentations. Delays in the reconciliation process may result in errors, misstatements and fraudulent activities remaining undetected.

I recommended management to ensure monthly reconciliations are performed in a timely manner with all reconciling items investigated and addressed as part of the reconciliation process. Additionally, supporting schedules for the balances should be critically reviewed and historical reconciling and clearing items resolved on time.

Retention of Supporting Documentation

The Authority has not retained supporting documents such as supplier invoices and other payment supporting information, journal entries supporting documentation and revenue agreements. Retention of supporting documentation provides an audit trail for transactions including evidence of relevant approvals and considerations. Maintaining complete and accurate underlying records is also important in the event of managing potential disputes or claims in favor or against the Authority.

I recommended management to retain all supporting documentation for all transactions in a manner which is readily accessed and filed on a timely basis.

Management responded to my observation as follows:

“Management in 2023 has embarked on an ICT transformation agenda with one of the key priorities was to ensure all hardcopy documents are scanned and achieved; thus creating softcopy filing system. We are confident that through this process and going forward that missing documents will become a thing of the past.”

Property, Plant and Equipment

My review of the internal controls surrounding the property, plant and equipment revealed the following weaknesses:

- There was no physical verification of assets carried out although there is a policy in place by the Authority for assets to be physically checked every two years to confirm existence and to monitor the physical condition of assets;
- Fully depreciated assets to the value of K33.9 million were still reported in Fixed Assets Register (FAR). Management confirmed most of these items were due for disposal, damaged and obsolete thus, not in service and have no capacity to generate income to the Authority;
- The Authority’s FAR was maintained on a manual spreadsheet in excel which may subject to errors and generally lack robust security which makes it vulnerable to unauthorized access and changes;
- Reconciliations between FAR and general ledger (GL) were lacking, resulting in a variance of K9 million; and
- Property valuation exercise not undertaken on land and buildings which are carried at fair Value as required by *International Accounting Standards (IAS) 16*. Paragraph 31 requires that revaluations should be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date. I noted that the last independent revaluation of the Authority’s land and buildings was performed in 2013.

Consequently, I was unable to comment on whether internal controls surrounding the management of property, plant and equipment are working effectively.

No Standing Policy on Project Management

I noted that the Authority did not have a policy on project management which could lead to inconsistencies in project management and accounting and also misappropriation of project funds due to communication gaps between the project management team and finance team.

In addition, detailed projects monitoring and status reports against budget by individual Public Investment Program (PIP) projects were not provided. Lack of formal regular reporting and analysis of project spending may result in increased risks that the objectives of projects may not be met and erroneous or fraudulent transactions may not be identified.

I recommended management that formal regular reporting should be submitted to the board which should outline the status and outcome of projects, the nature of spending since last reporting and analysis against budget.

Management responded to my observations as follows:

“Under the new management and through the leadership of our new Managing Director, governance framework is now of paramount importance. Hence, early 2023 the organization management team did a week workshop in reviewing the current policies and procedures. It is in the same vein that all technical accounting policies and procedures will be subject to review and update to meet current work environment and accounting standards.”

Capital Work in Progress (CWIP)

Lack of supporting documents and effective monitoring of project status. CWIP is not properly monitored to enable timely identification of completed projects which are due for transfer to the Fixed Assets Register or any long outstanding projects which could potentially be due for impairment/write-off.

I recommended management and internal audit to set up and implement clear policies and procedures covering the:

- Monitoring of ongoing projects;
- Filing appropriate documents supporting the project costs;
- Monthly review of project status (i.e. determine completed projects due for capitalization);
- Review and approval of CWIP capitalization to FAR (considering capitalization criteria per IAS 16); and
- Preparation of monthly balance sheet reconciliations for CWIP account balances.

Staff Debtors

Trial balance has two hundred and fifty plus (250+) general ledger (GL) description using staff debtor names. As at 31 December 2022, the trial balance of the Authority uses staff debtor names as the general ledger codes for the individual staff loans.

In addition, long outstanding balances due from employees who are no longer employed by the Authority continue to remain in the general ledger. These balances were not effectively written off nor provided for in the books. Furthermore, I noted the lack of provisioning methodology that should be applied to long outstanding staff debtor balances.

I recommended management to:

- Remove the GL codes of staff debtor names in the trial balance and instead create a primary GL code using the description 'Staff Debtors'. A subsidiary ledger (SL) should then be prepared to show the details of the staff debtor balances per employee names. The SL should report the movement of each staff debtor in any given period (i.e. additional advances, payments);
- Establish detailed guidelines on staff advances which should cover at the minimum eligibility for staff advances, payment terms and policies during termination or resignation of employees; and
- Establish provisioning policy on aged staff debtor balances.

Management responded to my observations as follows:

“Management acknowledged this control findings including the recommendation. Work on reviewing the detailed Trial Balance and ensuring that the GL reconciliations are properly prepared with the correct supporting documents has been taken seriously by Management and Finance team has embarked on making sure that the 2023 financial year and beyond we'll start to see the improvements.”

Lodgments and Payments of Goods and Services Tax (GST) and Salaries and Wages Tax (SWT)

My review of GST and SWT returns identified delays in lodgment and payments of both returns. Salary and wages tax returns for the month of December 2022 was paid on staggered dates from January to March 2023 which attracted penalty charges.

I advised management to strictly lodge GST and SWT returns every 21st and 7th of the following month respectively, by assigning dedicated personnel to monitor the Authority's compliance to all IRC requirements.

Revenue and Deferred Income

My review of the controls around revenue revealed access and license fees are invoiced in lump sums on a quarterly basis. Amounts are billed in advance and initially recognized as deferred income until the access rights have been utilized or consumed by the fishing entity at which time, the component earned is then transferred to revenue.

However, I noted that:

- Access agreements for certain domestic fishing companies were not provided by the Authority. I was advised that in certain instances a written agreement was not available as there had been ongoing negotiations among domestic fishing companies and the Authority; and
- The Authority does not maintain the amortization schedule on deferred income to recognize the revenue realized and unrealized from the contracts.

Consequently, I was unable to comment whether internal controls around the management of access agreements and the recognition of deferred income were working effectively.

I recommended management to:

- Obtain executed contracts supporting revenue transactions with the respective fishing entities;
- Prepare a monthly reconciliation of deferred income showing amounts billed in advance to each fishing entity and the amounts utilized (recognized as revenue) during the period; and
- Ensure that the monthly reconciliation report is appropriately reviewed and approved by the financial controller or equivalent.

Management responded to my observations as follows:

“Management in 2023 has embarked on an ICT Transformation agenda with one of the key priorities was to ensure all hardcopy documents are scanned and achieved; thus, creating softcopy filing system. We are confident that through this process and going forward that missing documents will become a thing of the past.”

Employee Provisions

Annual and long service leave calculations were not updated at year end to reflect current payroll information. Supporting documentation was also not available for the probability rate assumptions incorporated in the long service leave (LSL) computation.

I recommended to management that:

- Leave provision calculations are updated on a monthly basis and reconciled to the general ledger;

- Calculations and reconciliations must be reviewed by appropriate personnel; and
- Supporting documentation for assumptions is updated and retained with the calculations.

Management responded to my observations as follows:

“Management acknowledged this control findings including the recommendation. Work on reviewing the detailed Trial Balance and ensuring that the GL reconciliations are properly prepared with the correct supporting documents has been taken seriously by Management and Finance team has embarked on making sure that the 2023 financial year and beyond we'll start to see the improvements.”

Trade Receivables

My review of the internal controls for trade receivables revealed the following discrepancies:

- Trade receivables reconciliation report showed a variance between subsidiary ledger and general ledger balances as at 31 December, 2022;
- There were delays in clearing account receivable balances and suspense clearing account. The delay in turn results in a delay in processing of the receipt by the finance team; and
- The Authority has not completed a periodic assessment on the recoverability of the outstanding debtors at 31 December 2022 as required by the accounting standards.

I recommended the management to:

- Implement the review and approval process for the monthly reconciliation of trade receivables subsidiary and general ledger balances and variance identified during the reconciliation exercise should be investigated and resolved in a timely manner;
- Periodically review suspense clearing account balances and effectively allocate customer collections to specific invoices. As a best practice, clearing account should be reported at nil at month end; and
- Establish a policy that should outline the methodology used in calculating expected credit losses. This may include factors such as historical loss experience, forward-looking information and management judgement on specific risk characteristics including specific provisioning on certain debtors.

Leases under IFRS 16

My review of the leases revealed several weaknesses as noted below:

- There was no lease register in 2022. Additionally, I noted several lease agreements that were not fully executed i.e. missing signatures either from the Authority or the counterparty which may render these agreements unenforceable and not legally binding;
- The Authority was renting more than 20 properties from several parties as at 31 December 2022. However, the *IFRS 16* impact was not calculated on these leases as the relevant terms and conditions covering the leases cannot be established due to the absence of updated copies of fully executed contracts; and
- Leases and right of use of assets not recognized for State land leases. State land leases usually form part of the lease and right of use of asset balances calculated in accordance with *IFRS 16* in which the Authority need to incorporate in future calculations of state land leases.

I recommended management to improve on the above weaknesses.

Information Technology General Controls (ITGC)

My review of the ITGC revealed that there were no IT policies, processes and security reviews (including cybersecurity) in place by the Authority. This could result in inconsistent application of IT policies and procedures which could lead to potential risk to the Authority's IT environment and the risks may not be identified and mitigated on a timely basis.

I advised management to establish IT policies and procedures around the Authority's IT environment.

Internal Audit

The internal audit has not carried formal internal controls reviews throughout the year under review. As a result, deficiencies in both design and implementation of controls were not identified in a timely manner. Consequently, this could lead to increased risk of erroneous or fraudulent activities to take place without being detected.

I recommended management to:

- a) Design an internal audit plan that will incorporate a review of relevant internal control processes;
- b) Submit the plan to audit committee or the board for review and approval;
- c) The internal audit function provides updates against the plan on a regular basis; and
- d) All internal audit reports must be provided to audit committee or the board for review and consideration.

Fraud Risk Register and Reporting

A fraud risk register or report was not maintained for the year under review. Maintaining a fraud risk register and reporting framework allows the Authority to monitor fraud related matters and outcomes. The lack of register and reporting increases risk that corrective action is not taken in a timely manner.

I recommend management to develop a formal fraud risk register and reporting framework.

Management responded to my observation as follows:

“Under the new management and through the leadership of our new Managing Director, governance framework is now of paramount importance. Hence, early 2023 the organization management team did a week workshop in reviewing the current policies and procedures. It is in the same vein that all technical accounting policies and procedures will be subject to review and update to meet current work environment and accounting standards.”

Related Party Transactions

During the year under review, I was not able to identify formal policies and procedures that were adopted to identify, approve and monitor the transactions with related parties including directors, key management personnel and their related entities. Further, there was no separate monitoring and reporting to the board on the transactions with related parties.

I recommended management to establish a related party transactions policy that will incorporate declarations of interests, approval requirements for related party transactions and capturing and reporting related party transactions to enable monitoring by the Board.

Master Data Changes

I noted that there was no formal policy or process in place to review changes to master data where there is a change to vendor and payroll information. As a result, unauthorized master data changes may remain undetected. Whilst there may be processes in place to approve changes to master data, their change logs should be reviewed and approved by independent person on a regular basis.

Directors Listing

The Authority did not maintain an updated and historical summary of directors' information. Accordingly, the listing shown as part of the directors' report may not accurately report the actual directors' during the financial year and at the date of signing the annual report.

To ensure that the directors listing is always accurate and current, the Authority should implement the following:

- a) Conduct a comprehensive check of the director's information to identify and correct any discrepancies;
- b) Update the listing of all official documents, internal records and company website;
- c) Implement a systematic review process to maintain the accuracy of the listing;
- d) Assign responsibility for these reviews to a specific department or individual, such as the corporate secretary or a compliance officer;
- e) Create a protocol for promptly updating the directors listing following any changes, such as new appointments, resignations or changes in roles; and
- f) Ensure that changes are communicated to relevant internal departments and updated across all reporting including regulatory filings, internal systems and disclosures.

Management acknowledged this control findings and are currently working on updating the directors' information to ensure an updated and accurate Register.

28.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Authority for the year ended 31 December 2023 was in progress.

The Authority has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

28A. FISHERIES CAPITAL LIMITED **(A Subsidiary of National Fisheries Authority)**

28A.1 INTRODUCTION

Fisheries Capital Limited is wholly (100%) owned by the National Fisheries Authority. It was incorporated on 8 June 2021 as a commercial entity under the *Companies Act*.

28A.1.1 FUNCTIONS OF THE COMPANY

The Company was established with the primary objective of supporting the National Fisheries Authority (NFA) in the implementation of its Fisheries Strategic Development Plan. A key focus of the Company's operations is to foster and encourage greater involvement and investment from local stakeholders within the fisheries sector. This entails promoting local participation in all aspects of the industry, from fishing and processing to distribution and export, and cultivating a sense of ownership among local communities to ensure long-term sustainability and economic benefits.

28A.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the years ended 31 December 2022, 2023 and 2024 were in progress.

29. NATIONAL GAMING CONTROL BOARD AND ITS SUBSIDIARY

29.1 INTRODUCTION

29.1.1 Legislation

The National Gaming Control Board (NGCB) was established under the *Gaming Control Act 2007*. The Act came into operation on 1 May 2007. The objective of the Act is to provide for the control of all forms of gaming; including lotteries, games and wagers, gaming machines and casinos and for their operations, and for related purposes. This Act has repealed the *Gaming Machine Act 1993*.

29.1.2 Functions of the Board

The principal functions of the Board are to:

- promote probity and integrity in gaming;
- maintain the probity and integrity of persons engaged in gaming in the country;
- promote fairness, integrity and efficiency in the operations of persons engaged in gaming in the country;
- reduce any adverse social impact of gaming;
- promote a balanced contribution by the gaming industry to general community benefit and amenity; and
- consider applications for and where appropriate grant permits and licenses under this Act and to control the operations of gaming machines as specified in this Act.

29.1.3 Fund Trust of the Board

National Gaming Control Board Community Benefit Fund Trust is the Fund of the Board. Comments in relation to the Fund are contained in paragraph 29A of this Report.

29.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Board for the year ended 31 December 2018 was in progress.

The Board has submitted its financial statements for the years ended 31 December 2019, 2020, 2021, 2022 and 2023 for my inspection and audit and arrangements were being made to commence these audits shortly.

The Board has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

29A. NATIONAL GAMING CONTROL BOARD COMMUNITY BENEFIT FUND TRUST (A subsidiary of National Gaming Control Board)

29A.1 INTRODUCTION

29A.1.1 Legislation

The Community Benefit Fund (CBF) was established under *Section 163(6)(a)* of the *Gaming Control Act 2007* on 1 May 2007 when the Act was passed and certified by the Parliament. The CBF commenced operations in 2008.

The *Gaming Control Act* authorises the Board of National Gaming Control Board (NGCB) to establish a “*Community Benefit Fund*” and shall open a trust account to be called the “*Community Benefit Fund Account*” in which payments of 14% of monthly gaming revenues are made into this account.

The Trust is managed and operated by a Board of Trustees comprised of the Chairman of the NGCB Board and four additional Trustees as members appointed by the Minister in the National Gazette, and in accordance with the terms of a trust deed that is settled by the Board.

29A.1.2 Objectives of the Fund Trust

The objectives of the Fund Trust are to:

- provide for and apply the income and capital of the Trust towards generally charitable purposes, including without limitation, the alleviation of poverty, the advancement of education, sports development and other purposes generally beneficial to the people of Papua New Guinea;
- undertake research into the problems associated with gambling activities including the social and economic impact of gambling on individuals, families and the communities at large; and
- promote community awareness and education in respect of problem gambling and the provision of counselling, rehabilitation and support services for problem gamblers and their families.

29A.1.3 Function of the Fund Trust

The principal function of the Fund Trust is to provide for and apply the income and capital of the fund towards generally charitable purposes, including but not exclusive of the following areas:

- provision and improvement of social welfare;
- development of sports and improvement of recreational facilities;
- improvement of education and learning tools (not including school fees);
- assistance to churches and religious groups;
- provision of medical assistance;
- assistance to education, health and law and order projects; and
- undertake research into problems on gambling and promote community awareness and education on negative aspects of gambling.

29A.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Fund for the year ended 31 December 2018 was in progress.

The Fund has submitted its financial statements for the years ended 31 December 2019, 2020, 2021, 2022 and 2023 and arrangements were being made to commence these audits shortly.

The Fund has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

30. NATIONAL HOUSING CORPORATION

30.1 INTRODUCTION

30.1.1 Legislation

The *National Housing Commission Act (Chapter 79)* was repealed by the *National Housing Corporation Act 1990*. The assets and liabilities of the former National Housing Commission were transferred to the National Housing Corporation in March 1990.

30.1.2 Functions of the Corporation

The principal functions of the Corporation are to:

- improve housing conditions;
- provide adequate and suitable housing or letting to eligible persons;
- sell houses to eligible persons;
- make advances to eligible persons and approved applicants to enable them to become the owners of houses occupied by them;
- develop residential land by way of providing adequate services for human settlements;
- carry out and promote research or investigations into matters connected with urban development and human settlements; and
- maintain dwellings and associated buildings vested in the Corporation.

30.1.3 Subsidiary of the Corporation

The National Housing Corporation has a subsidiary company, *National Housing Estate Limited*. Comments in relation to National Housing Estate Limited are contained in paragraph 30A of this Report.

30.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Corporation for the years ended 31 December 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023 and 2024 were in progress.

30A. NATIONAL HOUSING ESTATE LIMITED (A Subsidiary of National Housing Corporation)

30A.1 INTRODUCTION

30A.1.1 Legislation

National Housing Estate Limited (NHEL) was incorporated on 28 September 2007 under the *Companies Act*. The incorporation of the company was based on the *National Executive Council (NEC) Decision No. 304/2006* in accordance with *Section 27* of the *National Housing Corporation Act 1990*.

Subsequently, the *NEC Decision No. 70/2007* endorsed its establishment as a Special Purpose Company of the National Housing Corporation.

The Company commenced its normal operations from 1 January 2010.

30A.1.2 Objective of the Company

The principal purpose of the Company is to manage certain National Housing Corporation owned properties for commercial development in Port Moresby, to generate income for the National Housing Corporation and to deliver its mandate.

30A.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Company has submitted its financial statements for the years ended 31 December 2010, 2011, 2012, 2013 and 2014. However, the audits were being delayed due to lack of cooperation from the Company.

The Company has not submitted its financial statements for the years ended 31 December 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023 and 2024 for my inspection and audit.

The Company's records at Investment Promotion Authority revealed that the Company was in liquidation as of 23 November 2022. Unless I receive sufficient information on the deregistration, I will still report on this Company in my report.

31. NATIONAL INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY

31.1 INTRODUCTION

31.1.1 Legislation and Objective of the Authority

The National Information and Communications Technology Authority (NICTA) was established on 1 November 2009 by the *National Information and Communications Technology Act 2009*. The Authority succeeds the PNG Radio Communications and Telecommunication Technical Authority (PANGTEL) which was established on 1 January 1997 as part of the Government's policy to corporatise the Post and Telecommunication Corporation (PTC) and to have it divided into three different organisations namely: Telikom PNG Limited, Post PNG Limited and PANGTEL.

NICTA is a government statutory authority, established to regulate the telecommunication industry in PNG.

Under the *Post and Telecommunication Corporation (Corporatisation) Act 1996* assets, rights and liabilities as well as employees of the Corporation were transferred to PANGTEL as per the allocation statement approved by the then Minister for Communications at the net book value recorded in the books of the Corporation as at 31 December 1996. In the same manner, the assets, rights and liabilities as well as employees of PANGTEL were transferred to NICTA by virtue of *Section 305* of the *National Information and Communications Technology Act*.

31.1.2 Functions of the Authority

The main functions or principal activities of the Authority are to exercise all licensing and regulatory functions in relation to the Information and Communications Technology Industry and perform all other functions as stated under *Section 9* of the *National Information and Communications Technology Authority Act 2009*.

31.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Authority for the year ended 31 December 2019 has been completed and the results were being evaluated.

The Authority has submitted its financial statements for the years ended 31 December 2020, 2021, 2022 and 2023 and arrangements were being made to commence these audits shortly.

The Authority has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

32. NATIONAL MARITIME SAFETY AUTHORITY

32.1 INTRODUCTION

32.1.1 Legislation

The National Maritime Safety Authority was established by the *National Maritime Safety Authority Act 2003*.

32.1.2 Functions of the Authority

The functions of the Authority are to:

- perform the functions and exercise the powers as are conferred upon it by this Act or under any other law;
- co-ordinate search and rescue operations for vessels in distress or lost at sea pursuant to the terms and conditions of a search and rescue plan prepared by the Minister, from time to time, and approved by the Authority;
- co-ordinate with other agencies and persons, including regional and international organisations and consultants, whether local or foreign, on matters concerning maritime safety, marine pollution prevention or search and rescue operations at sea;
- collect data relevant to maritime safety, marine pollution prevention and search and rescue operations at sea;
- act on behalf of the State in relation to any domestic or international agreement relating to maritime safety, marine pollution prevention or search and rescue operations at sea to which the State is or may become a party;
- make recommendations on policy to the Minister regarding maritime safety, marine pollution prevention and search and rescue operations at sea;
- provide consulting services, training and management services relating to any of its functions whether in PNG or overseas;
- where appropriate to consult with:
 - *other agencies of National Government;*
 - *Provincial Governments;*
 - *Local-level Governments; or*
 - *commercial, industrial and other relevant bodies and organisations, in relation to matters affecting them in the performance of its functions; and*
- generally to do such supplementary, incidental or consequential acts and things as are necessary or convenient for carrying out its functions.

32.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Authority has not submitted its financial statements for the years ended 31 December 2021, 2022, 2023 and 2024 for my inspection and audit.

33. NATIONAL MUSEUM AND ART GALLERY

33.1 INTRODUCTION

33.1.1 Legislation

The National Museum and Art Gallery of Papua New Guinea was established under the provisions of the *National Museum and Art Gallery Act 1992*. This Act came into operation on 15 April 1992.

33.1.2 Functions of the Museum

The main functions of the Museum are to:

- protect and conserve the cultural and natural heritage of PNG;
- research and document the prehistory of PNG and manage the national archaeological collections, and monitor archaeological research in PNG;
- maintain the national register of traditional and archaeological sites;
- identify and maintain a register of national cultural property and monitor the collection and export of artefacts; and
- issue permits and perform other duties as required by the *National Cultural Property (Preservation) Act (Chapter 156)*.

33.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Museum has submitted its financial statements for the year ended 31 December 2022 for my inspection and audit and arrangements were being made to commence the audit shortly.

The Museum has not submitted its financial statements for the years ended 31 December 2023 and 2024 for my inspection and audit.

34. NATIONAL RESEARCH INSTITUTE

34.1 INTRODUCTION

34.1.1 Legislation

The National Research Institute (NRI) was established under the *Institute of Applied Social and Economic Research Act (Chapter 165)*. The name of the Institute was changed from ‘PNG Institute of Applied Social and Economic Research’ to ‘National Research Institute’ following the approval of the NEC through its *Decision No. 42/90* of 7 March 1990.

The *Institute of Applied Social and Economic Research (Amendment) Act 1987* came into operation on 1 January 1988, and on this date, the promotion and cultural functions of the former Institute of PNG Studies; and functions to do with Educational Research for National and Provincial Departments of Education carried out by the former Educational Research Unit (UPNG), formed part of the National Research Institute.

34.1.2 Functions of the Institute

The functions of the Institute include:

- the promotion of research into PNG society and economy;
- the undertaking of research into social, political and economic problems of PNG in order to formulate practical solutions to such problems;
- where practicable, the provision, by agreement with the body concerned, of consultancy services to the Government and to Government Institutions;
- the promotion of the functions and objects of the Institute of PNG Studies; and
- research into all aspects of education for National and Provincial Departments of Education.

34.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

34.2.1 Comments on Financial Statements

My reports to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Institute for the years ended 31 December 2021 and 2022 were both issued on 19 May 2025. The reports contained Disclaimer of Opinions, hence, only the 2022 report is reproduced:

“DISCLAIMER OF OPINION

Because of the significance of the matters referred to in the Basis for Disclaimer of Opinion paragraphs below, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the accompanying financial statements of the National Research Institute for the year ended 31 December 2022.

BASIS FOR DISCLAIMER OF OPINION

Statement of Cash Flows

My evaluation of the Statement of Cash Flows revealed the following observations;

- Accumulated funds of K7,546 did not have supporting documents and workings available for me to verify the balance and respective activities undertaken; and
- Net increase/ decrease in cash equivalent for the period of K950,648 did not equate to Cash Flows from Operating (-K853,794), Investing (-K121,465), and Financing (K7,546) activities.

I could not gain comfort on the presentation of the Statement of Cash Flows and components with respect to the activities undertaken during the fiscal period.

Cash at Bank Reconciliation Variance

My evaluation of the year-end bank reconciliations of the Recurrent and Project Accounts of the Institute revealed an unreconciled balance of K103,005 at year-end. The ending balances on both accounts' ledgers differed from the corresponding balances disclosed in the bank reconciliation computations. I could not ascertain the completeness and accuracy of the cash at the bank balance presented at year-end, as such variances distort the fair presentation of the Cash and Cash Equivalents in the Balance Sheet.

Un-presented Cheques

My review of the year-end bank reconciliations for the bank accounts revealed that un-presented cheques totaling K62,456 remained outstanding and were not cleared subsequently. These cheques comprised the Recurrent Account of K53,372 and the Project Account of K9,084 as of 31 December 2022. As a result, I could not ascertain the completeness and accuracy of the Cash at Bank balance disclosed at year-end.

Trade Debtors

I observed that the Institute had not effectively managed its Trade Debtors for the year under review. My evaluation of the trade debtors, related accounts, and records revealed the following observations:

- The management did not furnish a policy on the debtor's collection for me to evaluate the effectiveness of controls surrounding the administration of Trade Debtors;
- There was an unreconciled variance of K5,096 between the financial statement balance of K331,631 and the accounts receivable reconciliation summary of K336,727;

- Total outstanding debts amounted to K336,727 at the balance date. From the receivable reconciliation summary, a total of K291,539 (89%) remained unrecovered for over 90 days; and
- The invoices of debtors totaling K26,602 were not maintained and provided for my inspection and audit.

I could not verify the existence, completeness, and accuracy of the Trade Debtors balance presented by the Institute and further confirm whether structured plans were in place to recover all outstanding debts subsequently.

Other Debtors – Scope Limitation

The Institute had not furnished schedules and supporting documents for relevant policies and operational procedures surrounding Other Debtors, prepayment listings, and interest receivable computation schedules necessary for my inspection of the Other Debtors.

Due to the scope limitations, I could not perform the required audit procedures on Prepayments and Interest Receivable balances to ascertain the existence and gain comfort over the rights and obligations, completeness, and valuation assertions placed on the Other Debtors presented as K76,867 at 31 December 2022.

Property, Plant, and Equipment

My review of the Property, Plant, and Equipment revealed that the Institute had not maintained a Fixed Assets Register as required by the *Public Finance (Management) (Amendment) Act, 2016*, and the *Financial Management Manual Instructions*. I could not perform the necessary procedures to confirm the existence, valuation, and condition of assets owned by the Institute and presented as K37,466,955 at balance date.

Accumulated Depreciation

The Institute had not maintained proper schedules and worksheets to compute and record prior year Accumulated Depreciation and charges due for the year under review. I observed that no Accumulated Depreciation opening balances were disclosed to accurately determine the year-end balance of K1,262,758.

Consequently, I could not determine the correctness and accuracy of the depreciation and accumulated depreciation balances disclosed, nor further quantify these balances against a reliable Fixed Asset Register as at 31 December 2022.

Capital Work in Progress

The Institute disclosed in *Note 10* to the financial statements, a balance of K3,119,427 as capital work-in-progress for the renovation of the office building. I was not furnished with supporting documents surrounding the renovation of the office building, progressive status reports, and journal entries to verify the total costs incurred and capitalized during the year. I could not ascertain the completeness, valuation, and accuracy of the balances presented in the financial statements.

Scope Limitation – Current Liabilities

My review of the Current Liabilities revealed that supporting documents such as approved quotations, invoices, internal memorandums, or expenditure requisition forms, and expense details were not maintained for all current liability accounts in the financial statements. I could not perform the necessary audit procedures and gain assurance on the completeness, existence, accuracy, valuation, and allocation of the Accrued Expenses, Personal Research Funds, Provisions for Employee Benefits, Other Payables, Rental Bond Payables, and Unearned Income totaling K3,667,175.

Long-Term Liability (Land Research Endowment Research Fund) - Scope Limitation – K210,000

The Institute was granted K177,272 in Endowment Funds for land research, which were later invested in Treasury Bills with the Bank of PNG. I observed that no proper supporting memorandums and resolutions were maintained to substantiate the purposes of the research funds granted, investment decisions reached, and the disclosures surrounding the face value, principal amount paid, interest income earned, and the investment due at maturity. Due to the scope limitation, I could not perform the necessary audit procedures to gain assurance on the completeness, accuracy, and valuation of the Long-Term Liability disclosed as K210,000 at year-end.

Scope Limitation - Operational Expenses

The Institute did not maintain proper accounts and records of its transactions as required by *Section 62(1) of the Public Finances Management Act, 1995 (as amended)*. I observed that financial records for Leave Fares, Other Staff Related Costs, Other Operational Costs, Research Expenses, Gratuities and Benefits, Membership Fees and Subscriptions, and Aggregate Material Expenses were poorly maintained as payment vouchers totaling K1,905,223 were either missing or incomplete without required supporting documentation. Due to the limitation of my audit scope, I could not perform the planned audit procedures to verify the above expenditures and their related disclosures.”

34.2.2 Audit Observations Reported to the Ministers

My reports to the Ministers under *Section 8(2) of the Audit Act* on the inspection and audit of the accounts and records of the Institute for the years ended 31 December 2021 and 2022 were both issued on 19 May 2025. The reports contained similar observations, hence, only the 2022 report is reproduced:

Internal Audit Unit and Oversight

The Institute had no Internal Audit Unit established under *Section 9(1)(a) and (f) of the Public Finance (Management) (Amendment) Act, 2016*. Internal audit is a proactive function that ensures operational efficiency, financial reliability, and proper asset safeguards. This function is designed to provide independent assurance of the organization's risk management, governance, internal control processes, and operations management. This issue was highlighted in the previous report, and the Management has taken measures to rectify it by responding as follows;

“Management agrees that this has been a recurring audit issue. The key reason for the delay is funding support from GoPNG to establish this function. At present, the Institute is managing this function through its finance office to address risks where possible. At the time of submitting this response (Feb 2025), we have written to the Secretary for the Department of Finance to establish an audit committee for the Institute before the end of the first quarter 2025.”

Fixed Assets Register

The Institute is required by the *Financial Management Manual Instruction: Part 32* to ensure adequate control is maintained over Property, Plant, and Equipment. I observed that the Institute had not maintained a Fixed Assets Register with the respective supporting details.

In the absence of a proper and reliable system to manage and safeguard assets, records are susceptible to omissions, and errors and prone to alteration and manipulation. Further, there is a high risk of assets being misused or lost through theft.

Given the magnitude of the value of assets disclosed under the reporting framework specified in *Note: 2a* of the Financial Statements, I recommended that the Management acquire and/or utilize a Fixed Asset Management System/Software to maintain its fixed assets data. The management concurred with my findings and commented as follows:

“Management is fully aware that Fixed Assets Register (FAR) has been one of the significant issues that has been raised by AGO in its prior audits and the current. The management has discussed and put in plans to address this issue. The following is the approach to address this issue:

NRI to engage a reputable independent valuer in the first quarter of 2025 to value all its main assets such as buildings and land. The thought behind this is because the building and land make up a significant portion of the total value of fixed assets. The other reason to conduct this exercise is to derive a source document so that the figures captured in the books for fixed assets are accurate and reliable.

NRI to update its FAR on assets that were acquired in the last five years, that is 2020-2024. Any assets prior to 2020 will be written off particularly, furniture and fitting and Office equipment. The finance section will build this Assets Register and maintain it using an appropriate FAR software”

Fixed Assets Policy

I observed that the Institute had no proper policy surrounding the purchase, capitalization, maintenance, usage, and disposal of its Fixed Assets for the year under review. As a result, I could not place reliance on the effectiveness of controls surrounding the management of Property Plant and Equipment and further assess the classification, measurement, and disclosure of assets in the financial statements.

Superannuation

The Institute deducted 15% of the base pay as the employer's portion for superannuation deduction for Research Officers while other officers were on the standard 8.4% contravening *Section 17.11 of General Order 17 – Superannuation*. I could not gain comfort in the inconsistency of the Institutes' practice and their non-compliance with provisions in the General Orders for superannuation entitlements incurred.

The Institute's approach should be consistent with *Section 17.11 of General Order 17 – Superannuation, 4th Edition*, where the standard employer's contribution is 8.4% of the base salary for all public servants.

The management responded to my findings as follows:

“The increase in employer contribution for research staff from 8.5% to 15% is based on Council decision: 01/02/10 after approval from SPMC.”

34.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Institute has submitted its financial statements for the year ended 31 December 2023 for my inspection and audit and arrangements were being made to commence the audit shortly.

The Institute has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

35. NATIONAL ROADS AUTHORITY

35.1 INTRODUCTION

35.1.1 Legislation

The National Roads Authority was established by the *National Roads Authority Act 2003* and came into operation in 2004.

35.1.2 Objectives of the Authority

The objectives of the Authority are to:

- raise funds for the maintenance of public roads;
- ensure the efficient preparation of effective annual road maintenance programmes; and
- ensure that all routine, specific and emergency maintenance of roads and road rehabilitation and reconstruction funded by the Authority are executed in a transparent, effective and efficient manner, in order to optimise the contribution of road assets to the economic and social development of Papua New Guinea.

35.1.3 Functions of the Authority

The functions of the Authority are to:

- establish and operate a Road Fund from road user charges, budget and other sources;
- establish resources to enable the Authority to perform its functions;
- maintain and manage updated data on asset conditions using the Road Asset Management System, Bridge Inventory and Bridge Maintenance and other approved systems;
- formulate and determine prioritised annual road maintenance plans and programmes using the Road Asset Maintenance System, Bridge Inventory and Bridge Maintenance and other approved systems to be supported by the road sector cost recovery revenues;
- establish annual road maintenance funding requirements in accordance with the future annual road maintenance plans;
- determine and implement road user charges in accordance with the financial resource requirements of the annual road maintenance plans;
- deliver the required routine, specific and emergency road maintenance in accordance with the maintenance service levels established for each class or type or road, through the contracting of independent contractors, to monitor and supervise the contracts as they are executed;
- deliver road improvement and road restoration when required, by undertaking the design studies necessary for the programmed road improvement or rehabilitation projects by:

- *preparing corresponding construction plans, specifications, cost estimates, and the other documents required for the proper tendering of the programmed works;*
 - *monitoring and supervising the works as are executed, by such qualified consultants and/or contractors as are engaged; and*
 - *ensuring safety audits on design, construction, maintenance and safety aspects of road.*
- establish and sustain contract management capacity to ensure the validity of contracts and the effective management of contracts awarded for the execution of agreed road maintenance works and rehabilitation and reconstruction projects;
 - ensure that all contracts are tendered through a transparent and competitive procedure to ascertain economic efficiency and sustainability in delivery of road maintenance and rehabilitation works;
 - keep adequate records and to maintain a management information system which provides the Board and staff with accurate and timely information on commitments, expenditures and revenue for the purchase of consultancy and contracting services and other purchases and outlays;
 - report publicly and transparently on collection of user charges, revenues, and in detail on the use of the revenues on the road maintenance programmes in accordance with internationally accepted accounting principles;
 - establish environmental management capacity;
 - provide a continuing programme of professional staff development and required skills training for non-professional staff; and
 - construct, erect or affix signs or marks on road transport infrastructure in accordance with the *Motor Traffic Act (Chapter 243)*.

35.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

35.2.1 Comments on Financial Statements

My reports to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Authority for the year ended 31 December 2020 and the period ended 30 April 2021 were both issued on 7 April 2025. The reports contained similar Disclaimer of Opinions, hence, only the 2021 report is reproduced.

“DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the accompanying financial statements of the National Roads Authority for the period ended 30 April 2021.

BASIS FOR DISCLAIMER OF OPINION

Opening Balances

A Disclaimer of Opinion was issued for the year ended 31 December 2020 in relation to the inability to obtain sufficient appropriate audit evidence over Revenue and Expenditures reported in the Statement of Comprehensive Income and the corresponding Equity, Property, Plant and Equipment, Prepayments and Debtors, Cash and Cash Equivalents, and Liabilities form part of assets and liabilities recognised in the Statement of Financial Position. As a result, the prospective presentation and disclosures in the prior year, 31 December 2020, may have been misstated.

Since the opening balances enter into the determination of the current year's financial performance and position, I am unable to determine whether adjustments might have been necessary in relation to Revenue and Expenditures, Equity, Assets and Liabilities in the Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Equity for the period ended 30 April 2021.

Limitation of Scope – Cash and Cash Equivalents (K13,462,528)

I was not furnished with the monthly bank reconciliations of the Operational and the Road Fund accounts for the period ended 30 April 2021. Consequently, I could not perform the required audit procedures to confirm the cash at bank balances disclosed as K13,462,528 at 30 April 2021.

I was unable to place reliance on the accuracy of the cash balances and further comment on the Authority's compliance with the prescribed provisions of the *Public Finance Management Act* and the *Finance Management Manual*.

Limitation of Scope – Prepayments and Debtors (K1,088,081)

I was not furnished with schedules and supporting documents to evaluate and confirm the following Accounts Receivable balances:

- Prepayments to Suppliers - Rentals balance (K612,788);
- Prepayments to Suppliers - Others (K286,283); and
- Deposit of Rental Bond (K189,010)

I could not gain comfort over the completeness, cut-off, existence, and accuracy assertions on the Prepayment and Debtor balances as at 30 April 2021.

Limitation of Scope – Property Plant and Equipment (K8,210,722)

The Authority did not maintain sufficient records, including a detailed Fixed Assets Register, to enable me to evaluate the Property, Plant and Equipment disclosed as K8,210,722 at 30 April 2021. I observed that no physical verification was performed to verify the existence of these assets.

I was not provided with payment vouchers for asset acquisitions and disposals with the appropriate Board resolutions during the 4 months ended 30 April 2021. Consequently, I could not extend my audit procedures to verify the completeness, existence, rights, and valuation of the Authority's Property, Plant, and Equipment presented in the Statement of Financial Position for the period then ended.

Limitation of Scope – Liabilities (K14,658,610)

The Authority disclosed its Accruals and Creditors balance in *Note 8* of the financial statements as K14,658,610 at 30 April 2021. I was not provided with appropriate supporting documents such as contract listings, employee reconciliation schedules, aged payable calculations, and payroll liability confirmations from the Department of Finance.

Due to the limitations of obtaining these documents, I could not ascertain the total balance as disclosed by Accruals and Creditors in the financial statements. The following include;

- Contract Withholding Tax Payable (K172,134)
- Contract Retention Withheld (K253,919)
- Finance Department Payroll Liability (K14,232,558)

I could not determine the completeness, existence, and accuracy of the accruals and creditors balance presented as K14,658,611 at 30 April 2021.

Scope Limitation – Income Revenue (K6,248,247)

I was unable to conduct a detailed review of the income from continuing operations to gain assurance on the disclosure of revenue totalling K6,248,247. *Section 62 (1) (a) and (b)* of the *Public Finances (Management) Act, 1995 (as amended)* requires that all Statutory Authorities (a public body) keep proper accounts and records of their transactions and affairs. Given the scope limitation, I could not perform the required audit procedures to assess the presentation and disclosure of the Income Revenue.

Limitation of Scope – Expenditures (K16,888,112)

Section 62 (1) (a) and (b) of the *Public Finances (Management) Act 1995 (PFMA)* requires all Statutory Authorities (a public body) to keep proper accounts and records of their transactions and affairs. However, during my review of the accounts and records of the Authority, I was not furnished with requisitions totalling K1,916,517 of vouchers and related supporting documents for expenses from continuing operations.

I could not perform the required procedures to ascertain the completeness, occurrence, classification, and presentation of expense balances totalling K16,888,112 as at 30 April 2021. Further, the Authority has breached the respective provisions of the *Public Finances (Management) Act 1995 (as amended)*.

Limitation of Scope – Personnel Emoluments

The Authority has disclosed the Salaries, Wages & Allowances balance as K4,049,755 in *Note 5* to the financial statements. I was not provided with the required pay run summaries and detailed pay files, and other necessary records for the 4 months ended 30 April 2021. Consequently, I could not perform my procedures to determine the validity, completeness, and accuracy of the Salaries, Wages and Allowances presented as K4,049,755 at balance date.”

35.2.2 Audit Observation Reported to the Ministers

My reports to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Authority for the year ended 31 December 2020 and the period ended 30 April 2021 were both issued on 7 April 2025. These reports contained similar observations, hence, only the 2021 report is reproduced:

Non-Compliance with the *Public Finances (Management) Act, 1995 (as amended)*

The Authority has not prepared and submitted its financial statements for the period ended 30 April 2021 to enable us to conduct the audit within the time frame stipulated by the *Public Finances (Management) Act 1995 (as amended)*. As such, the Authority has not complied with the requirements of the above act.

Management responded to my observation as follows:

“We understand the importance of timely submission of financial statements upon request for audit purposes. As you know, we were asked to separate both the NRA and PNG RF reports for the year 2021 since NRA was abolished when PNGRF was established the same year.

Hence, during the audit period, we were still in the process of finalizing certain aspects of our financial statement preparation, and we were unable to provide upon request. The final financial statement was issued to AGO staff via email.”

Internal Control Discrepancies

The internal controls surrounding financial reporting revealed that accounting records, including important registers such as the Fixed Assets Register, Fuel levy fees schedules, General Journal documentation, and other relevant reconciliations, were not maintained. I was unable to place reliance on the maintenance of proper record keeping in accordance with the *Public Finances (Management) Act 1995 (as amended)* by the Authority in the financial reporting process.

The Board

Part 3, Section (8) of the *National Roads Authority Act, 2003* requires the Authority to have a Board as the governing body to carry out functions, exercise powers, and manage the affairs of the Authority. Further, provisions under *Section 17* specify that the Board should meet at least four (4) times in a calendar period to deliberate and pass resolutions on the affairs of the Authority. I noted that the Board's Term had expired on 1 October 2018 and has not been renewed.

The Authority had not complied with the aforementioned provisions, further, I was unable to comment on the resolutions passed and decisions reached for major transactions during the period.

Accounting and Operational Procedures Manuals

During my review, I was provided a copy of a draft accounting and operational procedures manual, however, it was not finalized and approved for use by the Board of the Authority. Internal control mechanisms such as accounting and operational procedure manuals and policies should be well documented, formally established, and communicated to all levels and functions of the Authority for use by all personnel in their routine operational activities. This has been a recurring issue that the management has yet to address.

Contract Project Completion Reports

I observed that Road Maintenance Expense, disclosed in *Note 4*, incurred for road maintenance projects, were not substantiated with project/activity completion reports. Moreover, the payment vouchers for these disbursements were not provided for my audit and inspection.

Management concurred with my observation and responded as follows:

"At the moment, management accept and take note of the recommendation and wish to ensure appropriate reporting are maintained for transparency and ease of verification for audit purpose".

Travel and Subsistence

My review of the travel and accommodation expenses revealed that a total of K191,310 advanced during the period remained unacquitted. It is a requirement under the *Financial Management Manual Part 20 Paragraph 12.2* that a financial delegate shall maintain a register of advances for officers on duty travel. Further, *Paragraphs 11.2 and 12.2* stipulate that cash advanced to officers on overseas official duty must be acquitted within fourteen (14) days of return from duty travel, and advances to officers on domestic duty travels to be acquitted within seven (7) days of return from duty travel by submitting the acquittal form. The Authority has not observed the requirements despite numerous reminders.

35.3 STATUS OF FINANCIAL STATEMENTS

The Authority ceased operation in 2020 following the revocation of the *National Roads Authority Act 2023* as a result of the enactment of the *Road (Management and Fund) Act 2020*. The transition was fully completed on 30 April 2021, hence, the 4 months period ended 30 April 2021 will be my last audit report on the Authority's financial statements.

36. NATIONAL TRAINING COUNCIL

36.1 INTRODUCTION

36.1.1 Legislation

The National Training Council was established under the *National Training Council Act 1991*. Although the Act came into operation on 5 December 1991, the Council formally began operating in April 1992 following its inauguration.

36.1.2 Objectives of the Council

The objectives of the Council are to:

- foster the comprehensive development of training with regard to the needs and the resources of the country;
- foster the co-ordination of training institutions so that the most effective use can be made of resources available for training which ensures increased productivity and capacity building in the workforce;
- make the benefits of training as widely as possible;
- plan and encourage the development of a system of training fitted to the requirements of the country and its people;
- establish, preserve and improve standards of training throughout the country;
- make the most effective use of the resources available for training related purposes in so far as this can be done by legislative and administrative measures; and
- generally augment and support the role and functions of the Department of Higher Education, Research, Science and Technology as specified in the *Higher Education (General Provision) Act 2014*.

36.1.3 Functions of the Council

The principal functions of the Council are to be responsible for supervising and managing the implementation of the National Training Policy and for monitoring, reviewing and revising the National Training Policy when necessary; to provide guidelines to the NEC, Provincial Government and the in-service Training Institution's Governing Councils on any issues related to training; and to formulate and publish guidelines on human resource requirements, localisation and indigenisation issues and related matters.

