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Appendix 1. Interviewees

Our appreciation is acknowledged to the following people who gave up their valuable time for discussions and interviews:

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FINANCIAL MANAGEMENT AND GOVERNANCE ISSUES IN PNG

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Our appreciation is particularly extended to ADB staff who assisted with this Project and also to William Daniel, local consultant, who energetically acted as the Research Assistant to the Project.

Appendix 2. RETA-5877 (Regional Study) Information

1. Study Phases

The study had four broad phases as follows:

- Phase I – Papua New Guinea Case Study on Accounting and Auditing Support, and Structures
- Phase II – Port Moresby Workshop (20 September 2000)
- Phase III – Development of Reference Materials
- Phase IV – Formulation of Action Plan

2. Phase I: Case Study on Accounting and Auditing

This phase involved the examination of Papua New Guinea's current accounting and auditing structure, and systems. It also (i) analyzed Papua New Guinea's political, institutional, and regulatory and legal framework on accounting and auditing practice, and the level of enforcement of existing laws, rules, and regulations; (ii) identified gaps and weaknesses in accounting and auditing support available and deviations from international standards; and (iii) identified alternative options to remedy the identified weaknesses, with the objective of eventually doing away with these.

A structured questionnaire, that covered the following areas, was used to collect descriptive information:

- (i) Legal and regulatory framework (public and private sector)
- (ii) Accounting infrastructure (professional bodies and accounting standards)
- (iii) Institutional issues (public and private sector)
- (iv) Government and administrative arrangements
- (v) Financial reporting (public and private sector)
- (vi) Accounting and computerization (public and private sector)
- (vii) Accountancy education and training
- (viii) Budgeting (public sector)
- (ix) External audit (public and private sector)
- (x) Previous studies and initiatives on financial management and governance.

The fieldwork for the study was conducted by Ted Godden, with the assistance of William Daniel from 29 August to 25 September 2000. Financial management and governance arrangements were discussed with representatives from: the Ministry of Finance and Treasury, other government organizations, professional accounting and auditing

bodies, private-sector businesses, tertiary institutions, and multilateral financing institutions.

3. Phase II: Port Moresby Workshop

Issues arising from the study were discussed and debated at a workshop held in Port Moresby on 20 September 2000. Thaddeus Kambanei, First Assistant Secretary Public Accounts, chaired the workshop. Francis B. Narayan, Lead Financial Specialist, ADB, participated in the Workshop as a resource person and provided overall guidance with respect to the objectives of the Study. Nineteen participants, representing the following organizations, attended the workshop:

- Department of Finance and Treasury
- Auditor General's Office
- F De Graaf
- Institute of Business Studies
- Papua New Guinea Institute of Accountants
- Pacific Adventist University
- Divine Word University

4. Phase III: Development of Reference Materials

In phase III, reference materials on IAAS were developed. In developing these materials, consideration was given to; (i) alternative transition systems and associated benchmarks as well as underlying institutional prerequisites, and (ii) production of these materials in local languages.

5. Phase IV: Formulation of Action Plan

Phase IV assessed the roles that ADB and other funding agencies played in improving the current situation in the selected DMCs. The roles included policy intervention, projects and program assistance, and mobilization of cofinancing resources to address the identified problems and weaknesses. This activity was undertaken in close consultation with the Government, regulatory authorities, representatives of the accounting and auditing professions, and other local interest groups and funding agencies. At this stage of the RETA, the commitment in principle of each selected country to implement the findings and recommendations of the study was agreed. The findings of the RETA were disseminated and debated at a conference in Manila on 16-18 October 2000 and the developed action plan was finalized for implementation.

Appendix 3. Constitution of Papua New Guinea

1. Introduction

In 1828, the Dutch Government formally took possession of what is known as West Irian, which consisted of the western half of the island of New Guinea.

At the same time, German nationals had opened trading stations in the New Guinea Islands to the north of New Guinea. In 1883, the Australian Government decided to annex all land not previously claimed by the Dutch Government.

The British Government actively explored the southern part of New Guinea's coastline and in 1873 the London Missionary Society sent two men who established a mission station near where Port Moresby now stands.

In 1884 the German New Guinea Company was formed and a delegation was sent to New Guinea to hoist the German Flag on New Guinea soil. It was officially announced on 19 December 1884 that Germany had declared part of the New Guinea Mainland and the Islands a protectorate of the German Empire.

The British Government decided to formally annex New Guinea on 4 September 1888. The transfer from British to Australian Authority was gradual. In 1902 British New Guinea was placed under Australian Authority. On 1 September 1906 the Commonwealth of Australia took control of British New Guinea under its Papuan Act.

After the First World War, and following the German surrender in 1918, Australia took over the task of the administration of German New Guinea (Territory of New Guinea) until two years later when Australia given a formal mandate from the League of Nations. In 1929, Australia was given the full responsibility of administering both British New Guinea and the Territory of New Guinea under separate Legislative Councils. All members of Councils were Europeans, with a minority of non-Administration members elected by the Australian Government.