36.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

36.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the Council's financial statements for the year ended 31 December 2023 was issued on 23 June 2025. The report contained a Qualified Opinion:

“QUALIFIED OPINION

In my opinion, except for the effects of the matters referred to in the Basis for Qualified Opinion paragraphs below:

- i. the financial statements of the Council are based on proper accounts and records; and
- ii. the financial statements are in agreement with those accounts and records, and show fairly the state of affairs of the Council as at 31 December 2023 and the results of its operations for the year then ended.

BASIS FOR QUALIFIED OPINION

Fixed Assets – K586,528

Section 62 of the Public Finances (Management) Act, 1995 (as amendment) requires for all public bodies to ensure that adequate control is maintained over its assets, or assets in its custody. However, my review of the Council's fixed assets management system revealed that the Council did not maintain a Fixed Assets Register. A Fixed Assets listing was kept in the Microsoft Database; however, this was not provided for audit verification. Further, no stock-take report was provided for the year under review. As a result, I could not reliably gain comfort over the existence, completeness, accuracy and valuation of the fixed assets balance disclosed in *Note 10* to the financial statements.

Accounting System and Closing Balances

My review of the accounting records and transactions of the Council's cashbook revealed that the accounting and recording of transactions, events and accounts is manually maintained in excel spreadsheets. Further, I noted that the Council previously had installed and used an MYOB Accounting Software which contained every transaction which had been recorded in the excel spreadsheet. However, it revealed that the accounting software is no longer in use. As a result, I was unable to rely on the balances presented in the financial statements for the year ended 31 December 2023.”

36.2.2 Audit Observations Reported to the Ministers

My report to the Ministers under *Section 8(2) of the Audit Act* on the inspection and audit of the accounts and records of the Council for the year ended 31 December 2023 was issued on 23 June 2025. The report contained the following observations:

Personnel Files Maintenance

My review of the payroll files revealed that there were no improvements being made in the maintenance of personnel files such as updating of salary and wages declaration forms and birth and marriage certificates to confirm the legitimacy of dependents despite my previous recommendations. As a result, I was unable to verify the age and legitimacy of the dependents of staff who were paid a total of K26,877 for leave fares in 2023.

Management concurred with my findings and agreed to ensure staff files are updated and maintained with relevant important documents.

Employment Contract – Director

My review of the personnel files and employment contracts revealed that the employment contract for the Director has not been renewed after its expiration in March 2019. Consequently, the Director was paid based on rates in his expired employment contract. My further analysis revealed that there were no supporting documentations to substantiate the basis for which the salary and allowances were paid fortnightly. Without a valid employment contract, I was unable to comment on the validity of the Salary and Allowances being paid to the Director for the year under review.

Management responded as follows;

“The Director’s employment contract expired in March 2019 and has not been renewed since. Prior to its expiry, the contract was duly submitted to the Department of Labour and Industrial Relations and the Department of Personnel Management (DPM) for renewal consideration. However, to date, we have not received any formal response from DPM regarding the matter. We have been consistently following up with DLIR and DPM since the submission, but despite our efforts, there has been no feedback or decision communicated to us.”

Leave Fares

My review of the leave fares revealed the following discrepancies:

I noted an amount of K3,000 paid out to one staff for land/sea fare only. This was a prior year audit issue in which the Council had been paying out K3,500 as land/sea fares per staff all across. Although payment is based on an approved internal policy, the *Public Services General Order* supersedes other policies.

My review of leave fares also revealed two cheque payments totaling K11,362 made for one staff's leave fare. These cheques were paid as pay cash cheque and paid to the staff's name.

The standard payment of K3,500 all across staff for both vehicles hire and sea transport is a breach of the *Public Service General Orders 14.48* where it states that; “fares for that matter (main centre to home district) shall be by the normal public transport and not in the nature of hired transport.” Additionally, leave fares paid straight to the employee is a breach of the *General Order 14.43*

Management concurred with my findings and agreed to ensure adherence of the *General Orders* in future.

Fixed Assets Policy

My review of the Fixed Assets Management revealed that the Council did not have an approved fixed assets policy manual to guide the purchase, usage, and management of the fixed assets.

In the absence of an approved fixed assets policy, I was unable to comment on whether management has in place an effective internal control system over fixed assets under its custody and control.

Management concurred with my findings and said they would ensure the Council have a Fixed Assets Policy in future.

36.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Council has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

37. NATIONAL VOLUNTEER SERVICE

37.1 INTRODUCTION

37.1.1 Legislation

The National Volunteer Service was established on 12 April 1990 under the *National Volunteer Service Act 1990*.

37.1.2 Functions of the Service

The principal functions of the National Volunteer Service are to promote a spirit of sacrifice and service to the people of PNG; to provide labour, skills, education and training to the community for development projects; to cooperate and assist National and Provincial Government agencies as well as other organisations whose goals include the development of the people of PNG, in achieving their plans and purposes; and to encourage and participate generally in the advancement of the development of PNG.

37.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Service for the years ended 31 December 2017, 2018, 2019 and 2020 were in progress.

The Service has not submitted its financial statements for the years ended 31 December 2021, 2022, 2023 and 2024 for my inspection and audit despite numerous reminders.

38. NATIONAL YOUTH DEVELOPMENT AUTHORITY (Formerly National Youth Commission)

38.1 INTRODUCTION

38.1.1 Legislation

The National Youth Development Authority was established under the *National Youth Development Authority Act 2014*. This Act came into operation on 21 October 2014, thereby repealing the *National Youth Commission Act 1999*. The Authority commenced its operational activities under the new name on 1 January 2015.

Under the *National Youth Development Authority Act 2014*, all the assets, properties, rights, obligations and liabilities which immediately before the coming into operation of this Act were vested in or imposed on the Commission, are, on that coming into operation, transferred to and became the assets, properties, obligations and liabilities of the Authority.

38.1.2 Functions of the Authority

The functions of the Authority are to:

- advise the Ministry and the National Government on policy formulation and legislative changes pertaining to youth affairs;
- authorise, coordinate, implement and monitor youth development activities at the National, Provincial and Local-Levels;
- develop and provide policy and technical advice to the Provincial Governments and Local-Level Governments on matters pertaining to youth;
- establish standards, regulate and monitor the level of services and training offered to youth by Government and non-profit organisations;
- monitor the execution of National Youth Development Plans at the Provincial and District levels;
- empower and provide opportunities to enable youth to participate meaningfully in activities at the International, National and Local-Level;
- generate revenue and fund youth programs and activities;
- report to the Minister on any matters referred to it by the Minister from time to time;
- establish and maintain a strong youth network at the National, Provincial, District and Local-Level areas; and
- promote awareness and disseminate information on youth matters through its network.

38.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Authority for the years ended 31 December 2018, 2019, 2020, 2021 and 2022 have been completed and results were being evaluated.

The financial statements of the Authority for the years ended 31 December 2023 and 2024 have not been submitted for my inspection and audit.

39. OFFICE OF THE INSURANCE COMMISSIONER

39.1 INTRODUCTION

39.1.1 Legislation

The Office of the Insurance Commissioner was established under the *Insurance Act 1995*. The Trust Fund of the Insurance Commissioner was established in accordance with *Section 15* of the *Public Finances (Management) Act 1995 (as amended)*.

The Office of the Insurance Commissioner was funded by Treasury Department prior to 1998. In accordance with *Section 64C subsection 4(a)* and *(b)* of the *Insurance Act 1995*, the Office of the Insurance Commissioner became a self-funded organisation through 1% levy collected from the Insurers' and Brokers' annual revenue since 1998.

39.1.2 Function of the Insurance Commissioner

The main function of the Insurance Commissioner is to regulate the general insurance businesses in Papua New Guinea and administer the *Insurance Act 1995* and issue licenses to:

- Insurers;
- Brokers; and
- Loss adjusters.

39.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Commissioner has not submitted its financial statements for the years ended 31 December 2019, 2020, 2021, 2022, 2023 and 2024 for my inspection and audit, despite numerous reminders.

40. OFFICE OF THE PUBLIC TRUSTEE OF PAPA NEW GUINEA

40.1 INTRODUCTION

40.1.1 Legislation

The Office of the Public Curator of Papua New Guinea was established under the *Public Curator Act (Chapter 81)*. This Act was subsequently amended by the *Public Curator (Amendment) Act 2020* to change the name from “*Public Curator*” to “*Public Trustee*” and further renamed the “*Office of the Public Curator*” to the “*Office of the Public Trustee*”.

40.1.2 Functions of the Public Trustee

Without limiting the generality of the functions of the Public Trustee, the functions of the Public Trustee include the following:

- to administer and distribute a deceased’s estate in accordance with *Section 25* of the *Constitution*;
- to administer and distribute estates under the *Wills, Probate and Administration Act (Chapter 291)*;
- to administer a trust or an estate for a minor;
- to administer a trust or an estate for a missing person; and
- to administer an estate as directed by a Court.

40.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Public Trustee has submitted its financial statements for the years ended 31 December 2017, 2018 and 2019 and arrangements were being made to commence these audits shortly.

The Public Trustee has not submitted its financial statements for the years ended 31 December 2020, 2021, 2022, 2023 and 2024 for my inspection and audit, despite numerous reminders.

41. OIL PALM INDUSTRY CORPORATION

41.1 INTRODUCTION

41.1.1 Legislation

The Oil Palm Industry Corporation was established by the *Oil Palm Industry Corporation Act 1992* which came into operation on 1 June 1992. Under the Act, all assets (other than land held by the State) and liabilities previously held or occupied by the Division of the Department of Agriculture and Livestock responsible for the provision of extension services to oil palm industry were transferred to the Corporation at commencement date.

41.1.2 Functions of the Corporation

The main functions of the Corporation are to:

- promote the development of the oil palm industry;
- encourage the increase in productivity by efficient provision of extension services to smallholders;
- provide advice and disseminate information and educate smallholders regarding oil palm production methods; and
- consult, liaise and collaborate with the State and other agencies involved in the oil palm industry.

41.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

41.2.1 Comments on Financial Statements

My reports to the Ministers under *Section 8(4)* of the *Audit Act* on the Corporation's financial statements for the years ended 31 December 2015, 2016, 2017 and 2018 were issued on 3 July 2025. The reports contained similar Disclaimer of Opinions, hence, only the 2018 report is reproduced.

“DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I am unable to and do not express an opinion on the financial statements of the Oil Palm Industry Corporation for the year ended 31 December 2018.

BASIS FOR DISCLAIMER OF OPINION

Opening Balances

My report on the financial statement of the Corporation for the year ended 31 December 2017 was a disclaimer of opinion in respect to cash and cash equivalent, trade and other debtors, inventories, property, plant and equipment, trade and other creditors, capital contributions and retained earnings. There were no satisfactory audit procedures that I could otherwise perform to obtain reasonable assurance as to the correctness of the opening balances. Since the opening balances enter into the determination of the financial position, I was unable to determine whether adjustments might have been necessary in respect of the balances reported in the statement of financial position, statement of changes in equity and the profit reported for the year.

Internal Controls over Financial Reporting

Separate books of accounts were maintained for seven of the Corporation's cost centres. Five (5) of these were related to Milne Bay, Kavieng, Hoskins, Bialla and Popondetta project offices and two (2) were related to the head office operations/functions and revenue account. My review over financial reporting of these operations revealed that adequate accounting records were not properly maintained including investment register, fixed assets register, staff advances register, general journal documentations and other important reconciliations. The general ledgers of these cost centres were also not properly reconciled. In light of these shortcomings which had placed limitations on my effort to obtain sufficient appropriate audit evidence, I was unable to verify and confirm the accuracy, completeness and the validity of the balances reported in the statement of financial position and the statement of income and expenditure for the year ended 31 December 2018.

Cash and Cash Equivalents – K5,234,167

The Corporation disclosed total cash and cash equivalents to the value of K5,234,167 as at the year end. However, the details of bank reconciliations of the bank accounts make up the balance were not provided for my verification. As such, I was unable to verify the completeness, existence, accuracy and the validity of the total cash and cash equivalents balance of K5,234,167 reported in the statement of financial position.

Trade and Other Debtors – K5,074,236

Note 5 to the financial statements disclosed amounts of K3,670,369 and K1,403,867 representing trade debtors and sundry debtors respectively. These balances comprised of trade and other debtors accounts from all the seven project offices of the Corporation. The general ledger of the accounts making up these balances were not reconciled. Further, I was not provided with the required information and appropriate supporting documents to verify the balances and their subsequent receipts. As a result, I was unable to verify the completeness, existence, accuracy and the validity of the trade and other debtors balance as stated in the statement of financial position.

Inventories – K235,954

Inventories were recorded at K235,954 in the financial statements of the Corporation as at the year end. I did not observe the counting of physical inventories as of 31 December 2018. In addition, adequate inventory records such as inventory quantity and valuation reports were not maintained during the year. As a result, I was unable to verify and confirm the completeness, existence, accuracy and valuation of inventories balance reported in the financial statements.

Property, Plant and Equipment – K9,082,325

The Corporation did not maintain a proper Fixed Assets Register to account for property, plant and equipment to the value of K9,082,325 disclosed in the financial statements. In addition, I was not able to conduct a physical verification exercise. As a result, I was unable to extend the scope of my audit procedures to verify and confirm the completeness, existence, accuracy and valuation of the Corporation's property, plant and equipment and related depreciation.

Trade and Other Creditors – K7,862,558

As at 31 December 2018, trade and other creditors balance of the Corporation were recorded at K7,862,558. Included in this balance and as stated in *Note 8* to the financial statement is an amount of K4,254,062 representing trade creditors, an amount of negative K1,784,863 representing sundry creditors and an amount of K5,393,359 representing provisions and accruals. These balances comprised of the trade and other creditors accounts of the Corporation's seven project offices. I noted that the general ledgers of the accounts making up the above balances were not reconciled as at the year end. Important details such as detailed aged creditors listing, schedule of creditors listing and their subsequent payment details, schedule of provisions and accruals and the basis of their estimates and other important details were not maintained. As a consequence of poor record keeping, inadequate accounting procedures and significant noncompliance issues identified in those areas, I was unable to verify the completeness, accuracy and validity of the trade and other creditors balance of K7,862,558.

Retained Earnings – K3,226,625

The total accumulated losses balance of K3,226,625 as stated in the statement of changes in equity is arrived at after processing an adjustment of K2,301,361. The adjustment was processed as a balancing adjustment to tie prior year retained earnings balance to that of the current year. The Corporation was not able to explain the variance in the retained earnings account to which the above adjustment was processed to rectify during my review. As such, I was unable to verify the completeness, accuracy and the validity of the accumulated loss balance of K3,226,625 disclosed in the statement of changes in equity.

Income and Expenditure

My review of the internal controls over financial reporting revealed that adequate accounting records were not properly maintained including important registers such as the MYOB records of the general ledgers relating to the income and expenses accounts, general journal documentations and other related reconciliations. The general ledger was also not properly reconciled. These issues have placed limitation on my efforts to obtain comfort over the completeness, accuracy and the validity of the Corporation's total income and expenditure of K7,000,524 and K6,484,093 respectively as stated in *Note 14* to the financial statements."

41.2.2 Audit Observations Reported to the Ministers

My reports to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Corporation for the years ended 31 December 2015, 2016, 2017 and 2018 were issued on 3 July 2025. The reports contained similar observations, hence, only the 2018 report is reproduced:

Non-Compliance with the *Public Finances (Management) Act 1995 (as amended)*

Section 63(2) and *63(4)* the *Public Finances (Management) Act 1995 (as amended)* requires the Corporation to furnish to the Minister before 30 June each year, a performance and management report of its operations for the year ending 31 December preceding, together with financial statements. Before furnishing the financial statements to the Minister, the Corporation shall submit them to the Auditor-General who shall report to the Minister. However, the Corporation had not prepared and submitted its financial statements for the year ended 31 December 2018 to my Office on a timely basis to enable me to complete the audit on time for tabling the report in the Parliament on or before 30 June 2019. Accordingly, the Corporation has breached *Section 63(2)* and *63(4)* of the *Public Finances (Management) Act 1995 (as amended)*.

OPIC Act 1992 Review

Oil Palm Industry Corporation (OPIC) came into existence following the enactment of the OPIC Act in 1992. Almost thirty-three (33) years have lapsed since its establishment and a review of this act was eminent for both the Corporation and the Industry. I noted from my review that discussions relating to the OPIC Act review were ongoing. However, to date this important review was yet to materialize. I recommended management to drive this agenda forward as a matter of priority.

Budget and Control

My audit of the Corporation included review of the Corporation's budgetary process. However, I was not provided with the budget documents to compare the actual against the budgeted income and expenditure. I was unable to comment whether expenditure of K6,484,093 were expended within the budget and in accordance with its intended purpose. Consequently, I was unable to comment on the effectiveness of the internal controls surrounding the Corporation's budgetary process.

Mill Production Reports

The Oil Palm Industry Corporation generates its revenue solely from the grower's levy and voluntary levy of K4 per ton of fresh fruit bunch respectively. The data required for the calculation of invoice amount by each project office was the production quantity in tonnage of fresh fruit bunch report supplied by the milling companies. I noted during my review that production quantity in tonnage of fresh fruit bunch report supplied by the milling companies was not independently verified by OPIC project offices. The respective OPIC project offices did not have representative(s) there at the mills to independently verify these monthly production reports. As a result, I was unable to comment on the effectiveness of the internal controls surrounding the revenue collection from growers and voluntary levies. I recommended management to ensure mill production reports are independently verified.

Human Resource and Payroll

My review of the internal controls around human resources and payroll functions revealed the following weaknesses:

- a) The organisational structure of the Corporation was not provided to establish whether the current structure is relevant given the size of the Corporation's operations;
- b) Copies of the contract of employment for several senior officers were not provided to confirm the validity of the contract allowances paid; and
- c) The salary scale of the Corporation used for the year under review was not provided for my confirmation of the pay rates used.

In the absence of the above vital documents, I was unable to comment whether internal controls surrounding the human resources and payroll functions were working effectively.

Board Meeting Minutes

The Corporation did not provide board meeting minutes for the year under review. As such, I was unable to determine whether major decisions taken by the Board or Management were properly deliberated and approved and whether decisions reached were in the best interest of the Corporation. Additionally, I was unable to determine whether the board exercised due care in making its decision on contracts, reserve expenditures, large operating expenditures and any write-offs of assets. Furthermore, significant issues that the board may have raised with the management and the responses received or action recommended could not be determined due to the absence of meeting minutes.

41.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Corporation for the years ended 31 December 2019, 2020, 2021, 2022 and 2023 were in progress.

The Corporation has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

42. OMBUDSMAN COMMISSION OF PAPUA NEW GUINEA

42.1 INTRODUCTION

42.1.1 Legislation and Objectives of the Commission

The Ombudsman Commission was established under *Section 217* of the Constitution of the Independent State of Papua New Guinea. The principal objectives of the Commission are: to ensure that all governmental bodies are responsive to the needs and aspirations of the people; to help in the improvement of the work of governmental bodies and the elimination of unfairness and discrimination by them; to help in the elimination of unfair or otherwise defective legislation and practices affecting or administered by governmental bodies; and to supervise the enforcement of the Leadership Code.

42.1.2 Functions of the Commission

The functions of the Commission are to:

- investigate on its own initiative or on complaint by a person affected, any conduct on the part of any State or provincial or local governmental, or other governmental body or a member or officer or employee of any such body, any member of the personal staff of the Governor-General, Minister or the Leader or Deputy Leader of the Opposition, or any other body or person as may be declared by an Organic Law or an Act of Parliament, to which the Leadership Code applies;
- investigate any defects in any law or administrative practice appearing from any such investigation;
- investigate any case of an alleged or suspected discriminatory practice within the meaning of a law prohibiting such practices;
- any functions conferred upon it by *Part III Division 2 (Leadership Code)* of the National Constitution; and
- any functions conferred upon it by or under an Organic Law.

42.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

42.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Commission for the year ended 31 December 2022 was issued on 24 February 2025. The report contained a Qualified Opinion.

“QUALIFIED OPINION

In my opinion, except for the effects of the matters referred to in the Basis for Qualified Opinion paragraphs, the financial statements of the Commission:

- a) are based on proper accounts and records; and

- b) are in agreement with those accounts and records, and show fairly the state of affairs of the Commission for the year ended 31 December 2022 and the results of its financial operations for the year then ended.

BASIS FOR QUALIFIED OPINION

Opening Balance- Cash at Bank

My report of the Commission for the year ended 31 December 2021 was qualified on the basis that I could not satisfy myself as to the accuracy, valuation, existence and completeness of the cash at bank balance reported in the Statement of Receipts and Payments and disclosed in the *Note 5* to the financial statements. The closing cash balance as at 31 December 2021 was taken up as the opening balance at 1 January 2022.

I was unable to perform alternative audit procedures to confirm the valuation, existence, accuracy and completeness of the 2021 closing cash balance taken up as the opening balance at 1 January 2022.

Since the 2021 closing balance enter into the determination of the 2022 opening balance, I could not ascertain whether any adjustments might be necessary on the opening balance and accuracy of the cash balance presented in the financial statements as at 31 December 2022.

Cash at Bank – K26,221,970

Bank reconciliations after audit adjustments made to the operating account was only prepared for the month of December. There were no adjusted/revised reconciliations prepared for the periods from January to November to ascertain the accuracy and completeness of the adjustments and to confirm the end of year cash at bank balance. Furthermore, detailed listing/breakup of the unrepresented cheques totaling K426,573 for the December bank reconciliation was not provided with the December bank reconciliation statement. Due to insufficient supporting documentations, I was unable to perform my planned audit procedures to confirm the completeness, accuracy and valuation of the 2022 year-end closing balance of K10,826,686 taken up in the updated IFMS cash book.

As a result, I was not able to ascertain the accuracy, completeness and valuation of the cash at bank balance of K26,221,970 as reported in the Statement of Cash Receipts and Payments and its corresponding *Note 5* to the financial statements as at 31 December 2022.

Fixed Assets – K21,343,548

The Commission disclosed its fixed assets closing balance as K21,343,548 in *Note 4* to the financial statements. I was not able to obtain sufficient and appropriate audit evidence to substantiate the occurrence, accuracy, completeness and valuation of the recorded fixed assets balance due to the following observations:

- There was no maintenance of a complete and updated Fixed Assets Register capturing all fixed assets acquired over the years to date;
- I was not able to perform my planned audit procedures to confirm the occurrence, validity and accuracy of the asset additions balance of K3,360,324 taken up in the statement of cash receipts and payments as well as its corresponding *Note 4* as at the time of my audit, the requested IFMS detailed transaction listings and Business Management Account Cashbook were not provided; and
- No supporting documentations were provided to enable me to verify asset disposals totaling K458,167 disclosed in *Note 4* to the financial statements.

Due to the above, I was unable to confirm the accuracy, completeness and valuation of the fixed assets closing balance of K21,343,548 as at 31 December 2022.”

42.2.2 Audit Observations Reported to the Ministers

My report to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Commission for the year ended 31 December 2022 was issued on 24 February 2025. The report contained the following observations:

Audit Committee and the Internal Audit Unit

Finance Instruction 2/2009 establishes internal audit units and audit committees including their respective scope and charter. *Section 7* of this Instruction requires all National Departments, Provincial Governments, Statutory Authorities and Public Bodies to adopt and comply with the provisions in the aforementioned instruction. My review of the Audit Committee as well as the Internal Audit Unit of the Commission revealed the following:

- *Section 3* in the *Appendix A* (Audit Committee Charter) of the Finance Instruction specifies the composition of the audit committee which shall include: The Agency Head, the Secretary of the Department of Finance (or his delegate), the Auditor General (or his delegate) and independent members appointed by the Finance Secretary, unless an alternate structure is approved by the Finance Secretary. However, I noted that the Commission’s audit committee comprised of only three (3) Members of the Commission (MoC).

I was not provided with any directive/correspondences from the Secretary of the Department of Finance for the alternate structure, in this case approving the MoC to be the only Audit Committee members;

- *Section 6* in the *Appendix A* (Audit Committee Charter) of the Finance Instruction stipulates the responsibilities of the Audit Committee. *Sections 6.1.1* and *6.2.1* require the audit committee to review the financial report and the results of audit as well as the implementation of the findings of the Auditor General. However, I was not able to confirm whether this has been done since the establishment of the Audit Committee because similar audit findings and recommendations were brought to management's attention over the years and audit recommendations are yet to be implemented; and
- I requested but was restricted access to internal audit reports and as such I was not able to establish whether regular reviews on the effectiveness of risk management, control and governance processes were conducted and necessary recommendations provided for improvements. Further the Commission did not adhere to the requirement under *Section 16.6* of the *Ombudsman Commission of PNG Financial Management Manual* which stipulates that Internal audit reports and working papers must be submitted to the Auditor General during the conducting of external audits.

As a result of the above findings I was not able to gain comfort on the composition of the Audit Committee and further conclude on the effectiveness of the internal audit unit within the Commission.

I sought clarity from management on the issues highlighted above and was advised as follows:

"Members of the Commission (2018) decided that MoC will become the Ombudsman Commission Audit Committee due to the confidentiality of work OC does. Internal Audits performed for the year 2022 were more operational in nature and not financial. All the financial reviews are left to the Auditor General's Office to conduct. OC Internal Audit Unit supplied the AGO with copies of the OC Audit Charter and the Annual Audit Plan. MoC did not authorize the release of any OC Internal Audit Reports to external parties."

Members of the Commission (MoC) Meeting Minutes

The Commission did not provide for my review the minutes of meetings convened by the Members of the Commission during the year. As such, I was unable to conclude on whether the major decisions especially on the financial affairs of the Commission were effectively debated and resolutions appropriately passed and were in the best interest of the Commission.

Management subsequently responded to my observation as follows:

"All meeting minutes and decisions are confidential and cannot be released, unless authorized by Secretary to the Commission and members of the Commission. However, meeting minutes relating to the Commission Budget Estimates will be provided to the Auditor General's Office."

Fixed Assets

Effective fixed assets management ensures proper accountability of public assets and prevents fraudulent use of assets thereby contributing towards better service delivery. I noted the following significant recurring issues in relation to the management of Fixed Assets of the Commission:

- The Commission did not maintain a Fixed Assets Register capturing all fixed assets acquired over the years to date;
- There was no fixed assets policy formulated by the Commission to guide the acquisition, capitalization and disposal of fixed assets; and
- No evidence was provided to substantiate that the Commission conducted routine annual stock-take of its fixed assets.

As a result, I was not able to place reliance on the controls surrounding the management and use of the fixed assets of the Commission.

I have over the years repeatedly reported these findings; however, the Commission is yet to address my recommendations.

Payments lacking service agreements

I noted during my review that contractual payments totaling K293,340 made during the year were without the service agreements. Therefore, I was not able to verify the basis of the payments made and conclude on whether scope of work or services rendered were reasonable for the expenses incurred.

I recommended the Commission to ensure that in the future a contract/service agreement is signed before any service/work is rendered.

The management acknowledged my finding and agreed to take corrective actions.

Operating and Capital Expenditures - Insufficient Supporting Documents

My review of the operating and capital expenditures incurred and paid in 2022 revealed a number of payments made without proper supporting documents. Payment vouchers totaling K198,461 that were examined were not supported by proper documents such as:

- Minutes/memos justifying the basis of payments;
- Invoices to confirm the validity of the payments;
- Cash collection registers/sheets signed off by recipient and dated as evidence of cash received for travel allowances and advances paid in cash;
- Three quotes for purchases above K5,000 and below K500,000 as required by *Finance Instruction 2/2013*; and
- Delivery dockets as evidence that goods have been received.

I reminded the Commission to ensure all claims are substantiated with proper supporting documents and to always observe proper procurement processes.

Management subsequently responded as follows:

“All audit issues raised and requirements have been noted by OC and have been highlighted in the OC meetings by the Commission. Actions have been taken to be stringent in the implementation and adherence to the audit requirements and tender and procurement policies and in line with recommendations provided by AGO.”

42.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Commission for years ended 31 December 2023 and 2024 were completed and awaiting management letter responses to finalise the reports.

43. PAPUA NEW GUINEA ACCIDENT INVESTIGATION COMMISSION

43.1 INTRODUCTION

43.1.1 Legislation

The *Papua New Guinea Accident Investigation Commission* was established under *Section 218 of the Civil Aviation Act 2000 (as amended)* and came into operation in January 2011.

43.1.2 Objective of the Commission

The principal purpose of the Commission is to determine the circumstances and causes of accidents and incidents with a view to avoiding similar occurrences in the future, rather than to ascribe blame to any person.

43.1.3 Functions of the Commission

- The principal function of the Commission is the investigation of aviation accidents and incidents;
- The Minister may, by notice in the National Gazette, direct the Commission to investigate any serious land or marine transport accident or incident;
- Where a direction is given under *Subsection (2)*, all references to an “*aircraft*” shall be read as a reference to the vehicle or vessel or other form of transport involved in the accident or incident to be investigated; and
- Without limiting the principal function under *Subsection (1)*, the Commission shall also have the following functions:
 - make such inquiries and investigations as it considers appropriate in order to ascertain the cause or causes of accidents or incidents;
 - co-ordinate and direct all such inquiries and investigations and to determine which other parties, if any, should be involved in the investigation;
 - prepare and publish findings and recommendations, if any, in respect of any such inquiries and investigation;
 - where requested by the Minister, to deliver a written report on each investigation to the Minister, including any recommendations for changes or improvements that it considers will ensure avoidance of accidents and incidents in the future;
 - co-ordinate and co-operate with other accident investigation organisations of Contracting States, including taking or collecting evidence on their behalf;

- request from the Authority or PNG Air Traffic Services (PNGATS) or any other person such information as it considers appropriate regarding any accident or incident that the Commission believes that it is required to investigate under this Act;
- perform any other function or duty conferred on the Commission under any Act or prescribed by regulations; and
- with the consent of the Minister, to provide consulting services, training and management services relating to any of its functions, whether in PNG or overseas.

43.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

43.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Commission for the year ended 31 December 2024 was issued on 27 June 2025. The report did not contain any qualification.

43.2.2 Audit Observation Reported to the Ministers

My report to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Commission for the year ended 31 December 2024 was issued on 27 June 2025. The report contained the following matters:

Transition from Attaché Accounting System to Manual Excel Recording

My review noted that the Commission has shifted from using Attaché accounting system to manually recording transactions in excel spreadsheets in 2024. I advised management that it is a best business practice to have a suitable accounting system software in place. I further stressed that inputting and sorting of transactions manually in excel spreadsheets can be time consuming and susceptible to errors and omissions which can result in misstating the financial information and data presentation in the financial statements.

I therefore recommended the management to consider employing a suitable accounting system software for the purposes of recording and storing transaction data and, for timely and accurate reporting.

Management acknowledged and responded, *“Excel spreadsheets are currently used in conjunction with the Attaché accounting system to facilitate faster data entry through the Keystroke File Import (KFI) function. This method allows for batch uploading of transactions from Excel into Attaché as its primary accounting system and remains committed to maintaining proper financial controls and ensuring timely and accurate reporting.”*

Fraud and Reporting System

As reported in my prior year audit, the Commission still has no fraud reporting system and guidelines in place. I alarmed management that although occurrence of fraudulent activities may not be detected in a timely manner, there must be proper systems and guidelines in place to track and report on imminent and possible fraudulent activities. I recommended the Commission to have fraud risk management control system in place to manage any known and suspected fraud cases.

Management acknowledged my observation and recommendation and stated that they are in the process of developing a Fraud and Reporting Policy to formally address this issue.

Fixed Assets Register (FAR)

My review of the Fixed Assets Register (FAR) of the Commission revealed that some assets that were found to be fully depreciated and having zero carrying value were still sitting in the Fixed Assets Register as at 31 December 2024.

I advised management that having fully depreciated, obsolete and idle assets in the FAR without checks and balances may overstate the assets values and can affect sound decision making by management. Hence, I recommended the Commission to perform proper stock-take and update the Fixed Assets Register. I also suggested that fully depreciated and obsolete assets should be disposed-off with Board's approval.

Management acknowledged my advice and recommendation and stated, *"A full physical stock take of all fixed assets will be undertaken to verify their condition and usage. The Fixed Assets Register will be updated accordingly, and obsolete or fully depreciated assets will be disposed of with proper Board approval, in line with the Commission's Assets Disposal Procedure. Moving forward, annual stock takes and timely updates to the register will be enforced to maintain accurate asset records and support informed budgeting and asset management decisions."*

Receivable from the National Agriculture Quarantine and Investigation Authority (NAQIA)

As reported in my prior years' audits, NAQIA is to refund all payments made by PNGAIC for security and electricity expenses related to renting of a property owned by NAQIA.

I was informed by PNGAIC that the receivables from NAQIA has transpired from discussions made on 25 November 2020 between NAQIA, PNGAIC and the Government Office Allocation Committee (GOAC) and resolved that the GOAC will meet all the charges payable to NAQIA on behalf of PNGAIC. As a result, PNGAIC recorded K166, 571 paid to NAQIA as refundable (receivable) in its book.

However, per a letter from NAQIA dated 20 May 2024, NAQIA invoiced PNGAIC totaling K96,272.43. Of this amount, PNGAIC settled K58,534.34 with a balance of K37,738.09 remained payable to NAQIA as at 31 December 2024.

NAQIA still claims that any outstanding balance plus new invoices up to 2024 are receivable from PNGAIC until such time Government Office Allocation Committee (GOAC) takes over the full responsibility.

I was not able to confirm the rationality and validity of these transactions. Accordingly, I was unable to assess whether the Commission could classify these transaction balances as receivables or payables.

I recommended the Commission to confirm the validity and accuracy of these claims with NAQIA and GOAC and suggested to management to take up the issue to the attention of the Board for further deliberation and resolution.

Management took note of my recommendation and stated, *“Efforts were made to confirm the validity of the receivable with both NAQIA and GOAC; however, the Commission was unable to obtain documented evidence of the meeting that purportedly confirmed the basis for recognizing this receivable. Given that the amount has remained outstanding for over 5 years, management submitted a recommendation to the Board on 26 June 2025 to write off the receivable of K166,570.56. This step is intended to ensure accurate financial reporting and reflects the low likelihood of recovering the amount. The Board is expected to consider the recommendation and issue a resolution in one of its upcoming meetings.”*

Asset Clearing Account

As reported in my prior year audit, the Commission still maintains a temporary General Ledger account (Holding Accounts) as an Asset Clearing account. As at 31 December 2024, this Asset clearing account had a credit balance of K139,244 (2023: a credit balance of K161,238). I also noted that under this clearing account there were balances carried forward from the prior years to the current year.

I advised management that temporary accounts hold doubtful transactions that cannot be immediately classified but to clear them at the end of a fiscal year. I alarmed management that maintaining temporary accounts can be challenging involving risk of potential overuse, lack of tracking and reconciliation issues and increased risk of non-compliance.

Accordingly, I recommended the Commission to continue identifying the transactions with supporting receipts/payment vouchers involved and allocate them to their permanent accounts to ensure accuracy and fair presentation in the financial statements.

Management responded, *“Efforts are ongoing to identify and allocate transactions supported by receipts and payment vouchers that make up the carried forward balance of K161,238 from 2023, to their appropriate permanent accounts.”*

Salary and Wages Tax (SWT) Reconciliation

As reported in my prior years' audits, the issue on SWT reconciliation has remained unresolved for the year under review. My review of the Tax Statement of Account (SOA) issued by the Internal Revenue Commission (IRC) as at May 2024 revealed existence of tax credits and penalty charge balances of (K54,461) and K117,876 respectively with a net tax payable of K63,415. As at 31 December 2024, the Commission had not performed reconciliations of the SWT account balance in its books against the IRC's SOA balance to ensure the accuracy of the SWT payable. I further noted that this net SWT payable was for the periods 2019 to 2022 as tabulated below.

Details	Tax (K)	Tax Penalties (K)	SWT Tax Payable (Net) (K)
SWT Outstanding Balances	(54,461)	117,876	63,415

I warned management that failure to remit IRC dues on the set dates amounts to non-compliance which may result in fines and penalties imposed by the Tax Office (IRC). Therefore, I recommended the Commission to reconcile the tax accounts on a timely basis and update its books accordingly for proper reporting going forward and, to comply with the requirements of the Internal Revenue Commission to avoid further penalties.

Management took note of my observations and recommendations and assured that they will continue to work with the Tax Office (IRC) to address the issue.

Travel Acquittal Register

My review of the duty-travel related payments revealed that the Commission did not keep and maintain an acquittal register for travel advances taken by the officers for the year ended 31 December 2024.

I recommended management to maintain a travel advance acquittal register to record all duty travels taken with supporting documents such as ticket butts and boarding passes, hotel invoices and receipts, hire car invoices and receipts and other relevant documents.

Management took note of my recommendation and stated that steps will be taken immediately to implement the register and ensure it is updated regularly with all relevant supporting documents.

44. PAPUA NEW GUINEA CUSTOMS SERVICE

44.1 INTRODUCTION

44.1.1 Legislation

The National Executive Council (NEC) in its meeting on 24 July 2014, *Decision No: 216/2014* approved that the Papua New Guinea Customs Service be transformed from the National Public Service into an Independent Statutory Authority through a separate Act of Parliament.

In accordance with the NEC Decision, the *Papua New Guinea Customs Service Act 2014* was drafted and certified on 21 October 2014, establishing the Papua New Guinea Customs Service as a Statutory Authority.

Prior to November 2014, the Papua New Guinea Customs Service was operating as a Department of the National Public Service.

44.1.2 The Functions of the Service

The functions of the Papua New Guinea Customs Service are to:

- administer and enforce the customs laws;
- promote compliance with the customs laws;
- take such measures as may be required to improve service provided to importers and exporters with a view to improving efficiency and maximising revenue collection;
- take such measures as may be required to counteract customs fraud and other forms of duty evasion;
- advise the State on matters relating to customs and to liaise with relevant stakeholders on such matters;
- represent the State internationally in respect of matters relating to customs; and
- carry out such functions as are given to the Papua New Guinea Customs Service under this Act or any other law.

44.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Service for the years ended 31 December 2019, 2020 and 2021 have been completed and awaiting management response.

The Service has submitted its financial statements for the years ended 31 December 2022, 2023 and 2024 and arrangements were being made to commence these audits shortly.

45. PAPUA NEW GUINEA FOREST AUTHORITY

45.1 INTRODUCTION

45.1.1 Legislation

The Papua New Guinea Forest Authority was established under the *Forestry Act 1991* which came into operation on 25 June 1992.

The Authority was formed by the amalgamation of the Department of Forests, the Forest Industries Council, the Provincial Divisions of Forestry, the Forestry College in Bulolo, the Timber Industry Training College and the Research Institute in Lae.

With the establishment of the Authority the following Acts were repealed: the *Forest Industries Council Act (Chapter 215)*; the *Forestry Act (Chapter 216)*; and the *Forestry (Private Dealings) Act (Chapter 217)*.

45.1.2 Objectives of the Authority

The prime objective of the Authority is to provide for and to give effect to the National goals and the directive principles regarding:

- management, development and protection of the Nation's forest resources and environment in such a way as to conserve and renew them as an asset for succeeding generations;
- maximisation of PNG's participation in the wise use and development of the forest resources as a renewable asset;
- utilisation of the Nation's forest resources to achieve economic growth, employment creation and increased "downstream" processing of the forest resources;
- encouragement of scientific study and research into forest resources so as to contribute towards a sound ecological balance, consistent with the national development objectives;
- increased acquisition and dissemination of skills, knowledge and information in forestry through education and training; and
- pursuit of effective strategies, including improved administrative and legal machinery, for managing forest resources and the management of National, Provincial and Local interests.

45.1.3 Functions of the Authority

The principal functions of the Authority are to:

- provide advice to the Minister on forest policies and legislation pertaining to forestry matters;
- prepare and review the National Forest Plan and recommend it to the NEC for approval;
- through the Managing Director, to direct and supervise the National Forest Service;
- negotiate Forest Management Agreements;
- select operators and negotiate conditions on which timber permits, timber authorities and licences may be granted in accordance with the provisions of the *Forestry Act*;
- subject to the *Customs Act, Customs Tariff Act and Exports (Control and Valuation) Act* to control and regulate the export of forest produce;
- oversee the administration and enforcement of the *Forestry Act* and any other legislation pertaining to forestry matters, and of such forestry policy as approved by the NEC;
- undertake the evaluation and registration of persons desiring to participate in any aspect of the forestry industry;
- act as agent for the State, as required, in relation to any international agreement relating to forestry matters; and
- carry out such other functions necessary to achieve its objectives or given to it under the Act or other relevant law.

45.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Authority for the years ended 31 December 2016, 2017 and 2018 were in progress. It has taken over three years for the audits to be finalized due to lack of cooperation from the Authority.

The Authority has not submitted its financial statements for the years ended 31 December 2019, 2020, 2021, 2022, 2023 and 2024 for my inspection and audit despite numerous reminders from my Office.

46. PAPUA NEW GUINEA IMMIGRATION AND CITIZENSHIP SERVICE AUTHORITY

46.1 INTRODUCTION

46.1.1 Legislation

The *Papua New Guinea Immigration and Citizenship Service Authority* was established under the *Immigration and Citizenship Service Act 2010*. This Act came into operation on 9 July 2010.

Under this Act, all assets used for the Authority services (other than land held by the State) which immediately before the coming into operation of this Act, were held by the Department of Foreign Affairs and Trade and which, by agreement between the Departmental Head of that Department and the Authority are necessary to be transferred to the Authority for the purposes of the Authority before coming into operation, transferred to and become assets of the Authority.

46.1.2 Objectives of the Authority

The objectives of the Authority are the following:

- the management, development and protection of the nation's interest in so far as the security of the nation is protected;
- elimination of corruption and increase in accountability;
- provision of a more flexible operational working environment;
- increased operational and management efficiency in financial management, accountability and performance management;
- provision of a mechanism for the achievement of best practice;
- provision of financial and administrative autonomy;
- increased levels of client service delivery;
- encouragement of study and research in areas which will contribute to the protection and security of the nation;
- increased acquisition and dissemination of skill, knowledge and information in immigration and citizenship through education and training;
- pursuit of effective strategies including improved administrative and legal machinery for managing immigration, citizenship and passport matters; and
- ensure the Authority retains its primacy and leadership role with regard to the provision of effective border control and security through the effective management of entry and stay of people in PNG.

46.1.3 Functions of the Authority

The functions of the Authority are to:

- perform the functions and exercise the powers conferred on an authorised person or an officer under the *Migration Act (Chapter 16)* or the *Passports Act (Chapter 17)*;
- assist the Minister responsible for the administration of the *Migration Act (Chapter 16)* and *Passport Act (Chapter 17)* in the performance of their functions under those Acts respectively;
- assist the Minister responsible for citizenship in the performance of his/her functions under Part IV of the *Constitution* and the *Citizenship Act (Chapter 12)*;
- collect fees, penalties and other revenue authorised under the *Migration Act (Chapter 16)*, *Passport Act (Chapter 17)* and *Citizenship Act (Chapter 12)*;
- administer the APEC Business Travel Card Scheme under the *Migration Act (Chapter 16)*;
- collect, monitor, secure and maintain information and technological systems to enable fully integrated and supported immigration, citizenship and passport operations;
- undertake development of legislation and policy to support the operations of the Authority and the effective administration of the *Migration Act (Chapter 16)*, *Passport Act (Chapter 17)* and the *Citizenship Act (Chapter 12)*;
- advise the Minister on policy issues which relate to this Act and the effective administration of the *Migration Act (Chapter 16)*, *Passport Act (Chapter 17)* and the *Citizenship Act (Chapter 12)*;
- exercise and carry out such functions and powers and perform all duties which under any other written law are or may be or become vested in the Authority or delegated to the Authority by this Act or any other law; and
- carry out such other duties as are necessary, supplementary, incidental to or consequential to achieve the objectives or the discharge of its functions under this Act.

46.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Authority has submitted its financial statements for the years ended 31 December 2018, 2019 and 2020 and arrangements were being made to commence the audits shortly.

The Authority has not submitted its financial statements for the years ended 31 December 2021, 2022, 2023 and 2024 for my inspection and audit.

47. PAPUA NEW GUINEA INSTITUTE OF MEDICAL RESEARCH

47.1 INTRODUCTION

47.1.1 Legislation

The Papua New Guinea Institute of Medical Research was established by the *Institute of Medical Research Act (Chapter 166)* on 1 January 1980.

47.1.2 Functions of the Institute

The primary functions of the Institute are to conduct and foster research into any branch of medical science or biology, anthropological and sociological aspects of health, and matters relating to public health generally, that are of relevance to PNG.

47.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

47.2.1 Comments on Financial Statements

My reports to the Ministers under *Section 8(4)* of the *Audit Act* on the Institute's financial statements for the years ended 31 December 2022 and 2023 were issued on 31 January 2025 and 8 May 2025 respectively. The reports did not contain any qualification.

47.2.2 Audit Observations Reported to the Ministers

My reports to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Institute for the years ended 31 December 2022 and 2023 were issued on 31 January 2025 and 8 May 2025 respectively. The reports contained the following similar observations, hence only the 2023 report is reproduced:

Bank Reconciliations not Prepared on a Timely Basis

Under *Section 4* of the *PNGIMR Accounting Policy and Procedural Manual*, it clearly stated the responsibilities of the Institute to review its accounts, and the preparation of monthly reconciliations of all bank accounts. However, my review of the bank reconciliations for the twenty-nine (29) bank accounts maintained by the Institute revealed that the Institute did not consistently prepare and review its bank reconciliations on a monthly basis. As a result, discrepancies were noted in most of the reconciliations like balances incorrectly stated and posting errors.

Additional tests revealed that incorrect balances resulted from posting errors were immaterial and below the performance materiality figure. Further, I have confirmed the Cash at Bank balances disclosed in the financial statements.