After the Second World War, Australia was given the mandate to continue the administration of both Territories separately under a trusteeship from the United Nations. In 1951, a single legislative authority was established for both Territories and the country was then known as Papua and New Guinea.

In 1961, following pressure by the nonofficial members for a greater say in policy making, the Legislative Council was reconstructed so that

for the first time the official members were outnumbered by nonofficial members 15 to 22. Indigenous representation had now risen to 12. In 1963 the Legislative Council was abolished and replaced by the House of Assembly in 1964.

On the 1 December 1973, Papua New Guinea became self-governing, with the transfer of the judiciary and commonwealth functions from the Australian Government to the Government of Papua New Guinea. On 16 September 1975, Papua New Guinea was granted full independence.

The current Constitution was approved by the Constituent Assembly on 15 August 1975, and came into effect on 16 September 1975, the day of Independence. The Constitution is grouped into 14 parts:

- Part I Introductory
- Part II The National Legal System
- Part III Basic Principles of Government
- Part IV Citizenship
- Part V The Head of State
- Part VI The National Government
- Part VIA Provincial Government and Local Level Government.
- Part VII The State Services
- Part VIII Supervision and Control
- Part IX Constitutional Office-holders and Constitutional Institutions
- Part X Emergency Powers
- Part XI Miscellaneous
- Part XII Constitutional Review
- Part XIII Immediate and Transitional Provisions

Individual Parts contained in the Constitution will be covered in various parts of this study as they relate to each individual topic.

2. The Laws of Papua New Guinea

Part II of the Constitution refers to the Laws of Papua New Guinea. The more relevant details concern the following:

- this Constitution; and
- the Organic Laws; and
- the Acts of the Parliament; and
- Emergency Regulations; and
- the provincial laws; and

- laws made under or adopted by or under this Constitution or any of those laws, including subordinate legislative enactment's made under this Constitution or any of those laws; and
- the underlying law.

Constitution, etc., as Supreme Law

- The Constitution and the Organic Laws are the Supreme Laws of Papua New Guinea, and all acts (whether legislative, excessive or judicial) that are inconsistent with them are, to the extent of the inconsistency, invalid and ineffective.
- The provisions of this Constitution and of the Organic Laws are self-executing to the fullest extent that their respective natures and subject matters permit.

Organic Laws

- For the purposes of this Constitution, an Organic Law is a law made by the Parliament that is –
 - for or in respect of a matter provision for which by way of an Organic Law is expressly authorized by this constitution; and
 - not inconsistent with this Constitution; and
 - expressed to be an Organic Law.
- An Organic Law may be altered only by another Organic Law, or by an alteration to this Constitution.
- Nothing in this section prevents an Organic Law from –
 - making any provision that might be made by an Act of the Parliament; or
 - requiring any provision to be made by an Act of the Parliament that might otherwise be so made,but any such provision may be altered by the same majority that is required for any other Act of the Parliament.

The Head of State

Queen and Head of State : Her Majesty the Queen –

- having been requested by the people of Papua New Guinea through their Constituent Assembly, to become the Queen and Head of State of Papua New Guinea; and
- having graciously consented so to become, is the Queen and
- Head of State of Papua New Guinea.

Subject to and in accordance with this Constitution, the privileges, powers, functions, duties and responsibilities of the Head of State may be had, exercised and performed through a Governor-General

appointed in accordance with Division 3 and, except where the contrary intention appears, reference in any law to the Head of State shall be read accordingly.

The Governor-General

The Governor-General must be a citizen who –

- is qualified to be a member of the Parliament (except for the reason that he occupies the office of Governor-General); and
- is a mature person of good standing who enjoys the general respect of the community.

The Governor-General must not hold any office or position or engage in any calling other than that of, or an office or position associated with, his office as Governor-General, except with the consent of the Head of State, acting with, and in accordance with, the joint advice of the National Executive Council and the Ombudsman Commission.

The National Government

Subject to and in accordance with this Constitution, the power, authority and jurisdiction of the people shall be exercised by the National Government.

The National Government consists of three principal arms, namely: the National Parliament, which is an elective legislature with, subject to the Constitution Laws, unlimited powers of lawmaking; and

- the National Executive; and
- the National Judicial System, consisting of a Supreme Court of Justice and a National Court of Justice, of unlimited jurisdiction, and other courts.

In principle, the respective powers and functions of the three arms shall be kept separate of each other.

The National Parliament

Subject to this Constitution, the legislative power of the people is vested in the National Parliament.

Subsection (1) does not prevent a law from conferring on an authority other than the Parliament legislative powers or functions (including, if the law so provides, a further powers or further powers of delegation and sub-delegation).

Nothing in any Constitutional law enables or may enable the Parliament to transfer permanently, or divest itself of, legislative power.