I have recommended the Institute to prepare and review all its bank reconciliation statements on a monthly basis and management agreed to implement.

Fixed Assets – K57,950,925

The Fixed Assets Register (FAR) is the main control mechanism that captures and shows the value and ownership of the assets of an organization. Although, the 2023 audit had seen improvements in this area, the following discrepancies were still noted:

- In 2022, there was an update on all inventory conducted and reported only for the Head Office but other centres items were still not updated including 2023 to accurately and fairly state the values of assets owned and controlled by the Institute;
- The Institute did not have titles to most properties listed in other centres;
- Most of the assets that were captured in the Fixed Assets Register were well over 30 to 40 years old items dating back to 1980s with values ranging from K100 to K400, also some with zero carrying values but were still in the assets register; and
- Although there was some progress in assets tagging, more improvements needed to be done around this particular area of assets tagging to ensure that the Institute's assets can be traced to their location to verify their existence and condition.

Despite the above discrepancies noted, I was able to gain comfort over the existence, completeness, and accuracy of the fixed assets balance of K57,950,925 disclosed in *Note 8* to the financial statements.

Unreconciled Balances – Clearing Accounts

My review of all the current assets and liabilities per *Note 7* of the financial statements revealed that most of these transactions relate to inter-account transactions which were not cleared at year end. I requested for aged payables and receivables reconciliations but I was advised that the Sybiz accounting system do not generate payables and receivables reconciliations. In addition, the Institute do not manually prepare reconciliations.

My further analysis revealed that no proper records of inter-account transactions were kept for easy referencing as most of the receivables and payables relate to inter-account transactions. As a result, there were uncleared balances still sitting under various clearing accounts.

Management responded to my observation as follows:

“We acknowledge the unreconciled balance status of the clearing accounts and the Institute has taken steps to initiate the reconciliation of these accounts starting from the “cut off period” of 2022. We are taking steps to ensure the current accounts are annually reconciled.”

Other Receipts not Properly Recorded – K904,452

My review on Other Grants/Receipts revealed that almost fifty percent (50%) of the transactions totalling up to K377,323 were found to be missing or without receipts and supporting documents in the file to verify.

Despite improper recording and filing of receipts, I gained comfort over the receipts balance disclosed in the financial statements for the year ended 31 December 2023.

I have recommended the Institute to have proper record keeping in terms of other receipts going forward and management accepted my recommendation.

Salary and Wages Tax Liability – K808,070

My review of the income tax lodgments revealed that the Institute was up to date with its salary and wages tax lodgments for the year under review. However, my further analysis revealed that a summary statement of account provided by the Internal Revenue Commission (IRC) dated November 2021 showed penalty charges against assessments amounted to K3,030,231 dated from 2013 up to 2019.

I raised this issue in my prior year audits and management took positive steps by making instalment repayments which had resulted in the balance being reduced.

Management responded to my observation as follows;

“We acknowledge the AGO recommendation and inform that the outstanding balance of K808,070 will have been fully settled by 30 June 2024.”

Incorrect Tax Calculation on Gratuity Payment

My review of the gratuity payments revealed that tax rate applied was incorrect. Per the Income Tax Table effective as at 1 January 2019, the tax rates that were supposed to be applied were 40% based on their salary scale. However, they used a rate of 35% which was incorrect. As a result of the incorrect tax rate applied, the Institute had remitted less tax to IRC and paid a little bit more to staff who were paid gratuity during the year under review. Consequently, I was unable to comment on the accuracy of the gratuity and tax balances presented in the financial statements for the year ended 31 December 2023.

Retrenchment Payout – Incorrect Calculation

My review of the Retrenchment payout for five (5) staff that I tested revealed that the calculations were done incorrectly. As a result, a total of K136,629 was overpaid to the five (5) retrenched staff per the test results. The final payout for the five (5) staff could have been K264,304 but instead, they were paid a total of K400,933. Despite incorrect calculation of retrenchment pay-outs, I could gained comfort over the balances presented in the financial statements for the year ended 31 December 2023.

Payments – Recognition and Measurement

Disclosed in the *Accounting Manual (clause 2.6)* is the requirement for the recognition and measurement of financial transaction under the cash basis of accounting framework. My review of the general ledgers (detailed transaction listing) revealed that payments were not disclosed in the prescribed framework. Payments were initially recognized as payables before actual cash were disbursed. Further, no reconciliations were performed on the accounts payable to affirm the accuracy and completeness of the payments incurred in 2023.

Management concurred with my finding and agreed to report in cash basis going forward.

Non-Compliance with Financial Management Manual

It is a requirement under the *Financial Management Manual Part 20 Paragraph 12.2* that a financial delegate shall maintain a register of advances to officers on duty travel. Further, under *Paragraphs 11.2 and 12.2* cash advanced to officers on overseas official duty must acquit within fourteen (14) days of return from duty travel and advances to officers on domestic duty travels to be acquitted within seven (7) days of return from duty travel by submitting the acquittal form. However, my review of the payments revealed that the Institute failed to maintain and update the travel register and a travel acquittal file for related disbursements made during the year under review.

47.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Institute has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

48. PAPUA NEW GUINEA MARITIME COLLEGE

48.1 INTRODUCTION

48.1.1 Legislation

The Papua New Guinea Maritime College was established under the *Maritime College Act 1976 (Chapter 355)*. It was previously known as the Nautical Training Institute. However, by virtue of the *Nautical Training Institute (Change of Name) Act 1985* which became effective on 25 July 1985, the names of Nautical Training Institute and *Nautical Training Institute Act* were changed to Maritime College and *Maritime College Act 1976* respectively.

48.1.2 Functions of the College

The principal functions of the College are to provide training and other instructional facilities for the theoretical and practical training of persons in maritime skills and any other objects incidental or ancillary thereto.

48.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the College has submitted its financial statements for the years ended 31 December 2023 and 2024 for my inspection and audit and arrangements were being made to commence the audits shortly.

49. PAPUA NEW GUINEA NATIONAL INSTITUTE OF STANDARDS AND INDUSTRIAL TECHNOLOGY

49.1 INTRODUCTION

49.1.1 Legislation

The Papua New Guinea National Institute of Standards and Industrial Technology was established by the *National Institute of Standards and Industrial Technology Act 1993* and came into operation on 3 January 1994.

The *National Standards Act (Chapter 378)* and the *National Technical Standards Act (Chapter 379)* were repealed, and all funds standing to the credit of and on accounts operated under the authority of the repealed acts and all assets and liabilities owned or held by the bodies established under the repealed acts were transferred to and became the assets and liabilities of the Institute on the commencement of the new Act.

49.1.2 Objectives of the Institute

The objectives of the Institute are: to carry out scientific and technological research and to develop a National Standards System; to co-operate with international organisations of measurement and technical standards; to promote and undertake industrial integrated standardisation and quality assurance; and to enter into any agreement both within and outside PNG to further the objectives and functions of the Institute.

49.1.3 Functions of the Institute

The main functions of the Institute are to:

- safeguard PNG against the dumping and supply of unsafe, unhealthy and inferior or substandard products;
- establish and co-ordinate the National Standardisation System;
- provide education, training and industrial extension and consultative services to assist industries;
- promote public and industrial welfare, health and safety;
- recognise as testing authorities, bodies and institutions;
- establish a National Certification System of conformity;
- assist industries overcome technical barriers on its products and services to international trade; and
- assist industries to produce quality products and services.

49.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

49.2.1 Comments on Financial Statements

My reports to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Institute for the years ended 31 December 2020 and 2021 were issued on 9 June 2025. The reports contained similar Qualified Opinions, hence, only the 2021 report is reproduced:

“QUALIFIED OPINION

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements are;

- a) based on proper accounts and records; and
- b) are in agreement with those accounts and records, and show fairly the state of affairs of the Institute for the year ended 31 December, 2021 and the results of its financial operations and cash flows for the year then ended.

BASIS FOR QUALIFIED OPINION

Debtors – K724,256

The Institute disclosed K724,256 as debtors in the financial statements. During my review, I noted that the Institute did not have a trade debtors’ listing and monitor unpaid invoices. I also noted that the Institute did not maintain a Staff Advance Register to record and monitor advance payments made to staff and collected to reconcile with general ledger records. In addition, the Institute has no documented policy for advances. As a result, I was not able to verify the debtors balance disclosed in the financial statements.

Fixed Assets – K11,433,864

As reported previously, the Fixed Assets Register was not provided for my review as it was not properly maintained and updated by the Institute. As disclosed under *Note 16* to financial statements, assets purchased and disposed during the year were not adequately captured. As a result, I was not able to verify the amount as disclosed in the financial statements.

Receipt/Government Grant Warrant – K10,738,288

During my review of the Government Grant receipts of K10,738,288 for both the re-current operational activities and payroll could not be confirmed to the warrants issued by Department of Finance. However, I relied my audit on the bank statement balances for operational grant and FINO3 for the 26 fortnights for payroll since the Institute did not maintain any file for the copies of warrant to confirm the grant received by the Institute during the year. Furthermore, the Institute did not maintain the revenue schedules for other revenues disclosed in the financial statements in order to reconcile with the general ledger balances.

Limitation of Scope – Payments

During my review of the payments of the Institute, I noted that the Institute has not fully complied with *Section 62 (1)* of the *Public Finances (Management) Act 1995 (as amended)* requiring public bodies to keep proper account and records of its affairs. As such, I noted that on several instances payment vouchers totaled K197,347 were missing and not provided for my verification.

In the absence of payment vouchers, I was unable to perform substantive tests to gather sufficient and appropriate audit evidence to verify the correctness and validity of these payments.”

49.2.2 Audit Observation Reported to the Ministers

My reports to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Institute for the years ended 31 December 2020 and 2021 were issued on 9 June 2025. The reports contained similar observations, hence, only the 2021 report is reproduced:

Non-Submission of Financial Statements

The Institute has not prepared and submitted its financial statements to my office before 30 April 2022 to enable me to conduct the audit within the timeframe stipulated by the *Public Finance (Management) Act, 1995 (as amended)*. Consequently, the Institute has breached *Sections 63 (2)* and *63 (4)* of the *Public Finances (Management) Act, 1995 (as amended)*.

Council Members Appointment and Meetings

The Institute has not appointed a Governing Council since the previous Council’s term expired on the 12 April 2015, as per the *Gazettal Notification No. G156*. The Council has prolonged these appointments since 2015 when the terms for the former Council members expired. I brought this matter to the attention of the Institute and they responded that the management team through Director General’s Office would take the lead and prioritize this important matter.

Corporate Plan

The Institute has not compiled a Corporate Plan to set clear strategic direction for its operations to achieve its objectives, sets priorities, targets and to take into account the requirements and priorities of its stakeholders. I brought this to the attention of the Management and they concurred with my observations and responded as follows;

“The Institute’s Management acknowledges the Auditor’s observation and implication. In response to the recommendation, we have done several drafts of our Corporate Plan which we have been using as internal guides. However, a fully approved Corporate Plan requires the endorsement of NISIT Governing Council, which is the Appropriate Body to endorse publication of a NISIT Corporate plan. NISIT Currently has a Corporate Plan in its draft form ready to go before the NISIT Council hence the priority is to get the NISIT Council in place then move through to getting the Plan approved and Launching our Corporate Plan”.

Fixed Asset Register

During my review of the Fixed Assets Register, I noted that the Institute did not maintain a proper Fixed Assets Register for all the assets under its custody and control. I was not provided with an updated and complete Fixed Assets Register to enable me to determine the value of individual assets. In addition, there was no year-end stock take of these assets. As a result, I was unable to determine the fair value, condition and location of the fixed assets held under the custody of the Institute as at 31 December, 2021. I drew this issue to the attention of the Management and they responded to my observation as follows:

“The Institute Management acknowledges the Auditor’s observation and implication and recommendation. In response the management will ensure that a Fixed Assets Policy to be established for proper asset management processes and to maintain for proper records and values”.

Travel Advance / Acquittals Register

The Institute did not maintain a Travel Advance/Acquittals Register to keep proper records of acquittals for all duty travels and related expenses. The Institute did not comply with the *Public Finances (Management) Act, 1995 (as amended)* which governs the management and use of public funds. It is a requirement under the *Financial Management Manual Part 20 paragraph 11.2* that cash advance to officers travelling overseas on official duty to acquit travel advances within 14 days of return from duty travel. While *Part 20 paragraph 12.10* of the Manual requires that advances to officers for domestic duty travel to be acquitted within 7 days of return from duty travel. Thus, I was unable to trace and authenticate advances and travel expenses against its acquittals. I brought this issue to the attention of the Management and they responded to my observation as follows:

“The Management acknowledged the Auditors observation and implication. The Institute will adhere to the Auditor's recommendations to ensure that officers comply the requirements under the Finance Management Manual part 20 paragraph 11.2 that cash advance to officers travelling overseas on official duty to acquit travel advances within 14 days after returning from duty travel and part 20 paragraph 12,10 of the manual requires that advances to officers for domestic duty travel to be acquitted within 7 days after return from duty travel”.

Personnel Emoluments

My review of the personnel files for employees of the Institute revealed that staff personnel files have not been updated on a timely basis. Information such as salaries and wages tax declarations, birth certificates, salary history cards, leave records and other correspondences relating to salaries variations were not updated on a timely basis. I brought this issue to the attention of the Management and they assured me that necessary action would be taken by Human Resource to address the non-conformance.

Concept Payroll

During my review of salaries and allowances of the Institute, I noted that the salaries are paid through the Concept Payroll from the Department of Finance through the grant appropriation for payroll. However, there was no proper monitoring performed by way of reconciliation by the Institute against the concept payroll system. As a result, the staff contract of employment salaries varies in terms of salaries and allowances paid through the concept payroll system. I brought this issue to the attention of the Management and they responded to my observations as follows:

“To address this issue, NIST is currently working with DPM for Alesco Access to ensure efficiency, accountability and consistency in all”.

49.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Institute has not submitted its financial statements for the years ended 31 December 2022, 2023 and 2024 for my inspection and audit.

50. PAPUA NEW GUINEA SPORTS FOUNDATION

50.1 INTRODUCTION

50.1.1 Legislation

The Papua New Guinea Sports Foundation was established by the *Papua New Guinea Sports Foundation Act 2005*. This Act was certified on 8 August 2006 and became operational on the same date and replaced the *Papua New Guinea Sports Commission Act 1992*.

Under this Act, all assets held or occupied by and all liabilities and obligations of the Papua New Guinea Sports Commission prior to the operation of this Act were transferred to and became assets and liabilities and obligations of the Foundation at commencement.

50.1.2 Objectives of the Foundation

The principal objectives of the Foundation are: to encourage the private sector to contribute to the funding of sports to supplement assistance by the government of Papua New Guinea; to provide leadership in the development of Papua New Guinea's performance in sports; and to encourage increased participation and '*Sport for All*' by Papua New Guineans in sports.

50.1.3 Functions of the Foundation

The principal functions of the Foundation are to:

- advise the Minister in relation to the development of sports;
- co-ordinate activities in Papua New Guinea for the development of sports and to develop and implement programs to promote equality of access to and participation in sports by all Papua New Guineans;
- develop and implement programs for the recognition and development of persons who excel, or who have the potential to excel in sports and persons who have the potential to achieve standards of excellence as sports coaches, umpires, referees or officials essential to the conduct of sports;
- initiate, encourage and facilitate research and development in relation to sports;
- undertake research and development related to sports science and sports medicine and to provide sports medicine services and sports science services to persons participating in programs of the Foundation;
- establish, manage, develop and maintain facilities for the purposes of the Foundation;

- collect and distribute information and provide advice on matters related to the activities of the Foundation;
- fostering co-operation in sports between Papua New Guinea and other countries and to provide access to persons from other countries to the resources, services and facilities of the Foundation;
- raise money through the National Sports Trust or by other means for the purposes of the Foundation and to administer and expend money appropriated by the Parliament or raised in accordance with and for the purpose of the Foundation;
- consult and co-operate with appropriate authorities of the National Government or the Provinces and Local-level Governments and with other persons, associations and organisations on matters related to the activities of the Foundation;
- provide advice on matters related to sports to the Papua New Guinea National Olympic Committee or other persons, bodies or associations; and
- co-operate with districts, provincial, national and international sporting organisations in aiming to foster a sporting environment that is free from the unsanctioned use of performance enhancing drugs and doping methods.

50.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Foundation has submitted its financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 for my inspection and audit and arrangements were being made to commence the audits but were deferred due to a delay in the incorporation of a subsidiary company by the Foundation.

The Foundation has not submitted its financial statements for the years ended 31 December 2021, 2022, 2023 and 2024 for my inspection and audit.

51. PAPUA NEW GUINEA UNIVERSITY OF TECHNOLOGY AND ITS SUBSIDIARIES

51.1 INTRODUCTION

51.1.1 Legislation and Objectives of the University

The Papua New Guinea University of Technology was established under the *University of Technology Act (Chapter 170)*. The University's aims are to provide tertiary educational facilities and to produce qualified men and women to contribute to the development of Papua New Guinea.

51.1.2 Functions of the University

The University's principal functions are to encourage and provide facilities for study, education and training of technological subjects and branches of learning at tertiary level, and to assist in research and the practical application of technological branches of learning.

51.1.3 Subsidiaries of the University

The University has two subsidiary companies; *National Analytical and Testing Services Limited* and *Unitech Development and Consultancy Company Limited*.

Comments in relation to the subsidiary companies are contained in paragraphs 51A and 51B of this Report respectively.

51.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

51.2.1 Comments on Financial Statements

My reports to the Ministers under *Section 8(4)* of the *Audit Act* on the University's financial statements for the years ended 31 December 2020 and 2021 were issued on 30 September 2024 and 29 April 2025 respectively. The reports did not contain any qualifications.

51.2.2 Audit Observation Reported to the Ministers

My reports to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the University for the years ended 31 December 2020 and 2021 were issued on 30 September 2024 and 29 April 2025 respectively. The reports contained similar observations, hence, only the 2021 report is reproduced:

Unsigned Council Meeting Minutes

The Council meeting minutes for the year under review were not signed as valid and true records of the University Council's deliberations. This has raised concerns about the authenticity and accuracy of the recorded proceedings. I recommended management to establish clear protocols for the timely signing of meeting minutes.

Management responded to my observation as follows:

“We agree on your recommendation. SEMT has instructed all meeting minutes to be signed by the chairperson.”

Bank Account Management and Financial Data Consolidation

The University currently maintains eighteen (18) bank accounts, with sixteen (16) of them managed by individual departments using their own stand-alone accounting systems. Each department utilizes a separate accounting system (such as MYOB or Attaché) to record daily transactions, which creates challenges in reconciling and consolidating financial data. Additionally, the coding of accounts varies significantly across these systems. This inconsistency complicates the consolidation process and increases the risk of errors in financial reporting. I recommended management to consider migrating to a single accounting system for all departments to streamline financial data capturing and reporting.

Management responded to my observation as follows:

“We agree with your recommendation. We are migrating Trust Account (Service Units) to Attaché from MYOB this year and regarding DOL and Colleges will be migrated into Attaché next year.”

Payroll and Accounting System Integration

My review of the payroll system revealed that the University currently operates two (2) separate systems: iChris for payroll and Attaché for accounting. Notably, data from the iChris system is transferred manually to the Attaché system every fortnight. This reliance on manual data transfer may affect the accuracy and efficiency of financial reporting.

Management responded to my observation as follows:

“The use of iChris is to automate the HR functions including payroll. Though, Attaché has the payroll module, it has limited function only. We are using Attaché as our Financial accounting and reporting. However, we are consulting with iChris and Attaché developers to automate payroll data from iChris to Attaché (migration of data into attaché).”

Bank Reconciliations

My review of the University and its subsidiaries' eighteen (18) bank accounts revealed that bank reconciliations were systematically prepared using Attaché and MYOB accounting systems. However, there is no segregation of duties in the preparation, review, and certification of the system-generated bank reconciliations to ensure their accuracy and validity. Additionally, the preparers and reviewers did not indicate their names or the dates on which the reconciliations were completed. Moreover, some bank reconciliations were not accompanied by the corresponding bank statements. As a result, I was unable to place reliance on the effectiveness of the internal controls over the bank reconciliation process.

Land

My review of land owned by the University revealed that Portion 350 is unvalued and unrecorded in the University's books. The land is currently occupied by squatters, and the University did not provide title deeds for verification. The University's failure to fully account for all land allotments under its ownership indicates non-compliance with *International Accounting Standard (IAS) 16*. As a result, I was unable to determine whether the controls around land management are operating effectively.

Incomplete Fixed Asset Register (FAR)

The Fixed Asset Registers (FAR) for Bulolo University College and Timber Forestry Training College were incomplete and lacking proper asset coding. I recommended management to implement a robust asset coding system for both colleges ensuring each asset is assigned a unique identifier in the FAR.

Management responded to my observation as follows:

"We take note your recommendation and we are maintaining the Assets Registry in excel. We are going to migrate into Attaché system to capture and tract the assets of the colleges. This task is assigned to Deputy Bursar (Colleges & Service Units)."

Non-Compliance with Public Service General Orders

My review of the employee allowances and entitlements revealed following the non-compliance issues:

a) Recreational leave credits

The University uses three (3) different rates to calculate leave days; 1.25 days for junior officers, 2.0 days for permanent officers, and 2.5 days for contract officers which is not in line with *Public Service General Order 14.30*. All public servants are entitled to accrue 1.25 days per month, regardless of their rank or status.

b) Converting recreational leave credits to other benefits

The University allows recreational leave credits to be converted into benefits like school fees, professional fees, and medical bills which is against *Public Service General Order 14.39*. Leave credits should only be used for taking days off from work or paid to the staff through retirement, resignation, retrenchment or death. Any unused leave credits after two and half years should be forfeited to State.

c) Recreational Leave Fares

The University Council approved a 15% base salary payment for all staff regardless of:

- The number of children each officer declared and their dependents' ages to comply with *14.41* of the *Public Service General Order*;
- Staffs' home district to comply with *14.43* of *Public Service General Order*; and
- Whether the staff has completed the full two years of service to the University to qualify for the leave fares to comply with *14.43* of *Public Service General Order*.

The approval and the practice are not compliant to the *Public Service General Order 14* as highlighted above.

d) Gratuity for Non-Citizen Contract Officers

Gratuity for non-citizen contract officers are paid at a rate of 30% to 40% of their base salary and international market allowances spreading over twenty-six (26) fortnights along with their regular salary. Gratuities are meant to be paid after the completion of a 12-month period, and 6 months thereafter. Non-citizen contract officers working in State Agencies or Public Authorities, under the *Public Employment (Non-Citizen) Act*, are subject to *General Order 11*, as determined by the governing body according to the legislation that established the Public Authority. Any changes or additions to *General Order 11* for non-citizen contract officers in State Services or Public Authorities must be made after consultation with the Secretary of the Department of Personnel Management and getting approval from the *Salaries & Conditions Monitoring Committee*. However, no information was provided to support the rates applied and the basis on the contract gratuity paid over 26 fortnights before the due date.

Non-compliance with Income Tax Act

The University provides housing to its staff, with 90% of employees receiving accommodation. However, the University has not applied the correct tax rates from the *Income Tax Act 1959* when calculating tax for this benefit. The proper tax rate for housing depends on the type of housing provided by the University. Instead, the University uses a flat rate of K60 for housing benefit. The University is not complying to the *Income Tax Act 1959* and may attract penalties set out in the Act.

Management responded to my observation as follows:

“Currently K60.00 is applied to all our institutional houses. Most of the houses are rundown conditions. All houses are semi maintained due to continued funding difficulties. To address this issue, the University is currently reviewing the terms & Conditions of employment.”

No Proper Maintenance of Personnel Files

My review of the personnel files for selected officers of the University revealed that the officers’ personnel files were not properly updated to contain salary and wages declaration forms (S3) for tax purposes or dependents birth certificates for leave fare purposes. As a result, I was unable to place reliance on the effectiveness of the internal controls surrounding the HR function. The lack of proper internal controls around the HR and payroll functions creates avenue for malpractices and theft.

51.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the University for the years ended 31 December 2022 and 2023 were in progress.

The University has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

51A. NATIONAL ANALYTICAL AND TESTING SERVICES LIMITED (A subsidiary of University of Technology)

51A.1 INTRODUCTION

The National Analytical and Testing Services Limited was initially incorporated as Champion No. 67 Limited on 10 March 2011. However, on 24 March 2011 the former Company name (Champion No. 67 Limited) was changed to what is now the National Analytical and Testing Services Limited.

The shareholders of the Company are Unitech Development & Consultancy Limited and Star Mountains Institute of Technology Limited, each holding 60% and 40% of the total issued shares respectively.

51A.1.1 Functions of the Company

The functions of the Company are to provide analytical, pathological and mineral testing services such as:

- analytical testing including tests for food, water, soil, mining or industrial waste;
- pathology testing relating to test for human diseases; and
- mineral (geo) testing involving testing for mineral compositions.

51A.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Company has not submitted its financial statements for the years ended 31 December 2020, 2021, 2022, 2023 and 2024 for my inspection and audit.

51B. UNITECH DEVELOPMENT AND CONSULTANCY LIMITED **(A subsidiary of PNG University of Technology)**

51B.1 INTRODUCTION

Unitech Development and Consultancy Limited was incorporated under the *Companies Act* and is wholly owned as a business arm of the PNG University of Technology.

51B.1.1 Function of the Company

The primary function of the Company is to carry out the business activities of consultants, and to render management, industrial, commercial, financial, secretarial, public relations, industrial relations and other related services to any person, firm or corporation engaged in any business, trade or activity. The Company also carries out a business of insect farming.

51B.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Company has not submitted its financial statements for the years ended 31 December 2020, 2021, 2022, 2023 and 2024 for my inspection and audit.

52. PARLIAMENTARY MEMBERS' RETIREMENT BENEFITS FUND

52.1 INTRODUCTION

52.1.1 Legislation

The Parliamentary Members' Retirement Benefits Fund was established under the *Parliamentary Members' Retirement Benefits Fund Act 1997* which came into operation on 16 July 1997.

52.1.2 Objectives of the Fund

The objectives of the Fund are to provide pensions and retirement benefits for Members and former Members of Parliament and the former House of Assembly and to provide benefits to dependant spouses and juvenile dependants. This Act repealed the *Parliamentary Members' Retirement Benefits Act* which came into operation in 1982.

52.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Fund for the years ended 31 December 2017, 2018, 2019 and 2020 have been completed and results were being evaluated.

The Fund has not submitted its financial statements for the years ended 31 December 2021, 2022, 2023 and 2024 for my inspection and audit.

53. PNG ROAD FUND

53.1 INTRODUCTION

53.1.1 Legislation

The PNG Road Fund was established by the *Road (Management and Fund) Act 2020*. The Fund absorbed operations from the abolished National Road Authority (NRA) on 1 March 2021.

53.1.2 Objectives of the Fund

The objective of the Fund is to oversee the collection, disbursement and monitoring of funds for the maintenance, road safety and rehabilitation of the National Road Network so that it is available for the passage of persons, vehicles and goods in a safe and efficient manner in order to optimise the contribution of road assets to the economic and social development of Papua New Guinea.

53.1.3 Functions of the Fund

The functions of the Fund are to:

- manage the Road Fund and oversee the optimal utilisation of the Road Fund in implementation of programmes relating to the maintenance and safety of the road network;
- determine the allocation of financial resources from the Road Fund and from any other source of funding available to the Road Fund, based on a five-year road investment programme approved by the Minister and the Minister for Treasury, for the maintenance and safety of the road networks;
- review and provide advice in relation to the availability of funds for annual work plans and annual budget submissions submitted by road authorities and the Road Traffic Authority;
- monitor the progress of road maintenance and safety and provide direction in this regard to road authorities; and
- measure the performance of road authorities against a set of technical financial performance indicators and provide periodic reports to the Minister responsible for finance matters.

53.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Fund for the eight months period ending 31 December 2021 has been completed and the results were being evaluated.

The Fund has not submitted its financial statements for the years ended 31 December 2022, 2023 and 2024 for my audit and inspection.

54. ROAD TRAFFIC AUTHORITY (formerly National Road Safety Council)

54.1 INTRODUCTION

54.1.1 Legislation

The Road Traffic Authority (formerly National Road Safety Council) was established under the *Road Traffic Authority Act 2014*. This Act was certified on 5 August 2014 thereby repealing the *National Road Safety Act 1997*. The Authority only commenced its operational activities in 2017.

Under the *Road Traffic Authority Act 2014* all assets, liabilities, rights, entitlements and choice-in action of the National Road Safety Council and the Land Transport Board which related to the functions of the Council were transferred to the Authority upon the commencement of this Act.

54.1.2 Objective of the Authority

The objective of the Authority is to manage and administer the regulation, safety and efficient use of land transport throughout Papua New Guinea.

54.1.3 Functions of the Authority

The functions of the Authority are to:

- establish, administer and enforce regulatory requirements for land transport in Papua New Guinea, including setting fees and charges for services provided by the Authority;
- within the resources available to the Authority, provide for the safe and efficient use of land transport in Papua New Guinea;
- assist, advise and work cooperatively with the Police Force, Provinces and other organisations in relation to land transport regulatory matters, road safety and the efficient use of land transport;
- monitor the road safety performance of the public road network and to develop and implement action plans for improvements;
- manage data for activities within the land transport system including maintaining and preserving records, registers and documents in relation to the activities;
- undertake investigation into land transport accidents, incidents and report to the Minister and public on the findings of such investigations;
- promote and conduct research into land transport regulatory matters and road safety;

- monitor and evaluate the effectiveness of programs and activities concerning land transports regulatory matters and road safety;
- promote and conduct educational and awareness programs to stimulate compliance with land transport regulatory requirements and road safety;
- advise the Minister on all functions specified in this section;
- perform other functions as are given to the Authority under this Act, the regulations, the rules or any other law; and
- do all things incidental, consequential or convenient in the exercise of the Authority's functions and powers.

54.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Authority for the years ended 31 December 2022 and 2023 has been completed and results were being evaluated.

The Authority has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

55. RUBBER INDUSTRY DEVELOPMENT BOARD

55.1 INTRODUCTION

55.1.1 Legislation

The Rubber Industry Development Board was established by the *Rubber Industry Development Act 2022 (No. 49 of 2022)*. This Act came into operation on the 12 September 2022.

55.1.2 Objectives of the Board

The principal objectives of the Board are to operate successfully and develop, improve and promote the rubber industry to be:

- profitable and efficient in its activities;
- the promoter of rubber industry development in Papua New Guinea;
- employment avenue for technical and policy expertise of rubber industry; and
- socially responsible by having regard to the interests of the community to which it operates or promotes smallholder estates.

55.1.3 Functions of the Board

The functions of the Board are to:

- promote and encourage investment in the growth, production, extraction, processing and sale of rubber;
- promote and increase the domestic consumption of rubber or rubber products or derivatives produced or made in Papua New Guinea;
- promote, develop and improve the quality of rubber and rubber production, extraction and processing;
- by itself or in co-operation with other persons to promote or engage in research and development of programs for the benefit of the rubber industry;
- promote and assist the rubber industry in improving quality, quantity, sustainability and consistency of rubber production;
- promote and improve market access for producers and processors;
- promote by such measures as it thinks fit the development of the rubber industry including, without limitation;
 - i. undertaking, assisting or encouraging scientific technological and economic research;
 - ii. training farmers and growers on improved methods of planting, cultivation, manuring and spraying;
 - iii. the supply of provision of technical advice to rubber growers; and
 - iv. improving the marketing of rubber;
 - v. the collection of statistic and data from farmers, growers, dealers, exporters and manufacturers;
 - vi. securing better working conditions and the provisions and structure of amenities and incentives for workers in the rubber industry;

- promote rehabilitation of existing rubber plantations and smallholder plantings;
- encourage, foster and promote involvement of private enterprise investment in the rubber industry;
- impose and enforce rubber export standards and best practices intended to promote rubber production and processing;
- promote modernisation of factories, plantations, facilities, and infrastructure necessary for the development of a modern and efficient rubber industry;
- promote and assist in the mobilisation of land for development and expansion of the rubber industry;
- encourage and assist in the establishment and development of rubber plantations and processing or production facilities in all areas and, in particular, areas where rubber has not been grown, cultivated or produced;
- identify and assist in extension and training services and related programs in co-ordination with other persons or agencies for the benefit of the rubber industry;
- own, produce, import acquire and supply assets or property intended to assist the Board to perform its obligations and functions;
- compile statistical data on production, consumption, export and quality of imports of rubber in any and all forms and of production, processing and export trends in Papua New Guinea and Internationally;
- provide policy advice to the Government concerning rubber industry matters;
- promote rubber integrated farming system;
- when required to do so, to act as an agent for, and to carry out the obligations of the State in international forums or agreement relating to rubber or rubber production;
- encourage and promote upstream and downstream processing of rubber in all forms and rubber products or derivatives;
- implement all agricultural innovations that emanates from research into rubber;
- rehabilitate and modernise assets and facilities owned or operated by the Board or the State to best practice standards of operation;
- provide consulting, development, training and management services relating to any of its functions; and
- perform any other function or duty conferred on the Board by this Act or prescribed regulations or policy made under this Act.

55.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

55.2.1 Comments on Financial Statements

My reports to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Board for the years ended 31 December 2021, 2022 and 2023 were issued on 29 April 2025. The reports contained similar Disclaimer of Opinions, hence only the 2023 report is reproduced:

“DISCLAIMER OF OPINION

Because of the significance of the matters referred to in the Basis for Disclaimer of Opinion paragraphs below, I am unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the accompanying financial statements of the PNG Rubber Industry Development Board for the year ended 31 December 2023.

BASIS FOR DISCLAIMER OF OPINION

Opening Balances

A Disclaimer of Opinion was issued for the year ended 31 December 2022 due to the inability to obtain sufficient appropriate audit evidence over Revenues and Expenditures reported in the statement of comprehensive income and the corresponding Equity, and Liabilities forming part of assets and liabilities recognized in the Statement of Financial Position. As a result, the prospective presentation and disclosures in the prior year, 31 December 2022, may have been misstated.

Since the opening balances enter into the determination of the current year's financial performance and position, I am unable to determine whether adjustments might have been necessary in relation to revenue and expenditures, equity, assets and liabilities in the statement of comprehensive income, statement of financial position, and statement of changes in equity for the year ended 31 December 2023.

Property, Plant and Equipment – Opening Balances

My review of the Board's Property, Plant, and Equipment revealed that the opening balances for the written-down values did not correspond to the prior year's audited financial statements. The Board was unable to justify the variance of K43,389 and provide me with reasonable assurance on the accuracy and fairness of the Property, Plant, and Equipment disclosed as K342,528 at 31 December 2023.

Limitation of Scope – Payroll Liabilities (K203,976)

My review of the liability accounts revealed that the Board had not maintained appropriate documents for payroll records for my audit and inspection. I was not provided with details of payroll reconciliations, payroll liability schedules, and related computations for payroll liability estimates at year-end. A lack of proper records or accounts relating to payroll liability disclosures limited the scope of my audit and constitutes a breach of the *Public Finance (Management) Act, 1995 (as amended)*.

Due to the unavailability of the required documents, I could not perform the necessary audit procedures for payroll liability to confirm the correctness, completeness, and disclosure of the balance presented as K203,976 at 31 December 2023.

Limitation of Scope – Personnel Emoluments (K542,364)

The Board disclosed Personnel Emoluments expenses of K542,364 for Wages (K4,500), Staff Overtime (K36,401), and Salaries and Allowances (K501,463). I was not provided with detailed payroll and personnel files, related contracts, relevant schedules, and supporting documentation for my review. Further, schedules for annual leave and long service leave computations were neither kept nor provided for my evaluation. Consequently, I was unable to conclude on the occurrence, accuracy, and completeness of Personnel Emoluments as K542,364 at 31 December 2023, and further comment on the Board's provisions for employment benefits.

Limitation of Scope – Expenditure

Section 62(1) of the Public Finances (Management) Act 1995 (as amended) requires the Board to keep proper accounts and records of its transactions. My review of the Board's expenses totalling K546,728 revealed that evidence of payments and related source documents were not maintained.

Given the limitation of scope, I was unable to perform the required audit procedure to gain assurance on the completeness, accuracy, occurrence, valuation, and correctness of these expenses.”

55.2.2 Audit Observations Reported to the Ministers

My reports to the Ministers under *Section 8(2) of the Audit Act* on the inspection and audit of the accounts and records of the Board for the years ended 31 December 2021, 2022 and 2023 were issued on 29 April 2025. The reports contained similar observations, hence only the 2023 report is reproduced:

Board Meeting Minutes

Section 15(1) of the Rubber Industry Development Act, 2022 states that “*The members shall meet at such times and places as the Chairperson may determine but must meet at least once every four months.*” *Section 15 (6)(a)(b)* further stipulates that “*the members shall cause minutes of their meetings to be recorded and kept, and must be (a) confirmed at the next meeting of the Members, and (b) signed by the Chairperson.*”

The Board had contravened *Section 15* of the *Rubber Industry Development Act, 2022*, as the meeting minutes for two (2) meetings and resolutions passed were not kept and furnished for my evaluation. Consequently, I was unable to gain assurance and confirm whether operational dealings were aligned to the Board's primary objectives and sufficiently discussed. The management concurred with my findings and responded as follows:

“The records of the board minutes for the year ended 31 December 2023 were filed. Unfortunately, these files were either misplaced or lost. The scanned copies of the meeting minutes were lost when the flash drive was infected by virus.”

Internal Audit Function and Oversight

I observed that the Board maintained minimal corporate oversight of the management’s operations. Activities surrounding operational efficiency, financial management, asset management, assurance and risk management, and internal processes and controls were lacking. I raised this observation for the Board to establish an internal audit function under *Section 5(1)(a)* of the *Public Finance (Management) (Amendment) Act 2016 (PFMA)*, among other options.

Given the absence of proper internal audit and oversight functions, the Board may experience a deficiency in corporate governance. I further drew management's attention to the implications, and they responded to my observation as follows: *“The Rubber Industry Development Authority does not have an Internal Audit Unit, thus, there was no audit function and oversight for the period. The revised PNG RIDA structure will capture shortfalls identified in this audit. The structure will be work-shopped as soon as the funds become available, and submitted for approval and implementation.”*

Section 32 Officers – Payment Approvals

I observed that several payments directed by the Board were processed without the approval of a *Section 32 Officer*. The Department of Finance performed the role of the *Section 32 Officer*, as the Board’s voting reference for budget fund allocations had not yet been established. Additionally, the accountable forms, *Finance Form 3 (FF3)* and *Finance Form 4 (FF4)*, for these payment vouchers did not have authorized signatures.

I could not rely on the controls surrounding the expenditure process and further comment on whether the payments were reviewed and approved appropriately in line with *Section 32(1)* of the *Public Finances (Management) Act 1995 (as amended)* by the designated officers.

Bank Reconciliations

My evaluation of the controls surrounding the Board's cash management revealed a lack of segregation of duties in the bank reconciliations process. I found no evidence of the preparer and reviewer’s details and signatures, nor were the preparation and review dates on the reconciliations included to confirm that reconciliations were reviewed for accuracy and timeliness. Consequently, I was unable to place reliance on the internal controls related to bank reconciliations and cash management.

I recommended that personnel responsible for preparing and reviewing bank reconciliations have their designations, signatures, and dates on the reconciliations. The Board concurred with my observation and assured that corrective action will be taken.

Travel Acquittal Register

I observed that the Board did not maintain a Travel Register with acquittal files for duty travels and related expenditures. The Board had not complied with provisions of the *Financial Management Manual and Instructions - Part 20, Paragraph 14.1*, which stipulates that a travel register be maintained to keep a record of all authorized travels. *Paragraph 11.2* requires the Board's travel and subsistence expenditures to be acquitted within 14 days of return from overseas travels, while *Paragraph 12.10* requires that domestic travels be acquitted within 7 days from the day of return.

55.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Board has submitted its financial statements for the year ended 31 December 2024 for my inspection and audit and arrangements were being made to commence the audit shortly.

56. SECURITIES COMMISSION OF PAPUA NEW GUINEA

56.1 INTRODUCTION

56.1.1 Legislation

The Securities Commission of Papua New Guinea was established by the *Securities Commission Act 2015* and came into operation in June 2019.

56.1.2 Objectives of the Commission

The objectives of the Commission are to:

- ensure the orderly administration of the capital markets in Papua New Guinea;
- ensure the sound conduct of business in the capital markets and over-the-counter (OTC) Centres;
- elaborate policies which are directed to ensuring fairness, efficiency and transparency of securities and derivatives markets in Papua New Guinea;
- elaborate policies on money laundering and related activities in the capital market in Papua New Guinea;
- study new avenues for development in the securities and derivatives market services sector, to respond to new challenges and to take full advantage of new opportunities for achieving economic sustainability and job creation;
- ensure, in collaboration with the Bank of Papua New Guinea, the soundness and stability of the financial system in Papua New Guinea; and
- work out objectives, policies and priorities for the development of the securities and derivatives market in Papua New Guinea.

56.1.3 Functions of the Commission

The functions of the Commission are to:

- be responsible for the administration of the relevant Acts;
- license, regulate, monitor and supervise the conduct of business activities in the securities and derivatives market;
- set rules and guidelines governing the conduct of business in the securities and derivatives market, the over-the-counter (OTC) activities or money laundering and related activities in Papua New Guinea;
- issue orders, class orders or directives in relation to the conduct of business in the capital market, OTC activities or money laundering and related activities in Papua New Guinea;
- prepare and publish the Corporate Governance Code of companies registered in Papua New Guinea, both for public and exempted companies;
- ensure publicly listed companies and market intermediaries comply with the highest standard of corporate governance;

- identify and take measures to prevent and eliminate investment business abuse;
- establish norms and standards in order to preserve and maintain the good repute of Papua New Guinea in the securities and derivatives market sector;
- promote public understanding of the securities and derivatives market, including awareness of the benefits and risks associated with different kinds of investment;
- carry out investigations and take measures to suppress illegal, dishonorable and improper practices, market abuse and financial fraud in relation to any activity in the securities and derivatives markets;
- carry out research, commission studies and disseminate information in the securities and capital market;
- collect, compile, publish and disseminate statistics in respect of the securities and capital market;
- establish and maintain such links and liaison with international agencies in the field of financial services and global business as may be necessary for furtherance of its objectives;
- ensure co-ordination and co-operation between public sector agencies and private sector corporations in engaging in the development of the securities and derivatives market;
- take measures for the better protection of investors in the securities and derivatives market;
- advise the Minister generally on any matter relating to the securities and derivatives market; and
- do such acts or things as are incidental or conducive to the attainment of its objectives.

56.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Commission for the years ended 31 December 2021, 2022, 2023 and 2024 have been completed and results were being evaluated.

57. SECURITY INDUSTRIES AUTHORITY

57.1 INTRODUCTION

57.1.1 Legislation

The Security Industries Authority was established under the *Security (Protection) Industry Act 2004*. This Act came into operation on 1 March 2005. The Authority commenced its operations in April 2005.

57.1.2 Functions of the Authority

The principal functions of the Authority are to:

- grant licenses and permits under the Act;
- fix minimum standards of training applicable to holders of licenses and permits respectively;
- establish, provide or approve training institutions and facilities or permit such training institutions or facilities as it may approve, to conduct training or to be used for training for the purpose of training of persons who intend to perform security officers' duties or security guard duties;
- approve any equipment other than firearms used by a holder of a license or permit or required by a customer to be installed on his premises or property;
- ensure that the holder of a license or permit operates or carries out his duties or performs his functions in accordance with the terms and conditions of the license or permit and subject to the provisions of this Act;
- formulate a Code of Conduct governing the disciplinary matters and work ethics within the Industry; and
- undertake such other functions and exercise such powers as may be conferred on it by this Act or any other law.

57.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Authority has not submitted its financial statements for the years ended 31 December 2022, 2023 and 2024 for my inspection and audit.

58. SMALL AND MEDIUM ENTERPRISES CORPORATION (Formerly Small Business Development Corporation)

58.1 INTRODUCTION

58.1.1 Legislation

The Small and Medium Enterprises Corporation (formerly Small Business Development Corporation) was established under the *Small and Medium Enterprises Corporation Act 2014*. This Act came into operation on 10 February 2015.

58.1.2 Functions of the Corporation

The functions of the Corporation are to:

- co-ordinate, monitor and evaluate the implementation of the policies, strategies and programs for small and medium enterprises in accordance with the Small and Medium Enterprises Policy, the Master Plan of the Government as directed by the Small and Medium Enterprises Development Council and the Ministry responsible for trade, commerce and industry matters;
- undertake studies concerning the development of small and medium enterprises;
- liaise with the National Executive Council or relevant Ministry in the implementation of the policies, strategies and programmes for small and medium enterprises;
- being responsible for collecting, sourcing, keeping and disseminating information on small and medium enterprises;
- act as the Secretariat to the Council;
- in the manufacturing and services sectors:
 - to undertake promotional activities to promote growth of small and medium enterprises;
 - to promote co-operation amongst small and medium enterprises;
 - to encourage industrial linkages with the large industries;
 - to develop human resource in the small and medium enterprises; and
- undertake any work and investments necessary to promote and grow the small and medium enterprises sector in the economy.

58.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

58.2.1 Comments on Financial Statements

My reports to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the Corporation for the years ended 31 December 2019 and 2020 were issued on 18 September 2024. The reports contained similar Qualified Opinions, hence only the 2020 report is reproduced;

“QUALIFIED OPINION

In my opinion, except for the effects of the matters referred to in the Basis for Qualified Opinion paragraphs below, the financial statements of the Corporation:

- (i) are based on proper accounts and records; and
- (ii) are in agreement with those accounts and records and present fairly, in all material respects, the Corporation’s financial performance, financial position and its cash flow for the year then ended.

BASIS FOR QUALIFIED OPINION

Financial Incentive Schemes – K708,635

Security Deposits (guarantees) with the Australia and New Zealand Bank (ANZ), National Development Bank (NDB), and Nationwide Micro Bank (NWB) are presented as Investments totalling K708,635 for the Corporation. I was not provided with schedules and adequate supporting documentation on loans granted, irrecoverable and written-off balances, current borrowers, and the reconciling balances over the years up to 2020. Further, bank statements and third-party bank confirmations were not furnished for me to verify and confirm the accuracy and completeness of the year-end balance. This issue was raised in my prior year's report, however, the Corporation has yet to reconcile and present reasonable balances with necessary disclosures under *Note 4* of the Financial Statements.

I could not gain reasonable assurance over the completeness and accuracy of the Financial Incentive Scheme presented as K708,635 at 31 December 2020. I was also unable to place reliance on the controls surrounding the processes of monitoring, selection, default, and write-off for loans granted to the borrowers.

Staff and Other Debtors – K1,184,079

The financial statements disclosed Staff and Other Debtors as K1,184,079 at balance date. I was not furnished with respective advance registers, reconciliation schedules and policies governing staff debtors and trade and other receivables totalling K710,866 and K473,212 respectively. I was unable to perform the required audit procedures to gain comfort over the existence, completeness and accuracy for staff and other debtors.

Inventory – K270,481

I observed that there were no changes in the current year-end Inventory balance in comparison with the prior year. I was not present to witness the physical count conducted to ensure accuracy and validation of the inventory’s quantities as at balance date.

Further, the management did not maintain an effective inventory management system. As a result, I was unable to confirm the accuracy and valuation of inventory balance disclosed as K270,481 at 31 December 2020.

Other Creditors and Accruals – K13,860,886

Included in the Other Creditors and accruals of K13,860,886 are; Superannuation (K174), Provision for audit fees (K252,000), Small Industry Centre (K44,799), Staff Deductions (K60,312) and Deferred Revenue (K13,503,601). I was not provided with necessary schedules and supporting documents of other creditors and accruals and was unable to gain reasonable assurance on the existence, completeness, and accuracy of the balances disclosed.

Employee Provisions – K1,637,270

The Corporation disclosed employee provisions in *Note 6(a)* and *6(b)* of the financial statements totalling K1,637,270 comprising provisions for Annual Leave (K41,522), Annual Leave fares (K132,232), Gratuity (K292,610), and Long Service Leave (K1,253,950).

I was not furnished with appropriate employee provisions' schedules and computation worksheets for respective staff of the Corporation. Consequently, I was unable to ascertain the existence, completeness, valuation and cut-off assertions for employee provisions disclosed as K1,637,270 at 31 December 2020.”

58.2.2 Audit Observations Reported to the Ministers

My reports to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Corporation for the years ended 31 December 2019 and 2020 were issued on 18 September 2024. The reports contained similar observations, hence only the 2020 report is reproduced:

Non-Compliance with the *Public Finances (Management) Act, 1995 (as amended)*

The Corporation had not submitted its financial statements for the year ended 31 December 2020 on a timely basis to enable me to conduct the audit and issue audit report in the manner prescribed by the *Public Finances (Management) Act, 1995 (as amended)*.

I brought this issue to the attention of the management and advised them to adhere to sections 63(2) and (4) of the *Public Finances (Management) Act, 1995 (as amended)* which require audited financial statements of Public Bodies to be furnished to the Departmental of Finance before 30 April of the subsequent year.

The Corporation, in response, acknowledged the importance of complying with PFM Act and assured me of their adherence to these requirements going forward.

Fixed Assets

My evaluation of the fixed assets of the Corporation revealed the following issues:

- The Corporation did not maintain a proper and complete Fixed Assets Register in 2020 to capture all asset particulars such as asset numbers or coding, location, and custodian;
- There was no clear policy formulated by the Corporation concerning the acquisition, capitalization, and disposal of assets;
- No stock-take was conducted on its fixed assets for several years up to 31 December 2020. Assets were not counted and tagged with asset identification codes for verification and control; and
- The semi-mechanized leather factory that was built and completed in 2012 including the machinery and equipment installed was yet to be used due to non-commissioning and the absence of technical experts.

Due to the above recurring issues, I was unable to rely on the operational effectiveness of the internal controls surrounding the Corporation's management of fixed assets.

Cash at Bank

The Corporation prepared bank reconciliation for six (6) commercial bank accounts under its custody. I was unable to place reliance on the effectiveness of the internal controls during the period as proper checks and verifications on the SYIB and KAB Project Account reconciliations and subsequent assessments on uncleared cheques and outstanding deposits were not timely performed and documented by the management. I further observed that the KAB Project Account maintained for all PIP funding had no Trust deed/instrument in place to accompany the source and application of project related funding.

I brought these issues to the attention of the Management and recommended for proper safeguards to be implemented and subsequent documentation of corrective measures applied to reconciling balances.

Management responded to my comments as follows:

“We assure you we will improve in our approach to ensure bank reconciliations are prepared on time and properly checked and verified by delegated officers and filed...we do not have trust deeds for the current PIP funds, however, your recommendation will be considered and the necessary approach will be undertaken to establish the trust account for current and future PIP funds made available”.

GST Receivable

The Corporation disclosed GST refundable, in *Note 3 (b)* of the financial statements, as K2,293,306 at balance date. I observed that correspondences with the Internal Revenue Commission (IRC) were not regular and documented by the management. Correspondences include monthly GST return lodgments, consolidated statement of accounts and Tax Identification Number (TIN) certification confirming that the Corporation had been registered for GST purposes.

I advised the Corporation to seek advice from IRC to clarify if it is not already registered as a paying authority for GST purposes as I could not ascertain whether the receivable will be refunded in the foreseeable future.

Management responded to my comments as follows:

“We have noted your commentary on the GST Receivable balance and have made necessary amendments to derive a new closing balance.”

Group Tax Payable

The Corporation has not lodged salary and wages tax for the year under review. Consequently, the total tax component from prior years up to 2020 withheld and overdue for lodgment with the Internal Revenue Commission amounted to K5,231,576. Without proper reconciliations against IRC records, I could not ascertain the actual liability and the consequent penalties that might have been borne by the Corporation.

I drew management’s attention to *Section 299G* of the *Income Tax Act, 1959* stipulating that failure to remit salary and wages tax on time would result in a penalty of 20% for outstanding tax payable and an additional interest of 20% per annum on the unpaid amount.

I advised the Corporation to liaise with the Internal Revenue Commission on the best possible option to settle the long outstanding group tax obligations and to ensure to remit all salary and wages tax to the IRC as required by the provision.

Superannuation Payable

Section 78 (1) and (2) of the *Superannuation (General Provision) (Amendment) Act, 2002*, requires the Corporation to remit within 14 days of the date of each calendar month the employer and employee contributions to an authorized Superfund administrator. However, the Corporation had not adhered to this provision by remitting superannuation on a timely basis.

I advised the Corporation to ensure to comply with the provisions noted above and remit superannuation contributions in a timely manner for the benefit of employees.

Management took note of my recommendation and assured that they would improve on the remittances of employee superannuation.

Payroll and Personnel Review

My examination of the personnel files for employees of the Corporation revealed inconsistencies in the management of personnel records. I observed the following issues and brought to the attention of the management;

- Salary Declaration forms (S3) were not updated regularly;
- Birth and Marriage certificates as well as statutory declarations for dependents claimed were not on files;
- Educational qualifications and related attainments for employees such as copies of degrees, school certificates, curriculum vitae and any other relevant documents were not sighted on files;
- Nambawan Super Beneficiary forms for declared dependents were not sighted in the files; and
- Salary History records (employee's allowances/Deductions).

I was unable to gain comfort on the operating effectiveness and adequacy of controls surrounding the Human Resources Management of the Corporation. I recommended the management to ensure that employee personal files are maintained. The management responded to my observations as follows:

“The management had noted your commentary on the audit observations surrounding the key human resource function. We assure that we will take necessary actions in improving our record keeping for employee files.”

Travel and Subsistence

My review of the travel and accommodation expenses revealed that a total of K342,298 advanced during the year remained unacquitted. It is a requirement under the *Financial Management Manual Part 20 Paragraph 12.2* that a financial delegate shall maintain a register of advances to officers on duty travel. Further, under *Paragraphs 11.2 and 12.2* cash advanced to officers on overseas official duty must acquit within fourteen (14) days of return from duty travel and advances to officers on domestic duty travels to be acquitted within seven (7) days of return from duty travel by submitting the acquittal form. The Corporation has not observed the requirements despite numerous reminders.

I advised the Corporation to ensure that officers on duty travels acquit their advances within the required time frame. I further emphasized that the Corporation should consider this issue seriously and come up with ways of recouping unacquitted monies. Stringent penalties should be imposed on those who do not acquit within the specified timeframe.

The management responded to my comments as follows:

“we have noted your comments and recommendations. We have developed a travel acquittal register, which, we will ensure to maintain going forward. We consider your recommendation which will also form part of our proposed procedures and processes manual for the Corporation”.

58.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Corporation for the year ended 31 December 2021 has been completed and results were being evaluated.

The Corporation has submitted its financial statements for the years ended 31 December 2022, 2023 and 2024 and arrangements were being made to commence these audits shortly.

59. SOMARE INSTITUTE OF LEADERSHIP AND GOVERNANCE (Formerly Pacific Institute of Leadership and Governance)

59.1 INTRODUCTION

59.1.1 Legislation

The Somare Institute of Leadership and Governance (formerly Pacific Institute of Leadership and Governance) was established under the *Pacific Institute of Leadership and Governance (Amendment) Act 2023*. This Act came into operation on 31 August 2023 as per *Gazettal Notification No. G706 of 2023* dated 29 August 2023, thereby repealing the *Pacific Institute of Leadership and Governance Act 2017*.

Under this Act, all assets held by and obligations and liabilities imposed on the former Pacific Institute of Leadership and Governance immediately before the operationalisation of the Act were on that date transferred to the Somare Institute of Leadership and Governance.

59.1.2 Objectives of the Institute

The objectives of the Institute are to:

- achieve excellence in providing organisational needs based training focused on ethical leadership, strategic planning, corporate services and related management processes to enhance public sector performance;
- establish the Institute as the premiere provider of ethical needs based training products and programs of choice for the Pacific Island Nations through training based partnerships;
- develop, maintain and promote the recognised training standards and qualifications regime for public sector organisations in collaboration with the department responsible for personnel management and the National Training Council; and
- operate as a business concern and raise revenue for the Institute to minimise budgetary support from National Government through partnerships established with public and private training research and delivery organisations within Papua New Guinea and in the Pacific region.

59.1.3 Functions of the Institute

The functions of the Institute are to:

- promote excellence in training standards and service delivery to meet the aspirations of integrated human development and inclusiveness as required by the Constitution;

- conduct applied research, engage consultancies and collaborate with public and private sector training organisations and professional bodies, including the Papua New Guinea National Research Institute and the National Training Council, in order to design an up to date training standards and qualifications framework;
- collaborate with the Department of Higher Education, Research, Science and Technology in order to establish bringing arrangements for suitably qualified diploma students to upgrade their qualifications to recognised degree level at selected higher education institutions;
- assist the provincial and district administrations to conduct training needs analysis and develop training programs to address the need for financial, human resource, planning and project management skills;
- explore, promote and deliver training opportunities for students from Pacific Island nations; and
- any other functions conferred upon it by *Section 7* of the *Pacific Institute of Leadership and Governance Act 2017*.

59.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Institute for the years ended 31 December 2022 and 2023 have been completed and results were being evaluated.

The Institute has submitted its financial statements for the year ended 31 December 2024 and arrangements were being made to commence the audit shortly.

60. TOURISM PROMOTION AUTHORITY

60.1 INTRODUCTION

60.1.1 Legislation

The Tourism Promotion Authority was established under the *Tourism Promotion Authority Act 1993*. This Act came into operation on 3 June 1993 thereby repealing the *Tourism Development Corporation Act 1990*. The Authority commenced its operational activities on 1 April 1993.

Under the *Tourism Promotion Authority Act* all assets held by and obligations and liabilities imposed on the Tourism Development Corporation which related to the functions of the Authority were transferred to it (the Authority), and the rest of the assets and liabilities were transferred to the National Cultural Committee on 3 June 1993.

60.1.2 Functions of the Authority

The principal functions of the Authority are to:

- foster the development of tourism in PNG;
- formulate a tourism policy for consideration by the NEC and to implement the tourism policy approved by the NEC;
- promote PNG overseas as a tourist destination;
- co-ordinate the overseas promotional efforts of the PNG tourism industry;
- encourage the provision, development and expansion of tourism infrastructure, facilities and products in PNG; and
- enhance awareness within PNG of the tourism industry and tourism opportunities.

60.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

60.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the Authority's financial statements for the year ended 31 December 2022 was issued on 7 April 2025. The report did not contain any qualification.

60.2.2 Audit Observations Reported to the Ministers

My report to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Authority for the year ended 31 December 2022 was issued on 7 April 2025. The report contained the following significant matters:

Personnel Files

My review of the maintenance of staff personnel files for selected officers of the Authority revealed that records such as staff salary and leave history ledgers/cards have not been properly updated with important particulars such as adjustments made to salaries and allowances. Similarly, leave records for employees such as recreational, sick, compassionate and long service leave were not updated.

I reminded the management that inadequate record keeping of the staff salary records exposes the Authority to the risk of paying incorrect employee benefits and recommended management to ensure that staff salary and leave history ledgers/cards are properly maintained with all required information and updated on a regular basis.

The Management concurred with my recommendations and agreed to take corrective actions.

Non-Acquittals for Funded/Sponsored Projects

I was not able to reliably substantiate grants totalling K1,558,140 allocated to fund tourism projects as well as sponsoring tourism related events as I did not sight any acquittals including the Project/Activity Completion Reports during my review.

I brought my findings to the attention of the management and the Authority's management concurred with my findings and responded that measures had been taken to address this by ensuring that all projects undergo thorough screening and vetting procedures and that the projects undergo quality checks, comprehensive planning, accreditation prior to launch and meticulous closure procedures. Further, the Authority will ensure that effective outcome reporting and acquittals are systematically carried out to uphold transparency and accountability. The Authority also has established a Monitoring and Evaluation Division to monitor and evaluate all the PNG Tourism Promotion Authority's funded projects and programs.

60.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Authority has not submitted its financial statements for the years ended 31 December 2023 and 2024 for my inspection and audit.

61. UNIVERSITY OF GOROKA

61.1 INTRODUCTION

61.1.1 Legislation

The University of Goroka was established under the *University of Goroka Act 1997*. This Act came into operation on 1 January 1997.

Under this Act, the Goroka Campus of the University of Papua New Guinea was transferred to the University of Goroka together with all staff and students, buildings and grounds, equipment, teaching and research facilities, and other assets and liabilities both within and outside the Campus.

61.1.2 Objectives of the University

The objectives of the University are dedicated to the pursuit, advancement and dissemination of knowledge, understanding and wisdom; the paying of particular attention to the human resource development and other development needs of PNG; and endeavouring to achieve academic and professional excellence to meet those needs through teaching, research and community service.

61.1.3 Powers of the University

The University shall have the power to:

- grant such degrees as are authorised by the Statutes and such diplomas, certificates or other academic awards as it determines;
- provide instruction and facilities for study, education and research to persons registered as preparing for degrees, diplomas, certificates or other awards of the University;
- provide facilities for extramural study and continuing education to persons, whether members of the University or not, in such fields and in such manner as the University may from time to time determine;
- co-operate in pursuance of any of the objectives of the University with any other bodies or persons to enter into agreements authorised by Statute with institutions for their affiliation with or incorporation into the University;
- subject to the *Salaries and Conditions Monitoring Committee Act*, to appoint academic, administrative and other staff on such terms and conditions of service as the University may determine;
- provide for promoting the health and general welfare of the students of the University, including the establishment and supervision of residence;
- regulate and enforce discipline among the employees and students of the University by such measures as the University may determine;

- cancel, annul or revoke any act done in the exercise of these powers; and
- do all such other acts or things as may be done under the provisions of this Act or these powers or as may be conducive to the exercise of the attainment of any of the objectives of the University.

61.1.4 Subsidiaries of the University

The University has two Subsidiary Companies, *Unigor Consultancy Limited* and *Unigor Humi Catering Limited* which were incorporated under the *Companies Act*. Comments in relation to these Companies are contained in paragraphs 61A and 61B of this Report respectively.

61.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the University has not submitted its financial statements for the years ended 31 December 2018, 2019, 2020, 2021, 2022, 2023 and 2024 for my inspection and audit despite numerous reminders and dialogues.

61A. UNIGOR CONSULTANCY LIMITED **(Subsidiary of the University of Goroka)**

61A.1 INTRODUCTION

Unigor Consultancy Limited is 100% owned by the University of Goroka. It was incorporated on 29 March 2000 as a consultancy company under the *Companies Act*.

In 2017 the Company changed its name from Unigor Consultancy Limited to Unigor Limited and has several business units including Unigor Consultancy, Unigor Bookshop, Unigor Printery, Unigor Travel and Unigor Restaurant operating as business names under Unigor Limited while Unigor Humi Catering Limited runs as a joint venture Company.

61A.1.1 Objectives of the Company

The Company's objectives are to:

- advance, promote, assist and encourage the educational purposes of the University through;
 - short term programs for and on behalf of the University tailored to the needs of clients; and
 - research, consultancy and publication of all educational materials for commercial purposes;
- conduct or undertake any other business activity both within and outside of PNG; and
- expand and diversify business activities to maximise profits and to promote the interest of the Shareholder from time to time.

61A.1.2 Function of the Company

The core function of the Company is to provide services in four key areas:

- professional consultancy services, teaching and dissemination of knowledge;
- merchandising of textbooks, educational supplies and stationery;
- printing and publication of educational materials, textbooks, business documents and all other forms of print material; and
- cafeteria services.

61A.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for years ended 31 December 2016, 2017 and 2018 were completed. The management letter was issued on 19 July 2024 and awaiting management letter responses from the Company to issue the audit reports.

The Company has not submitted its financial statements for the years ended 31 December 2019, 2020, 2021, 2022, 2023 and 2024 for my inspection and audit despite numerous reminders from my Office.

61B. UNIGOR HUMI CATERING LIMITED

61B.1 INTRODUCTION

61B.1.1 Legislation

Unigor Catering Limited was incorporated under the *Companies Act 1997* on the 14 December 2010. A total of 600,000 shares (100 ordinary shares and 599,900 preference shares) had been issued at K1 each. The Unigor Consultancy Limited acquired 306,000 shares (51%) and the remaining 294,000 shares (49%) acquired by Humilaveka Food Company Limited.

On 16 February 2013, the Company changed its name from Unigor Catering to Unigor Humi Catering Limited.

61B.1.2 Objectives of the Company

The primary objective of the Company is to give effect to the Joint Venture Agreement between the shareholders for the purpose of providing catering services to students of the UOG at its main campus at Goroka as a commercial venture. The Company may conduct or undertake any other business activities in the country from time to time.

61B.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for years ended 31 December 2016, 2017 and 2018 were completed on 14 July 2024 and awaiting management letter responses to issue the audit reports.

The Company has not submitted its financial statements for the years ended 31 December 2019, 2020, 2021, 2022, 2023 and 2024 for my inspection and audit despite numerous reminders.

62. UNIVERSITY OF NATURAL RESOURCES AND ENVIRONMENT

62.1 INTRODUCTION

62.1.1 Legislation

The University of Vudal was established under the *University of Vudal Act 1997*. This Act came into effect on 1 January 1997 and the University became operative in the same year. The University changed its name to University of Natural Resources and Environment in 2008 through the enactment of the *University of Vudal (Amendment) Act 2009*.

Under the principal Act, the Vudal University College Campus of the PNG University of Technology was transferred to the University of Vudal with all staff and students, buildings and land, equipment, teaching and research facilities, and other assets and liabilities both within and outside the College Campus.

Although the new entity was created by the Act in 1997, the finance and accounting functions were transferred to the University of Vudal only on 1 January 1998.

62.1.2 Objectives of the University

The objectives of the University are dedicated to the pursuit, advancement and dissemination of knowledge, understanding and wisdom; paying particular attention to the human resource development and other development needs of PNG; and endeavouring to achieve academic and professional excellence to meet those needs through teaching, research and community service.

62.1.3 Powers of the University

Section 6 of the principal Act enshrines the University as having the power to:

- grant such degrees as are authorised by the Statutes and such diplomas, certificates or other academic awards as it determines;
- provide instruction and facilities for study, education and research to persons registered as preparing for degrees, diplomas, certificates or other awards of the University;
- provide facilities for extramural study and continuing education to persons, whether members of the University or not, in such fields and in such manner as the University may from time to time determine;
- co-operate in pursuance of any of the objects of the University with any other bodies or persons to enter into agreements authorised by Statute with institutions for their affiliation with or incorporation into the University;
- subject to the *Salaries and Conditions Monitoring Committee Act 1998* to appoint academic, administrative and other staff on such terms and conditions of service as the University may determine;

- provide for promoting the health and general welfare of the students of the University, including the establishment and supervision of residences;
- regulate and enforce discipline among the employees and students of the University by such measures as the University may determine;
- cancel, annul or revoke any act done in the exercise of these powers; and
- do all such other acts or things as may be done under the provisions of this Act or these powers or as may be conducive to the exercise of the attainment of any of the objects of the University.

62.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the University has not submitted its financial statements for the years ended 31 December 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023 and 2024 for my audit and inspection despite numerous reminders from my Office.

I have reminded the University Management on the outstanding financial statements for the years from 2016 – 2023 through a letter dated 2 May 2024. The University has responded to my letter highlighting changes in its Senior Management Team and advised me of the preparation and submission of its outstanding financial statement and accounts and records for my inspection and audit.

63. UNIVERSITY OF PAPUA NEW GUINEA

63.1 INTRODUCTION

63.1.1 Legislation

The University of Papua New Guinea was established under the *University of Papua New Guinea Act (Chapter 169)*.

63.1.2 Objectives of the University

The objectives of the University include the following:

- provision of facilities for study and education;
- giving of instruction and training in all such branches of learning as are provided for by the Statutes;
- aiding by research and other means the advancement of knowledge and its practical application;
- conferring, after examination, of the degrees of Bachelor, Master and Doctorate and such other degrees, diplomas, certificates and other academic honours as are authorised by the Statutes;
- provision of facilities for university education throughout the country by the affiliation of educational institutions, and by the establishment of tutorial classes, correspondence classes, university extension classes, and vacation classes, and by such other means as the Council thinks appropriate; and
- liaison, collaboration and reciprocation with other universities and institutions of learning, within or outside the country, in the provision of facilities, the recognition of degrees and other status, and the interchange of staff, students and information, and in any other way not inconsistent with its status as the University.

63.1.3 Subsidiaries of the University

The University has two subsidiary companies namely, *Unisave Limited* and *Univentures Limited* which were incorporated under the *Companies Act*. Comments in relation to these subsidiaries are contained in paragraphs 63A and 63B of this Report respectively.

63.2 AUDIT OBSERVATIONS

63.2.1 Comments on Financial Statements

My report to the Ministers under *Section 8(4)* of the *Audit Act* on the financial statements of the University for the year ended 31 December 2016 was issued on 24 January 2025. The report contained a Disclaimer of Opinion.

“DISCLAIMER OF OPINION

Because of the significance of the matters referred to in the Basis for Disclaimer of Opinion paragraphs below, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I am unable to and do not express an opinion on the financial statements of the University of Papua New Guinea for the year ended 31 December 2016.

BASIS FOR DISCLAIMER OF OPINION

Opening Balances

In 2009, the University of Papua New Guinea changed its accounting policy from the accrual to the cash basis of accounting in the preparation and presentation of the financial statements. The comparative figures prepared under an accrual basis had been converted to balances reflected under a cash basis. Considering this and due to errors and material limitations of scope highlighted in prior years' audits, I was unable to confirm the completeness and accuracy of opening balances on 1 January 2016. Since the opening balances enter into the determination of cash at the bank, property plant and equipment, and liabilities, I was unable to perform alternative audit procedures to confirm the completeness and accuracy of the closing balances disclosed in the notes to the financial statements.

Lack of Audit Trail and Insufficient Documentation for Adjustments

During the audit of the financial statements for the year ended 31 December 2016, it was noted that the financial statements were prepared using accrual accounting data from the Attaché system, with subsequent adjustments made for movements in current assets and liabilities. However, I was not provided with comprehensive details regarding the adjustments made to the accrual amounts to reconcile them to the final figures presented in the financial statements. Furthermore, there were no supporting general ledger transactions or schedules available that detailed the actual cash payments made during the year, which would have served as an audit trail and facilitated the performance of audit procedures. This lack of documentation hindered the audit process, making audit verification significantly more difficult. As a result, the audit scope was limited to a selection of random payments, preventing a full review of all receipts and payments balances. Consequently, I was unable to obtain sufficient appropriate audit evidence to verify the accuracy and completeness of the reported receipts and payments balances in the financial statements.

Cash at Bank – K9,242,866

Note 8 to the financial statements disclosed a total cash at bank balance of K9,242,866 as at 31 December 2016. However, I was not provided with sufficient and appropriate audit evidence, including bank reconciliations and bank confirmations, to verify the existence, completeness, and accuracy of this balance. Due to the absence of these critical supporting documents, I was unable to determine whether any material adjustments to the recorded cash at bank balance, or to the related receipts and payments, were necessary for the financial statements.

Special Purpose Accounts (SPA)

In 2016, a total of K4 million was expended through Special Purpose Accounts (SPAs), as disclosed in *Note 12* to the financial statements. However, detailed transaction records and supporting documentation were not provided for audit verification. Due to this scope limitation, I was unable to verify the accuracy and correctness of the Special Purpose Account balance, nor could I confirm the authenticity and propriety of the payments made from these accounts.

Personnel Emoluments – K52,681,331

A total of K52,681,331 was recorded as personnel emoluments, which includes salary, allowances, overtime, leave fares, gratuity, international market allowances, domestic market allowances, and repatriation expenses paid to University staff in 2016. However, supporting documentation, including payroll summaries, employment contracts, personnel files, timesheets, detailed SCMC approvals, and related payment vouchers, was not provided for review. As a result, I was unable to assess the validity, completeness, and accuracy of the personnel emoluments balance reported in the financial statements.

Fixed Assets – K110,947,899

Note 10 to the financial statements disclosed a total of K110,947,899 for Property, Plant, and Equipment (PPE), with additions of K302,962 during the year. However, sufficient and appropriate audit evidence was not provided to support the existence, valuation, and ownership of the additions, nor the overall PPE balance presented in the financial statements. As a result, I was unable to determine whether the reported amount of Property, Plant, and Equipment in *Note 10* as at 31 December 2016 was reasonable.

Liabilities – K97,213,895

Note 11 to the financial statements disclosed total liabilities of K97,213,895. However, sufficient and appropriate audit evidence was not provided to enable the performance of audit procedures to verify the validity, accuracy, and completeness of these balances. As a result, I was unable to determine whether any adjustments to the recorded liabilities, related payments, or year-end cash balances in the University's financial statements were necessary.

Revenue – K100,692,107

The total revenue recorded by the University as of 31 December 2016 amounted to K100,692,107 comprising government grants of K49,357,166, Public Investment Projects (PIP) grants of K13,600,000, and student payments of K37,731,461. However, sufficient and appropriate audit evidence was not provided to verify the validity, accuracy, and completeness of these revenue balances. As a result, I was unable to determine whether any adjustments to the recorded revenue or year-end cash balances in the University's financial statements were necessary.

Management Representation Letter

The management of the University did not provide a management representation letter, despite being requested, which is required under International Standards on Auditing 580 as part of the audit evidence. As a result, I was unable to rely on management's formal confirmations regarding the occurrence, accuracy, existence, completeness, rights and obligations, and presentation and disclosure of all balances reported in the University's financial statements for the year ended 31 December 2016.”

63.2.2 Audit Observation Reported to the Ministers

My report to the Ministers under *Section 8(2) of the Audit Act* on the inspection and audit of the accounts and records of the University for the year ended 31 December 2016 was issued on 24 January 2025. The report contained the following significant matters:

Non-Compliance with the *Public Finances (Management) Act, 1995 (as amended)*

The *Public Finances (Management) Act 1995 (as amended) Section 63(2) and 63(4)* requires the University to furnish to the Minister before 30 June each year, a performance and management report of its operations for the year ending 31 December preceding, together with financial statements. Before furnishing financial statements to the Minister, the University shall submit them to the Auditor-General who shall report to the Minister. However, the University has not prepared and submitted its financial statements for the year ended 31 December 2016 to my Office on a timely basis to enable me to complete the audit on time for tabling the report in the Parliament before 30 June 2017.

Tuition Fees

As reported in my prior years' audits, the University did not maintain an updated student ledger that reconciles to general ledger in 2016. In addition, there was no proper reconciliation of external student fees collected against students registered in the distance education mode, neither at the head office nor respective open campus centers. Consequently, I was unable to place any reliance on the internal controls surrounding student's registration, collection of fees and general record maintenance of student fee ledger accounts by the University at 31 December 2016.

Open College Campus

During my review, I noted that based on a memorandum of understanding (MOU) between the University and the respective provincial governments, the University is required to provide annual grants or subsidy to each campus/center to meet the operational costs. However, no records of such funding provided to the centers nor the acquittal reports from the centers were kept and provided for my verification and confirmation. As a result, I was unable to comment whether the MOU is functional or whether controls are working effectively.

Operational Expenses

Operational expenses for the year amounted to K19,279,452 as disclosed in the financial statements. My review of controls around payments revealed the following weaknesses:

- There was no audit trail to trace the payments from the general ledger to payment vouchers to check whether all the procurement procedures were adhered when raising claims and making payments;
- Details of payments including description of supplier and reasons for payments not being specified in the general ledger;
- Paid payment vouchers not stamped as paid to avoid duplication; and
- Several consultancy claims paid were not supported by valid contract agreements and approved progress status reports.

Consequently, I was unable to comment whether internal controls surrounding the procurement process and capturing of requisitions and claims in the accounting system of the University is working effectively.

Statutory Deductions

During my review, I noted that group tax of K71 million and superannuation deductions of K0.7 million relating to the 2016 financial year and prior years remained outstanding at 31 December 2016. The University has not complied with the *Income Tax Act 1959 (as amended)* and the *Superannuation Act 2000* potentially exposing itself to penalty fines by the respective agencies.

Associated Companies

I was not provided with audited financial statements for the University's subsidiary companies, Univentures Limited and Unisave Limited. Additionally, these companies were not disclosed in the notes to the financial statements. Although an investment of K1 million in Univentures Limited was disclosed in *Note 14*, no supporting documentation was provided for this investment. As a result, I was unable to assess whether these two subsidiary companies were viable investments or confirm their operational status as at 31 December 2016.

Travel Expenses

The financial statements of the University disclose an amount of K641,051 for travel. However, travel advance and acquittal registers were not maintained and provided for my verification. It is a requirement under the *Public Finances (Management) Act, 1995 (as amended)* and the *Financial Management Manual Part 20 paragraph 11.2* for cash advanced to officers travelling overseas and domestic on official duty must acquit travel advances within 14 and 7 days respectively from the date of return. As a result, the University had breached the *PFMA* and *Financial Manual*.

Insurance

As highlighted in prior years, University's fixed assets were not adequately insured against fire or other natural disasters. Consequently, I was not able to confirm whether the University has in place business continuity or recovery plan to revive assets in such a loss.

63.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the University for the year ended 31 December 2017 was in progress.

The University has not submitted its financial statements for the years ended 31 December 2018, 2019, 2020, 2021, 2022, 2023 and 2024 for my inspection and audit despite numerous reminders.

63A. UNISAVE LIMITED **(A subsidiary of University of Papua New Guinea)**

63A.1 INTRODUCTION

63A.1.1 Legislation

Unisave Limited was incorporated under the *Companies Act* on 18 October 2011.

The incorporation of Unisave Limited was as a result of a Memorandum of Agreement (MOA) signed between Univentures Limited, (a company 100% owned by University of PNG) and SITCo PNG Limited resulting in Univentures Limited owning 51% of the Shares and SITCo PNG owning 49%.

63A.1.2 Objective of the Company

The parties to this MOA shall endeavor to create mutual commercial benefits through assembly and sale of Information Communication Technology (ICT) products and various projects which have price and quality competitiveness compared with other organisations in PNG. This will be achieved by combining of infrastructures and marketing power in PNG provided by Univentures and the technical know-how and successful long-term various experience in Korean ICT market provided by SITCo PNG Limited.

The main business activity of the Company is to assemble TVs, PCs, laptops, monitors and other items which can be included under mutual consent, such as systems integration, systems administration and maintenance in information technology.

63A.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Company has not submitted its financial statements for the years ended 31 December 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023 and 2024 for my inspection and audit, despite numerous reminders.

63B. UNIVENTURES LIMITED
(A subsidiary of University of Papua New Guinea)

63B.1 INTRODUCTION

63B.1.1 Legislation

Univentures Limited was incorporated under the *Companies Act* on 2 August 2007. The Company has a total issued capital of one ordinary share of K1.00 and is wholly owned by the University of Papua New Guinea.

63B.1.2 Functions of the Company

The activities of the Company are to sell and print books in the Bookshop and the Printery respectively, as a business arm of the University of Papua New Guinea.

63B.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Company has not submitted its financial statements for the years ended 31 December 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023 and 2024 for my inspection and audit, despite numerous reminders from my Office.

64. WESTERN PACIFIC UNIVERSITY

64.1 INTRODUCTION

64.1.1 Legislation

The Western Pacific University was established under the *Western Pacific University Act 2014*. The Act was certified on 8 November 2014 following *NEC Decision No. 299/2013* for the establishment of a new University in the Ialibu Pangia District of the Southern Highlands Province.

64.1.2 Functions of the University

The principal functions of the University are to:

- provide for education and scholarship in such branches of knowledge as it may deem fit, and to make provision for research, service to society and for the application, advancement and dissemination of knowledge in such manner as it may determine;
- prescribe programs of studies to be conducted by it and the colleges;
- hold examinations and to award and confer degrees, diplomas, certificates and other academic distinctions to and on persons who have been admitted to and have passed its examinations under prescribe conditions;
- prescribe the terms and conditions of employment of the officers, teachers and other employees of the University and to lay down terms and conditions that may be different from those applicable to government servants in general;
- engage, where necessary, persons on contracts of specified duration and to specify the terms of each engagement;
- confer honorary degrees or other distinctions on approved persons in the manner prescribed;
- provide for such instructions for persons not being students of the University as it may prescribe, and to grant certificates and diplomas to such persons;
- institute programs for the exchange of students and teachers between the University and other universities, educational institutions and research organisations, inside as well as outside Papua New Guinea;
- provide career counselling and job search services to students and alumni;
- maintain linkages with alumni;
- develop and implement fund-raising plans;
- provide and support the academic development of a faculty of the University;
- confer degrees on persons who have carried on independent research under prescribed conditions;
- affiliate and disaffiliate educational institutions under prescribed conditions;
- inspect colleges and other educational institutions affiliated or seeking affiliation with the University;

- accept the examinations passed and the period of study spent by students of the University at other universities and places of learning equivalent to such examinations and periods of study in the University, as it may prescribe, and to withdraw such acceptance;
- co-operate with other Universities, public authorities or private organisations, inside as well as outside Papua New Guinea, in such manner and for such purposes as it may prescribe;
- institute Professorships, Associate Professorships, Assistant Professorships and Lectureships and any other posts and to appoint persons thereto;
- create posts for research, extension, administration and other related purposes and to appoint persons thereto;
- recognise selected members of the teaching staff of affiliated colleges or educational institutions admitted to the privileges of the University or such other persons it may deem fit, as University teachers;
- institute and award financial assistance to students in need, fellowships, scholarships, bursaries, medals and prizes under the prescribed conditions;
- establish teaching departments, schools, colleges, faculties, institutes, museums and other centers of learning for the development of teaching and research and to make such arrangements for their maintenance, management and administration as it may prescribe;
- provide for the residence of the students of the University and the colleges, to institute and maintain halls of residence and to approve or license hostels and lodging;
- maintain order, discipline and security on the campuses of the University and the colleges;
- promote the extra-curricular and recreational activities of such students, and to make arrangements for promoting their health and general welfare;
- demand and receive such fees and other charges as it may determine;
- make provisions for research, advisory or consultancy services and with these objects to enter into arrangements with other institutions, public or private bodies, commercial and industrial enterprises under prescribed conditions;
- enter into, carry out, vary or cancel contracts; and
- receive and manage property transferred and grants, contributions made to the University and to invest any fund representing such property, grants, bequests, trust, gifts, donations, endowments or contributions in such manner as it may deem fit;
- provide for the printing and publication of research and other works; and
- do all such other acts and things, whether incidental to the powers under the *Western Pacific University Act* as may be required or expedient in order to further the objectives of the University as a place of education, learning and research.

64.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the University has submitted its financial statements for the years ended 31 December 2019, 2020, 2021 and 2022 for my inspection and audit and arrangements were being made to commence these audits shortly.

The University has not submitted its financial statements for the years ended 31 December 2023 and 2024 for my inspection and audit.

SECTION B

**NATIONAL GOVERNMENT
OWNED COMPANIES**

65. FOREWORD

This Section of my Report deals with Companies in which the Government of PNG holds more than 50% of the Issued Share Capital. On 26 January 1983, the *NEC's Decision No. 12/93* expanded my responsibilities to include the audit of National Government Owned Companies and subsidiaries thereof. The audit of Government Owned Companies is also conferred to me through *Section 3* of the *Audit Act*.

The auditing and reporting requirements of these companies are stipulated under *Section 200* of the *Companies Act*, which includes:

- (a) The work done by the auditor;
- (b) The scope and limitations of the audit;
- (c) The existence of any relationship the auditor has with the Company;
- (d) Whether all information and explanations required have been obtained;
- (e) Whether in the auditor's opinion, proper accounting records have been kept;
- (f) Whether in the auditor's opinion, the financial statements comply with generally accepted accounting practice and, where they do not, the respects in which they fail to comply; and
- (g) Whether in the auditor's opinion, the financial statements give a true and fair view of the matters to which they relate and, if not, the respects in which they fail to give such a view.

My audit of Government owned Companies is conducted in accordance with the requirements of the *Companies Act*. Under *Section 8(2) of the Audit Act*, I am also expected to report to the Minister for Finance, the matters of significance to do with the accounts and records, the financial transactions and the assets and liabilities. The management of the Company are also informed of the same.

Comments in relation to the companies are detailed in paragraphs **66** to **79**.

66. AIR NIUGINI LIMITED

66.1 INTRODUCTION

66.1.1 Legislation

Air Niugini Limited was incorporated under the *Companies Act*. It was formed to be the successor company of the National Airline Commission, following the NEC decision of 20 June 1996 to corporatise the National Airline Commission in accordance with *Section 45* of the *National Airline Commission Act*.

As a result of the NEC decision, all assets, liabilities, staff and operations of the National Airline Commission were transferred at the written down book value (as at 31 August 1996) to Air Niugini Limited. Air Niugini Limited is a 100% State Owned Company.

66.1.2 Objectives of the Company

The principal objectives of the Company are to:

- carry on the business of airline operators, general carriers, freight forwarders and forwarding agents, warehouse operators, shippers and general agents, ship owners charterers, hospitality and general traders, stevedores, cool store operators, flight contractors, carriers by land, air and water, insurers and insurance brokers and other business which may be usefully carried on in connection with such business;
- provide transport service, carrier freight transport, courier, taxi truck, light or heavy haulage and delivery services which involves the use of aircraft, railways, ship, road vehicle or any other means of conveyance by land, road, railway, sea, river, canal, water or air to carry and convey passengers, mails, containers, packages, parcels, bulk commodities, goods, merchandise, livestock and produce and property of every description;
- carry, collect, receive, load, unload, store, consign, distribute, transfer and deliver property of every description by any mode of transportation; and
- carry passengers by air, road, rail, land, sea or water and to operate any taxi service and to obtain any necessary licences for such purposes.

66.1.3 Subsidiaries of the Company

The Company has two (2) subsidiary companies. Comments in relation to the subsidiary companies are contained in paragraphs 66A and 66B of this Report.

66.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

66.2.1 Comments on Financial Statements

My report in accordance with the provisions of the *Companies Act* on the financial statements of the Company for the year ended 31 December 2023 was issued on 18 July 2025. The report contained a Disclaimer of Opinion.

“DISCLAIMER OF OPINION

Because of the significance of the matters referred to in the Basis for Disclaimer of Opinion paragraphs below, I was not able to obtain sufficient appropriate audit evidence and accordingly, I am unable to and do not express an opinion, either: on the financial report of Air Niugini Limited (the Company); or the consolidated financial report of Air Niugini Limited and its Subsidiaries (the Group) for the year ended 31 December 2023.

BASIS FOR DISCLAIMER OF OPINION

Opening Balances and Corresponding Amounts

A disclaimer opinion was issued in relation to the financial report of the Group and the Company for the year ended 31 December 2022, identifying issues noted in the following areas: Going concern, valuation of rotables and engines, depreciation expense in relation to componentization of assets and useful life of aircraft, valuation and ownership of aircraft, valuation and ownership of land and buildings, deferred tax balances, provision for doubtful debts and expected credit loss calculation per *IFRS 9*, trade creditors and accruals, *IFRS 16*, right-of use assets, lease liabilities and depreciation expense, loyalty program contract liability, and management override of controls.

I was unable to perform alternative procedures over the opening balances of the above balance sheet and profit or loss account items at 1 January 2023. Since the opening balances enter into the determination of the results of operations, equity movements and cash flows of the Group and the Company for the year ended 31 December 2023, any adjustments necessary on such opening balances would have a consequential effect on the financial performance, equity movements and cash flows for the year ended 31 December 2023. I was unable to determine whether any such adjustments might have been necessary for the year ended 31 December 2023, and for the corresponding period. Further details of the opening balance qualifications and their implications on the current financial year are provided in the succeeding qualification paragraphs.

Going Concern Basis of Accounting

Note 2B(ii) – Going Concern, disclosed that as at 31 December 2023, current liabilities of the Group and the Company exceeded their current assets by K316 million and K308 million respectively, which indicated a working capital deficiency. Also, the Group and the Company are critically dependent upon achieving a number of assumptions to continue as a going concern.

The Directors have not prepared a detailed cash flow assessment taking-into-account all information about the future, at least for 12 months from the date of signing the Financial Report to support their assessment of the Group and the Company's ability to continue as a going concern, and preparing the Financial Report for each of the Group and Company on a going concern basis of accounting in accordance with *International Financial Reporting Standard* requirements. Instead, the Directors prepared and provided a high-level monthly cash flow forecast for the period from September 2024 to December 2025. I noted that this high-level cash flow forecast was not sufficiently detailed and did not reconcile to the current balance sheet position of the Group or the Company, and did not cover the necessary framework for me to test the assumptions of the Group and the Company on their ability to continue as a going concern for the 12 months period from the date the financial report were signed or the suitability of preparing the financial report on a going concern basis of accounting.

In addition, the Directors did not provide evidence to support the assumptions provided in the high-level cash flow forecast and disclosed in *Note 2B(ii)* to the financial report. In particular, they did not provide me with evidence including:

- plausible evidence in relation to the revenue growth and associated cost such as a detailed route analysis and consideration of competition on the international routes;
- plausible evidence in relation to the settlement (subsequent to year ended 31 December 2023) of significant overdue creditors and other current liabilities which contribute to the Group's working capital deficiency of K316 million and the Company's working capital deficiency of K308 million;
- plausible evidence in relation to the receipts of payments from customers related to overdue debts;
- plausible evidence in relation to funding of K221 million obtained for working capital subsequent to year ended 31 December 2023;
- plausible evidence such as disposal plans or agreements and approvals in relation to divestment of surplus properties or non-core assets including non-core residential properties;
- plausible evidence relating to exit of existing leases of aged fleet such as confirmation of end of existing leases or provisioning related to exiting implications;

- plausible evidence such as funding arrangements and details of future funding plans in relation to the significant financing requirements needed for the ongoing re-fleet program specifically for the bilateral sovereign loan arrangement with Treasury and continued support from shareholders; and
- plausible evidence such as a formalized agreement with terms and conditions for the Export Finance Australia, UK Export Finance and US Export-Import Bank Loan funding.

No evidence existed or provided for performing my audit procedures. Further, I was not provided with current information up to the date of this report to determine the impact of any subsequent events on the going concern considerations. Moreover, I was unable to obtain alternative audit evidence regarding the high-level cash flow forecast of the Group and the Company for the period of 12 months from the date of this report and as a result, I was unable to obtain sufficient appropriate audit evidence regarding the going concern basis on which the financial report of the Group and the Company have been prepared, and the appropriateness of associated disclosures made in *Note 2B(ii)*.

As a result of these limitations, I was unable to form an opinion on whether the going concern basis of preparing the financial report of the Group and the Company and associated going concern disclosures made have been appropriate. I was unable to determine whether adjustments that might have been necessary to the recorded values of assets and liabilities in the financial report have been rectified and were complete and accurate. Given the material and pervasive impacts of these to each of the financial report of the Group and the Company as a whole, I was unable to form an opinion on each of the financial report.

Depreciation Expense of Aircrafts

As set out in *Notes 3H, 6(c) and 12* of the financial report, the Group and the Company recognized a depreciation expense for aircraft of K31 million (2022: K24 million).

Air Niugini Limited (ANL), the parent entity has a policy to depreciate aircrafts it owns on an individual component basis using its specific useful life. The useful life of each aircraft is estimated depending on factors included in *Note 4H(i)* which includes future maintenance requirements.