Memberships

Subject to this section, the Parliament is a single-chamber legislature, consisting of –

- a number of members elected from single-member open electorates; and
- a number of members elected from single-member provincial electorates; and
- not more than three nominated members, appointed and holding office in accordance with Section 102.

An Organic Law shall make provision for the number of open and provincial electorates. (At present there are 109 seats in the National Parliament)

No member may represent two or more electorates at the same time.

The precise number of open electorates and of provincial electorates and their boundaries shall be determined from time to time in accordance with Section 125.

An alteration to the number of electorates or to the boundaries of an electorate takes effect for the purposes of the next general election and of succeeding elections.

Normal term of office

An elected member of the Parliament takes office on the day immediately following the day fixed for the return of the writ for the election in his electorate. The seat of a member of Parliament becomes vacant –

- if he is appointed as Governor-General; or
- upon the expiry of the day fixed for the return of the writs, for the general election after he last became a member of the Parliament; or
- if he resigns his seat by notice in writing to the speaker, or in the case of the speaker to the clerk of the Parliament; or
- if he is absent, without leave of the Parliament, during the whole of three consecutive meetings of the Parliament, unless Parliament decides to wave this rule upon satisfactory reasons being given; or

- if, except as authorized by, or under an Organic Law or an Act of the Parliament, he directly or indirectly agrees to take any payment in respect of his services in the Parliament; or
- if he becomes disqualified under Section 103; or
- on his death; or
- if he is dismissed from office under Division 111.2

For the purposes of subsection (2) (d), a meeting of the Parliament commences when Parliament first sits following a general election, or an adjournment of the Parliament otherwise then for a period of less than 12 days and ends when next the Parliament is adjourned otherwise than for a period of less than 12 days.

General Election

A general election to the Parliament shall be held –

- within the period of three months before the fifth anniversary of the day fixed for the return of the writs for the previous general election; or
- if, during the last 12 months before the fifth anniversary of the day fixed for the return of the writs for the previous general election –
 - a vote of no confidence in the Prime Minister or the Ministry is passed in accordance with Section 145; or
 - the Government is defeated on the vote on a question that the Prime Minister has declared to the Parliament to be a question of confidence; or
 - if the Parliament, by an absolute majority vote, so decides.

Offices of Speaker and Deputy Speaker

There shall be offices of Speaker and Deputy Speaker of the National Parliament.

The Speaker and the Deputy Speaker must be members of the Parliament, and shall be elected by the Parliament by secret ballot in accordance with the standing Orders of the Parliament.

The Speaker and the Deputy Speaker hold office, and their offices become vacant, in accordance with the Constitutional Laws and Standing Orders of the Parliament.

No minister may be the Speaker or Deputy Speaker, and if a Speaker or Deputy Speaker becomes a minister he vacates his office as Speaker or Deputy Speaker, as the case may be.

Functions of the Speaker and Deputy Speaker

The Speaker is responsible, subject to and in accordance with the Constitutional Laws, the Acts of the Parliament and the Standing Orders of the Parliament, for upholding the dignity of the Parliament, maintaining order in it, regulating its proceedings and administering its affairs, and for controlling the precincts of the Parliament as defined by or under an Act of the Parliament.

General Power of Lawmaking

Subject to the Constitution, the Parliament may make laws, having effect within and outside the country, for the peace, order and good government of Papua New Guinea and welfare of the People.

In particular, Acts of the Parliament, not inconsistent with the Constitutional Laws, may provide for all matters that are necessary or convenient to be prescribed for carrying out and giving effect to this Constitution.

No law made by Parliament is open to challenge in any court on the ground that –

- it is not for the peace, order or good government of Papua New Guinea or the welfare of the People; or
- it purports to have extra-territorial effect.

Each law made by Parliament shall have fair, large and liberal construction and interpretation as will best ensure the attainment of the object of the law according to its true intent, meaning and spirit, and there is no presumption against extra-territoriality.

Certification as to Making of Laws

Subject to Section 137 (3) and to any Act of the Parliament made for the purposes of Subsection (3), the Speaker shall certify under the National Seal, in accordance with the Standing Orders of the Parliament, that a law has been made by the Parliament and, subject to Subsection (2), the law comes into operation on the date of the certificate. Nothing in Subsection (1) prevents a law –

- being expressed to come, or to be deemed to have come, into force on date specified by, fixed in accordance with, law; or
- being retrospective or retroactive.

An Act of the Parliament or the Standing Orders of the Parliament may make provision under which a law made by the Parliament may, at the direction of the Head of State, acting with, and in accordance with, the advice of the National Executive Council, be recommitted to the

Parliament for the consideration of amendments proposed by the Head of State, acting with, and in accordance with, the advice of the National Executive Council.

Right to Introduce Bills Etc.