The useful life assumptions are reviewed on an annual basis, given consideration to variables including historical and forecast usage rate, technology advancements and changes in legal and economical conditions. This is in accordance with *IAS 16, Property, Plant and Equipment*. However, the Directors were unable to provide the maintenance schedule used in the determination of the estimated useful life. As a result, I was unable to test the useful life of the component and therefore unable to test the depreciation expense recorded for the year ended 31 December 2023.

Accordingly, I was unable to determine what adjustments might have been necessary to the statement of financial position as at 31 December 2023 and 31 December 2022, and the statements of profit or loss and other comprehensive income, statements of cash flows, statements of changes in equity and any resulting tax effects for the year ended 31 December 2023 and for the corresponding period ended 31 December 2022.

Valuation of Aircraft

As set out in *Note 12(d)* of the financial report, the Group and the Company carry aircrafts at revalued amount of K127 million (2022: K114 million) with the policy to obtain independent external valuation annually.

During the year ended 31 December 2023, the Group and the Company capitalized an aircraft, the Falcon 900 at a value of K50 million. However, as at 31 December 2022 an independent valuer valued the aircraft at K58 million. This aircraft which is predominantly chartered by the Government of PNG has been maintained and operated by the Group and the Company since 2010. The Directors could not provide me with evidence to support the aircraft valuation to be held at the recorded capitalized carrying amount (book value) rather than the valuation determined by the independent valuer. In addition, the Directors did not provide any evidence that the aircraft was required for capitalization in the financial year ended 31 December 2022 instead of the previous financial year end.

For the financial year 2023, the Directors provided me with evidence and details of an independent valuation of K59 million as at 31 December 2023 was appropriately recognized in *Note 12(d)* of the financial report. However, the Directors have not performed an analysis to determine whether the uplift in value that was recorded in the current period related solely to the current period and there is no portion of the uplift in value that should have been recognized in the corresponding period ended 31 December 2022 or other previous periods. I noted that this is not in accordance with *IAS 13, Fair Value Measurement*.

In the absence of an analysis detailing the valuation of the aircraft as at 31 December 2022, I was unable to determine what adjustments might have been necessary to the value of the aircraft as at 31 December 2022 in the statement of financial position, the gain/(loss) on the valuation in the statement of profit or loss and other comprehensive income for the year ended 31 December 2023 and for the corresponding period ended 31 December 2022, and the related disclosures.

Valuation and Ownership of Land and Buildings

As set out in *Note 12(d)* of the financial report, the Group and the Company carried land and buildings at revalued amounts of K409 million (2022: K395 million) with a policy to obtain an independent external valuation every two (2) years.

For the year ended 31 December 2022, no independent external valuations were obtained by the Group and the Company in accordance with their policy. In addition, the Directors did not perform an assessment as to whether the previous year's external valuation assessment for all land and buildings except for the 14 properties was appropriate in the current year. The external valuation in 2021 excluded 14 properties due to title disputes and access limitations to land. Further, the Directors did not provide me with evidence regarding the inputs used in the valuation obtained in the year ended 31 December 2021, in particular in respect of sales evidence underlying selected capitalization rates and estimated income, as well as the calculations and inputs underlying the estimated depreciated replacement cost.

During the year ended 31 December 2023, the Directors did not obtain external valuation for all land and buildings except for the 14 properties with a combined carrying value of K6 million due to unresolved title disputes and access limitations to land. The Directors therefore adopted the values from the external valuation for all land and buildings except for the 14 properties. For the 14 properties, no external valuation was performed and the Directors recorded these at net book value. I noted that this is not in accordance with their accounting policy.

Due to lack of external valuations and Directors' analysis on the valuation of these 14 properties, I was unable to obtain sufficient appropriate audit evidence over the value of these assets. Further, since there were title related disputes, I was not able to test the control and ownership vested with the Group and the Company over these assets existed at 31 December 2023. Moreover, due to insufficient evidence in the corresponding period as detailed above, I was also unable to determine whether the revaluation gain/(loss) movements of K20 million recorded by the Group and the Company as disclosed in *Note 27* have been allocated in the correct financial year.

As a result of the issues detailed above, I was unable to determine what adjustments might have been necessary to the statements of financial position as at 31 December 2023 and 31 December 2022, and statements of profit or loss and other comprehensive income, statements of cash flows, statements of changes in equity or any resulting tax effects for the year ended 31 December 2023 and for the corresponding period ended 31 December 2022.

Deferred Tax Balances

As disclosed in *Note 7(b)*, the Group recognised K16 million deferred tax liability as at 31 December 2023 (2022: K176 million deferred tax asset). Further, as disclosed in *Note 7(a)*, the Group recognised net profit before income tax of K29 million for the year ended 31 December 2023 (2022: K197 million). Included in the 2022 net profit was aggregate profit before tax amount of K112 million and K105 million relating to subsidiaries, Link PNG Limited (LPNGL) and Air Niugini Properties Limited (ANPL) respectively. During the year ended 31 December 2022, Air Niugini Limited (ANL), the parent entity raised provisions for expected credit losses of K116 million and K153 million relating to the intercompany receivable balances owed from LPNGL and ANPL respectively.

I noted an inconsistency in the tax treatment of the profit before tax recognized by LPNGL and ANPL on the gain recognized upon the debt forgiveness by ANL. The amount had been deducted from profit before tax of LPNGL as a permanent difference however, deducted from ANPL as a temporary difference. This resulted in a deferred tax liability of K46 million being recognized in ANPL and Knil in LPNGL which impacted the consolidated deferred taxes recognized at 31 December 2022. The Directors did not provide me with underlying details and assessments to support this inconsistent treatment for the year ended 31 December 2022. However, this had been corrected as at 31 December 2023.

During the financial year 2023, the Directors also corrected the written down value (WDV) of tax fixed asset register (FAR) calculated for the current year resulting in a decrease on WDV of tax FAR from K478 million in 2022 to K300 million in 2023. Additionally, asset revaluation reserve previously excluded from deferred tax calculations in prior years has been incorporated.

While the deferred tax liability for both items above were corrected in the current year ended 31 December 2023, they remained uncorrected for the corresponding period ended 31 December 2022. For the amounts corrected in the current year, the Directors did not perform an analysis of the impact to deferred tax expense as to which year the expense relates to. I noted that this is not in accordance with *International Financial Reporting Standard* requirements as amounts should be recorded in the respective periods it relates to.

In the absence of an analysis detailing which year the expense recognized as at 31 December 2023 relates, I was unable to determine what adjustments might have been necessary to the deferred tax balance as at 31 December 2022 in the statement of financial position, and the deferred tax expense for the years ended 31 December 2023 and 31 December 2022 in the statements of profit or loss and other comprehensive income for the year ended 31 December 2023 and for the corresponding period ended 31 December 2022.

Provision for Doubtful Debts and Expected Credit Loss Calculation as per IFRS 9

As disclosed in *Note 9*, the Group and the Company recognized provisions for doubtful debts of K53 million as at 31 December 2023 (2022: K27 million). The Group and the Company have not recognized a provision in respect of a certain significant aged debtor however, they did not provide sufficient evidence to support their assessment.

In the absence of an assessment or any other alternative evidence, I was unable to test the recoverability of these receivables and the related expected credit loss provisions at 31 December 2023 and 31 December 2022.

Consequently, I was unable to determine what adjustments might have been necessary to the statements of financial position at 31 December 2023 and 31 December 2022, and the statements of profit or loss and other comprehensive income, statements of changes in equity and related disclosures for the year ended 31 December 2023, and for the corresponding period or any resulting tax effects for the year ended 31 December 2023 and for the corresponding period ended 31 December 2022.

Trade Creditors and Accruals

As set out in *Note 17* to the financial report, trade creditors and accruals balances of the Group and the Company amounted to K415 million as at 31 December 2023 (2022: K347 million).

For one selected local supplier, National Airport Corporation (NAC) with a balance of K119 million, the Directors have not provided me with evidence such as supplier statement reconciliation that reconciles to the external confirmation received and the balance per Company's accounts payable aging to support the majority of the recorded balances relating to NAC.

In the absence of the Group and the Company providing alternate underlying evidence, I was not able to obtain sufficient appropriate audit evidence to test and confirm the NAC trade creditor balance as at 31 December 2023 and 31 December 2022.

Consequently, I was not able to determine what adjustments might have been necessary to the statements of financial position at 31 December 2023 and 31 December 2022, and the statements of profit or loss and other comprehensive income, and statements of changes in equity for the year ended 31 December 2023 and for the corresponding period or any resulting tax effects for the year ended 31 December 2023 and for the corresponding year ended 31 December 2022.

IFRS 16 – Right-of-Use Assets, Lease Liabilities and Depreciation Expense

As disclosed in *Notes 13* and *14* respectively, the Group and the Company as at 31 December 2023 recognized right-of-use assets of K454 million (2022: K229 million), and lease liabilities of K245 million (2022: K211 million).

I was unable to reconcile the expected balances of both the right-of-use assets and lease liabilities accounts balances as determined by *IFRS 16, Leases* and the underlying related agreements both in aggregate and on a sample basis with the *IFRS 16, Leases* calculations provided by the Directors for both the Group and the Company.

I noted misstatements where the right-of-use asset has been overstated by K8 million (2022: K19 million overstatement), depreciation expense being overstated by K22 million (2022: K2 million overstatement), lease liabilities having overstated by K4 million (2022: K0.2 million understatement) and interest expense being overstated by K24 thousand (2022: K8 million understatement).

In addition, *IFRS 16* requires the initial measurement of the right-of-use asset to include costs for restoring the underlying asset to the condition required by the terms and conditions of the lease. As disclosed in *Note 22*, the Group and the Company have recorded a restoration provision of K31 million (2022: K19 million). The Directors have not provided the underlying supporting documents for this provision as at 31 December 2023. Therefore, I was unable to test the completeness and accuracy of the related provision balances recorded.

Due to lack of underlying supporting documentation, I was not able to determine what adjustments might have been necessary to the respective provisions recorded in the statements of financial position as at 31 December 2023 and 31 December 2022, and the statements of profit or loss and other comprehensive income, statements of changes in equity and related disclosures for the year ended 31 December 2023, and for the corresponding period or any resulting tax effects for the year ended 31 December 2023 and for the corresponding period ended 31 December 2022.

Contingencies

As disclosed in *Note 32A*, the Group and the Company are facing a number of claims that are subject to ongoing litigation.

The Directors have been unable to produce analysis to enable me assess contingencies in accordance with *IAS 37, Provisions, Contingent Liabilities and Contingent Assets*. Further, legal confirmation was not received from external legal counsel detailing the nature of claims and probability of outflow is remote.

In the absence of an analysis detailing the contingencies, I was not able to determine what adjustments might have been necessary in the statement of financial position as at 31 December 2023 or the expense impact for the year ended 31 December 2023.

Management Override of Controls

I consider the extent of the matters listed above to be pervasive to the financial report. Consequently, I was unable to test the risk of management override of controls for the Group and the Company for the year ended 31 December 2023 and associated corresponding figures, and its impact to the financial reporting compilation process and outputs.”

66.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2024 was in progress.

66A. AIR NIUGINI PROPERTIES LIMITED **(A subsidiary of Air Niugini Limited)**

66A.1 INTRODUCTION

66A.1.1 Legislation

Air Niugini Properties Limited, formerly known as Kitoro No. 95 Limited was incorporated on 23 March 2012 under the *Companies Act*. The Company commenced operations in December 2018 and on 24 January 2019, the change of name was formally effected.

66A.1.2 Objective of the Company

Primary objective of the Company is to grow Air Niugini's property portfolio in terms of property investment, development and improvement of current residential and commercial properties and acquisition of new Land and Buildings.

66A.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Company has not submitted its financial statements for the years ended 31 December 2018, 2019, 2020, 2021, 2022, 2023 and 2024 for my inspection and audit.

The management informed my Office that the Company has been removed from the Register of Companies through a Notice lodged on 5 December 2023. However, I am awaiting relevant documentary evidences supporting the formalities undertaken to deregister the Company.

66B. LINK-PNG LIMITED **(A subsidiary of Air Niugini Limited)**

66B.1 INTRODUCTION

66B.1.1 Legislation

Link-PNG Limited came into existence on 26 June 2014 after the name changed from PNG Link Limited. The Company was incorporated under the *Companies Act* on 4 May 2010 and was acquired by Air Niugini Limited from Steamships Limited on 5 August 2014 for a consideration of K100.

Link-PNG Limited is a 100% subsidiary of Air Niugini Limited. The Company commenced the business of air travel for the PNG Domestic markets since November 2014.

66B.1.2 The Objective of the Company

The key objective of the Company is to be the leading domestic airline in Papua New Guinea, delivering safest and cost effective air travel to the communities.

66B.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Company has not submitted its financial statements for the years ended 31 December 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023 and 2024 for my inspection and audit.

Through my regular follow ups, the management advised that the outstanding financial statements have now been prepared and under review for submission for my audit soon.

67. KUMUL AGRICULTURE LIMITED

67.1 INTRODUCTION

67.1.1 Legislation

This Company was incorporated under the *Companies Act* on 13 November 2017, wholly owned by Kumul Consolidated Holdings (KCH).

On 15 August 2018, in accordance with *NEC Decision No. 221/2018* dated 2 August 2018, the Company was established as a fully State Owned Enterprise through which Kumul Consolidated Holdings holds the State's interest in all current and future agricultural assets, projects and investments.

67.1.2 Objectives of the Company

The Company's principle activities are to:

- provide assistance to persons for purposes of primary production, for the establishment, development or acquisition of industrial or commercial undertakings;
- provide advice and assistance with a view to promoting the efficient organisation and conduct of primary production;
- act as an agent for the Government in relation to any matter within the functions of the Company in the case of industrial or commercial undertakings;
- serve the rural population via the management and rehabilitation of plantations; and
- exporting of all cash crops in order to improve foreign exchange of the country.

67.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the years ended 31 December 2020 and 2021 were in progress.

The Company has submitted its financial statements for the years ended 31 December 2022 and 2023 and arrangements were being made to commence these audits shortly.

The Company has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

68. KUMUL PETROLEUM HOLDINGS LIMITED

68.1 INTRODUCTION

68.1.1 Legislation

In accordance with *NEC Decision No. 108/2011* dated 7 July 2011, the Company was established and incorporated under the *Companies Act* on 4 March 2014 as NPCP Holdings Limited. As a result of the enactment of the *Kumul Petroleum Holdings Limited Authorisation Act 2015*, the issued shares previously owned by Independent Public Business Corporation (IPBC) now Kumul Consolidated Holdings was transferred to the Kumul Petroleum Trustee. On 25 September 2015, the Company changed its name from NPCP Holdings Limited to Kumul Petroleum Holdings Limited.

68.1.2 Objective of the Company

Kumul Petroleum Holdings Limited and its wholly owned subsidiaries are the only group of State Owned Companies from which the State would nominate one or more of them to participate in all future Petroleum Projects as a nominee for the purposes of *Section 165 of the Oil and Gas Act 1998*.

68.1.3 Subsidiaries of the Company

The Subsidiaries of Kumul Petroleum Holdings Limited are; Eda Oil Limited, Kumul Energy Limited, Kumul Exploration (Asia) Limited, Kumul Gas Niugini B.V, Kumul Lending Co Pte Limited, Kumul LNG Limited, Kumul Petroleum (Development) Limited, Kumul Petroleum (Investments) Limited, Kumul Petroleum (Kroton) Limited, Kumul Petroleum (Pipeline) Limited, Kumul Petroleum (Tech & Advisory) Limited, Kumul Petroleum Marketing Pte Limited, Kumul Security Agent Limited and NPCP Oil Company Pty Limited. Comments in relation to these Subsidiaries are contained in paragraphs 68A to 68N respectively of this Report.

68.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2022 has been finalised and awaiting signed financial statements to issue the report.

The fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2023 was in progress.

The Company has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

68A. EDA OIL LIMITED **(A subsidiary of Kumul Petroleum Holdings Limited)**

68A.1 INTRODUCTION

68A.1.1 Legislation

Eda Oil Limited was incorporated under the *Companies Act*. At that time, the Company had two (2) shares owned by Petromin PNG Holdings Limited. As a result of the enactment of the *Kumul Petroleum Holdings Limited Authorisation Bill 2015*, Eda Oil Limited together with Kumul LNG Limited were transferred to Kumul Petroleum (Development) Limited, a subsidiary of Kumul Petroleum Holdings Limited on 30 June 2016 by Petromin PNG Holdings Limited.

The Company has a direct participation in the Moran Petroleum Project, through 20.5% License Interest it directly holds in PDL 5 and an initial 11.275% Unit Interest in Unit Operation under the Multi Unit Operator Alliance (MUOA) and an indirect participation in the PNG LNG Project through its holding of the only issued share in the share capital of Kumul LNG Limited.

68A.1.2 Objective of the Company

The main objective of the Company is to invest in the development and production of hydrocarbons in the Moran Joint Venture in Papua New Guinea.

68A.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2022 has been finalised and awaiting signed financial statements to issue the report.

The fieldwork associated with the inspection and audit of the accounts and records and examination of the financial statements of the Company for the year ended 31 December 2023 was in progress.

The Company has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

68B. KUMUL ENERGY LIMITED

68B.1 INTRODUCTION

68B.1.1 Legislation

The Company was incorporated as an unlisted company under the *Companies Act of Papua New Guinea* on 19 September 2014. The sole shareholder of Kumul Energy Limited is Kumul Petroleum Holdings Limited. On 22 September 2015, the Company changed its name from NPCP Power and Energy Limited to Kumul Energy Limited.

68B.1.2 Objective of the Company

The Company was purposely incorporated with the objective of holding all the power generation projects that KPHL has ventures into or will acquire in the future.

The Company has a 50% interest in NiuPower with Santos, which has developed and is operating a Power Plant project adjacent to PNG LNG project for generation of electricity and supplying to the Port Moresby Grid.

68B.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the Company's financial statements for the year ended 31 December 2022 has been finalised and awaiting signed financial statements to issue the report.

The fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2023 was in progress.

The Company has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

68C. KUMUL EXPLORATION (ASIA) LIMITED **(A subsidiary of Kumul Petroleum Holdings Limited)**

68C.1 INTRODUCTION

68C.1.1 Legislation

The Kumul Exploration (Asia) Limited was incorporated in Singapore under the *Companies Act of Singapore* on 2 March 2017. Kumul Petroleum Holdings Limited is the sole shareholder of Kumul Exploration (Asia) Limited.

68C.1.2 Objective of the Company

The Company's main objective is service activities incidental to oil and gas extraction (excluding surveying and engineering design and consultancy services, supporting mining, oil and gas extraction and offshore exploration activities).

68C.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2022 has been finalised and awaiting signed financial statements to issue the report.

The fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2023 was in progress.

The Company has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

68D. KUMUL GAS NIUGINI B.V **(A subsidiary of Kumul Petroleum Holdings Limited)**

68D.1 INTRODUCTION

68D.1.1 Legislation

The Kumul Gas Niugini B.V was incorporated in Amsterdam, Netherlands under the *Netherlands Civil Code* on 12 October 2011 (amended on 11 May 2017). Kumul Exploration (Asia) Pte Limited is the sole shareholder of Kumul Gas Niugini B.V.

68D.1.2 Objectives of the Company

The Company's objectives are to:

- incorporate, to finance, to participate in, to manage and to supervise companies and other enterprises;
- raise funds, to acquire, to dispose off, to manage, to exploit, to develop and to commercialise in any other way real estate, securities and other assets including patents, permits, copyrights, trademarks, licenses, secret processes or formula's, designs and other industrial and intellectual property rights;
- render administrative, technical, financial, economic, commercial or managerial services to companies, partnerships and other enterprises; and
- engage in all activities, whether or not in collaboration with others, which directly or indirectly relate to those objects and all this in the broadest sense.

68D.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Company has not submitted its financial statements for the years ended 31 December 2017, 2018, 2019, 2020, 2021, 2022, 2023 and 2024 for my inspection and audit despite my repeated reminders.

68E. KUMUL LENDING CO PTE LIMITED
(A subsidiary of Kumul Petroleum Holdings Limited)

68E.1 INTRODUCTION

68E.1.1 Legislation

The Kumul Lending Co Pte Limited was incorporated in Singapore under the *Companies Act* of Singapore on 8 August 2016. Kumul Petroleum Holdings Limited is the sole shareholder of Kumul Lending Co Pte Limited.

68E.1.2 Objective of the Company

The key objective of the Company is to undertake fund management activities.

68E.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the Company's financial statements for the year ended 31 December 2022 has been finalised and awaiting signed financial statements to issue the report.

The fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2023 was in progress.

The Company has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

68F. KUMUL LNG LIMITED **(A subsidiary of Kumul Petroleum Holdings Limited)**

68F.1 INTRODUCTION

68F.1.1 Legislation

This Company was incorporated under the *Companies Act* on 19 May 2009 under the name of Kumul LNG Limited. The Company has one (1) share and Eda Oil Limited is the sole shareholder of the Company. Eda Oil Limited is 100% subsidiary of Petromin PNG Holdings Limited that was established as a special purpose entity to hold Petromin's interests in the LNG Projects. As a result of the enactment of the *Kumul Petroleum Holdings Limited Authorisation Bill 2015*, both Eda Oil Limited and Kumul LNG Limited were transferred to Kumul Petroleum Holdings Limited on 30 June 2016 by Petromin PNG Holdings Limited.

68F.1.2 Objective of the Company

The Company has 0.20% interest in the PNG LNG Project. The Project interest is connected to Eda Oil Limited's license interest in PDL 5 (20.5% License Interest in PDL 5) and the Moran Petroleum Project Interest.

68F.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2022 has been finalised and awaiting signed financial statements to issue the report.

The fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2023 was in progress.

The Company has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

68G. KUMUL PETROLEUM (DEVELOPMENT) LIMITED **(A subsidiary of Kumul Petroleum Holdings Limited)**

68G.1 INTRODUCTION

68G.1.1 Legislation

This Company was incorporated under the *Companies Act* on 19 September 2014 in accordance with the *NEC Decision No. 108/2011* dated 7 July 2011. Kumul Petroleum Holdings Limited is the sole shareholder of Kumul Petroleum (Development) Limited. On 25 September 2015, the Company changed its name from NPCP Pipeline and Gas Supply Limited to Kumul Petroleum Development Limited. The Company again had its name changed from Kumul Petroleum Development Limited to Kumul Petroleum (Development) Limited on 28 January 2016.

68G.1.2 Objective of the Company

The objective of the Company is to provide pipeline facilities to various upcoming Liquefied Natural Gas (LNG) projects.

68G.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the years ended 31 December 2017 and 2018 have been completed and results were being evaluated. Issuing of my reports for these audits have been long delayed due to the fact that the Company has investment in NPCP Oil Company Pty Limited, and the audit of NPCP has been delayed due to slow information flows and changes in management.

The fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the years ended 31 December 2019, 2020, 2021 and 2022 were in progress, however, completion of these years' audits have been dependent on finalisation of the 2016, 2017 and 2018 audits.

The Company has not submitted its financial statements for the years ended 31 December 2023 and 2024 for my inspection and audit.

68H. KUMUL PETROLEUM (INVESTMENTS) LIMITED **(A subsidiary of Kumul Petroleum Holdings Limited)**

68H.1 INTRODUCTION

68H.1.1 Legislation

The Company was incorporated under the *Companies Act* on 15 October 2014 in accordance with the *NEC Decision No. 108/2011* dated 7 July 2011. Kumul Petroleum Holdings Limited is the sole shareholder of Kumul Petroleum (Investments) Limited. On 25 September 2015, the Company changed its name from NPCP Investments Limited to Kumul Petroleum (Investments) Limited.

68H.1.2 Objective of the Company

The Principal objective of the Company is to hold the Independent State of Papua New Guinea's shareholding interest in Oil Search Limited and other Investments by the State in oil and gas in Papua New Guinea. In this respect, on 4 March 2014, the State acquired 10.01% shareholding (149,390,244 shares) in Oil Search Limited (OSL) at a price of AUD8.20 per share for a total consideration of AUD1.225 million. The funding for purchase of the State's interest in OSL was provided by UBS Australia. On 23 December 2014, the State transferred its 10.01% shareholding interest in OSL and the obligations arising from the loan facilities provided by UBS to Kumul Petroleum (Investments) Limited and Kumul Petroleum Holdings Limited.

68H.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the Company's financial statements for the year ended 31 December 2022 has been finalised and awaiting signed financial statements to issue the report.

The fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2023 was in progress.

The Company has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

68I. KUMUL PETROLEUM (KROTON) LIMITED **(A subsidiary of Kumul Petroleum Holdings Limited)**

68I.1 INTRODUCTION

68I.1.1 Legislation

This Company was incorporated under the *Companies Act* and was acquired by the Independent Public Business Corporation (IPBC) (now Kumul Consolidated Holdings) on 24 November 2008.

IPBC was approved as the State's nominee in the PNG Liquefied Natural Gas (PNG LNG) Project as resolved by *NEC* in its Meeting *No.36/2008* through *Decision No. 223/2008*. NPCP Holdings Limited (now Kumul Petroleum Holdings Limited) is the 100% Shareholder of National Petroleum Company of PNG (Kroton) Limited as per *NEC Decision No. 108/2011* dated 7 July 2011, which came into effect in 2013. All the Company's shares held by IPBC were transferred to NPCP Holdings Limited in 2013. On 25 September 2015, the Company changed its name from National Petroleum Company of PNG (Kroton) Limited to Kumul Petroleum (PNG LNG) Limited. On 28 January 2016 the Company changed its name from Kumul Petroleum (PNG LNG) Limited to Kumul Petroleum (Kroton) Limited.

68I.1.2 Objective of the Company

The objective of Kumul Petroleum (Kroton) Limited is to invest in the PNG LNG Project as PNG State's nominee holding 16.57% equity in the Project.

68I.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2022 has been finalised and awaiting signed financial statements to issue the report.

The fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2023 was in progress.

The Company has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

68J. KUMUL PETROLEUM (PIPELINE) LIMITED **(A subsidiary of Kumul Petroleum Holdings Limited)**

68J.1 INTRODUCTION

68J.1.1 Legislation

This Company was incorporated under the *Companies Act* on 30 October 2015 under the name Kumul Petroleum Pipeline Limited. On 28 January 2016, the Company changed its name to Kumul Petroleum (Pipeline) Limited. Kumul Petroleum Holdings Limited is the sole shareholder of Kumul Petroleum (Pipeline) Limited.

68J.1.2 Objective of the Company

The principal objective of the Company is to hold the interest of Kumul Petroleum Holdings Limited in the Western Pipeline (Strategic Pipeline) Project.

68J.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2022 has been finalised and awaiting signed financial statements to issue the report.

The fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2023 was in progress.

The Company has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

68K. KUMUL PETROLEUM (TECH & ADVISORY) LIMITED (A subsidiary of Kumul Petroleum Holdings Limited)

68K.1 INTRODUCTION

68K.1.1 Legislation

The Company was incorporated under the *Companies Act* on 8 September 2014 in accordance with the *NEC Decision No. 108/2011* dated 7 July 2011. Kumul Petroleum Holdings Limited is the sole shareholder of Kumul Petroleum Technical Institute and Consulting Limited. On 25 September 2015, the Company changed its name from NPCP Technical Institute and Consulting Limited to Kumul Petroleum Technical Institute and Consulting Limited. Subsequently, the Company changed its name from Kumul Petroleum Technical Institute and Consulting Limited to Kumul Petroleum (Tech & Advisory) Limited on 28 January 2016.

In 2015, the Company bought 12.5% shares in Orion Enga Children's Fund JV Limited. Orion Enga Children's Fund JV owns the South Pacific Employment Institute registered as a business name and runs the Kumul Petroleum Academy in partnership with Kumul Petroleum (Tech & Advisory) Limited.

68K.1.2 Objective of the Company

The principal objective of the Company is to provide professional and other business services.

68K.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2022 has been finalised and awaiting signed financial statements to issue the report.

The fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2023 was in progress.

The Company has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

68L. KUMUL PETROLEUM MARKETING PTE LIMITED **(A subsidiary of Kumul Petroleum Holdings Limited)**

68L.1 INTRODUCTION

68L.1.1 Legislation

The Kumul Petroleum Marketing Pte Limited was incorporated in Singapore under the *Companies Act* of Singapore on 28 April 2017. Kumul Petroleum Holdings Limited is the sole shareholder of Kumul Petroleum Marketing Pte Limited.

67L.1.2 Objective of the Company

The Company is to be engaged in the Marketing of Liquefied Natural Gas, Condensate and other related products.

68L.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the Company's financial statements for the year ended 31 December 2022 has been finalised and awaiting signed financial statements to issue the report.

The fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2023 was in progress.

The Company has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

68M. KUMUL SECURITY AGENT LIMITED
(A subsidiary of Kumul Petroleum Holdings Limited)

68M.1 INTRODUCTION

68M.1.1 Legislation

The Kumul Security Agent Limited was incorporated in Singapore under the *Companies Act* of Singapore on 31 August 2016. Kumul Petroleum Holdings Limited is the sole shareholder of Kumul Security Agent Limited.

68M.1.2 Objective of the Company

The key objective of the Company is to undertake fund management activities.

68M.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the Company's financial statements for the year ended 31 December 2022 has been finalised and awaiting signed financial statements to issue the report.

The fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2023 was in progress.

The Company has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

68N. NPCP OIL COMPANY PTY LIMITED (A subsidiary of Kumul Petroleum Holdings Limited)

68N.1 INTRODUCTION

68N.1.1 Legislation

Cue PNG Oil Company Pty Limited, a subsidiary of Cue Energy Limited of Australia was incorporated in Australia under the *Companies Act* of Australia on 8 February 1996. This Company was bought by Kumul Petroleum (Development) Limited on 20 November 2014 at a cost of US\$7,109,144. The Company changed its name to NPCP Oil Company Pty Limited on 20 January 2015. Kumul Petroleum (Development) Limited (A subsidiary of Kumul Petroleum Holdings Limited) is the sole shareholder of NPCP Oil Company Pty Limited.

68N.1.2 Objectives of the Company

The principal objectives of the Company are exploration and production of hydrocarbons. The Company holds certain exploration and development licenses in PNG, namely PDL 3, PRL 14, PRL 19 and PL2.

68N.2 AUDIT OBSERVATIONS

68N.2.1 Comments on Financial Statements

My report in accordance with the provisions of the Companies Act on the Company's financial statements for the year ended 31 December 2015 was issued on 25 February 2025. The report did not contain any qualification but an emphasis of matter.

“EMPHASIS OF MATTER

Basis of Accounting

I draw attention to *Note 2.1* to the financial statements which describes the basis of accounting. The financial statements have been prepared for use by the Directors and Members of the Company and for the purpose of fulfilling the Director's financial reporting responsibilities under Australia's *Corporations Act 2001*. As a result, the financial statements may not be suitable for another purpose.

My opinion is not modified in respect of this matter.”

68N.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the years ended 31 December 2016, 2017 and 2018 have been substantially completed. However, there have been significant delays in finalizing and issuing of the audit reports due to slow information flows and changes in management.

The fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the years ended 31 December 2019, 2020, 2021 and 2022 were in progress, however, completion of these years' audits have been dependent on finalisation of the 2016, 2017 and 2018 audits.

The Company has not submitted its financial statements for the years ended 31 December 2023 and 2024 for my inspection and audit.

69. KUMUL TELIKOM HOLDINGS LIMITED

69.1 INTRODUCTION

69.1.1 Legislation

Kumul Telikom Holdings Limited (KTH) was incorporated under the *Companies Act* on 21 May 2018 in accordance with *NEC Decision No. 44/2017*.

69.1.2 Functions of the Company

The principal functions of the Company are to:

- hold all of the shares of Telikom PNG Limited, Bemobile and PNG DataCo;
- transfer Kumul Consolidated Holdings (KCH) interest in Bemobile and PNG DataCo;
- rationalize telecommunication sector to develop a profitable, competitive and sustainable enterprise; and
- restructure the three (3) communications entities (Telikom PNG Limited, Bemobile Limited and PNG DataCo Limited) into one communication service provider from wholesale services to retail mobile and fixed line.

69.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Company has not submitted its financial statements for the years ended 31 December 2018, 2019, 2020, 2021, 2022, 2023 and 2024 for my inspection and audit.

In 2021, I was informed that the Company was undergoing another restructure, this time, establishing only Telikom Limited and amalgamating Bemobile Limited. Unless I receive sufficient information of the restructure, I will still report on these Companies in my Report.

70. LIVESTOCK DEVELOPMENT CORPORATION LIMITED

70.1 INTRODUCTION

70.1.1 Legislation

The Livestock Development Corporation Limited was incorporated under the *Companies Act*. The share capital is wholly owned by the National Government.

70.1.2 Functions of the Company

The main activities of the Company are breeding and slaughtering cattle and pigs, purchasing and exporting insects, growing vegetables and fruits, and raising poultry.

70.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the Company has submitted its financial statements for the years ended 31 December 2019, 2020, 2021, 2022 and 2023 and arrangements were being made to commence the audits shortly.

The Company has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

71. MOTOR VEHICLES INSURANCE LIMITED

71.1 INTRODUCTION

71.1.1 Legislation

The Motor Vehicles Insurance (PNG) Trust Limited was incorporated under the *Companies Act* following the *NEC Decision No. 4/98* of January 1998. It was formed to change the status of the then existing Motor Vehicles Insurance (PNG) Trust to conform to the intentions of the NEC for the then PNG Banking Corporation Holding Company No. 1 Limited to acquire the business of the Trust as part of the reform of the financial services sector.

The Trust was incorporated under the *Companies Act* as Motor Vehicles Insurance (PNG) Trust Limited (MVITL). The shares of this entity which were held by the Independent State of PNG were subsequently sold to the then PNG Banking Corporation, an entity also owned and controlled by the State.

On 31 December 1998, as part of the corporatisation and restructuring programme of the then PNG Banking Corporation Group, PNGBC Limited, PNGBC Holding Co. No. 1 Limited and Motor Vehicles Insurance (PNG) Trust Limited were amalgamated under the provisions of the *Companies Act* to form an amalgamated Company, PNGBC Limited. The ultimate parent Company of PNGBC Limited was Finance Pacific Limited, a Company wholly owned and controlled by the Independent State of PNG.

With effect from 1 January 1999, Motor Vehicles Insurance Limited (MVIL) was incorporated under the *Companies Act* to underwrite the third-party insurance under the Act in succession to the Trust and MVITL.

The assets of MVITL immediately before the amalgamation with the then PNGBC Limited were transferred to MVIL when it took over the responsibility for providing third party insurance.

71.1.2 Subsidiaries of the Company

The subsidiaries of Motor Vehicles Insurance Limited are Pacific MMI Insurance Limited and Pacific Re Limited. Comments in relation to these subsidiaries are contained in paragraphs 71A and 71B respectively of this Report.

71.2 AUDIT OBSERVATIONS

71.2.1 Comments on Financial Statements

My report in accordance with the provisions of the *Companies Act* on the Company's financial statements for the year ended 31 December 2023 was issued on 20 September 2024. The report did not contain any qualification.

71.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2024 was in progress.

71A. PACIFIC MMI INSURANCE LIMITED **(A subsidiary of Motor Vehicles Insurance Limited)**

71A.1 INTRODUCTION

71A.1.1 Legislation

Pacific MMI Insurance Limited was incorporated on 10 July 1998 under the *Companies Act*.

The Company was established in 1998, through a joint venture between Motor Vehicles Insurance Limited (the Motor Vehicles Insurance Trust) and Allianz New Zealand Limited. The Joint Venture took control of the insurance portfolio previously operated by the Niugini Insurance Corporation. In 2009, Motor Vehicles Insurance Limited became the sole shareholder of Pacific MMI Insurance Limited. Pacific MMI Insurance Limited is now a 100% PNG owned company.

The Company started its operations in 1998 providing both general and life insurance to the market. Pacific MMI Insurance Limited is a registered general insurance company under the *Insurance Act 1995*, and a registered life insurance company under the *Life Insurance Act 2000*. The Company is also a member of the PNG Insurance Council Inc. and a member of the Joint Member Committee (JMC) Life Insurance Inc.

71A.1.2 Objective of the Company

To provide the market with peace of mind, personal service, secure insurance products, competitive options and local Papua New Guinean expertise.

71A.1.3 Function of the Company

The Company's main function is to provide a range of personal, commercial and corporate insurance products through selected Insurance Brokers, Business Partners and direct to the Public.

71A.2 AUDIT OBSERVATIONS

71A.2.1 Comments on Financial Statements

My report in accordance with the provisions of the *Companies Act* on the Company's financial statements for the year ended 31 December 2023 was issued on 10 March 2025. The report did not contain any Qualification.

71A.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2024 was in progress.

71B. PACIFIC RE LIMITED **(A subsidiary of Motor Vehicles Insurance Limited)**

71B.1 INTRODUCTION

71B.1.1 Legislation

Pacific Re Limited was incorporated on 30 May 1995 under the *Companies Act*.

The Company was registered on 30 May 1995 under the former name Negliw No. 92 Pty Limited. The name was later changed to Pacific International Reinsurance Corporation Pty Limited, then to Pacific Re Pty Limited, and currently named Pacific Re Limited. The Company was registered by the three former shareholders, American Home Assurance Company, HIH Life Insurance (PNG) Limited and Mitsui Marine and Fine Insurance Co. (PNG) Pty Limited with the intention to provide local reinsurance support to the insurance market. Over the years there had been a number of transfers of shareholdings. The current shareholders of the Company comprise of Motor Vehicle Insurance Limited (MVIL) with 39,959,528 and Alpha Insurance Limited with 1,454,418 shares.

The Company commenced its operations in 1997 providing reinsurance support to the local insurance market. Pacific Re Limited is the only registered reinsurance company operating in Papua New Guinea.

71B.1.2 Objective of the Company

To be a provider that enables the delivery of dynamic quality reinsurance solutions, that offers strong security combined with excellent service to all our business partners, that values team members and enhances shareholder wealth.

71B.1.3 Functions of the Company

The Company's principal activities include providing proportional and non-proportional and facultative and treaty reinsurance with an overall underwriting philosophy of profitable growth. The major classes of business for reinsurance support include:

- Property;
- Motor vehicle;
- Casualty;
- Accidents; and
- Marine.

71B.2 AUDIT OBSERVATIONS

71B.2.1 Comments on Financial Statements

My report in accordance with the provisions of the *Companies Act* on the Company's financial statements for the year ended 31 December 2023 was issued on 12 February 2025. The report did not contain any Qualification.

71B.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2024 was in progress.

72. NATIONAL AIRPORTS CORPORATION LIMITED

72.1 INTRODUCTION

72.1.1 Legislation

National Airports Corporation Limited was incorporated under the *Companies Act*. The Company had begun operations in October 2009 after its incorporation on 6 October 2009. This Company was established in accordance with *Section 132* of the *Civil Aviation Act 2000 (as amended)*.

National Airports Corporation Limited is regulated by the *Civil Aviation Authority Act 2000 (as amended)* as a Company having its own operating certificates. Except for the governance requirements specified in the *Civil Aviation Act*, it operates independently. The two shares issued by the Company are equally held by the Minister for Civil Aviation and the Minister for Finance on behalf of the Independent State of Papua New Guinea.

72.1.2 Functions of the Corporation

The functions of the National Airports Corporation Limited are derived from *Section 132* of the *Civil Aviation Act*.

72.1.3 Subsidiaries of the Corporation

The Corporation has two subsidiary companies; *Airport City Development Limited* and *Airports Investments Limited*. Comments in relation to these companies are contained in paragraphs 72A and 72B of this Report respectively.

72.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2021 has been substantially completed and the results were been evaluated.

The Company has not submitted its financial statements for the years ended 31 December 2022, 2023 and 2024 for my inspection and audit.

72A. AIRPORT CITY DEVELOPMENT LIMITED (A Subsidiary of National Airports Corporation Limited)

72A.1 INTRODUCTION

72A.1.1 Legislation

The Airport City Development Limited was incorporated on 20 August 2009 and was deregistered on 20 April 2010. However, the Company was reinstated on 19 September 2011 as a subsidiary company of the National Airports Corporation Limited. The Company came into operation on 19 September 2012.

72A.1.2 Charter of the Company

The Company was incorporated to establish and manage the design, construction and operating stages of the Airport City Project to ensure economic, technically sound and expeditious completion of the Project.

72A.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2021 has been substantially completed and the results were being evaluated.

The Company has not submitted its financial statements for the years ended 31 December 2022, 2023 and 2024 for my inspection and audit.

72B. AIRPORTS INVESTMENTS LIMITED **(A subsidiary of National Airports Corporation Limited)**

72B.1 INTRODUCTION

72B.1.1 Legislation

The Airports Investments Limited is a wholly owned subsidiary of the National Airports Corporation Limited. The Company was initially registered as Helios No. 129 Limited on 23 October 2014 under the *Companies Act*, and later changed its name to Airports Investments Limited on 27 April 2015. The operations of the Company commenced on 1 January 2016.

72B.1.2 Objective of the Company

Primary objective of the Airports Investments Limited is to maximize full utilization of airport assets to generate revenue to support core airport activities relating to safety and security.

72B.1.3 Functions of the Company

Functions of the Company include: utilization of large assets base of the airports to realize large revenue potential; generating revenue to fund the operations of the terminal facilities and runways; and utilizing return from commercialising the airport assets to assist rural airstrips.

72B.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2021 has been substantially completed and the results were being evaluated.

The Company has not submitted its financial statements for the years ended 31 December 2022, 2023 and 2024 for my inspection and audit.

73. NIUSKY PACIFIC LIMITED

73.1 INTRODUCTION

73.1.1 Legislation

Niusky Pacific Limited was formerly known as PNG Air Services Limited. The change of Company name was effective from 21 August 2020. The Company was incorporated under the *Companies Act* on 30 April 2007 and commenced operations from January 2008. The Company was established in accordance with *Section 143(6)* of the *Civil Aviation Act 2000 (as amended)* which envisaged the establishment of a Company to deliver “*air traffic services, aeronautical navigation services and aeronautical communication services and all related services in Papua New Guinea and the airspace for which it is responsible.*”

Niusky Pacific Limited as a State Aviation Enterprise (SAE) is an independent self-funding Company. The two shares issued by the Company are equally held by the Minister for Civil Aviation and the Minister for Finance on behalf of the Independent State of Papua New Guinea. The Company has its own operating certificates and operates independently from other Aviation Entities established under the *Civil Aviation Act 2000 (as amended)*.

73.1.2 Functions of the Company

Niusky Pacific Limited (*formerly PNG Air Services Limited*) was established with a purpose of delivering safe and efficient air navigation services to the aviation industry and the travelling public. It ensures provision of quality Communication, Navigation, Surveillance (CNS) and Air Traffic Management (ATM) services to both domestic and international customers who operate within the PNG airspace, at a reasonable cost, hence to be a leader in providing world standard air navigation services. Niusky Pacific Limited makes sure that the radio coverage in PNG both VHF and HF are improved and that efficient and effective air traffic services are maintained.

73.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2024 was in progress.

However, the audits of the financial statements of the Company for the years ended 31 December 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 were not done by me. The Company engaged its own external auditors for the audits of those years.

Through my unwavering attempts, I have retaken the audit of the Company for the financial year ended 31 December 2024 and the subsequent years.

74. PAPUA NEW GUINEA PORTS CORPORATION LIMITED (Formerly PNG Harbours Limited)

74.1 INTRODUCTION

74.1.1 Legislation

PNG Harbours Limited was incorporated under the *Companies Act* on 19 June 2002 in accordance with the privatisation policy approved by the NEC in 1999. The Company changed its name to Papua New Guinea Ports Corporation Limited on 7 March 2006.

74.1.2 Functions of the Company

The general functions of PNG Ports Corporation Limited include the regulation, management, control and operation of declared ports; the movement of shipping therein; and the maintenance of light ships, buoys, beacons, moorings, wharves, docks, piers, jetties, landing stages, slips, landing ramps and platforms.

74.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

74.2.1 Comments on Financial Statements

My report in accordance with the provisions of the *Companies Act* on the financial statements of the Company for the year ended 31 December 2023 was issued on 25 November 2024. The report did not contain any qualification.

74.2.2 Audit Observations Reported to the Ministers

My report to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Company for the year ended 31 December 2023 was issued on 25 November 2024. The report contained the following significant matters:

Exim Loan – K195,332,835

My review of the Exim loan revealed that PNG Ports Corporation's management transferred the Exim Loan drawdown of K195 million from the K350 million for the development of Lae Tidal Basin to Department of Treasury per *NEC Decision No.28/2022* in the 2022 financial statement. The Exim Loan was initially obtained from Exim Bank of China for design, construction and commercialization of the Western Side of the Lae Tidal Basin into industrial real estate. However, I was not provided with the agreements confirming the transfer and the terms and conditions of the transfer. Consequently, I was unable to verify and confirm the transfer of the loan liability and the status of the management of the related project.

I was informed during my 2022 audit that preliminary discussions were held between the Corporation and Department of Treasury but an affirmative position is yet to be reached and no documentary evidence on the transfer of the loan and the management of related asset/project was made available.

In my 2023 audit, I noted that Department of Treasury was reluctant to implement the *NEC Decision No. 28/2022* and did not take up the Exim loan as its liability and as such, the Exim loan was not appropriately accounted for by either of the parties. Non accounting for the liability in an on-lending agreement can lead to significant financial, regulatory, and relational consequences for both parties involved.