Subject to Section 210, any member of the Parliament is entitled to introduce into Parliament, in accordance with, and subject to any reasonable restrictions contained in, the Standing Orders of the Parliament, a petition, question, bill, resolution or motion.

The petition, question, bill, resolution or motion shall be dealt with as provided by the Standing Orders of the Parliament.

The Prime Minister

The Prime Minister shall be appointed, at the first meeting of the Parliament after the general election and otherwise from time to time as the occasion for the appointment of a Prime Minister arises, by the Head of the State, acting in accordance with a decision of the Parliament.

If the Parliament is in session when a Prime Minister is to be appointed, the question of appointment shall be the first matter for consideration, after any formal business and any nomination of a Governor-General or appointment of a Speaker, on the next sitting day.

If the Parliament is not in session when a Prime Minister is to be appointed, the Speaker shall immediately call a meeting of the Parliament, and the question of the appointment shall be the first matter for consideration, after any formal business and any nomination of a Governor-General or appointment of a Speaker, on the sitting day.

The National Executive Council

The National Executive Council consists of all the Ministers (including the Prime Minister when he is present as Chairman). The functions of the Council are -

- to be responsible, in accordance with the constitution, for the executive government of Papua New Guinea; and
- such other functions as are allocated to it by the Constitution or any other law.

Except where the contrary intention appears, nothing in the Constitution prevents the power, functions, duties or responsibilities

of the Council from being exercised, as determined by it, through a Minister.

Subject to any Organic Law or Act of the Parliament, the procedures of the Council are as determined by it.

Provincial Government System

Grant of Provincial Government

An Organic Law shall provide for, or make provision in respect of, the granting to a province of provincial government after constitution, as prescribed by an Organic Law, with the province.

Constitution, Functions, etc. of Provincial Government

An Organic Law shall make provision in respect of the constitution, powers and functions of a provincial government. For each provincial government, there shall established –

- an elective, or mainly elective, provincial legislature with such power as are conferred by law; and
- a provincial executive ; and
- an office of head of the provincial executive.

An Organic Law shall provide for the minimum number of members for the provincial legislature, and the maximum of number of members that may be appointed as nominated members of the legislature. An Organic Law shall make provision for, and in respect of –

- grants, conditional or unconditional or both, by the National Government to the provincial governments; and
- the imposition and collection of taxation by the provincial governments, and may make other financial provision for provincial governments, to an extent reasonably adequate for the performance of their functions.

An Organic Law shall make provision for the devolution and delegation to each provincial government of substantial powers of decision-making and substantial administrative powers in respect of matters of direct concern to the province.

An Organic Law shall make provision in respect of the legislative powers of provincial governments.

The Parliament and Finance.

Parliament Responsibility

Notwithstanding anything in the Constitution, the raising and expenditure of finance by the National Government, including the imposition of taxation and the raising of loans, is subject to authorization and control by the Parliament, and shall be regulated by an Act of the Parliament. For each fiscal year, there shall be a National Budget comprising –

- (a) estimates of finance proposed to be raised and estimates of proposed expenditure by the National Government in respect of the fiscal year; and
- (b) separate appropriations for the service of that year in respect of:
 - (i) the services of the Parliament; and
 - (ii) general public services; and
 - (iii) the services of the Judiciary; and
- (c) such other supplementary Budgets and appropriations as are necessary.

For the purposes of this Sub-division –

- (d) "the service of Parliament " include salaries and allowances (financial and otherwise) of the members of Parliament, the maintenance of the precincts of the Parliament, and the Parliamentary Service established under the Parliamentary Service Act (chapter 26); and
- (e) "the services of the Judiciary" include –
 - the salaries and allowances (financial and otherwise) of Judges of the Supreme and National Courts; and
 - the maintenance of the Supreme and National Courts; and
 - (i) the National Judicial staff services established under the National Judicial Staff Service Act 1987; and
 - (i) the salaries and allowances (financial and otherwise) of all persons appointed under the Supreme Court Act (Chapter 37), the National Court Act (Chapter 38) and the Sheriff Act (Chapter 55) .

For the purposes of subsection (2) (b) (I) and (ii), the speaker of the Parliament and the Chief Justice respectively shall, before 30 September each year, submit to the Prime Minister estimates of expenditure for the services of the Parliament and the services of the Judiciary respectively in the following fiscal year.

Before any Budget or appropriation is prepared for the submission to the Parliament, the National Executive Council shall consult with any appropriate Permanent Parliamentary Committee, but this subsection does not confer any right or impose any duty of consultation after the initial stages of the preparation of the Budget or appropriation.

Executive Initiative

The Parliament shall not provide for the imposition of taxation, the raising of loans or the expenditure of public moneys of Papua New Guinea except on the recommendation of the Head of State, acting with, and in accordance with, the advice of the National Executive Council.

Subject to Subsections (3) and (4), Parliament may reduce, but shall not increase or re-allocate, the amount or incidence of, or change the purpose of, any proposed taxation, loans or expenditure.