Lae Wharf (ADB and State Loan) – K713,860,603

In 2022, the Corporation took carriage and accounted for the loans related to the design and construction of Lae Wharf from the Asian Development Bank (ADB) of K483,202,003 and State loan of K230,658,600. Although no movements in the 2023 balances were observed during my review, I was unable to obtain sufficient and appropriate audit evidence in relation to the following:

1. The Corporation did not provide documentary evidence to substantiate the actual drawdown of the ADB loan facility amounting to K483,202,003. Additionally, no reconciliation statements were provided showing the loan balance movement during the year, and no payment certificates or claims from the Department of Treasury were made available for my review;
2. A subsidiary loan agreement between the Department of Treasury and PNG Ports Corporation for the repayment of the loan is yet to be established; and
3. There are no appropriate documentation on the treatment of the State loan of K230,658,600 whether it is to be treated as a loan or equity in the Corporation's financial statements.

The absence of documentary evidence regarding the loan drawdown, reconciliation statements, and claims from the Department of Treasury raises concerns over financial transparency. This increases the risk of misstatements in financial records, mismanagement of funds, and potential undetected errors or fraud. The lack of visibility may also hinder accurate reporting and verification of the financial position of both parties involved.

Director's Expenses

The Corporation paid a total of K1.7 million for board expenses. However, I was not provided with Kumul Consolidated Holding's (KCH) approved remuneration policy although a request for this information was made. Consequently, I was unable to confirm whether the board stipends and allowances paid to the Directors were according to the approved rates from KCH.

CRCE Tower Limited – Office Complex (Noble Centre)

In 2015, PNG Ports Corporation signed a partnership agreement with CRCE Tower Limited (CTL) to construct the office complex (Noble Centre). The project commenced in 2015 and was completed in 2020. From the documents received, PNG Ports Corporation invested a total of K42.4 million in this project. During my review of the project in the 2020 audit, I noted the following issues:

- Out of the K42.4 million, K6.8 million was deducted by the Corporation as payment for the two portions of the land the building was constructed. However, no valuation of the land was carried out to establish a fair value to ensure the K6.8 million deducted reflects the actual value of the land;
- The Corporation provided land which is located at the Central Business District (CBD) and paid K35.6 million towards the construction of the office complex building. However, these contributions do not equate to the benefit PNG Ports will receive in terms of number of floors it will occupy; and
- The Corporation should have its shareholding for contributing the land and K35.6 million as stipulated in the *Project Development Agreement Clause 11*. Instead, the office complex is 100% owned by China Railway Construction Engineering Group (PNG) Real Estate Ltd and no economic benefit in terms of rental income will flow to the Corporation apart from occupying two floors.

In my 2021 audit, I noted the following:

- CRCE obtained NCDC's permissive occupancy certificate dated 11th September 2020. However, based on this report and the report provided by independent engineers who were engaged by the Corporation, concerns were raised and a Notice of Defects was issued to CRCE per the Project Development Agreement (PDA);
- Later in 2021, NCDC building board condemned the Noble Tower Building and withdrew the permissive occupancy certificate; and
- On 14th December 2021, the Corporation appointed a receiver to recover the cost incurred and the damages. The Corporation had paid 95% of the total project cost at the time of appointing the receiver and expects to recover K42 million in capital costs, including other costs to a total of K50 million.

Further in my 2022 audit, the following were noted:

- PNG Ports engaged Peddle Thorp Architects Australia to conduct cost estimate of defect rectifications after June 2023 initial assessment report indicated that building structure is sound. Once the rectification cost is established and both parties confirm and agree, PNG Ports will release the building from receivership and the developer will start the rectification works; and

- PNG Ports incurred risk of investment (investment risk) on the Noble Tower project whereby it has not resolved the shareholding issues and the land title transfer back process at the time of the dispute. This has further disadvantaged the PNG Ports Corporation in its investment drive. In addition, the fact that the project completion is being delayed, the Corporation continues to incur extra rental costs.

In my 2023 audit, I noted that the building is currently under receivership and to date, PNG Ports incurred costs up to K65 million. In addition, the total cost for the defects is K197 million which CRCE and CTL may not have the financial capacity to repair the defects. In its board meeting No. 54/2023, the Directors resolved to have management obtain a proper legal advice with an aim of exiting Noble Tower Building by terminating receivership to take position and custody of the building subject to condition that CRCE and CTL accept the sum of K70,777,101 plus expenses to an agreed time frame. As a result, I was unable to comment whether the board and management of PNG Ports Corporation acted in the best interest of the Corporation and the State by exercising professional duty of care and due diligence and whether value for money will be achieved in making this investment decision.

Management responded to my observations as follows:

“PNGPCL entered into negotiations with CRCE and CTL and have reached an amicable resolution on this matter so a reimbursement of reasonable costs has been agreed upon by both parties which should be taking place shortly before the partnership can be terminated and PNGPCL walks away from this project.”

Work in Progress (WIP)

As reported in my 2022 report, several projects classified under work in progress (WIP) were either left idle or not progressed as expected. No proper explanation on the statuses or supporting documents provided for my verification. These projects are listed below with their costs incurred as at 31 December 2023.

Project	Cost
KIM 654 – Kimbe Port Design & building of new staff house	K1,216,354
KIU001 – Kiunga Port	K4,356,760
Lae 2 – Portion 508	K1,481,363
Lae 397 – Lae Port proposed training facility	K 308,625
Lae 540 Lae Tidal Basin phase 2-design/construction # Fin of add Berth Structure	K 422,306
Lae 576 Lae 2 Story Duplex Building – Falcon Street Sect 93 Lot 47	K 929,638
Lae 601 Lae Tidal Basin West Side Industrial Park Development Project	K 951,730
Lae 614 Lae Tidal Basin supply and install navigational aids	K 2,701,074
Pom 598 Markham River Training and Floor Mitigation –Lae Tidal Basin	K23,700,618
Pom 523.3 Motukea admin office consultancy	K 1,647,121
Rab 586 proposed Mezzanine office works –Rabaul main wharf house 2	K 345,368
Gen 490.3 All Ports hydrographic	K 630,221
Gen 133-All wharf topographic survey	K 2,805,339
AIFFP- PNGPCL 690.4 hydrographical investigations for 6 times ports	K 954,892
TSSP Rabaul Port palisade fencing works	K19,380,637

As a result of the above short-comings, I could not establish the success rate of these projects and whether such investment decisions are viable and will be beneficial to the Corporation.

74.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2024 was in progress.

75. PNG DATACO LIMITED

75.1 INTRODUCTION

75.1.1 Legislation

The PNG DataCo Limited came into existence on 2 December 2010 after the name was changed from Whittlesea Limited. Whittlesea Limited was incorporated under the *Companies Act* on 21 April 2010.

On 6 February 2014, the National Executive Council (NEC) in its *Decision No. 32/2014* approved for immediate operations of the PNG DataCo Limited as a State Owned Enterprise (SOE) to oversee and implement the National Transmission Network (NTN) Impact Project Strategy and Objectives as approved by the NEC *Decision No. 268* of 2010, NEC *Decision No. 107* of 2011 and NEC *Decision No. 108* of 2012.

PNG DataCo Limited is governed by the *Companies Act*, the *Independent Public Business Corporation of PNG Act*, and the regulator – *National Information and Communication Technology Authority Act*. The Company became operational in February 2014.

75.1.2 Objectives of the Company

The key objectives of the Company are to:

- work towards the PNG Government's Policy on Information Communication Technology (ICT) to refurbish the existing transmission network, extend its availability across the country, allow new transmission networks to develop, and to increase technical capabilities to support high-speed broadband;
- develop the National Transmission Network (NTN) as the efficient domestic and international telecommunication transmission network and that the NTN is available on a wholesale and non-discriminatory basis to all licensed operators of the telecommunication industry to stimulate and foster social and economic developments in Papua New Guinea using State Owned assets and new network investments;
- provide internet gateway services at the international gateway;
- improve the availability of broadband transmission telecommunication services within PNG and internationally;
- improve performance of telecommunication services in terms of responsiveness;
- lower the cost of telecommunication services to end users; and
- ensure the current network operations are scalable, standardise network and Information Technology (IT), invest in required capabilities to build low-cost position, develop deal making capabilities, and best-in-class execution capabilities.

75.1.3 Functions of the Company

The main functions of the Company are to:

- develop the National Transmission Network (NTN) as the efficient domestic and international transmission network; and
- supply high value and market driven suite of data services on a wholesale and non-discriminatory basis to all licensed operators and Internet Service Providers (ISPs) (i.e. holders of a network or applications licenses) leveraging its exclusive network asset base.

75.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2024 was in progress.

76. PNG POWER LIMITED

76.1 INTRODUCTION

76.1.1 Legislation

PNG Power Limited (PPL) was incorporated by the Privatisation Commission under *Section 3(1)* of the *Electricity Commission (Privatisation) Act 2002* as the successor company to the PNG Electricity Commission (ELCOM), a statutory corporation established under the *Electricity Industry Act (Chapter 78)*.

- the *Electricity Commission (Privatisation) Act* transferred to PNG Power Limited the following:
 - (i) all of ELCOM's right, title and interest to any and all assets other than those transferred to PNG Dams Limited pursuant to items *1(a)* and *(c)*, including, without limitation, the electricity generation assets located in the areas of Sirinumu Dam and Yonki Dam;
 - (ii) all of ELCOM's liabilities other than those transferred to PNG Dams Limited pursuant to item *2(b)*; and
 - (iii) all water use permits held by ELCOM and referred to in *Section 7(1)* of the *Act*.
- transferred all of the employees of ELCOM to the employment of PNG Power Limited;
- declared PNG Power Limited as a "*Specified Entity*" for the purposes of *Section 8* of the *Act*;
- in accordance with the privatisation policy of the Privatisation Commission, all the issued shares of PNG Power Limited were transferred to the Privatisation Commission (and deemed transferred to the successor to the Privatisation Commission, the Independent Public Business Corporation of Papua New Guinea (IPBC of PNG)), now Kumul Consolidated Holdings as the trustee of the General Business Trust under the *Independent Public Business Corporation of Papua New Guinea Act*; and
- the consideration for the transfers referred to in items (i) and (ii) was nil.

76.1.2 Functions of the Company

The functions of the Company are to plan and co-ordinate the supply of electricity throughout the country; to generate, transmit, distribute, reticulate and sell electricity; and to provide to the public bodies and the State, services related to sale, consumption and use of electricity.

76.2 AUDIT OBSERVATIONS

76.2.1 Comments on Financial Statements

My report in accordance with the provisions of the *Companies Act* on the Company's financial statements for the year ended 31 December 2023 was issued on 30 May 2025. The report contained a Disclaimer of Opinion.

“DISCLAIMER OF OPINION

Because of the significance of the matters referred to in the Basis for Disclaimer of Opinion paragraphs below, I was not able to obtain sufficient appropriate audit evidence and accordingly, I am unable to and do not express an opinion on the financial statements of PNG Power Limited for the year ended 31 December 2023.

BASIS FOR DISCLAIMER OF OPINION

Opening Balances

My report for the year ended 31 December 2022 was a disclaimer of opinion as I was not able to obtain sufficient appropriate audit evidence to satisfy myself as to the existence, valuation, and completeness of the opening balances of capital work in progress, property, plant and equipment, borrowings, lease and income tax balances. As a result, I could not confirm the appropriateness of the opening balances of these accounts in performing the audit for the financial year ended 31 December 2023.

Since these 2022 closing account balances have been taken up as opening balances for the 2023 financial year in the determination of the financial position, results of operations, equity movements, and cash flows of the Company for the year ended 31 December 2023, I was unable to determine whether any such adjustments might have been necessary for the year ended 31 December 2023, and for the corresponding year.

Revaluation of Land and Building

The Company's property, plant and equipment reported on its statement of financial position at 31 December 2023 of K3,463.02 million (2022: K3,332.50 million) includes land and buildings being carried at K777.39 million (2022: K526.71 million). The Company's accounting policy is to carry the land and buildings at fair value. As at the date of this report, the Company recorded a total valuation gain of K257.83 million. I was unable to determine the reasonableness of the recorded fair value gain due to the following:

- The Company was unable to fully reconcile the assets valued to the fixed assets register;
- I noted assets totaling K239.78 million where there is no land title or alternative evidence to verify the ownership of the property subject to the valuation; and

- In calculating the fair value gain, the Company relied upon valuations performed in 2020 and 2022. The Company was unable to provide sufficient and appropriate evidence on the appropriateness of the valuation reports obtained in the previous years as the basis for the recognition of the fair value gain at 31 December 2023 and for the year then ended.

As a result, I was unable to satisfy myself as to the reasonableness of the fair value of the land and buildings as at 31 December 2023 and the fair value gain recognised for the year ended 31 December 2023.

Impairment of Property, Plant and Equipment

In accordance with *IAS 36, Impairment of Assets*, an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset. As at the date of this report, the Company is yet to finalise its determination of recoverable amount of the asset as at 31 December 2023. As a result, I was unable to satisfy myself as to the appropriateness of the carrying values of property, plant and equipment as at 31 December 2023 and whether any impairment loss may be required for the year ended 31 December 2023.

Classification of Borrowings

The Company has reported non-current borrowings of K1,083.10 million (2022: K850.22 million) as at 31 December 2023. I was unable to determine whether the Company has an unconditional right to defer settlement of K1,071.62 million of its borrowings beyond 12 months. As a result, I was unable to determine whether the classification of the amounts as non-current liabilities is appropriate as at 31 December 2023.

Capital Work-in-Progress

As disclosed in *Note 8* to the financial statements, capital work in progress is carried at K1,642.83 million (2022: K1,918.89 million) including capital contributions of K265.55 million (2022: K210.91 million) at 31 December 2023. I was unable to obtain sufficient evidence as to the existence of the Company's capital work in progress account due to the following factors:

Unsubstantiated increases to capital work in progress of K320.27 million; and
I have not been provided with a reconciliation that supports the capital contributions presented in the financial report.

As a result, I was unable to satisfy myself whether the capital work in progress is fairly stated as at 31 December 2023 and for the year then ended.

Income Tax effect Accounting

Given the audit qualifications in respect of opening balances and property, plant and equipment accounts, I was unable to quantify the consequential impact of these qualifications on income tax balances as at 31 December 2023. In addition, the Company has recognised a deferred tax asset of K223.79 million (2022: K94.33 million) in respect of carry forward tax losses. The Company was unable to provide sufficient and appropriate evidence to support the recognition of the deferred tax asset for these tax losses in accordance with *IAS 12, Income Taxes*. As a result, I was unable to satisfy myself whether the income tax balances have been fairly stated as at 31 December 2023 and for the year then ended.

Presentation and Disclosure of Financial Statements

In addition to the consequential impact of the matters identified above, my consideration of the adequacy and appropriateness of disclosures in the financial report has identified a number of deficiencies in and omissions of financial statements presentation and disclosures required by *International Financial Reporting Standards*. Accordingly, I was unable to conclude that the financial statements of the year ended 31 December 2023 comply with *International Financial Reporting Standards* as set out in *Note 3* of the financial statements.

EMPHASIS OF MATTERS

I wish to draw attention of the shareholders on the following matters of significance without qualifying them:

Material Uncertainty Related to Going Concern

I draw attention to *Note 3.3* in the financial report, which indicates that the Company's current liabilities exceeded its current assets by K1,792.22 million (2022: K2,127.94 million) as at 31 December 2023. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Other Legal and Regulatory requirements

The Papua New Guinea *Companies Act 1997* requires that in carrying out my audit, I consider and report to you on the following matters. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of my report, I conclude that:

- a) The Company's accounting records were not properly maintained in accordance with the Papua New Guinea *Companies Act 1997* and the *International Financial Reporting Standards*. In addition, I could not obtain the necessary information and explanations to provide an audit opinion on the financial statements of the Company; and

- b) In contravention of the Papua New Guinea *Companies Act 1997*, the Company failed to submit its duly signed financial statements to the Registrar, within five months of the balance date, unless the Registrar extended this period. No such extension was provided to the Company by the Registrar.”

76.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2024 was in progress.

77. POST PNG LIMITED

77.1 INTRODUCTION

77.1.1 Legislation

Post PNG Limited was incorporated on 24 December 1996 under the *Companies Act*. This Company was formed following the *NEC Decision No. 18/96* of 17 April 1996 to corporatise the Post and Telecommunications Corporation (PTC) and separate it into three entities, namely: Telikom PNG, Post PNG and PNG Telecommunication Authority (PANGTEL) now known as National Information and Communications Technology Authority (NICTA) as established by *Section 8* of the *National Information and Communications Act*.

As a result of the NEC Decision, all assets, rights, liabilities, staff and regulatory powers and business of the PTC relating to Postal Services were, as per the allocation statement approved by the Minister for Communications, transferred on 31 December 1996 at net book value to Post PNG Limited. Post PNG Limited is a 100% state-owned Company and it commenced trading on 1 January 1997.

77.1.2 Objectives of the Company

The primary objectives of the Company are to:

- provide domestic and international postal services to meet the reasonable needs of the people, Government, non-governmental organisations and business enterprises of PNG;
- manufacture and market postage stamps, philatelic products and other products for use in connection with services provided by Post PNG;
- provide money transfer services within the Independent State of PNG and between PNG and other places;
- engage in research relating to postal products and activities;
- provide packet and parcel carrying services;
- provide courier and freight services;
- provide mail house, documents exchange and contract mail management services;
- carry on any business or activity that is related, incidental, ancillary or complementary to the provision of domestic and international postal services;
- provide fund transfer services, act as agent on behalf of other entities, bodies and organisations in relation to banking arrangements and in the collection of premium rates, licence fees, other like services and operate a savings bank; and
- perform functions relating to the provision of postal services in a manner consistent with PNG's obligations under any convention.

77.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the years ended 31 December 2023 and 2024 have been completed and results were being evaluated.

78. TELIKOM LIMITED AND ITS SUBSIDIARIES

78.1 INTRODUCTION

78.1.1 Legislation

Telikom Limited was incorporated under the *Companies Act*. This Company was formed following the *NEC Decision No. 18/96* of 17 April 1996 to corporatise the Post and Telecommunications Corporation (PTC) and to separate it into three entities namely: Telikom Limited, Post PNG Limited and National Information and Communication Technology Authority (NICTA) formerly known as (PANGTEL).

As a result of the NEC Decision, all assets, rights, liabilities, staff and regulatory powers and business of the PTC relating to Telecommunication Services were transferred on 31 December 1996 at the net book value to Telikom Limited as per the allocation statement approved by the Minister for Communications. Telikom Limited is a 100% State Owned Company and it commenced trading on 1 January 1997.

The Company changed its name on 18 December 2021 from Telikom (PNG) Limited to Telikom Limited.

78.1.2 Objectives of the Company

The primary objectives of the Company are to:

- be the successor Company to the Telikom Divisions of PTC within the meaning of and for the purposes of the *Telikom (PNG) Limited Act*;
- supply telecommunication services within PNG and between PNG and other places;
- carry on any business or activity relating to telecommunications either inside or outside of PNG;
- publish telecommunications directories, and to supply directory information service;
- supply, install and maintain customer equipment and customer lines;
- develop, manufacture, market and supply facilities and software;
- supply value added services;
- utilise its network, installations and facilities for purposes other than telecommunications, to the extent that such network installations and facilities are not fully utilised in the supply of telecommunications;
- carry on any business incidental to telecommunication;
- unless otherwise advised to the contrary by the Minister acting in accordance with a directive of the NEC to:
 - act as an adviser to the Government of PNG on matters relating to telecommunication activities in PNG;
 - represent PNG as a member of, and actively participate, in international bodies concerned with the administration of telecommunication services;
 - enter into international agreement relating to telecommunication activities; and

- perform functions relating to the provision of telecommunication services in a way consistent with PNG’s obligations under any convention; and
- exercise such powers to negotiate, prepare, execute and perform any contracts or management arrangements of the State as may be delegated to it or conferred on it.

78.1.3 Subsidiaries of the Company

The subsidiaries of Telikom Limited are Bemobile (Solomon Islands) Limited, *DATEC (PNG) Limited*, *Kalang Advertising Limited*, *Media Niugini Limited (EMTV)* and *PNG Directories Limited*. Comments in relation to these subsidiaries are contained in paragraphs 78A, 78B, 78C, 78D and 78E of this Report respectively.

78.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

78.2.1 Comments on Financial Statements

My reports in accordance with the provisions of the *Companies Act* on the Company’s financial statements for the year ended 31 December 2023 was issued on 31 March 2025. The report contained a Disclaimer of Opinion.

“DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I am unable to and do not express an opinion on the financial statements of Telikom Limited for the year ended 31 December 2023.

BASIS FOR DISCLAIMER OF OPINION

Opening Balance

My report on the financial statements of the Company for the year ended 31 December 2022 was a disclaimer of opinion in respect to:

- Limitation of scope on going concern uncertainties;
- Revenue;
- Deferred revenue liability and deferred dealer discount assets;
- Exim loan through Department of Finance;
- Goodwill; and
- Impairment of Property, Plant and Equipment.

There were no satisfactory audit procedures that I could otherwise perform to obtain reasonable assurance as to the correctness of the opening balances. Since the opening balances enter into the determination of the financial position, I was unable to determine whether adjustments might have been necessary in respect of the balances reported in the financial performance, financial position and the related loss reported for the year.

Limitation of Scope on Going Concern Uncertainties

I draw attention to *Note 2(c)* to the financial statements which indicates the Group recorded a net loss of K152,953,134 (Company: K144,280,906) and current liabilities exceed current assets by K538,575,051 (Company: K501,153,122) as at 31 December 2023, largely as a result of trade and other payables amounting to K446,193,450 (Company: K369,096,130) and borrowings amounting to K159,620,223 (Company: K159,620,223) being classified as current due to breach of certain financial covenants attached to the borrowings. These events or conditions, along with other matters as set out in *Note 2(c)* indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and therefore the Group and the Company may be unable to realize its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements. I was not provided with adequate documentation to support the reasonableness of the going concern assumption applied in the preparation of the financial statements for the Group and the Company.

Impairment of Property, Plant and Equipment (PPE)

Property, plant and equipment disclosed in *Note 11* is carried at a value of K1,032,851,131 (Group) and K993,522,392 (Company) as at 31 December 2023. Despite the presence of impairment indicators, the Group has not completed its assessment on the carrying value of its property, plant and equipment as required by *International Accounting Standards (IAS) 36-Impairment of Assets*. Had the Group recognized an impairment, the financial statements would have been materially affected. The effects on the financial statements of the lack of impairment have not been determined.

National Broadband Network (NBN) – K220,421,177

Note 24(c) to the financial statement of the Group and the Company disclosed National Broadband Network Project amount of K220,421,177 under government grant at 31 December 2023. The project was funded by EXIM Bank through Department of Treasury. However, documentary evidence was not provided to establish the rights to the asset. My discussions with the Department of Treasury indicated that the amount should be regarded as a loan rather than as a grant. Additionally, Minister for State Enterprises seeking endorsement from the State through Office of the Prime Minister and Department of Treasury to restructure the NBN liability as a government grant from Treasury to Telikom Limited has not been obtained.

As a result, I was unable to determine whether the treatment applied by the Group and the Company is appropriate and whether adjustments are necessary in relation to this transaction in the Company's and Group's financial statements.

Subsidiary Companies Disclaimer of Opinion

The audit reports for the subsidiary companies Media Niugini Limited, Kalang Advertising Limited and Bemobile Solomon Islands were disclaimer of opinion on the financial statements for the year ended 31 December 2023. As a result, I was unable to determine whether any material adjustments might have been necessary in respect of the balances recognized at 31 December 2023, and the revenue, expenses and related loss and cash flows for the year then ended.”

78.2.2 Audit Observations Reported to the Ministers

My reports to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Company for the year ended 31 December 2023 was issued on 31 March 2025. The report contained the following observations:

Information Technology General Controls (ITGC)

Upon reviewing the Company's design and implementation of general IT controls for applications pertinent to financial reporting including Dynamics 365, Computer-Based System (CBS), Customer Relationship Management (CRM), and Agility, I identified several significant weaknesses:

- There are gaps in managing privileged access accounts, and monitoring controls over administrator activities are insufficient;
- Password settings are not aligned with the Company's established policies;
- Periodic reviews of user access rights were not conducted; and
- Restoration and application backups lack regular testing and reviews.

Weaknesses in access controls heighten the risk of unauthorized system access, potentially leading to data manipulation, exposure of confidential information, or fraudulent activities. Additionally, inadequate backup procedures increase the risk of data loss. It is imperative for management to enforce robust backup protocols to safeguard data integrity.

Accounts Payable

Several significant weaknesses were identified during the review of the controls surrounding accounts payable as noted below:

- Multiple invoices from a single supplier were recorded as one transaction in the accounts payable subsidiary ledger, using a single invoice reference rather than consolidating them;

- There was inconsistency in the application of foreign exchange rates in recording and settling overseas invoices;
- Accounts payable transactions were not supported by official supplier invoices and based only on quotation forms;
- Several payments already made to the suppliers were reflected as outstanding in the accounts payable ledger; and
- Purchase orders were issued after the corresponding invoice dates.

While these issues did not materially affect the financial balances, they highlight weaknesses in the accounts payable subledger's controls. Such deficiencies can increase the risk of financial misstatements and may heighten the potential for fraudulent activities, especially when invoices and payments are not subjected to regular and thorough reviews. Implementing robust internal controls, such as segregation of duties, timely reconciliations, and comprehensive documentation, is essential to mitigate these risks and ensure the integrity of financial reporting.

Capitalization of Construction Work in Progress (CWIP) Projects

During the course of the audit, I noted that there were major delays in capitalizing certain completed projects to property, plant and equipment (PPE). Projects already completed in 2022 were yet to be capitalized to PPE and Fixed Assets Register (FAR) during the year under review. I recommended the management to strictly monitor the completion of projects and capitalize to FAR on a timely basis.

Management responded to my observation as follows:

“The CWIP (Construction Work in Progress) projects have been an issue for the Finance team, as this is a specialized area. This is one of the areas that will require attention from the KCH PMO and the CEO.”

Property Rental Revenue

My review of property rental revenue revealed lapses in the revenue process as follows:

- Fifty-two (52) leases out of eighty-seven (87) current leases were without active contracts. Revenue is billed to the lessees through month to month invoices;
- Escalation rates as stated in the lease contracts were not implemented and charged to the lessees; and
- Certain lease contracts lacked the required signatures of either the Company or the lessee rendering the contracts to ensure validity and effective execution of the contract.

I recommended the management to strengthen its control processes and establish a more robust contract management in its rental business to ensure that all active leases are maintained, necessary copies of executed contracts retained and the agreed annual escalation rates per lease agreements are effected and billed to respective lessees.

Inventory Provisioning Policy

The Company's inventory comprises saleable stocks (handsets, mobile cards, wifi modems and accessories) and non-saleable items (technical spare parts for network towers). Although a provision was made to the items that were identified to be obsolete, damaged and nonmoving, the process was not formally documented and communicated to all levels of the operations of the Company. I recommended management to develop and implement a formal inventory provisioning policy that includes regular review of inventory aging reports to identify slow-moving, obsolete or damaged items, guidelines to calculate and record inventory provision and regular reviews and monitoring by management to ensure adherence to the policy.

Mobile and Fixed Line Revenue

During my review of mobile and fixed line revenue for the year, I noted the following lapses:

- Lack of review of new fixed line customers prior to approval;
- Lack of evidence of review of change control forms; and
- Missing documents (contracts / application forms) supporting postpaid mobile revenue.

I recommended management to properly maintain relevant documents supporting the onboarding of new customers to allow for easy access. Additionally, any rate changes applied to the network should undergo the required review, approval and supported by change control forms to establish an effective audit trail.

Legal Expense and Legal Register

During the audit, it was noted that a comprehensive list of external legal counsel engaged by the Company during the year was not initially established. This was due to discrepancies between the legal department's records and the general ledger entries for legal expenses incurred.

Additionally, I noted that the Company engaged several third-party legal counsels, leading to a significant increase in legal and professional fees, despite having an internal legal department. Furthermore, clear guidelines on when to engage third-party counsel versus utilizing in-house legal resources were lacking.

International Financial Reporting Standards (IFRS) 16 – Leases

The Company did not completely capture the entire leases of the Company specifically the network tower site due to expired contracts, leases without proper contracts in place, land ownership disputes, lease contract not executed and delayed contract renewals. Consequently, potential EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) benefits to be derived from *IFRS 16* accounting adjustments (due to zero or reduced rental expenses) remains unrecognized. I recommended the management to establish a formal process on site to monitor contracts to effectively avoid lapses reported above.

Filing and Archiving

I noted during my review that the source documents of the Company were not scanned and filed electronically. Instead, the documents were filed and stored in a container which limited my audit scope to perform further audit procedures. I recommended management to scan and retain soft copies for ease of reference for audit purposes as well as for tax assessments.

Group Financial Management Process

As noted in my prior year audit, the Group's management have not put in place processes in the management of the Group's financial process, resulting in different accounting policies and processes within the Group. There was no monthly reporting process for subsidiaries to report to Telikom. In addition, there was no indication of control in the financial matters in the subsidiaries and consolidation of the Group's financial performance and position at Telikom level. As a result, there is a risk that the financial performance of the Group may not be measured appropriately. I reminded again management of the implications and recommended for improvement.

78.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2024 was in progress.

78A.1 BEMOBILE (SOLOMON ISLANDS) LIMITED (A subsidiary of Bemobile Limited)

78A.1.1 INTRODUCTION

78A.1.1.1 Legislation

The Company was registered under the *Solomon Islands Companies Act* on 26 January 2010 as Bemobile (Solomon Islands) Limited.

The Company is a wholly owned subsidiary of Telikom Limited following the amalgamation of Bemobile Limited with Telikom Limited.

78A.1.1.2 Objective of the Company

The objective of the Company is to be a leader in Telecommunication offering high-speed data, reliable voice and SMS across the Solomon Islands.

78A.1.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the years ended 31 December 2018, 2019, 2020, 2021 and 2022 have been completed and results were being evaluated.

The fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2023 was in progress.

The Company has not submitted its financial statements for the year ended 31 December 2024 for my inspection and audit.

78B DATEC (PNG) LIMITED **(A subsidiary of Telikom Limited)**

78B.1 INTRODUCTION

78B.1.1 Legislation

Datec (PNG) Limited was incorporated under the *Companies Act*. The Company was fully acquired by Telikom Limited from Steamships Trading Company Limited on 1 August 2014. The Company is a wholly owned subsidiary of Telikom Limited.

78B.1.2 Function of the Company

Datec (PNG) Limited's principal activity is in the provision and support of technology applied solutions including business critical Information Communication Technology (ICT) consulting, solutions and services, Information Technology (IT) outsourcing, business process outsourcing, internet services, electronics and computer retail, training and wide-ranging technical support.

78B.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

78B.2.1 Comments on Financial Statements

My report in accordance with the provisions of the *Companies Act* on the financial statements of the Company for the year ended 31 December 2023 was issued on 14 January 2025. The report did not contain any qualification.

78B.2.2 Audit Observations Reported to the Ministers

My report to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Company for the year ended 31 December 2023 was issued on 14 January 2025. The report contained the following observations:

Information Technology General Control (ITGC) Environment

My audit procedures involved evaluating and testing the design and implementation of ITGCs supporting the applications such as Pronto and Ezy Internet Service Provider (ISP) which are relevant for financial reporting revealed the following weaknesses:

- There was no timely or thorough review of privileged accounts in the Pronto system. In addition, no monitoring activities related to privileged accounts for both ExyISP and Pronto were established and performed to avoid malicious activities to take place without being detected;
- Password configurations did not align with company policy;
- Management does not maintain a register to track changes before they are deployed to the production environment; and
- Periodic testing of application backups for ExyISP were not performed.

These weaknesses make it difficult to confirm the effectiveness of the internal controls and increase risks such as unauthorized access, data manipulation, loss of confidential information, fraud, and potential data loss if backups fail.

Intercompany Accounts Reconciliation

Intercompany accounts and balance reconciliations with related parties were not completed in a timely manner which resulted in discrepancies. Although adjustments were proposed and accepted by management, the controls around the intercompany accounts' reconciliations were not working effectively. I recommended management to focus on timely intercompany accounts reconciliations to ensure completeness and accuracy of intercompany account balances reported in the books at any given period.

Management responded to my observation and recommendation as follows:

“Datec has always provided intercompany balances in a timely manner with related parties and will continue to do so. We have now internalized the intercompany reconciliation process with management staff of the group entity. As a result, Datec is always up to date with providing intergroup balances at the end of each month and engages in appropriate discussions with the group entity for reconciliation, confirmation, and closure.”

Accounts Payable

My review of trade creditors - foreign currency vendors identified that the unpaid balances were not revalued at month end using the month end closing rate. Those outstanding invoices reported in the books at 31 December 2023 using the original foreign exchange (FX) rate at the date of invoices remained which distorted the completeness and accuracy of trade creditors' balance at 31 December 2023. Although adjustments were proposed and accepted by management, the controls around the foreign currency vendors remained weak at the balance date. Consequently, I was unable to comment whether internal controls around foreign currency vendors were working effectively.

Management responded to my observation as follows:

“The Datec Accounts team will ensure that any overseas payable balances are converted using the month-end closing rate, starting in 2024.”

78B.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2024 was in progress.

78C. KALANG ADVERTISING LIMITED **(A subsidiary of Telikom Limited)**

78C.1 INTRODUCTION

78C.1.1 Legislation

Kalang Advertising Limited was incorporated under the *Companies Act*. The Company is wholly owned by Telikom Limited.

The ownership of the Company changed following the *National Court Order of 9 September 1997* which allowed Telikom Limited to convert the debt due from Kalang Advertising Limited into shareholding. Subsequently, Kalang issued 535,424 ordinary shares to Telikom Limited on 31 October 1997.

78C.1.2 Functions of the Company

Kalang Advertising Limited was set up primarily to take over the activity of commercial radio broadcasting previously under the National Broadcasting Commission.

The Company carries on the business of producers, consultants and promoters of Broadcast Television, Community Television, Video, Audio, Film, Visual, Cassettes Recordings, Productions and Recordings.

78C.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

78C.2.1 Comments on Financial Statements

My report in accordance with the provisions of the *Companies Act* on the Company's financial statements for the year ended 31 December 2023 was issued on 24 March 2025. The report contained a Disclaimer of Opinion.

“DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I am unable to and do not express an opinion on the financial statements of Kalang Advertising Limited for the year ended 31 December 2023.

BASIS FOR DISCLAIMER OF OPINION

Opening Balance

A disclaimer of opinion was issued over the financial statements for the year ended 31 December 2022 financial year in relation to property, plant and equipment, staff advances, accruals and other payables, employee provisions and cost of sales and operational expenses. There were no satisfactory audit procedures that I could otherwise perform to obtain reasonable assurance as to the correctness of the opening balances.

Since the opening balances enter into the determination of the financial position and the performance, I was unable to determine whether adjustments might have been necessary in respect of the balances reported in the financial position and the profit reported for the year.

Limitation of Scope on Going Concern Uncertainties

I draw attention to *Note 1.1* to the financial statements, which indicates that the Company's current liabilities exceed current assets by K2,498,180 (2021: K2,572,803). These events or conditions, along with other matters as set out in *Note 1.1*, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company maybe unable to realize its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements.

Property, Plant and Equipment – K2,850,147

Property, plant and equipment is disclosed in *Note 15* to the financial statements carried at a value of K2,850,147 as at 31 December 2023. However, I was unable to obtain sufficient and appropriate audit evidence to verify and confirm the existence, completeness, accuracy, and valuation of this balance. As such, I was unable to determine whether any adjustments to the recorded balance of property, plant and equipment was required. Further, despite the presence of impairment indicators, the Company had not prepared an impairment assessment to determine the recoverable value of these assets as required by the *International Accounting Standards (IAS) 36 Impairment of Assets*. Consequently, I was unable to determine whether any adjustments to the carrying values of these assets at 31 December 2023 and the impairment charge for the year was necessary in the Company's financial statements.

Accounts Receivable – K964,771

The Company's trade receivables at 31 December 2023 amounted to K964,771 as disclosed in *Note 11* to the financial statements. However, I was not provided with sufficient appropriate audit evidence to verify the existence, valuation, classification, accuracy, recoverability and related expected credit losses of the entire accounts receivable balance. Accordingly, I was unable to determine whether adjustments might have been necessary in respect of the accounts receivable balance reported at year end.

Business Taxes – K692,811

Tax payable of K692,811 as disclosed in *Note 13* to the financial statements included salaries and wages tax and goods and services tax balances (GST). Sufficient and appropriate audit evidence was not provided to substantiate the existence, completeness and accuracy of these balances. As a result, I was unable to determine whether any material adjustments to the recorded liability balances were required.

Staff Advances – K179,883

Staff advance of K179,883 is disclosed in *Note 11* to the financial statements. Certain former senior staff of the Company did not effectively adhere to the staff advance policy when loans were advanced to them which has resulted in legal letters of demand being issued in an attempt to recover the monies owed. Non-compliance with the staff advance policy demonstrates that there has been management override of controls designed to safeguard the assets of the Company. As a result, I was unable to obtain sufficient appropriate audit evidence as to whether these loans are recoverable at the amount recorded in the financial statements.

Accruals and Other Payables – K594,007

Accruals and other payables are included in trade and other payables disclosed in *Note 13*. The Company has not retained adequate supporting documentation relating to accruals and other payables disclosed in the financial statements amounting to K594,007. This resulted in a limitation of scope of my audit procedures to verify the accuracy and completeness of the accruals and other payables balance. As a result, I was unable to determine whether adjustments might have been necessary in respect of the accruals balance at year end.

Employee Benefits – K46,652

Employee benefits are disclosed in *Note 18* and carried at a value of K46,652 million as at 31 December 2023. I was unable to obtain sufficient and appropriate audit evidence with regards to the accuracy, completeness and valuation of these balances. I was unable to determine whether adjustments might have been necessary in respect of the accruals balance at year end.

Cost of Sales and Operating Expenses

Cost of Sales and Operating expenses are disclosed in the statement of comprehensive income at K192,150 and K4,039,072 at 31 December 2023, respectively. I was not provided with sufficient and appropriate audit evidence with regards to the cut-off and occurrence of these transactions. As a result, I was unable to determine if any adjustments to the recorded cost of sales, operating expenses, accruals and the profit are required.”

78C.2.2 Audit Observations Reported to the Ministers

My report to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Company for the year ended 31 December 2023 was issued on 24 March 2025. The report contained the following significant matters:

Month End Balance Sheet Reconciliations

My review revealed that there were no monthly balance sheet reconciliations done to intercompany accounts, provision for doubtful debts, interest on interest bearing deposit (IBD) and *International Financial Reporting Standards (IFRS)* recognition. Although proposed adjustments for the discrepancies identified were reflected in the financial statements, the controls around the reconciliation process remain weak. I recommended the management to develop an effective month end reconciliation process covering the entire balance sheet accounts.

Property, Plant and Equipment (PPE)

My review of the internal controls surrounding the management of property, plant and equipment revealed the following:

- Lack of reconciliations between general ledger balances and fixed assets register;
- Depreciation expenses other than motor vehicles were not calculated and expensed during the year;
- Inconsistent assessment of fixed assets' useful lives; and
- Lack of impairment assessment on property, plant and equipment.

Consequently, I was unable to gain comfort over the internal controls surrounding the management of property, plant and equipment owned by the Company.

Bank Reconciliations

Bank reconciliations were not performed on a regular basis thus increases the risk of fraudulent activities and exposes the business to unnecessary risks such as processing of unauthorized transactions which may go undetected. I recommended the management to establish an effective monthly reconciliation covering all balance sheet accounts. Preparation, review and approval of these reconciliations should be undertaken on a timely basis.

Management responded to my observation as follows:

“While bank reconciliations for FY 2023 were not performed regularly on a monthly basis, management acknowledges auditor's observation and the risks associated with the control issue raised. Management will ensure that the recommendations provided are implemented during FY 2024.”

Goods and Services Tax (GST) and Salary and Wages Tax (SWT)

There was no evidence of reconciliations undertaken between the GST and SWT outstanding balances per general ledger and IRC statements. Additionally, I noted certain GST and SWT returns were not lodged to IRC as at 31 December 2023. A complete reconciliation of GST and SWT outstanding dues should be performed on a monthly basis and timely lodgments of IRC returns should be followed to avoid interests and penalties.

Management responded to my observation as follows:

“Management acknowledges the late lodgment of GST and SWT returns for the months of January to December 2023 and will ensure that all GST and SWT returns for the months of January to December 2024 are lodged on time.”

MYOB Accounting System

Throughout the audit process, I observed that the Company uses only one shared access to the Company’s (MYOB) accounting system. This weakens the controls around the accounting system and exposes the Company to an increased risk of fraud such as posting of unauthorized transactions without proper approval and supporting documentation. Additionally, maintaining single access to the Company’s accounting system suggests the lack of segregation of duties. I recommend the management to immediately acquire and distribute multiple access to MYOB accounting system based on the individuals’ roles within the finance department.

Management responded to my observation as follows:

“Management acknowledges the existence of this control issue during FY 2023 and has addressed it by obtaining a new MYOB accounting system, which now has separate roles created for different users. This should prevent the issue from recurring during FY 2024.”

78C.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2024 was in progress.

78D. MEDIA NIUGINI LIMITED (EMTV) (A subsidiary of Telikom Limited)

78D.1 INTRODUCTION

78D.1.1 Legislation

Media Niugini Limited (EMTV) was incorporated under the *Companies Act*. The Company was acquired by Telikom Limited from Fiji Television Limited (FijiTV) on 4 February 2016.

The Company was founded in 1985 by two local businessmen in a joint venture with the Nine Network of Australia. In July 1987, the Company commenced broadcasting through its national television service. In 1990, Nine Network acquired 100% ownership of Media Niugini Limited and later sold its interest in the Company to Fiji Television Limited (FijiTV) in December 2004. The Company then operated as a subsidiary of FijiTV.

The Company is now a wholly owned subsidiary of Telikom Limited.

78D.1.2 Functions of the Company

Media Niugini Limited, trading as EMTV, provides television broadcasting services in Papua New Guinea.

The Company offers:

- current affairs, national news, weather reports and special documentaries; and
- shows in the areas of sports, lifestyle, entertainment, drama, children, religion, music and others.

78D.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

78D.2.1 Comments on Financial Statements

My report in accordance with the provisions of the *Companies Act* on the Company's financial statements for the year ended 31 December 2023 was issued on 24 March 2025. The report contained a Disclaimer of Opinion.

“DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I am unable to and do not express an opinion on the financial statements of the Media Niugini Limited for the year ended 31 December 2023.

BASIS FOR DISCLAIMER OF OPINION

Opening Balance

My report on the financial statements of the Company for the year ended 31 December 2022 was a disclaimer of opinion in respect to going concern, *International Financial Reporting Standards (IFRS) 16*, trade and other payables, trade and other receivables and business tax. There were no satisfactory audit procedures that I could otherwise perform to obtain reasonable assurance as to the correctness of the opening balances. Since the opening balances enter into the determination of the financial position, I was unable to determine whether adjustments might have been necessary in respect of the balances reported in the financial position and the related profit reported for the year.

Material Uncertainty Related to Going Concern

I draw attention to *Note 2* to the financial statements, which indicates that the Company's current liabilities exceed its current assets by K17,479,246 (2022: K16,115,919). These events or conditions, along with other matters set out in *Note 2*, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the entity may be unable to realize its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements.

Employee Benefits – K746,146

Employee benefits are disclosed in *Note 15* and carried at a value of K746,146 as at 31 December 2023. However, sufficient and appropriate audit evidence was not provided to verify and confirm the accuracy, and valuation of these balances. As a result, I was unable to determine whether adjustments might have been necessary in respect of the employee benefits balance at year end were required.

Business Taxes

Note 16 to the financial statements disclosed an amount of K7,526,383 representing other payables and accruals. Out of this amount, an amount of K2,562,998 representing business tax liability comprising salaries and wages tax and goods and services tax payable. Various clearing accounts related to business taxes owing to the Internal Revenue Commission (IRC) have not been reconciled as at 31 December 2023. Additionally, sufficient and appropriate audit evidence was not provided to substantiate the existence, completeness and accuracy of these balances. As a result, I was unable to determine whether any material adjustments to the recorded business tax balances at year end were required.

Costs of Sales and Operating Expenses

Cost of sales and Operating expenses are disclosed in the statement of comprehensive income at K899,797 and K2,285,594 as at 31 December 2023, respectively. Included in this balance are the effects of the adjustments recognized during the year to correct the errors in the balances of accounts receivable, accounts payable and cash and cash equivalents. These adjustments were necessary to address the discrepancies identified in the reconciliation of these accounts. However, management was unable to provide sufficient appropriate audit evidence to support the accuracy of the original balances or the appropriateness of the adjustments. As a result, I was unable to determine whether any additional adjustments might have been necessary to the profit and loss statement, accounts receivable, accounts payable, cash at bank balances or related financial statements disclosures.”

78D.2.2 Audit Observations Reported to the Ministers

My report to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Company for the year ended 31 December 2023 was issued on 24 March 2025. The report contained the following significant matters:

Clearing Accounts

Various clearing accounts were not zeroed out at year end. The accounts were in relation to salaries and wages and employee's superannuation. These are statutory obligations and delay in making payments may result in management not comply with the requirements required by laws and regulations. Additionally, delay in meeting statutory deadlines may lead to unnecessary penalties and disagreements with regulators. I recommended management to clear the clearing accounts and reconciled the accounts in a timely fashion.

Accounts Receivable

My review of trade receivables revealed a material variance between the general ledger and the subledger. This was due to a delay in posting customer payments, customer invoicing, and manual entries posted to the general ledger without affecting the entries in the subledger. Although, the unreconciled balances were eventually resolved and adjusted in the financial statements, controls around the posting of customer payments and invoicing in the subledgers remain weak. I recommended that management establish an effective monthly balance sheet reconciliation exercise that covers trade receivables. This will ensure that accurate and complete outstanding invoices are reported in the management accounts.

Intercompany Balances

Intercompany accounts with related parties were not reconciled in a timely manner. As a result, variances were noted, and adjustments were proposed. Although the proposed adjustments were made in the financial statements, the controls around the timely reconciliation of the intercompany accounts remain weak. Consequently, I was unable to comment on whether internal controls around the reconciliation of intercompany accounts were working effectively. I recommended that management focus more on the timely reconciliation of intercompany balances to ensure that complete and accurate balances are reported at year-end.

Accounts Payable

My review of the foreign currency vendors revealed that the unpaid balances were not revalued at month end using the month end closing rate. Those outstanding invoices remain reported in the books at 31 December 2023 using the original foreign exchange (FX) rate at the date of invoice. I further observed that payments already made for certain invoices remained outstanding in the accounts payable subledger. Consequently, I was unable to comment whether internal controls around the reconciliation of the accounts payable and foreign exchange were working effectively.

Management responded to my observation as follows:

“We have started an exercise to prepare monthly accounts payable reconciliations from Jan 2024 prospectively to identify variances monthly and prepare for adjustments. We will verify ledger balances against supplier source files and payments to ensure there is congruency of records and month-end balances. We will initiate a month end closing process checklist from January 2024 prospectively to revise FX valuation for foreign currency vendors’ outstanding balance to ensure completeness, accuracy and valuation according to underlying standards.”

Term Deposits

My review of the cash and its equivalents revealed that a term deposit, which was lodged as security for a corporate American Express card, was not recognized in the financial records of the Company. Although the balance was adjusted, the internal controls around the reconciliation process are weak. This may increase the risk of omissions and errors in cash and its equivalents, as well as interest income.

Property, Plant and Equipment

The Company’s fixed assets register as of 31 December 2023 was not updated and did not fully reflect the new acquisitions during the year or the associated depreciation expense. Audit adjustments were made in the financial statements to capture these changes in the fixed assets register. I recommended the management to establish an effective monthly balance sheet reconciliation exercise that reconciles property, plant, and equipment with the fixed assets register. This will ensure accurate and complete property, plant, and equipment are reported in the financial statements.

Revenue

Certain invoices for Internet Protocol Television (IPTV) revenue and site rental revenue were inconsistent with the terms of the respective signed contracts as noted below:

- An invoice for IPTV was charged Goods and Services Tax (GST) twice on one occasion;
- The invoice for site rental was incorrectly charged with GST for a GST-exempt sale; and
- GST-exempt status of the customer was not stated in the signed lease agreement.

I recommended the management to put in place a process that will effectively monitor all invoices generated on a monthly basis to ensure invoice amounts are accurate, match the signed customer agreements, and are fully generated at month-end.

Business Tax

There was no evidence of reconciliations performed between the general ledger and the Internal Revenue Commission (IRC) for GST and Salary and Wages Tax (SWT) outstanding balances. Additionally, certain GST and SWT returns were not lodged with the IRC as of 31 December 2023. A complete reconciliation of GST and SWT outstanding dues should be performed monthly, and timely lodgment of IRC returns should be ensured to avoid interest and penalties.

Management responded to my observation as follows:

“We will focus on the timely lodgment of GST and SWT as part of our high-priority monthly procedures. We have begun the process of lodging outstanding GST and SWT returns with the IRC. Once lodged, controls will be implemented to ensure recurring monthly procedures for lodgments and reconciliations of the GL and IRC statements, minimizing the risk of incurring interest and penalties”

78D.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2024 was in progress.

78E. PNG DIRECTORIES LIMITED **(Formerly E. H. O'Brien Limited) (A subsidiary of Telikom (PNG) Limited)**

78E.1 INTRODUCTION

78E.1.1 Legislation

Edward H.O'Brien Limited is a Company incorporated under the *Companies Act*. The Company is jointly owned by Telikom Limited (54%) and Edward H.O'Brien Enterprise of Sydney, Australia (46%). The Company changed its name to PNG Directories Limited in 2002.

78E.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS

78E.2.1 Comments on Financial Statements

My report in accordance with the provisions of the *Companies Act* on the financial statements of the Company for the year ended 31 December 2023 was issued on 18 February 2025. The report contained a Qualified Opinion.

“QUALIFIED OPINION

In my Opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs below:

- (a) the accompanying financial statements of PNG Directories Limited for the year ended 31 December 2023:
 - (i) give a true and fair view of the financial position and the results of its financial performance and cash flows for the year ended on that date; and
 - (ii) the financial statements have been presented in accordance with the *International Financial Reporting Standards* and other generally accepted accounting practice in Papua New Guinea;
- (b) proper accounting records have been kept by the Company, as far as appears from my examination of those records; and
- (c) I have obtained all the information and explanation required.

BASIS FOR QUALIFIED OPINION

Prior Year Disclaimer of Opinion

My report on the financial statements of the Company for the year ended 31 December 2022 was a disclaimer of opinion due to limitations in the scope of the audit, arising from uncertainties regarding the Company's going concern status and the inability to obtain sufficient appropriate audit evidence regarding the opening balances, particularly trade and other receivables.

There were no satisfactory audit procedures that I could otherwise perform to obtain reasonable assurance about the reasonableness of the opening balances. Since the opening balances impacted the determination of the financial performance and position for the current year, I was unable to determine whether adjustments might have been necessary. However, in the current year, additional audit procedures were performed to address these limitations. As a result, I was able to obtain sufficient appropriate audit evidence regarding the trade and other receivables, and while uncertainties regarding going concern still persist, I am now able to form a qualified opinion on the financial statements.

International Financial Reporting Standards (IFRS) 16 – Leases

The Company has not provided a detailed *IFRS 16 – Leases* calculation for the year ended 31 December 2023. As a result, I was unable to determine whether any material adjustments might have been necessary in respect of the opening balances, balances recognized for the year, the result for the year reported in the statement of comprehensive income, and the elements making up the statement of financial position, statement of changes in equity, and the statement of cash flows in the Company's financial statements. The lack of sufficient appropriate audit evidence with respect to the *IFRS 16* calculation is pervasive and material to the financial statements. As a result, I am unable to obtain sufficient appropriate audit evidence to form an opinion on whether the Company's financial statements for the year ended 31 December 2023 provide a true and fair view in accordance with the applicable financial reporting framework.”

78E.2.2 Audit Observations Reported to the Ministers

My report to the Ministers under *Section 8(2)* of the *Audit Act* on the inspection and audit of the accounts and records of the Company for the year ended 31 December 2023 was issued on 18 February 2025. The report contained the following observations:

Late Lodgment of Goods and Services Tax (GST) Returns to Internal Revenue Commission (IRC)

I observed that the GST returns for the month of January to April 2023 were lodged with IRC in June 2023 while the remaining eight months of GST returns were outstanding as at the date of the audit field work. The delayed lodgment of GST returns may lead to penalties and interest charges from the IRC due to non-compliance with tax filing deadlines. Furthermore, the failure to reconcile GST balances regularly could result in inaccurate financial reporting, undermining the integrity of the Company's financial statements. It is essential for management to implement proper controls to ensure compliance with tax regulations and maintain accurate financial records to avoid potential legal and financial risks.

Management took note of my observation and responded as follows:

“Management notes this control deficiency and is currently addressing it. This issue will not come up again during the financial statements audit for financial year 2024.”

Monitoring and Timely Reconciliation of Intercompany Balances

Intercompany accounts and balance reconciliations with related parties were not completed in a timely manner. During the audit, I noted initial balances that showed variances and required further reconciliations and adjustments to be posted in the books. I recommended the management to give more focus on timely intercompany reconciliation of balances to ensure that complete and accurate balances are reported in the books at any given period.

Management responded to my observation as follows:

“Management is aware of this and agrees with this observation. The PNGDL is now working with other entities within the Group to address this.”

Daily Sales Reports

The daily sales reports were not reviewed by a responsible officer on a regular basis. There is a risk that sales transaction could be processed into the system that are outside of the recommended rates or that trading terms are inappropriate.

I recommended the daily sales report to be reviewed by a responsible party on a regular basis.

Management responded to my observation as follows:

“Despite reviews being done by responsible officials, there have been no proof of reviews being done on the Daily Sales Reports. Management will ensure this is addressed with the 2024 Daily Sales Reports.”

Accounts payable

My audit of accounts payable identified certain purchases during the year which were only supported by vendor quotation forms and missing GST tax invoices. Quotation forms are often preliminary documents and non-binding. They may not reflect the final transactions, terms and pricing. These documents can easily be created or altered without formal controls. I recommended the management to ensure that purchase transactions are only recorded in the accounting system using a formal vendor issued tax invoice.

Management took note of my observation and responded as follows:

“Management notes recommendations relating to this and will ensure purchases made are based on supplier invoices, rather than on quotations.”

Segregation of Duties – Posting of Journal Entries

I observed the lack of segregation of duties in posting of journal entries in the accounting system. This control lapse in the processing of journal entries can have significant impact on the reliability of financial data since an individual who holds preparer and approver function can easily manipulate financial records, create fictitious or unauthorized accounting entries without being detected.

I recommended the management to implement segregation of duties by ensuring that the responsibilities for creating, reviewing, approving and posting of journal entries are divided among different individuals. Where complete segregation of duties is not feasible, compensating controls such as periodic reviews and reconciliations can help reduce the risk of fraud and errors.

Management responded to my observation as follows:

“Management has now taken appropriate steps to address this by involving another accounts officer with the responsibility of posting journal entries.”

Accruals Cut-Off Period

My review of operating expenses and accruals revealed that certain expenses were not accrued in the correct period. This oversight could lead to the understatement of operating expenses and accruals at the balance sheet date, potentially resulting in material misstatements in the financial statements.

I recommended management to develop a more effective monthly balance sheet reconciliation process including monitoring of unpaid expenses and ensuring that necessary accruals are accurately recognized in the correct period. This process will improve the accuracy and completeness of its financial reporting, minimizing the risk of misstatements and enhancing the reliability of its financial statements.

Management responded to my observation as follows:

“Management is fully aware of this and is taking the necessary measures to address this in the current year.”

Long Outstanding Accounts Receivable Balances

Total trade and other receivables subsidiary ledger maintained by the Company includes amounts dating back to 2015 that have not yet been fully collected from customers. Although efforts were being made to recover these long-outstanding amounts, it is recommended that balances of these aged receivables be recorded outside of the subsidiary ledger. While the outstanding balances have been fully provided for as of 31 December 2023, it is important for the company to monitor and manage these aged balances separately from the active receivables in the sub-ledger. This will improve the accuracy of the subsidiary ledger and ensure better monitoring and management of long-outstanding receivables, reducing the risk of confusion or errors in financial reporting.

78E.3 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2024 was in progress.

79. WATER PNG LIMITED (Formerly PNG Water Board)

79.1 INTRODUCTION

79.1.1 Legislation

PNG Water Board was established by the *National Water Supply and Sewerage Act 1986* which came into operation on 1 January 1987. The 1986 Act repealed the *National Water Supply and Sewerage Act (Chapter 393)* and thereby abolished the National Water Supply and Sewerage Board. On 10 December 2010, PNG Water Board changed its name to Water PNG.

On 21 January 2017, the *National Water Supply and Sanitation Act 2016* came into effect paving for this utility (Water Supply and Sanitation Services) provider to be corporatised as a Company. As a result, the former Water PNG was abolished and a new company, Water PNG Limited was incorporated on 30 March 2017. Water PNG Limited operates as a company effective from the date of its incorporation.

79.1.2 Functions of Water PNG Limited

The functions of the Company are:

- (a) to provide, design, construct and maintain such water supply systems as may be required for collection, production, supply and use of water for private and public purposes in and for cities, towns and rural areas in accordance with this Act;
- (b) to provide, design, construct and maintain such sanitation systems as may be required in and for the disposal of sewage and wastewater in and for cities, towns and rural areas in accordance with this Act;
- (c) to secure and provide an adequate supply of water in accordance with this Act;
- (d) to manage, operate and maintain water supply systems and sanitation systems owned by the Company and such other installations as maybe erected or constructed by the Company;
- (e) to work with provincial governments and through them, with authorities involved in district administration, and where appropriate with other State-Owned enterprises, to further the objectives of this Act;
- (f) to comply with the *Public Health Act (Chapter 226)*, the consumer protection provisions of the *Independent Consumer and Competition Commission Act 2002* and the *Environment Act 2000*, and to abide by such water quality and sewerage discharge standards as are from time to time in force; and
- (g) generally, to do such supplementary, incidental or consequential acts and things as are necessary or convenient for carrying out its functions.

79.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2023 has been substantially completed and the results were being evaluated.

The fieldwork associated with the audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2024 was in progress.

SECTION C

**NATIONAL GOVERNMENT
SHAREHOLDINGS IN
OTHER COMPANIES**

80. FOREWORD

This Section of my Report deals with Companies in which the Government owns 50% or less of the issued Share Capital of a Company.

The auditing and reporting requirements of these Companies are stipulated under the *Companies Act*, and these have been elaborated in Paragraph 61 of this Report.

As the Government of PNG does not hold majority interest in these Companies, the accounts of these Companies are audited by Private Auditors.

However, because public monies are invested in these Companies, my responsibilities require the inclusion of the summaries of their accounts and the comments of the Private Auditors' Reports in this Section of my Report. Details of these companies are contained in paragraphs **81** to **82**.

81. BOUGAINVILLE COPPER LIMITED

81.1 INTRODUCTION

81.1.1 Legislation

Bougainville Copper Limited, formerly Bougainville Copper Pty Limited, was incorporated under the *Companies Act*.

From 1972 until 1989, the Company operated a large open pit mine and processing facility at Panguna on the island of Bougainville in the North Solomons Province of PNG. It produced concentrate containing copper, gold and silver which was sold primarily under long-term contracts to smelters in Asia and Europe. On 15 May 1989 production was brought to a halt by militant activity and has not recommenced since.

As at 31 December 2023 the issued capital of the Company were 401,062,500 fully paid shares, each carrying one voting right. Of these, the Government of PNG held 76,430,809 (19.06%) shares of the total shares. A further 69,744,640 (17.39%) shares were held through Eda Minerals Limited totaling 36.4%.

The Autonomous Bougainville Government (ABG) holds 146,175,449 shares (36.4%) through Bougainville Minerals Limited. The remaining 108,711,602 shares (27.11%) are owned by individual shareholders.

81.1.2 Objectives of the Company

The main objectives of the Company are to prospect, explore, quarry, develop, excavate, dredge for, open, work, purchase or otherwise obtain copper and other various metals and minerals.

81.2 REPORT OF THE COMPANY'S AUDITORS

A Private Firm of Auditors conducted the audit of the Company's financial statements including the accounts and records for the year ended 31 December 2024 and the audit report was issued on 31 March 2025. This report contained a Qualified Opinion.

“QUALIFIED OPINION

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements:

- comply with International Financial Reporting Standards and other generally accepted accounting practice in Papua New Guinea; and

- give a true and fair view of the financial position of the Company and the Group as at 31 December 2024 and their financial performance and cash flows for the year then ended.

BASIS FOR QUALIFIED OPINION

The Company's subsidiary holds an investment in an unlisted investment fund with a carrying value of K1.1 million at 31 December 2024. Management has not been provided with audited financial statements of the investee at 31 December 2024 and there is currently no active market for the sale of units in the investment fund. As a result, we have been unable to satisfy ourselves as to the valuation of this investment recognised in the consolidated balance sheet at 31 December 2024.

KEY AUDIT MATTER

In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matter described below to be a key matter to be communicated in our report:

Accounting for Disclosure of the Implementation of the Bougainville Mining Act 2015

Legislation passed in 2014 and 2015 by the Autonomous Bougainville Government (ABG) has challenged the Company's control of the Panguna mine assets.

The Special Mining Lease held by the Company was converted to an exploration licence. In January 2018, the Company's application to renew the exploration licence was refused by the ABG. An agreement was reached with the ABG in October 2023 to work towards the extension of the exploration license. Subsequently to year end the conditions of the agreement were not met by both parties and the exploration license was renewed on 1 February 2024 for five years. As a result, the group prepared a notice of discontinuance of the Judicial Review and the courts granted a discontinuance on 12 March 2024.

There remains continuing uncertainty around the future of mining operations at the Panguna mine and surroundings which impacts the accounting for mine and related disclosures."

82. GOGOL REFORESTATION COMPANY LIMITED

82.1 INTRODUCTION

82.1.1 Legislation

Gogol Reforestation Company Limited was incorporated under the *Companies Act* on 13 October 1977. As at 31 December 2009, they issued and fully paid up capital of the Company comprised 102,001 'A' class ordinary shares of K1.00 each and 98,001 'B' class ordinary shares of K1.00 each. Of these, the Government of PNG held 98,001 'B' class ordinary shares of K1.00 each, representing 49% of the issued Capital at a cost of K98,001.

82.1.2 Objective of the Company

The objective of the Company is to be involved in reforestation.

82.2 STATUS OF FINANCIAL STATEMENTS

At the time of preparing this Report, the audited financial statements and the audit reports of the Company for the years ended 31 December 2010 up to 31 December 2024 have not been submitted for my verification.

Further, I was informed by management on 16 July 2013 that the Company was no longer in operation since 2011 due to the winding down of the Company.

In 2014, I communicated with Independent Public Business Corporation (IPBC) requesting for the winding down documents and IPBC responded that they had not received any winding down application nor deregistration documents with regard to Gogol Reforestation Co. Limited. My efforts to clarify the status with Kumul Consolidated Holdings were unsuccessful. A Company search with the Investment Promotion Authority on 25 July 2025 revealed that the Company was removed from the register due to failure to register.

SECTION D

PROBLEM AUDITS (AUDITS IN ARREARS)

83. FOREWORD

This Section of my Report deals with problem audits, especially audits in arrears. Problem audits denote audit of entities in respect of which I have not been able to carry out audits for circumstances detailed in the respective paragraphs.

83.1 EXCLUSION OF ENTITIES FROM STATUTORY AUDIT

Due to non-submission of financial statements by the following entities due to amendment to the enabling Act, I was not able to perform the audit of the following entities.

- *Fresh Produce Development Agency;*
- *Kumul Minerals Holding Limited (formerly Petromin Limited);*
- *National Development Bank Limited;*
- *Ok Tedi Mining Limited;*
- *PNG Sustainable Development Program Limited.*

83.2 EXCLUSION OF ENTITIES FROM FUTURE REPORT

- *Border development Authority;*
- *Cocoa Pod Borer Project Fund;*
- *Cocoa Stabilisation Fund;*
- *Cocoa Coconut Institute Limited of Papua New Guinea;*
- *National Roads Authority.*

84. AUDITS IN ARREARS

84.1 GENERAL

Audits in arrears are those in respect of which financial statements have not been submitted on time for audit to be undertaken, thus placing my Office in a position where audits are not able to be conducted on a current year basis consistent with the requirements of the *Companies Act* and the *PFMA*. Two serious consequences develop from this. Firstly, it results in a build-up of audits in arrears, and these are all audits other than the current year (2024) audits. The other serious consequence is that audit reports issued more than a year or two in arrears serve only to meet the administrative or legislative requirements, but their validity from a decision-making stand-point may be lost due to the time lag.

84.2 RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS

The responsibility for the preparation and presentation of financial statements is that of the management of the auditee organisation. That being the case, the audit of the financial statements by the Auditor-General does not in any way relieve management of its responsibility to have financial statements prepared on time.

This responsibility also requires management to ensure that an adequate and effective internal control system is maintained so as to ensure, inter-alia, that complete and accurate financial statements are produced on a timely basis. To assist management in producing financial statements that meet the qualitative characteristics, the management's responsibility also extends to ensuring that professionally qualified and experienced accounting personnel are engaged.

It is generally true that irrespective of their completeness, accuracy or reliability, financial statements that are unduly delayed, lose their relevance. Although, there is no consensus regarding the length of time that ought to be allowed to elapse between the predetermined reporting date and the date when the financial statements lose their relevance, there is a need to weigh the relative merits of preparing them on a timely basis, let alone the legislative requirements.

Relevant and reliable information therefore is useful for decision making when these are timely prepared and made available to concerned parties. Relevance here is relative to the value and usefulness of the audited financial information to management and the parties concerned for decision making. Current information is of more relevance in the fight against corrupt practices than information that is out of date.

84.3 LEGISLATIVE REQUIREMENTS

To ensure the timely preparation of financial statements, *Section 63(3)(a)* of the *Public Finances (Management) Act 1995 (as amended)*, makes it mandatory for statutory bodies to prepare and furnish audited financial statements to the Finance Departmental Head, before end of the fourth calendar month from close of a fiscal year. The fact that audit of **51 entities** as detailed in **Schedule B(iv)** had been in arrears due to non-submission of financial statements is a direct contravention of the requirements of *Section 63(3)(a)* referred to above.

Strict adherence of this requirement, despite its mandatory nature, has not been enforced by the respective entities' managements and the authorities concerned. My strong contention is that, enforcement of the above requirements by the authorities concerned and the Minister responsible may have been lacking in the past. There may therefore be a need, whilst ensuring timely accountability of public resources, to take certain statutory bodies to task for non-compliance with mandatory statutory requirements.

By virtue of *Section 63(4)* of the *Public Finances (Management) Act 1995 (as amended)*, the Finance Minister is required to table the reports of the respective statutory bodies in Parliament after they are received. The following arrears situation implies that a lot of statutory bodies reports may not have been tabled in Parliament as required, and thus, the accountability to Parliament in these respects has been far short of the desired.

84.4 CURRENT YEAR AUDITS (2024 AUDITS)

There are **127 entities** subject to audit by the Auditor-General comprising of **86** Public Bodies and their subsidiaries, **39** National Government owned companies and **2** companies in which the National Government has minority shareholdings (**referred to as Section 'C' Companies**).

TYPES OF ENTITIES SUBJECT TO AUDIT

Table 1

Section	Types of Audit	Number of Entities	
		2024/2025	2023/2024
(A)	Public Bodies and their Subsidiaries	86	85
(B)	National Government Owned Companies	39	46
(C)	National Government Shareholdings in other Companies	2	2
		127	133

Table 1. Shows the total of Types of Entities subject to Audit.

Chart 1

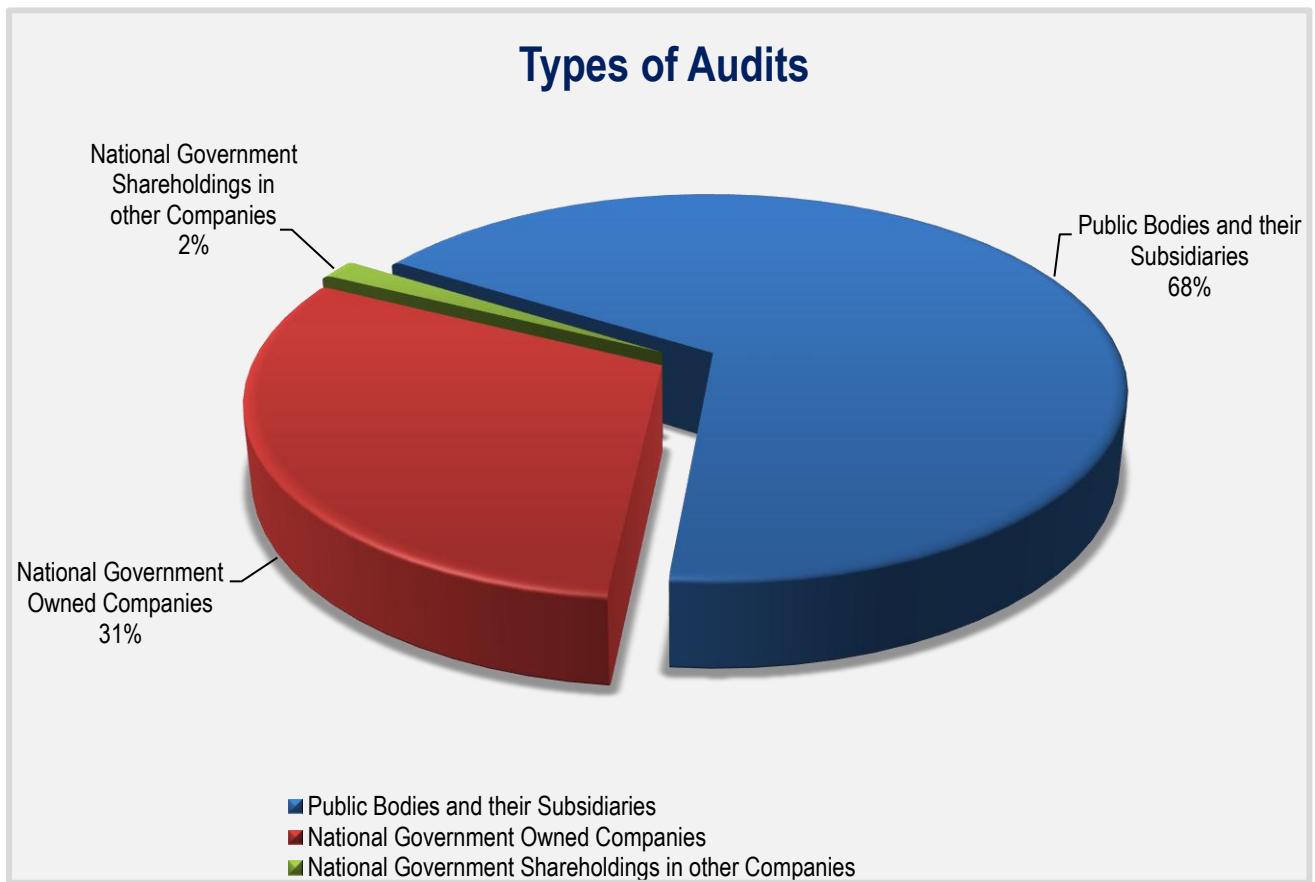


Chart 1. Shows the percentages of Types of Entities subject to Audit during 2024/2025 Audit Cycle.

84.5 STATUS OF CURRENT YEAR AUDITS

Each of the **127** entities, except Section ‘C’ Companies are subject to audit and required under *Section 63(3)(c)* of the *Public Finances (Management) Act, 1995 (as amended)* to submit annual financial statements for audit. Information available in my Office shows that only **35 entities** have submitted their financial statements for 2024 (**Schedule A (i), (ii), (iii) & iv)**) for audit up to the time of preparing this Report. A total of **87** entities have not submitted their 2024 financial statements (**Schedule A (v)**) for audit in 2024. It could therefore be logically concluded that, about **71%** of the public bodies might not have submitted their annual reports and financial statements for 2024 together with my reports on them, to the respective Ministers for tabling in the National Parliament on or before 30 April 2025.

Table 2 and **Chart 2** shown below, and **Schedule A** attached show the status of the current year audits.

STATUS OF CURRENT YEAR AUDITS 2024 BY ENTITIES

Table 2

No.	Status of Current Year Audits	Number of Entities	
		2024/2025	2024/2025
1	Audits completed and reports issued thereon (Schedule A)	4	4
2	Audits substantially completed (Schedule A)	4	0
3	Audits in progress (Schedule A)	20	19
4	Audits to commence shortly (Schedule A)	7	17
5	Financial Statements not submitted (Schedule A)	87	85
6	Non-Operational Entities/ Ceases Companies (Schedule D)	5	8
		127	133

Table 2. Shows the total of Status of Current Year (2024 Audits) (Schedule A).

Chart 2

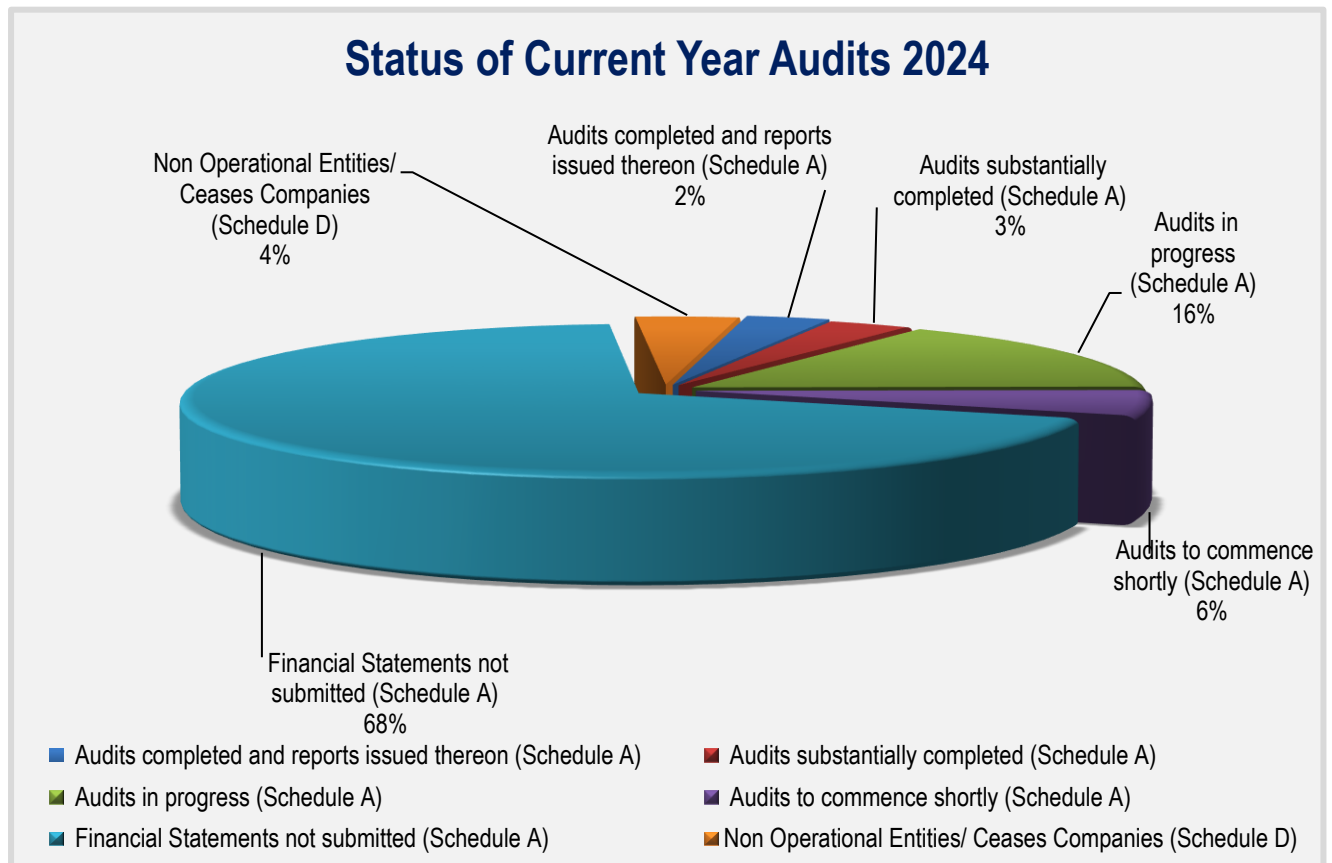


Chart 2. Shows the percentages of Audit Status for the Current Year (2024) during 2024/2025 Audit Cycle. (Schedule A).

84.6 AUDITS IN ARREARS (2023 AND PRIOR YEARS)

Records available in my Office show that a total of **51** entities (225 audits) were in the Audit in Arrears category due to non-submission of financial statements on time. **Table 3** and **Chart 3** shown below, and **Schedule B (iv)** attached provide more details of these.

STATUS OF AUDITS IN ARREARS BY NUMBER OF ENTITIES (2023 AND PRIOR YEARS)

Table 3A

No.	Status of Audits in Arrears by No. of Entities (2023 and Prior Years)	Number of Entities	
		2024/2025	2023/2024
1	Audits substantially completed (Schedule B)	39	24
2	Audits in progress (Schedule B)	34	29
3	Audits to commence shortly (Schedule B)	22	31
4	Financial Statements not submitted (Schedule B)	51	58
		146	142

Chart 3A

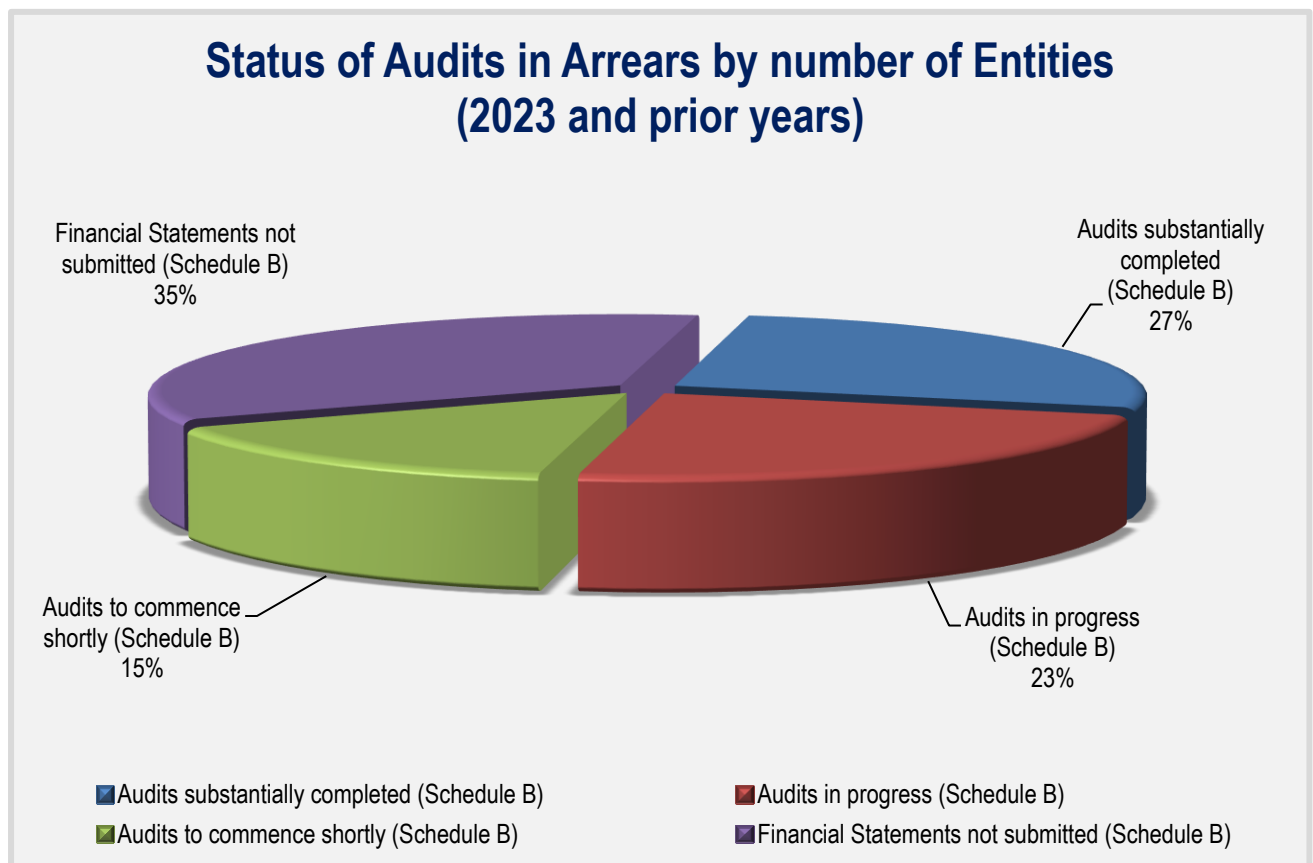


Chart 3A. Shows the percentages of Audit Status for Audits in Arrears by number of Entities for 2023 and Prior Years during 2024/2025 Audit Cycle. (Schedule B).

STATUS OF AUDITS IN ARREARS BY NUMBER OF AUDITS (2023 AND PRIOR YEARS)

Table 3B

No.	Status of Audits in Arrears by No. of Audits (2023 & prior years)	Number of Audits	
		2024/2025	2023/2024
1	Audits substantially completed (Schedule B)	67	48
2	Audits in progress (Schedule B)	62	36
3	Audits to commence shortly (Schedule B)	60	80
4	Financial Statements not submitted (Schedule B)	225	222
		414	386

Table 3B. Shows the Status of Audits in Arrears by number of Audits for 2022 and Prior Years during 2023/2024 Audit Cycle. (Schedule B).

Chart 3B

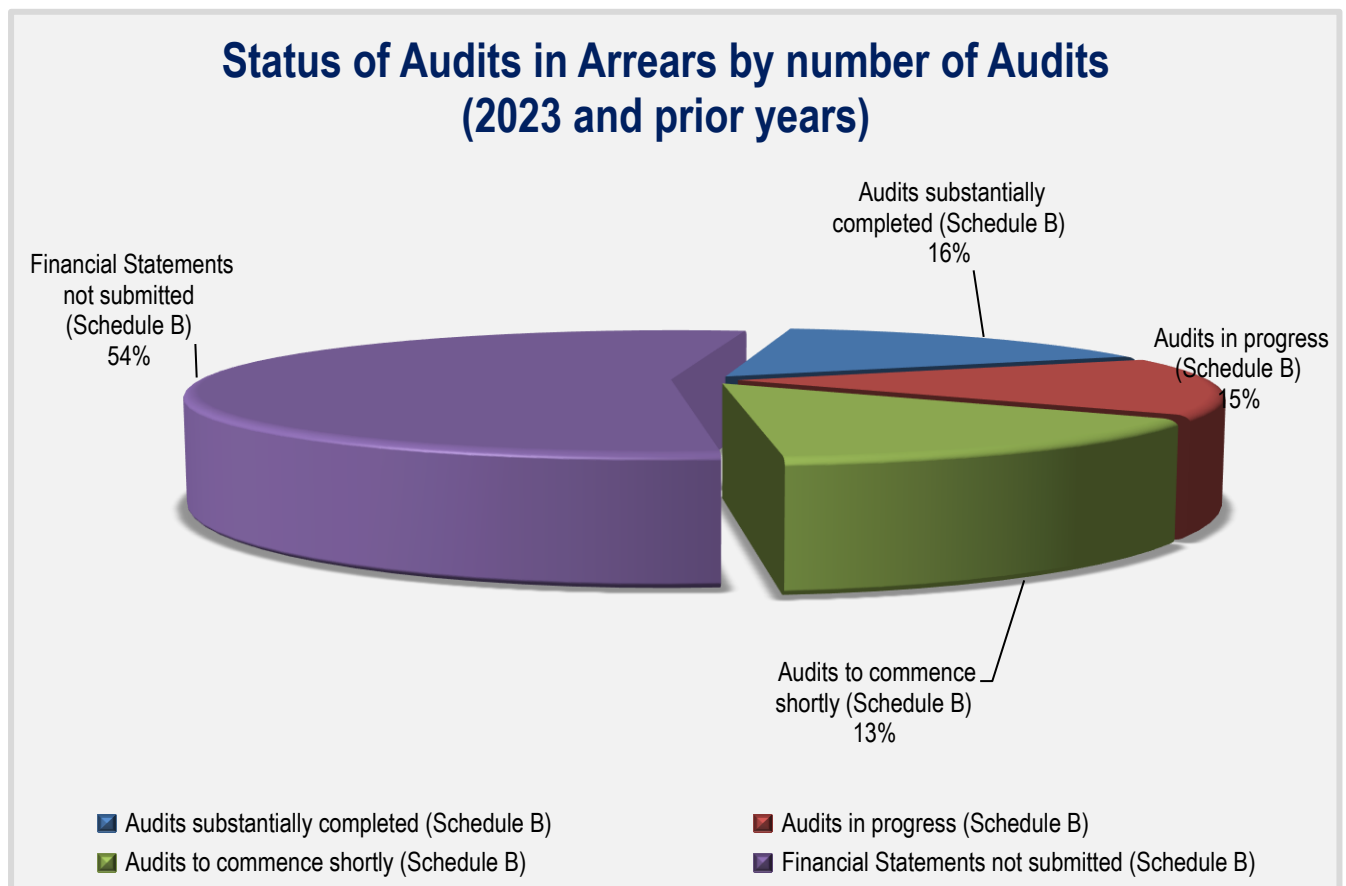


Chart 3B. Shows the percentages of Audit Status for Audits in Arrears by number of Audits for 2023 and Prior Years during 2024/2025 Audit Cycle. (Schedule B).

84.7 LONG OUTSTANDING FINANCIAL STATEMENTS

During this Audit Cycle (2024/2025), **51** audit entities were in the arrear's category, decrease by seven (7) compared to prior year (2023). Of these **51** entities, **225** financial statements for periods ranging from one year to **15** years have still not been submitted. In other words, they still have financial statements outstanding for the years from **2010** to **2024**. Details of these are shown below in **Table 4, Chart 4** and also in **Schedule C** attached.

**LONG OUTSTANDING FINANCIAL STATEMENTS
BY NUMBER OF ENTITIES
(2023 AND PRIOR YEARS)**

Table 4A

No.	Years Outstanding by Entities	Number of Entities	
		2024 Report	2023 Report
1	One Year (Schedule C)	12	13
2	Two Years (Schedule C)	13	11
3	Three Years (Schedule C)	5	9
4	Four Years (Schedule C)	4	8
5	Five Years (Schedule C)	6	4
6	Six Years (Schedule C)	4	4
7	Seven Years (Schedule C)	1	3
8	Eight Years (Schedule C)	2	1
9	Nine Years (Schedule C)	2	2
10	Ten Years (Schedule C)	5	3
		54	58

Table 4A. Shows the total of Long Outstanding Financial Statements by number of Entities during 2023/2024 Audit Cycle. (Schedule C).

Chart 4A

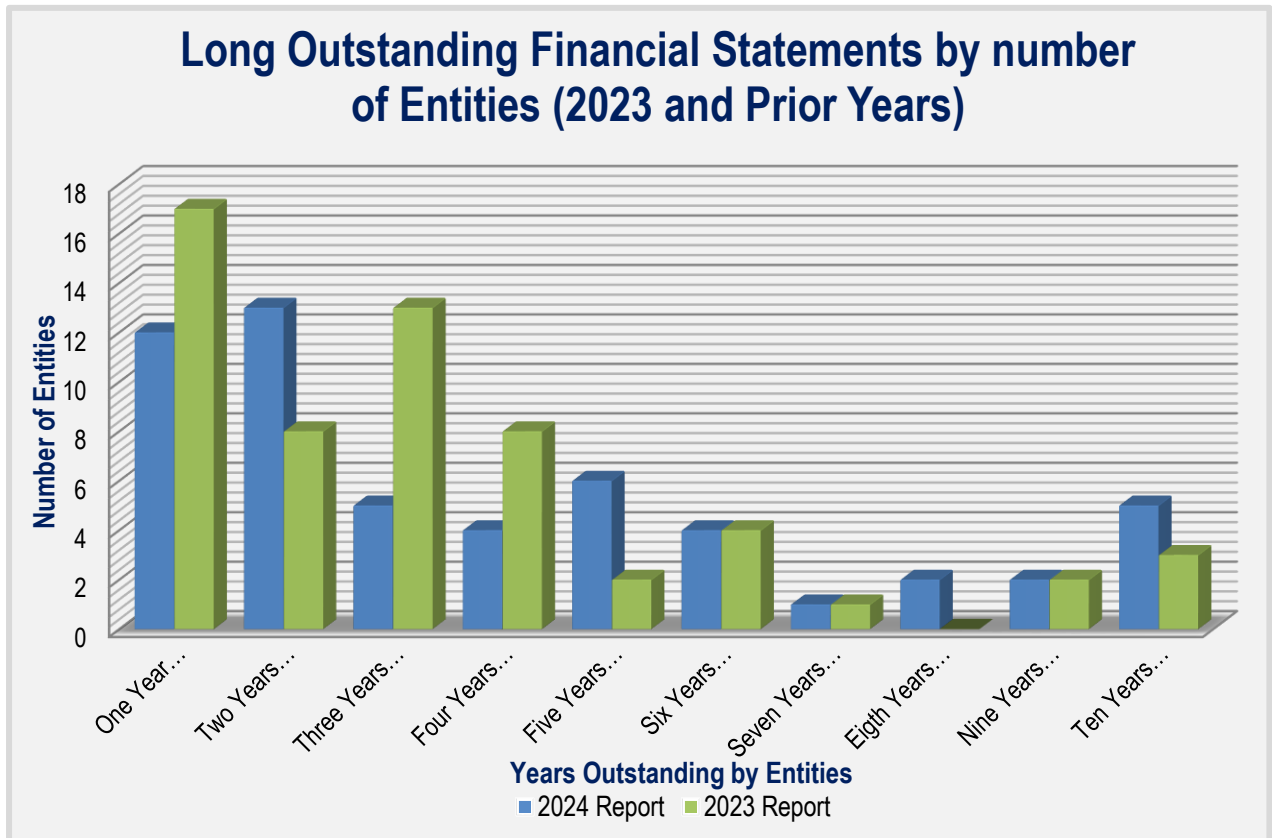


Chart 4A. Shows the percentages of Long Outstanding Financial Statements by number of Entities during 2024/2025 Audit Cycle (Schedule C).

LONG OUTSTANDING FINANCIAL STATEMENTS
BY NUMBER OF AUDITS
(2023 AND PRIOR YEARS)

Table 4B

No.	Years Outstanding by Audits	Number of Audits	
		2024 Report	2023 Report
1	One Year (Schedule C)	12	13
2	Two Years (Schedule C)	26	22
3	Three Years (Schedule C)	15	27
4	Four Years (Schedule C)	16	32
5	Five Years (Schedule C)	30	20
6	Six Years (Schedule C)	24	30
7	Seven Years (Schedule C)	7	14
8	Eight Years (Schedule C)	16	8
9	Nine Years (Schedule C)	18	20
10	Ten Years (Schedule C)	60	36
		224	222

Table 4B. Shows the total of Long Outstanding Financial Statements by number of Audits during 2024/2025 Audit Cycle. (Schedule C).