Where, in the opinion of the Parliament, the proposed expenditure for the services of the Parliament or the services of the Judiciary is below the estimate submitted by the Speaker or Chief Justice respectively and is insufficient adequately to meet the expenditure to an amount not exceeding the original estimates submitted by the Speaker or Chief Justice, as the case may be, under Section 209 (2B).

For the purposes of Subsection (3), the Parliament may reallocate, or reduce and reallocate, the amount of expenditure appropriated for any purpose.

All moneys of or under the control of the National Government for public expenditure and the Parliament and the Judiciary for their respective services shall be dealt with and properly accounted for in accordance with law.

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

Revenue and Expenditure Without Prior Approval

If at the beginning of a fiscal year the Parliament has not made provision for public expenditure by the National Executive or expenditure by the Parliament or the Judiciary, for their respective services for that year, the National Executive, the Parliament or the Judiciary, as the case may be, may without authorization other than this section but may, in

accordance with an Act of the Parliament, expend amount appropriated out of the Consolidated Revenue Fund for the purpose not exceeding in total one-third of its respective budgeted expenditure during the immediately preceding fiscal year.

The authority conferred by Subsection (1) lapses when the Parliament has made provision for the public expenditure for the fiscal year in question, and any amounts expended by virtue of that subsection are a charge against the expenditure so provided for and shall be properly brought to account accordingly.

The Auditor-General

The Auditor-General shall be appointed by the Head of State, acting with, and in accordance with, the advice of the National Executive Council, given after receiving reports from the Public Services Commission and the Public Accounts Committee.

In the performance of his functions under this Constitution, the Auditor-General is not subject to the control or direction of any person or authority.

Functions of the Auditor-General

The primary functions of the Auditor-General are to inspect and audit, and to report at least once in every fiscal year (as provided by an Act of the Parliament) to the Parliament on the public accounts of Papua New Guinea , and on the control of and on transactions with or concerning the public moneys and property of Papua New Guinea, and such other functions as are prescribed by or under a Constitutional Law.

Unless other provision is made by law in respect of the inspection and audit of them, Subsection (1) extends to the accounts finances and property of –

- (a) all arms, departments, agencies and instrumentalities of the National Government, and
- (b) all bodies set up by an Act of the Parliament, or by executive or administrative act of the National Executive for government or official purposes.

Notwithstanding that other provision for inspection or audit is made as provided for by Subsection (2), the Auditor-General may, if he thinks it proper to do so, inspect and audit, and report to the Parliament on, any accounts, finances or property of an inspection referred to in that

subsection, insofar as they relate to, or consist of or are derived from, public moneys or property of Papua New Guinea.

An Act of the Parliament may expand, and may provide in more detail lot, the functions of the Auditor-General under Subsection (1), (2) and (3), and may confer on the Auditor-General additional functions and duties not inconsistent with the performance of the functions and duties conferred and imposed by those subsections.

The Public Accounts Committee

Establishment of the Committee

There shall be a Public Accounts Committee, which is a Permanent Parliamentary Committee for the purpose of Subdivision VI.2.E (the Committee system).

Functions of the Committee

The primary function of the Public Accounts Committee is, in accordance with an Act of the Parliament, to examine and report to the Parliament on the public accounts of Papua New Guinea and on the control of and on transactions with or concerning, the public moneys and property of Papua New Guinea.

Subsection (1) extends to any accounts, finances and property that are subject to inspection and audit by Auditor-General under Section 214 (2) (functions of the Auditor-General), and to reports by the Auditor-General under that subsection or Section 214(3) (functions of the Auditor-General).

Appendix 4. Divisions of the Department of Finance and Treasury

1. Divisions

The following are the Divisions of the Department of Finance and Treasury.

Provincial Liaison

The Division's responsibilities include:

- Facilitate the implementation of the reform program;
- Oversee administrative functions of Provincial and District Treasuries; and
- Coordinate the improvement of financial management and control, reporting and accountability in the provinces.

Objectives

- To oversee the administrative functions of the Provincial and District Treasuries by ensuring compliance to their duties and responsibilities;
- To undertake review of the financial management system and propose improvement to the financial management, accounting and reporting in the Provinces;
- To facilitate and coordinate timely submission of financial reports, cash flows statement and other reports from Provinces;
- To conduct a review where necessary to amend Public Finances (Management) Act and Financial Management Manual and the issue of Financial Instructions to ensure compliance; and
- To carry out review of Audit and Inspection reports on all National Departments, including Provincial and Local-level Government.

Budgets Division

The objectives of the Division include the following:

- Ensuring the formulation and administration of annual estimates of revenue and expenditure in the context of the Constitution, Public Finances (Management) Act, the Appropriate Acts, and other Constituent Acts;
- Facilitate a shared responsibility in the overall formulation and administration of annual estimates;

- Provision of technical advice and assistance to operating agencies in the formulation of the annual Budget and monitoring of expenditure during the year; and
- Ensure effective consultations with the Department of Personnel Management on personnel matters affecting the Budget.