Chart 4B

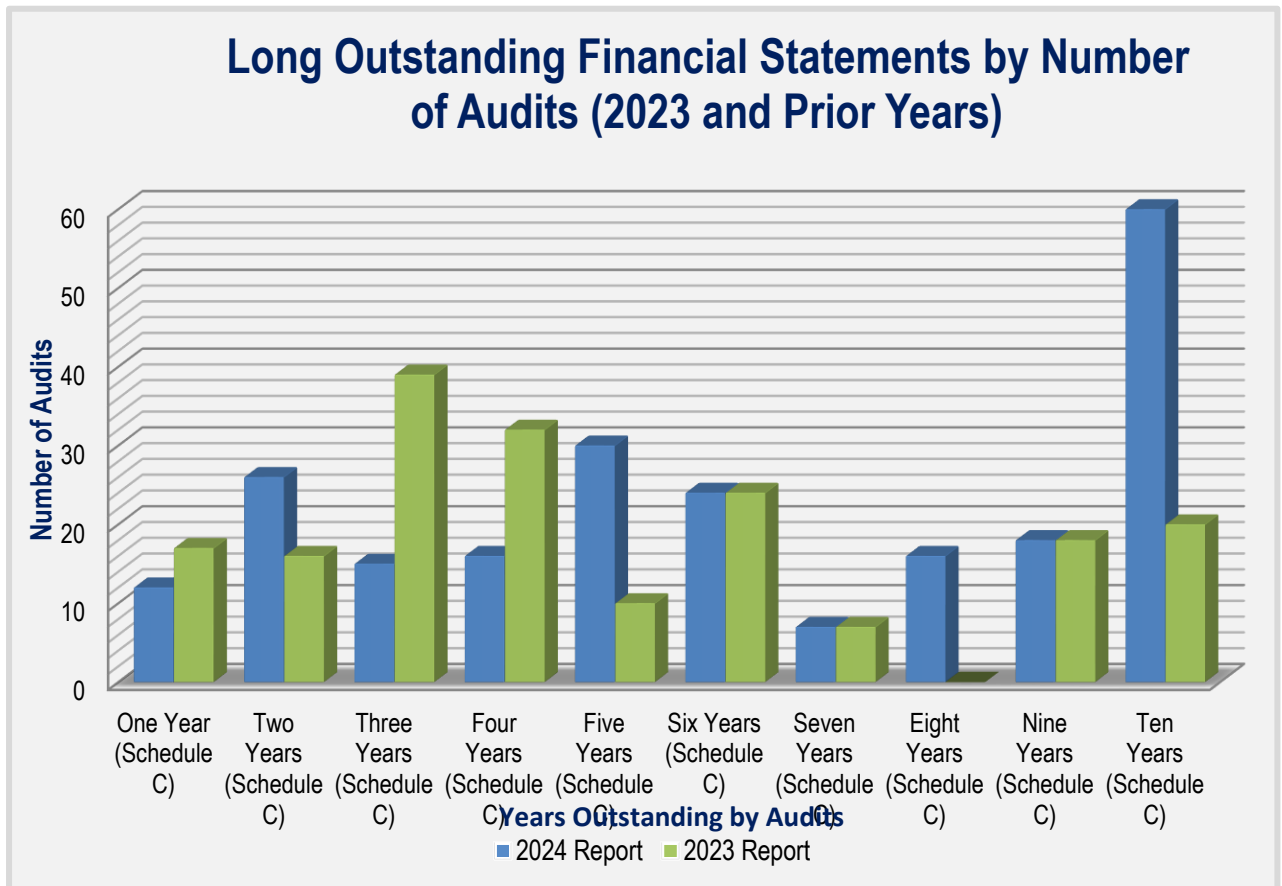


Chart 4B. Shows the percentages of Long Outstanding Financial Statements by number of Audits during 2024/2025 Audit Cycle. (Schedule C).

84.8 STATUS OF AUDITS AS AT 30 JUNE 2025

As illustrated in **Executive Summary Table A**, during July 2024 and June 2025 Audit Cycle, a **total of 606 audits** were undertaken by the Audit Office. Out of **606 audits** carried out, **69 audit reports** were issued. **Table 5** and **Chart 5** shown below provide the details of the Status of Audits during the period July 2024 to June 2025.

STATUS OF AUDITS AS AT 30 JUNE 2025

Table 5

No.	Status of Audits	Number of Audits	
		2024/2025	2023/2024
1	Audits completed and reports issued thereon (Schedule A & E)	69	87
2	Audits substantially completed (Schedule A & B)	71	48
3	Audits in progress (Schedule A & B)	82	55
4	Audits to commence shortly (Schedule A & B)	67	97
5	Financial Statements not submitted (Schedule A & B)	312	307
6	Non-operational Entities/Ceased Companies (Schedule D)	5	8
		606	602

Table 5. Shows the Status of Audits as at 30 June 2025 for the 2024/2025 Audit Cycle. (Schedules A&E and A&B).

Chart 5

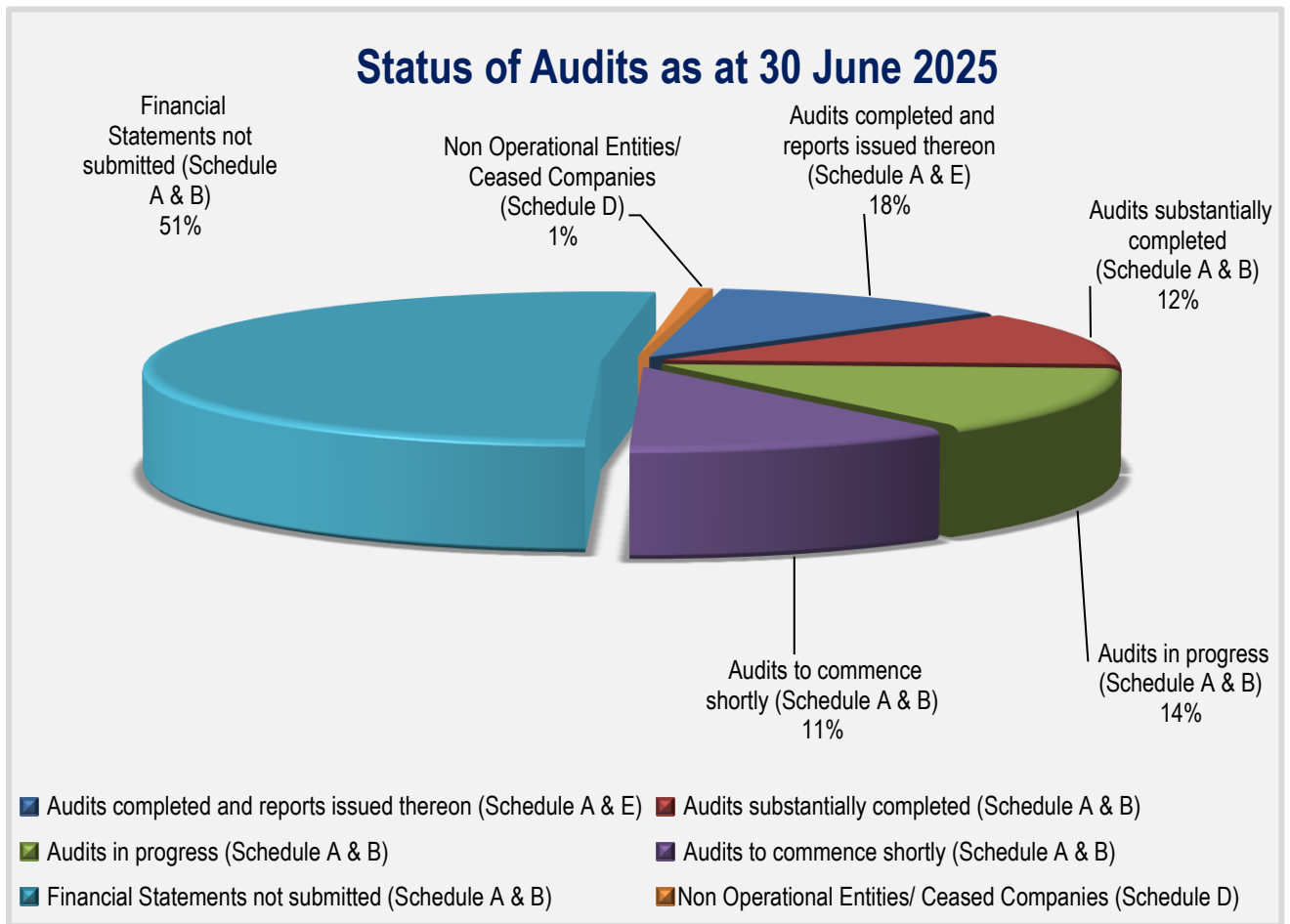


Chart 5. Shows the percentages of Audit Status as at 30 June 2025 for the 2024/2025 Audit Cycle (Schedules A&E and A&B).

ACKNOWLEDGEMENTS

My audit staff worked conscientiously and successfully completed audits entrusted to them. Their devotion to duty, their integrity and loyalty are highly appreciated.

I acknowledge the co-operation and the assistance of all Heads of Public Bodies and National Government Owned Companies, and Registered Company Auditors and their staff who assisted as my Authorised Auditors.

I would also like to thank the Chairman and the members of the Permanent Parliamentary Committee on Public Accounts of PNG and the Secretary for the continuous interest shown in my work.

**SIGNED AT WAIGANI ON 26th SEPTEMBER
TWO THOUSAND AND TWENTY FIVE**



GORDON KEGA MBA, CPA
Auditor-General of Papua New Guinea

SCHEDULES

Schedule 'A'
STATUS OF CURRENT YEAR (2024) AUDIT

(i) AUDITS COMPLETED AND REPORTS ISSUED THEREON

No.	Section	Para. No.	Entity	No. of Audits
1	A	2	Bank of Papua New Guinea	1
2	A	4	Civil Aviation Safety Authority of Papua New Guinea	1
3	A	43	Papua New Guinea Accident Investigation Commission	1
4	c	82	Bougainville Copper Limited	1
				4

(ii) AUDITS SUBSTANTIALLY COMPLETED

No.	Section	Para. No.	Entity	No. of Audits
1	A	11	Independent Fellowship Trust	1
2	A	42	Ombudsman Commission of Papua New Guinea	1
3	A	56	Securities Commission of Papua New Guinea	1
4	B	77	Post (PNG) Limited	1
				4

(iii) AUDITS IN PROGRESS

No.	Section	Para. No.	Entity	No. of Audits
1	A	17	Kumul Consolidated Holdings and its Subsidiaries	1
2	A	17A.	General Business Trust	1
3	A	17B.	Kumul Technology Development Corporation Limited	1
4	A	17C.	PNG Dams Limited	1
5	A	28.A	Fisheries Capital Limited	1
6	A	30	National Housing Corporation and its Subsidiary	1
7	B	66	Air Niugini Limited and its Subsidiaries	1
8	B	71	Motor Vehicles Insurance Limited and its Subsidiaries	1
9	B	71A.	Pacific MMI Insurance Limited	1
10	B	71B.	Pacific Re Limited	1
11	B	73	Niusky Pacific Limited	1
12	B	74	Papua New Guinea Ports Corporation Limited	1
13	B	75	PNG DataCo Limited	1
14	B	76	PNG Power Limited	1
15	B	78	Telikom (PNG) Limited and its Subsidiaries	1
16	B	78B.	DATEC (PNG) Limited	1
17	B	78C.	Kalang Advertising Limited	1
18	B	78D.	Media Niugini Limited (EMTV)	1
19	B	78E.	PNG Directories Limited	1
20	B	79	Water PNG Limited	1
				20

(iv) AUDITS TO COMMENCE SHORTLY

No.	Section	Para. No.	Entity	No. of Audits
1	A	6	Cocoa Board of Papua New Guinea and its related Subsidiaries	1
2	A	21	National Agricultural Research Institute	1
3	A	44	Papua New Guinea Customs Service	1
4	A	48	Papua New Guinea Maritime College	1
5	A	55	Rubber Industry Development Board	1
6	A	58	Small and Medium Enterprises Corporation	1
7	A	59	Somare Institute of leadership and Governance	1
				7

(v) FINANCIAL STATEMENTS NOT SUBMITTED

No.	Section	Para. No.	Entity	No. of Audits	Last Report Issued	Date of Report
1	A	2A.	Credit Gurantee Corporation	1	2022	7/04/25
2	A	3A.	Papua New Guinea Maritime Transport Limited	1	No Reports issued since 2013	
3	A	5	Climate Change and Development Authority	1	No Reports issued since 2022	
4	A	8	Coffee Industry Corporation Limited and its Subsidiaries	1	2021	25/04/25
5	A	8A.	Coffee Industry Fund	1	2021	25/04/25
6	A	8B.	Kofi Management Services Limited	1	2021	29/05/25
7	A	8C.	Patana No. 61 Limited	1	2021	25/04/25
8	A	9	Conservation and Environment Protection Authority	1	No Reports issued since 2020	
9	A	10	Government Printing Office	1	2022	30/06/25
10	A	12	Independent Consumers and Competition Commission	1	No Reports issued since 2022	
11	A	13	Industrial Centers Development Corporation	1	No Reports issued since 2019	
12	A	14	Internal Revenue Commission.	1	2019	9/03/2024
13	A	15	Investment Promotion Authority	1	2022	14/11/24
14	A	16	Kokonasi Industri Koporesen and its Subsidiaries	1	No Reports issued since 2022	
15	A	16A.	Papua New Guinea Coconut Extension Fund	1	2021	2-Feb-24
16	A	16B.	Papua New Guinea Coconut Research Fund	1	2021	2-Feb-24
17	A	18	Legal Training Institute	1	2022	4-Jul-25
18	A	19	Mineral Resources Authority	1	2021	18/02/25
19	A	20	National Agriculture Quarantine & Inspection Authority	1	No Reports issued since 2019	
20	A	22	National AIDS Council Secretariat	1	2022	22-Apr-25
21	A	23	National Broadcasting Corporation	1	2019 & 2020	18/12/24 & 30/06/25
22	A	24	National Capital District Commission and its Subsidiaries	1	2022	20-Oct-25
23	A	24A.	National Capital District Botanical Enterprises Limited	1	No Reports issued since 2012	
24	A	24B.	Port Moresby Nature Park Limited	1	No Reports issued since 2020	
25	A	25	National Cultural Commission	1	2022	24/05/24
26	A	26	National Economic and Fiscal Commission	1	No Reports issued since 2018	
27	A	27	National Energy Authority	1	2021 & 2022	17/09/24 & 5/11/24
28	A	28	National Fisheries Authority	1	2022 & 2022	30/09/24
29	A	29	National Gaming Control Board and its Subsidiary	1	New entity incorporated in 2022	
30	A	29A.	National Gaming Control Board Community Benefit Fund Trust	1	No Reports issued since 2014	
31	A	30A.	National Housing Estate Limited	1	No Reports issued since 2009	
32	A	31	National Information and Communication Technology Authority	1	No Reports issued since 2019	
33	A	32	National Maritime Safety Authority	1	No Reports issued since 2020	
34	A	33	National Museum & Art Gallery	1	2021	24/01/24
35	A	34	National Research Institute	1	2021 & 2022	19/05/25
36	A	36	National Training Council	1	2023	23/06/25
37	A	37	National Volunteer Service	1	No Reports issued since 2017	
38	A	38	National Youth Development Authority	1	2016	20/05/24

No.	Section	Para. No.	Entity	No. of Audits	Last Report Issued	
39	A	39	Office of the Insurance Commissioner	1	No Reports issued since 2015	
40	A	40	Office of the Public Trustee of Papua New Guinea	1	No Reports issued since 2017	
41	A	41	Oil Palm Industry Corporation	1	2018	3/7/2025
42	A	45	Papua New Guinea Forest Authority	1	2019	7/03/25
43	A	46	Papua New Guinea Immigration and Citizenship Services Authority	1	No Reports issued since 2015	
44	A	47	Papua New Guinea Institute of Medical Research	1	2019	30/04/2024
45	A	49	Papua New Guinea National Institute Standard Industrial Technology	1	2021	45784
46	A	50	Papua New Guinea Sports Foundation	1	2018	30/04/24
47	A	51	Papua New Guinea University of Technology and its Subsidiaries	1	2021	29/04/25
48	A	51A.	National Analytical & Testing Services Limited.	1	2020	
49	A	51B.	Unitech Development and Consultancy Company Limited	1	2021	13/05/2024
50	A	52	Parliamentary Members' Retirement Benefit Fund	1	2021	19/04/2024
51	A	53	PNG Road Fund	1	2020	
52	A	54	Road Traffic Authority	1	No Reports issued since 2015	
53	A	57	Security Industries Authority	1	No Reports issued since 2015	
54	A	60	Tourism Promotion Authority	1	2022	2025-07-04
55	A	61	University of Goroka and its Subsidiaries	1	No Reports issued since 2015	
56	A	61A.	Unigor Consultancy Limited	1	No Reports issued since 2011	
57	A	61B.	Unigor Humi Catering Limited	1	No Reports issued since 2011	
58	A	62	University of Natural Resources & Environment	1	No Reports issued since 2018	
59	A	63	University of Papua New Guinea and its Subsidiaries	1	2016	24/01/25
60	A	63A.	Unisave Limited	1	No Reports issued since 2017	
61	A	63B.	Univentures Limited	1	No Reports issued since 2016	
62	A	64	Western Pacific University	1	No Reports issued since 2015	
63	B	66A.	Air Niugini Properties Limited	1	No Reports issued since 2018	
64	B	66B.	Link-PNG Limited	1	2015	
65	B	67	Kumul Agriculture Limited	1	2019	
66	B	68	Kumul Petroleum Holdings Limited and its Subsidiaries	1	2021	18/04/24
67	B	68A.	Eda Oil Limited	1	2021	
68	B	68B.	Kumul Energy Limited	1	2021	29/02/24
69	B	68C.	Kumul Exploration (Asia) Limited	1	2021	13/02/24
70	B	68D.	<i>Kumul Gas Niugini B.V.</i>	1	No reports issued since 2015	
71	B	68E.	Kumul Lending Co. Pte Limited	1	2021	13/02/24
72	B	68F.	Kumul LNG Limited	1	2021	13/02/24
73	B	68G.	Kumul Petroleum (Development) Limited	1	2021	13/02/24
74	B	68H.	Kumul Petroleum (Investments) Limited	1	2021	13/02/24
75	B	68I.	Kumul Petroleum (Kroton) Limited	1	2021	19/02/24
76	B	68J.	Kumul Petroleum (Pipeline) Limited	1	2021	29/02/24
77	B	68K.	Kumul Petroleum (Tech and Advisory) Limited	1	2021	
78	B	68L.	Kumul Petroleum Marketing Pte Limited	1	2021	
79	B	68M.	Kumul Security Agent Limited	1	2021	
80	B	68N.	NCPC Oil Company Pty Limited	1	2015	25/02/25
81	B	69	Kumul Telekom Holdings Limited and its Subsidiaries	1	No reports issued since 2017	
82	B	70	Livestock Development Corporation Limited	1	2018	22/12/23
83	B	72	National Airports Corporation Limited and its Subsidiaries	1	2020	22/12/23
84	B	72A.	Airports City Development Limited	1	2020	
85	B	72B.	Airport Investments Limited	1	2020	
86	B	78A.	BEMOBILE (SOLOMON ISLANDS) LIMITED	1	No reports issued since 2017	
87	B	82	Gogol Reforestation Company Limited	1	No reports issued since 2009	

Schedule 'B'

STATUS OF AUDITS IN ARREARS (2023 AND PRIOR YEARS)

(i) AUDITS SUBSTANTIALLY COMPLETED

No.	Section	Para. No.	Entity	Year	No. of Audits
1	A	2A.	Credit Guarantee Corporation	2023	1
2	A	3	Border Development Authority and its Subsidiary	2014	1
3	A	9	Conservation and Environment Protection Authority	2018	1
4	A	12	Independent Consumers and Competition Commission	2021 & 2022	2
5	A	25	National Cultural Commission	2023	1
6	A	26	National Economic and Fiscal Commission	2019 to 2021	3
7	A	27	National Energy Authority	2023	1
8	A	38	National Youth Development Authority	2018 to 2022	5
9	A	42	Ombudsman Commission of Papua New Guinea	2023	1
10	A	44	Papua New Guinea Customs Service	2019 to 2021	3
11	A	52	Parliamentary Members' Retirement Benefit Fund	2017 to 2020	4
12	A	53	PNG Road Fund	2021	1
13	A	54	Road Traffic Authority	2022 & 2023	2
14	A	56	Securities Commission of Papua New Guinea	2021 to 2023	3
15	A	58	Small and Medium Enterprises Corporation	2021	1
16	A	59	Somare Institute of leadership and Governance	2022 & 2023	2
17	A	61A.	Unigor Consultancy Limited	2016 to 2018	3
18	A	61B.	Unigor Humi Catering Limited	2016 to 2018	3
19	B	67	Kumul Agriculture Limited	2022 & 2023	2
20	B	68	Kumul Petroleum Holdings Limited and its Subsidiaries	2022	1
21	B	68A.	Eda Oil Limited	2022	1
22	B	68B.	Kumul Energy Limited	2022	1
23	B	68C.	Kumul Exploration (Asia) Limited	2022	1
24	B	68E.	Kumul Lending Co. Pte Limited	2022	1
25	B	68F.	Kumul LNG Limited	2022	1
26	B	68G.	Kumul Petroleum (Development) Limited	2017 & 2018	2
27	B	68H.	Kumul Petroleum (Investments) Limited	2022	1
28	B	68I.	Kumul Petroleum (Kroton) Limited	2022	1
29	B	68J.	Kumul Petroleum (Pipeline) Limited	2022	1
30	B	68K.	Kumul Petroleum (Tech and Advisory) Limited	2022	1
31	B	68L.	Kumul Petroleum Marketing Pte Limited	2022	1
32	B	68M.	Kumul Security Agent Limited	2022	1
33	B	68N.	NCPC Oil Company Pty Limited	2016 to 2018	3
34	B	72	National Airports Corporation Limited and its Subsidiaries	2021	1
35	B	72A.	Airports City Development Limited	2021	1
36	B	72B.	Airport Investments Limited	2021	1
37	B	77	Post (PNG) Limited	2023	1
38	B	78A.	BEMOBILE (SOLOMON ISLANDS) LIMITED	2018 to 2022	5
39	B	79	Water PNG Limited	2023	1

(ii) AUDITS IN PROGRESS

No.	Section	Para. No.	Entity	Year	No. of Audits
1	A	8	Coffee Industry Corporation Limited and its Subsidiaries	2022	1
2	A	8A.	Coffee Industry Fund	2022	1
3	A	8B.	Kofi Management Services Limited	2022	1
4	AA	8C.	Patana No. 61 Limited	2022	1
5	A	9	Conservation and Environment Protection Authority	2019	1
6	A	19	Mineral Resources Authority	2022 & 2023	2
7	A	24	National Capital District Commission and its Subsidiaries	2023	1
8	A	24B.	Port Moresby Nature Park Limited	2021 & 2022	2
9	A	28	National Fisheries Authority	2023	1
10	A	28.A	Fisheries Capital Limited	2022 & 2023	2
11	A	29	National Gaming Control Board and its Subsidiary	2018	1
12	A	29A.	National Gaming Control Board Community Benefit Fund Trust	2018	1
13	A	30	National Housing Corporation and its Subsidiary	2015 to 2023	9
14	A	37	National Volunteer Service	2017 to 2020	4
15	A	41	Oil Palm Industry Corporation	2019 to 2023	5
16	A	45	Papua New Guinea Forest Authority	2016 to 2018	3
17	A	51	Papua New Guinea University of Technology and its Subsidiaries	2022 & 2023	2
18	A	63	University of Papua New Guinea and its Subsidiaries	2017	1
19	B	67	Kumul Agriculture Limited	2020 & 2021	2
20	B	68	Kumul Petroleum Holdings Limited and its Subsidiaries	2023	1
21	B	68A.	Eda Oil Limited	2023	1
22	B	68B.	Kumul Energy Limited	2023	1
23	B	68C.	Kumul Exploration (Asia) Limited	2023	1
24	B	68E.	Kumul Lending Co. Pte Limited	2023	1
25	B	68F.	Kumul LNG Limited	2023	1
26	B	68G.	Kumul Petroleum (Development) Limited	2019 to 2022	4
27	B	68H.	Kumul Petroleum (Investments) Limited	2023	1
28	B	68I.	Kumul Petroleum (Kroton) Limited	2023	1
29	B	68J.	Kumul Petroleum (Pipeline) Limited	2023	1
30	B	68K.	Kumul Petroleum (Tech and Advisory) Limited	2023	1
31	B	68L.	Kumul Petroleum Marketing Pte Limited	2023	1
32	B	68M.	Kumul Security Agent Limited	2023	1
33	B	68N.	NCPC Oil Company Pty Limited	2019 to 2022	4
34	B	78A.	BEMOBILE (SOLOMON ISLANDS) LIMITED	2023	1

62**(iii) AUDITS TO COMMENCE SHORTLY**

No.	Section	Para. No.	Entity	Year	No. of Audits
1	A	3	Border Development Authority and its Subsidiary	2015 to 2017	3
2	A	6	Cocoa Board of Papua New Guinea and its related Subsidiaries	2023	1
3	A	14	Internal Revenue Commission.	2020 & 2021	2
4	A	15	Investment Promotion Authority	2023	1
5	A	16	Kokonas Industri Koporesen and its Subsidiaries	2022 & 2023	2
6	A	18	Legal Training Institute	2023	1
7	A	23	National Broadcasting Corporation	2021	1
8	A	26	National Economic and Fiscal Commission	2022 & 2023	2
9	A	29	National Gaming Control Board and its Subsidiary	2019 to 2023	5
10	A	29A.	National Gaming Control Board Community Benefit Fund Trust	2020 to 2023	5
11	A	30A.	National Housing Estate Limited	2010 to 2014	5
12	A	31	National Information and Communication Technology Authority	2011 to 2014	5
13	A	33	National Museum & Art Gallery	2022	1
14	A	34	National Research Institute	2023	1
15	A	40	Office of the Public Trustee of Papua New Guinea	2017 to 2019	3

No.	Section	Para. No.	Entity	Year	No. of Audits
16	A	44	Papua New Guinea Customs Service	2022 & 2023	2
17	A	46	Papua New Guinea Immigration and Citizenship Services Authority	2018 to 2020	3
18	A	48	Papua New Guinea Maritime College	2023	1
19	A	50	Papua New Guinea Sports Foundation	2016 to 2022	5
20	A	58	Small and Medium Enterprises Corporation	2022 & 2023	2
21	A	64	Western Pacific University	2019 to 2022	4
22	B	70	Livestock Development Corporation Limited	2019 to 2023	5

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(iv) FINANCIAL STATEMENTS NOT SUBMITTED

No.	Section	Para. No.	Entity	Year	No. of Audits
1	A	3	Border Development Authority and its Subsidiary	2018 & 2019	2
2	A	3A.	Papua New Guinea Maritime Transport Limited	2013 to 2023	11
3	A	5	Climate Change and Development Authority	2022 & 2023	2
5	A	7	Cocoa Coconut Institute of Papua New Guinea	2017 & 2018	2
6	A	8	Coffee Industry Corporation Limited and its Subsidiaries	2023	1
7	A	8A.	Coffee Industry Fund	2023	1
8	A	8B.	Kofi Management Services Limited	2023	1
9	A	8C.	Patana No. 61 Limited	2023	1
10	A	9	Conservation and Environment Protection Authority	2020 to 2023	4
11	A	13	Industrial Centers Development Corporation	2019, to 2023	5
12	A	14	Internal Revenue Commission.	2022 & 2023	2
13	A	16A.	Papua New Guinea Coconut Extension Fund	2022 & 2023	2
14	A	16B.	Papua New Guinea Coconut Research Fund	2023 & 2023	2
15	A	20	National Agriculture Quarantine & Inspection Authority	2019 to 2023	5
16	A	23	National Broadcasting Commission Limited	2022 & 2023	2
17	A	24A.	National Capital District Botanical Enterprises Limited	2013 to 2023	11
18	A	24B.	Port Moresby Nature Park Limited	2023	1
19	A	30A.	National Housing Estate Limited	2015 to 2023	9
20	A	32	National Maritime Safety Authority	2021 & 2023	3
21	A	31	National Information and Communication Technology Authority	2015 to 2023	9
22	A	37	National Volunteer Service	2021 to 2023	3
23	A	39	Office of the Insurance Commissioner	2019 to 2023	5
24	A	40	Office of the Public Trustee of Papua New Guinea	2020 to 2023	4
25	A	45	Papua New Guinea Forest Authority	2019 to 2023	5
26	A	46	Papua New Guinea Immigration and Citizenship Services Authority	2021 & 2023	3
27	A	50	Papua New Guinea National Institute Standard Industrial Technology	2022 & 2023	2
28	A	50	Papua New Guinea Sports Foundation	2021 & 2023	3
29	A	51A.	National Analytical & Testing Services Limited.	2020 to 2023	4
30	A	51B.	Unitech Development and Consultancy Company Limited	2020 to 2023	4
31	A	52	Parliamentary Members' Retirement Benefit Fund	2021 to 2023	3
32	A	53	PNG Road Fund	2022 & 2023	2
33	A	57	Security Industries Authority	2023 & 2023	2
34	A	61	University of Goroka and its Subsidiaries	2018 to 2023	6
35	A	61B.	Unigor Humi Catering Limited	2019 to 2023	5
36	A	61A.	Unigor Humi Catering Limited	2020 to 2023	5
37	A	61	University of Natural Resources & Environment	2016 to 2023	8
38	A	63	University of Papua New Guinea and its Subsidiaries	2018 to 2023	6
39	A	63B.	Univentures Limited	2012 to 2023	13
40	A	63A.	Unisave Limited	2012 to 2023	13
41	A	64	Western Pacific University	2023	4
42	B	66B.	Air Niugini Properties Limited	2016 to 2023	8
43	B	66B.	Link-PNG Limited	2016 to 2023	7
44	B	68D.	Kumul Gas Niugini B.V.	2017 to 2023	7

No.	Section	Para. No.	Entity	Year	No. of Audits
45	B	68G.	Kumul Petroleum (Development) Limited	2023	1
46	B	68N.	NCPC Oil Company Pty Limited	2023	1
47	B	68	Kumul Telikom Holdings Limited and its Subsidiaries	2018 to 2023	6
48	B	73	National Airports Corporation Limited and its Subsidiaries	2022 & 2023	2
49	B	73A.	Airports City Development Limited	2023 & 2023	2
50	B	73B.	Airport Investments Limited	2024 & 2023	2
51	C	83	Gogol Reforestation Company Limited	2010 to 2023	13
1	A	3	Border Development Authority and its Subsidiary	2018 & 2019	2

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Schedule 'C'

LONG OUTSTANDING FINANCIAL STATEMENTS (2023 & PRIOR YEARS)

(i) FINANCIAL STATEMENTS OUTSTANDING FOR MORE THAN ONE (1) YEAR

No.	Section	Para. No.	Entity	No. of Audits
1	A	8	Coffee Industry Corporation Limited and its Subsidiaries	1
2	A	8A.	Coffee Industry Fund	1
3	A	8B.	Kofi Management Services Limited	1
4	A	8C.	Patana No. 61 Limited	1
5	A	10	Government Printing Office	1
6	A	12	Independent Consumers and Competition Commission	1
7	A	33	National Museum & Art Gallery	1
8	A	38	National Youth Development Authority	1
9	A	60	Tourism Promotion Authority	1
10	A	64	Western Pacific University	1
11	B	68G.	Kumul Petroleum (Development) Limited	1
12	B	68N.	NCPC Oil Company Pty Limited	1

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(ii) FINANCIAL STATEMENTS OUTSTANDING FOR MORE THAN TWO (2) YEARS

No.	Section	Para. No.	Entity	No. of Audits
1	A	3	Border Development Authority and its Subsidiary	2
2	A	5	Climate Change and Development Authority	2
3	A	7	Cocoa Coconut Institute of Papua New Guinea	2
4	A	14	Internal Revenue Commission.	2
5	A	16A.	Papua New Guinea Coconut Extension Fund	2
6	A	16B.	Papua New Guinea Coconut Research Fund	2
7	A	23	National Broadcasting Corporation	2
8	A	49	Papua New Guinea National Institute Standard Industrial Technology	2
9	A	53	PNG Road Fund	2
10	A	57	Security Industries Authority	2
11	B	72	National Airports Corporation Limited and its Subsidiaries	2
12	B	72A.	Airports City Development Limited	2
13	B	72B.	Airport Investments Limited	2

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(iii) FINANCIAL STATEMENTS OUTSTANDING FOR MORE THAN THREE (3) YEARS

No.	Section	Para. No.	Entity	No. of Audits
1	A	37	National Volunteer Service	3
2	A	32	National Maritime Safety Authority	3
3	A	46	Papua New Guinea Immigration and Citizenship Services Authority	3
4	A	50	Papua New Guinea Sports Foundation	3
5	A	52	Parliamentary Members' Retirement Benefit Fund	3

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(iv) FINANCIAL STATEMENTS OUTSTANDING FOR MORE THAN FOUR (4) YEARS

No.	Section	Para. No.	Entity	No. of Audits
1	A	9	Conservation and Environment Protection Authority	4
2	A	40	Office of the Public Trustee of Papua New Guinea	4
3	A	51A.	National Analytical & Testing Services Limited.	4
4	A	51B.	Unitech Development and Consultancy Company Limited	4
				16

(v) FINANCIAL STATEMENTS OUTSTANDING FOR MORE THAN FIVE (5) YEARS

No.	Section	Para. No.	Entity	No. of Audits
1	A	13	Industrial Centers Development Corporation	5
2	A	20	National Agriculture Quarantine & Inspection Authority	5
3	A	39	Office of the Insurance Commissioner	5
4	A	45	Papua New Guinea Forest Authority	5
5	A	61A.	Unigor Consultancy Limited	5
6	A	61B.	Unigor Humi Catering Limited	5
				30

(vi) FINANCIAL STATEMENTS OUTSTANDING FOR MORE THAN SIX (6) YEARS

No.	Section	Para. No.	Entity	No. of Audits
1	A	61	University of Goroka and its Subsidiaries	6
4	A	63	University of Papua New Guinea and its Subsidiaries	6
3	B	66A.	Air Niugini Properties Limited	6
4	B	69	Kumul Telikom Holdings Limited and its Subsidiaries	6
				24

(vii) FINANCIAL STATEMENTS OUTSTANDING FOR MORE THAN SEVEN (7) YEARS

No.	Section	Para. No.	Entity	No. of Audits
1	B	68D.	Kumul Gas Niugini B.V.	7
				7

(viii) FINANCIAL STATEMENTS OUTSTANDING FOR MORE THAN EIGHT (8) YEARS

No.	Section	Para. No.	Entity	No. of Audits
1	A	62	University of Natural Resources & Environment	8
2	B	66B.	Link-PNG Limited	8
				16

(ix) FINANCIAL STATEMENTS OUTSTANDING FOR MORE THAN NINE (9) YEARS

No.	Section	Para. No.	Entity	No. of Audits
1	A	30A.	National Housing Estate Limited	9
2	A	31	National Information and Communication Technology Authority	9
				18

(x) FINANCIAL STATEMENTS OUTSTANDING FOR MORE THAN TEN (10) YEARS

No.	Section	Para. No.	Entity	No. of Audits
1	A	3A.	Papua New Guinea Maritime Transport Limited	11
2	A	24A.	National Capital District Botanical Enterprises Limited	11
3	A	63A.	Unisave Limited	12
4	A	63B.	Univentures Limited	12
5	C	82	Gogol Reforestation Company Limited	14
				60
				224

Schedule 'D'
NON-OPERATIONAL ENTITIES / CEASED COMPANIES AND OTHERS

(i) AUDIT PORTFOLIOS CEASED IN 2024/2025 AUDIT CYCLE

No.	Section	Para. No.	Entity	Remarks
1	A	3	Border Development Authority	The Authority was abolished by the Parliament in 2019.
2	A	6A	Cocoa Pod Borer Project Fund	The Project was abolished in 2022 by Board of Directors of Cocoa Board & National Executive Council (NEC)
3	A	6B	Cocoa Stabilisation Fund	The Project was abolished in 2022 by Board of Directors of Cocoa Board & National Executive Council (NEC)
4	A	7	Cocoa Coconut Institute Limited of Papua New Guinea	The Company has been deregistered in 2018.
5	A	35	National Roads Authority	The Authority has ceased in 2021.

(ii) NATIONAL GOVERNMENT MINORITY SHAREHOLDINGS IN OTHER COMPANIES

No.	Section	Para. No.	Entity	Remarks
1	C	79	Bougainville Copper Limited	2024 Audit Report Completed.
2	C	80	Gogol Reforestation Company Limited	Audited Financial Statements for the years 2010 - 2024 not Submitted.

Schedule 'E'

AUDIT IN ARREARS (2023 AND PRIOR YEARS) COMPLETED DURING 2024/2025 AUDIT CYCLE

2023 AUDITS – COMPLETED DURING 2024/2025

No.	Section	Para. No.	Entity	No. of Audits
1	A	2	Bank of Papua New Guinea	1
2	A	11	Independent Fellowship Trust	1
3	A	17	Kumul Consolidated Holdings and its Subsidiaries	1
4	A	17A.	General Business Trust	1
5	A	17B.	Kumul Technology Development Corporation Limited	1
6	A	17C.	PNG Dams Limited	1
7	A	21	National Agricultural Research Institute	1
8	A	22	National AIDS Council Secretariat	1
9	A	36	National Training Council	1
10	A	47	Papua New Guinea Institute of Medical Research	1
11	A	55	Rubber Industry Development Board	1
12	B	66	Air Niugini Limited and its Subsidiaries	1
13	B	71	Motor Vehicles Insurance Limited and its Subsidiaries	1
14	B	71A.	Pacific MMI Insurance Limited	1
15	B	71B.	Pacific Re Limited	1
16	B	74	Papua New Guinea Ports Corporation Limited	1
17	B	76	PNG Power Limited	1
18	B	78	Telikom (PNG) Limited and its Subsidiaries	1
19	B	78B.	DATEC (PNG) Limited	1
20	B	78C.	Kalang Advertising Limited	1
21	B	78D.	Media Niugini Limited (EMTV)	1
22	B	78E.	PNG Directories Limited	1

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2022 AUDITS – COMPLETED DURING 2024/2025

No.	Section	Para. No.	Entity	No. of Audits
1	A	2A.	Credit Guarantee Corporation	1
2	A	6	Cocoa Board of Papua New Guinea and its related Subsidiaries	1
3	A	6A.	Cocoa Pod Borer Project Fund	1
4	A	6B.	Cocoa Stabilization Fund	1
5	A	10	Government Printing Office	1
6	A	15	Investment Promotion Authority	1
7	A	18	Legal Training Institute	1
8	A	24	National Capital District Commission and its Subsidiaries	1
9	A	27	National Energy Authority	1
10	A	28	National Fisheries Authority	1
11	A	34	National Research Institute	1
12	A	42	Ombudsman Commission of Papua New Guinea	1
13	A	47	Papua New Guinea Institute of Medical Research	1
14	A	55	Rubber Industry Development Board	1
15	A	60	Tourism Promotion Authority	1

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2021 AUDITS - COMPLETED DURING 2024/2025

No.	Section	Para. No.	Entity	No. Audits
1	A	6	Cocoa Board of Papua New Guinea and its related Subsidiaries	1
2	A	6A.	Cocoa Pod Borer Project Fund	1
3	A	6B.	Cocoa Stabilisation Fund	1
4	A	8	Coffee Industry Corporation Limited and its Subsidiaries	1
5	A	8A.	Coffee Industry Fund	1
6	A	8B.	Kofi Management Services Limited	1
7	A	8C.	Patana No. 61 Limited	1
8	A	19	Mineral Resources Authority	1
9	A	27	National Energy Authority	1
10	A	28	National Fisheries Authority	1
11	A	34	National Research Institute	1
12	A	35	National Roads Authority	1
13	A	49	Papua New Guinea National Institute Standard Industrial Technology	1
14	A	51	Papua New Guinea University of Technology and its Subsidiaries	1
15	A	55	Rubber Industry Development Board	1
				15

2020 AUDITS - COMPLETED DURING 2024/2025

No.	Section	Para. No.	Entity	No. of Audits
1	A	23	National Broadcasting Corporation	1
2	A	49	Papua New Guinea National Institute Standard Industrial Technology	1
3	A	51	Papua New Guinea University of Technology and its Subsidiaries	1
4	A	58	Small and Medium Enterprises Corporation	1
				4

2019 AUDITS - COMPLETED DURING 2024/2025

No.	Section	Para. No.	Entity	No. of Audits
1	A	14	Internal Revenue Commission.	1
2	A	23	National Broadcasting Corporation	1
3	A	58	Small and Medium Enterprises Corporation	1
				1

2018 AUDITS - COMPLETED DURING 2024/2025

No.	Section	Para. No.	Entity	No. of Audits
1	A	41	Oil Palm Industry Corporation	1
				1

2017 AUDITS - COMPLETED DURING 2024/2025

No.	Section	Para. No.	Entity	No. of Audits
1	A	41	Oil Palm Industry Corporation	1
				1

2016 AUDITS - COMPLETED DURING 2024/2025

No.	Section	Para. No.	Entity	No. of Audits
1	A	41	Oil Palm Industry Corporation	1
2	A	63	University of Papua New Guinea and its Subsidiaries	1
				2

2015 AUDITS - COMPLETED DURING 2024/2025

No.	Section	Para. No.	Entity	No. of Audits
1	A	41	Oil Palm Industry Corporation	1
2	B	68N.	NCPC Oil Company Pty Limited	1
				2

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Schedule 'F'

PROJECT AULTS – 2024/2025 AUDIT CYCLE

TYPES OF AUDIT REPORTS ISSUED FOR PROJECT AUDITS AS AT 30 JUNE 2025

No.	Project Reports Issued and Finalised	Donor	Year	Units
1	Child Nutrition and Social Protection Project - Component 1	WB	2024	1
2	Emergency Tuberculosis Project	WB	2023	1
3	Health Services Sector Development Project (HSSDP)	ADB	2024	1
4	Market for Village Farmers (MVF)	IFAD	2024	1
5	Sustainable Highlands Highway Investment Program Tranche (SHHIP 1)	ADB	2024	1
6	Sustainable Highlands Highway Investment Program Tranche 2 (SHHIP 2)	ADB	2024	1
7	Child Nutrition and Social Protection Project - Component 3	WB	2024	1
8	Port Moresby Power Grid (Pom GRID) Development Project	ADB	2024	1

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No.	Reports Under preparation	Donor	Year	Units
1	Child Nutrition and Social Protection Project - Component 2	WB	2024	1
2	Ports Infrastructure Investment Program	AIFFP	2022	1
3	Ports Infrastructure Investment Program	AIFFP	2023	1
4	Urban Youth Employment Project II	WB	2024	1
5	Transport Sector Preparatory Project	ADB	2024	1
6	Risk Share Facility	PIP	2022	1

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No.	Project Audits in Progress	Donor	Year	Units
1	Bridge Replacement for Improved Rural Access Sector Project (BRIRAP), Pkg 3&4	EU	2022	1
2	Bridge Replacement for Improved Rural Access Sector Project (BRIRAP), Pkg 3&4	EU	2023	1
3	Building Resilience to Climate Change (BRCC)	ADB	2024	1
4	Building Resilience to Climate Change (BRCC) Alotau Wharf Extension	ADB	2024	1
5	Civil Aviation Development Investment Programme (CADIP) Tranche 2	PIP	2023	1
6	Civil Aviation Development Investment Programme (CADIP) Tranche 3	PIP	2023	1
7	Civil Aviation Development Investment Programme 2 (CADIP-2)	ADB	2024	1
8	Crisis Response and Sustainable Recovery	WB	2021	1
9	DPO Economic and Fiscal Resilience	WB	2019	1
10	DPO Economic and Fiscal Resilience	WB	2020	1
11	DPO Economic and Fiscal Resilience	WB	2021	1
12	DPO Economic and Fiscal Resilience	WB	2022	1
13	Emergency Tuberculosis Project	WB	2024	1
14	Health Services Improvement Program (HSIP)	Multi	2020	1
15	Rural Services Delivery Project	WB	2024	1
16	Health Services Improvement Program (HSIP)	Multi	2021	1
17	Health Services Improvement Program (HSIP)	Multi	2022	1
18	Improved Technical and Vocational Education and Training for Employment	ADB	2023/24	2
19	Improving Access to and Value from Health Services in PNG: Financing the Frontlines	WB	2024	1
20	PNG Agriculture Commercialization and Diversification Project	WB	2024	1
21	PNG Water and Sanitation and Hygiene Project - Part 3	WB	2024	1
22	Risk Share Facility	PIP	2023	1
23	Water Supply Scheme for Tete Settlement (Water PNG)	PIP	2024	1

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No.	Project Audits Yet to Commence	Donor	Year	Units
1	PNG COVID-19 Emergency Response Project	WB	2024	1
2	PNG Water and Sanitation Project - Part 1 & 2	WB	2024	1
3	Risk Share Facility	PIP	2024	1
4	Bridge Replacement for Improved Rural Access Sector Project (BRIRAP), Pkg 3&4	EU	2024	1
5	Transport Sector Support Program	DEFAT	2024	1

5

No.	Project Audits Yet to be Tendered	Donor	Year	Units
1	Power Sector Development Project	ADB	2023/24	2

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Abbreviations	
ADB	Asian Development Bank
WB	World Bank
EU	European Union
IFAD	International Fund for Agricultural Development
Multi	Various sources of Donors (GoPNG & International Donors)
PIP	Public Investment Program (GoPNG)