Public Accounts Division

Objectives

The main objectives of the Public Accounts Division are:

- To ensure that annual accounts are timely put together and submitted to the Auditor-General for audit each fiscal year;
- To ensure that funds are released to implementing agencies in accordance with their planned activities;
- To ensure timely and accurate submission of monthly and quarterly financial reports in accordance with the provisions of the Public Finances (Management) Act;
- To provide effective accounting and advisory services to National Departments, Provincial and Local-level Governments;
- To improve internal control mechanisms within the public sector for better control of commitment and expenditure of public-moneys by Departments and Agencies; and
- To ensure effective financial control over transactions arising from the Trust Fund.

Financial Inspection Services Division

Objective

To ensure proper financial management and accountability of public resources by providing adequate audit and inspection coverage of government agencies, and instrumentalities.

Appointments

For the purposes of enforcing the provisions of Public Finances (Management) Act, the officers of the Division are appointed as Inspectors by the Secretary for Treasury and Corporate Affairs under Section 8 of the Act, and appointments must be gazetted in the National Gazette.

Role and Responsibilities

The main role of Inspector is to ensure proper financial management and accountability of public resources by providing adequate audit and inspection coverage of government agencies, and through enforcement of compliance with financial procedures, rules, and regulations.

Legal Status and Powers

In line with the powers and authority provided under the Act and any that may be delegated by the Minister and the Secretary, the Inspectors conduct audit inspections and investigations into financial operations of the national departments, statutory bodies and Provincial and Local-level Governments.

Establishment

The Inspection Services Division is established within the Department of Treasury and Corporate Affairs. It is headed by a First Assistant Secretary (FAS), formerly Chief Inspector who is appointed by the Secretary for Finance and Treasury and directly responsible to him. The Division comprises of three functional branches, vis-à-vis, Departmental Audit, Finance & Statutory Bodies Audit, and Provincial Audit, each headed by an Assistant Secretary with regional offices in Konedobu, Lae, Mt Hagen and Rabaul, all under the umbrella of Provincial Audit Branch, each headed by a Regional Inspector.

Revenue and Loans Management Division

Objectives

The objectives of the Revenue, Loans, and Debt Management Division are:-

- To manage the overall commercial, concessional and grant aid resources available to the State from domestic and international financial institutions, and bilateral and multilateral development donor assistance agencies, and securing the best possible terms and conditions from all financing sources;
- Maximizing the utilization of these funds;
- Ensuring that the debt obligations associated with these resources are serviced on time to avoid additional costs to the State and to be fully accountable to international and domestic commercial financiers and bilateral and multilateral donor agencies on the use of their resources; and
- Maximization of departmental revenue.

Information Technology Division

Mission

Development, operation, maintenance, and provision of technical support services in relation to a nation-wide distributed, automated, accounting systems and finance-based budgeting, payroll, debt-management and general ledger systems including network.

Objectives

- To meet all computing requirements of Government for which the Department of Finance and Treasury is administratively and functionally responsible;
- To ensure that the development of computer-based information technology is properly planned, implemented, administered and coordinated in accordance with standards and directions determined by the government Information Technology Board;
- To develop and implement improved Financial Management Information Services for the Department of Finance and Treasury and for all other departments and agencies for treasury related operations;
- To provide effective centralized information services to support management decision-making needs of the Department of Finance and Treasury and of Government at large where necessary;
- To plan and implement automated administrative and office systems throughout the Department of Finance and Treasury and any other department(s) that may require assistance from the Division.

Commercial Investment Division.

Objectives

The main objectives of the Commercial Investment Division include;

- Creating an investment climate which will generate increased commercial and economic activities consistent with National Government objectives, through target and efficient government financial and regulatory interventions in the economic sector which does not cause unintended distortions;
- Contribute towards creating an efficient and dynamic private sector which is consistent with Government objectives;

- Establishing commercially viable public enterprise which are efficient effective and responsive to the economic and development needs of the people, the State and the private sector;
- Ensure an effective implementation of the Government's program; and
- Provide fair and stable price levels whereby producers are allowed reasonable returns on their investments and consumers are not charged unnecessarily excessive prices.

Insurance Commissioner

Mission

To implement Government directives in accordance with the regulation and supervision of the insurance and superannuating industries, and to ensure that insurance and superannuating services and practices are provided in the best interests of Papua New Guinea.

Objectives

- Efficiently administer regulatory and supervisory responsibilities; including licensing and registration as set down in the Insurance Act 1995;
- Encourage responsible growth in all sectors of the insurance industry, including general, life, and superannuation streams;
- Monitor solvency and financial performance indicators of licensed insurers and brokers to ensure financial strength and viability of the industry is maintained to adequately meet the obligation of policy-holders;
- Reduce insurance costs and ensure equality services for the community and business through competitive practices in the industry;
- Investigate complaints and ensure consumer interests and rights are protected,

Economic Policy Unit

Objective(s)

The Economic Policy Unit has an important role within the Department of Finance and Treasury in the areas of macroeconomic policy formulation and analysis, macro-planning and economic forecasting.

The provision of timely parliament and National Executive Council briefs is an ongoing activity of the unit including provision of the

essential inputs into, unilateral, bilateral, and multilateral talks held either within Papua New Guinea or abroad.

The Unit, through the Fiscal and Forecasting branches, provides the essential Fiscal budgetary framework, which is the pinnacle for the Government's annual budgets. The formulation of a midterm expenditure strategy or plan, also assist in guiding expenditure planning into the medium term.

Part of this important role is for the Unit to liaise closely with other Government agencies and departments, including private sector organizations. Keeping such channels of communication flowing is essential to enable an effective monitoring, assessment, and provision of timely reports, briefs and advise to the Government of the day on what is happening in the different sectors in the economy and macro implications.

2. Personnel Resources

The following is the Department of Finance and Treasury current personnel position and budget and its projections for the year 2000.

Personnel

Status	Total	National	Contract	Voluntary	Consulting
Funded	739	721	18	1	6
Strength	421	407	14	1	6
Vacancies	318	314	4	..	..
Laborers	1	1	..	..	..
Casuals	10	10	..	..	..
Unattached	251	251	..	..	..

Budget Activity (By Division)

Division	Personnel	Cost
Top Management & Administration	87	1,304,980
Economic	21	408,980
Commercial Investment	20	338,376
Insurance Commission	7	200,568
Budget	43	472,900
Financial Inspectors	53	930,249
Loans, Revenue, Aid & Debt Management	50	403,778
Public Accounts	50	1,045,938

Appendix 5. The Banking Sector

1. Bank of Papua New Guinea

The Bank of Papua New Guinea was established in 1975, and is the nation's Central Bank. A board of directors appointed by the Government controls the Bank. Its profits are paid into the public account, which is a state fund. It takes no part in normal commercial activities.

The Bank of Papua New Guinea controls the monetary policy of the Government. It controls the amount of funds in the country and determines the amount of funds that other banks lend to firms and to the public.

The Bank of Papua New Guinea has the following responsibilities:

- issuing the nation's currency – the kina
- holding Papua New Guinea's reserves of gold and foreign currency
- controlling the value of the kina against other currencies
- issuing exchange control regulations
- handling the bank accounts of government departments
- keeping track of the public debt of Papua New Guinea. It keeps detailed records of government loans from within the country and from overseas. It also makes arrangements for the repayment of these loans.
- issuing licenses to buy and sell gold

The Bank of Papua New Guinea controls monetary policy by controlling the commercial banks as follows:

- the commercial banks may be required to deposit sums of money with the Bank of Papua New Guinea;
- the commercial banks may be required to reduce their lending by a certain amount;
- the commercial banks may be encouraged to raise or lower their interest rates; and
- in extreme cases the Bank of Papua New Guinea may take over the operations of a commercial bank.

2. Commercial Banks

The Commercial banks that exist in Papua New Guinea are:

- Papua New Guinea Banking Corporation (a Government-controlled bank – PNGBC)

- Westpac Bank PNG – Westpac
- Australia and New Zealand and Banking Group – ANZ
- Bank of South Pacific – BSP
- Bank of Hawaii
- Malaysian Bank – May Bank

3. Finance Companies

In Papua New Guinea, there are a number of finance companies in operation. These include:

- Nambawan Finance
- AGC Pacific
- Credit Corporation
- MBf Finance – part of a large Malaysian investment company
- First Investment Finance
- Resources and Investment Finance Limited

Finance companies provide finance to businesses and the public mainly to obtain assets. They do this mostly through leasing and hire purchase.

4. The Agriculture Bank of Papua New Guinea

The Agriculture Bank, which is under the control of the PNGBC, does not operate like a normal commercial bank – it lends money mainly for business purposes, however it does not accept deposits of funds from the public. The funds lent normally come from grants and loans from the government. It also obtains grants and loans from overseas agencies, e.g., ADB.

The Agriculture Banks provides finance for agricultural and other productive purposes. Its role is to provide finance for:

- the setting up and development of agriculture activities;
- the setting up and development of commercial and industrial activities;
- the purchase of existing commercial and industrial activities; and
- rural housing.

The Agriculture Bank also gives advice to Papua New Guinean businesspersons involved in agricultural, commercial, and industrial activities.

5. The Investment Corporation

The Investment Corporation was established for two main reasons:

- to provide a safe investment for depositors funds; and
- to provide finance for Papua New Guinea companies.

Papua New Guinea citizens may buy shares in the Investment Corporation Fund. The money in this fund is used to buy shares in Papua New Guinea companies.

The Investment Corporation Fund may hold up to 30 percent of the shares in a business. The Fund's income comes from dividends from the many companies it has invested in. This income is then distributed to the fund's shareholders.

Investment Corporation Fund shareholders benefit in the same way as shareholders in a company. Dividend income is received. The value of Investment Corporation Fund shares also increases as the assets or shares in the fund increase.

Appendix 6. The Securities Act

The Securities Act 1997 contains provisions regulating the dealing in securities in PNG, and significantly extends the scope of the existing legislation to cover:

- the creation of a Securities Commission to regulate trading in securities. Initially this will be under the control of the Registrar of Companies;
- the establishment and regulation of a PNG stock exchange;
- regulation of the offer of securities to the public, and the obligations of issuers;
- the contents and registration of prospectus;
- the creation and regulation of unit trusts;
- securities market practices, including market manipulation, false trading and insider trading;
- disclosure obligations of substantial shareholders, defined as a person having a direct or indirect beneficial interest of 5 percent or more of the voting shares in a company; and
- the formulation by the Securities Commission of a takeovers code.

**Appendix 7. Accountants Registration and Practice Rules
1999**

(These rules are being applied, however they are not yet gazetted).

Made under the Accountants Act 1999 to be deemed to have come into operation on 14 September 1998. The following Rules (for Registration) are prepared in accordance with Section 68 of the Accountants Act.

1. Registration and Minimum Qualifications

To be registered in any of the accounting categories as detailed in Section 68 of the Accountants Act, a registration form must be completed with the Accountants Registration Board in accordance with the following:

- (i) To be registered in any of the above categories, the applicant must be a Fellow or an Associate member of the Papua New Guinea Institute of Accountants.
- (ii) Citizen applicants must have completed the Professional Examinations of the Papua New Guinea Institute of Accountants unless they have been admitted as an associate of the Papua New Guinea Institute of Accountants by virtue of being a member of an approved (by Papua New Guinea Institute of Accountants) overseas accountancy body; in which case the applicant must have completed the Papua New Guinea Institute of Accountants professional examinations of Taxation Law and Practice, and Business Law.
- (iii) Non-citizen applicants must be eligible by virtue of their membership of an approved (by Papua New Guinea Institute of Accountants) overseas accountancy body to be an Associate or Fellow member of the Papua New Guinea Institute of Accountants; in which case the applicant must have completed the Papua New Guinea the Papua New Guinea Institute of Accountants professional examinations of Taxation and Practice and Business Law before applying for registration.

- (iv) In the case of non-citizens not having an approved overseas accountancy qualification, all the professional examinations of the Papua New Guinea Institute of Accountants must have been completed before applying for registration.
- (v) No applicant will be approved as a Registered Public Accountant, Registered Company or Registered Liquidator if membership of the Papua New Guinea Institute of Accountants is obtained under Rule A. "Special Admission" of the Papua New Guinea Institute of Accountants Rules.
- (vi) No applicant will be approved unless the applicant has had at least three years' experience in a registered practicing firm, in the relevant category, which must be evidenced by appropriate certification.
- (vii) In the case of an emergency (e.g., special circumstance such as the illness or sudden death of an exiting partner requiring a replacement partner almost immediately) the Accountants Registration Board shall have the power to grant provisional registration for a period of up to six months to a new partner, during which time the requirements of registration must be fulfilled.

2. Non-citizens Wishing to Enter Practice

Non-citizens wishing to register or re-register in Papua New Guinea other than as a partner in an existing firm must enter into partnership arrangement with a citizen. Such arrangement must include a clause in which the citizen or citizens have the control within the entity. A copy of the joint venture arrangement must be submitted to the Accountants Registration Board at the same time as an application to practice is submitted. In the event, that the partnership terminates, the non-citizen's registration lapse automatically.

3. New Non-citizen Partners in Existing Firms

A new non-citizen partner in an existing firm can only replace a retiring partner from that firm.

4. Renewal of Registration

The Accountants Registration Board shall before renewing the registration of a Registered Public Accountant, Registered Company Auditor or Registered Liquidator be satisfied that all requirements of the Accountants Act have been complied with, that the member is in good standing, with the Papua New Guinea Institute of Accountant attesting to the fact that the Continuing Professional Education requirements of the Papua New Guinea Institute of Accountants have been met under the Papua New Guinea Institute of Accountants Rule 10.

5. Accountants In Employment

All Accountants in Employment must be Fellows, Associates, Accounting Technicians or Registered Graduate financial members of the Papua New Guinea Institute of Accountants who shall attest on renewal with the Accountants Registration Board of Papua New Guinea each year that the member is in good standing with the Papua New Guinea Institute of Accountants, and a letter of confirmation is received from the Papua New Guinea Institute of Accountants attesting to the fact that the Continuing Professional Education requirements of the Papua New Guinea Institute of Accountants have been met under Papua New Guinea Institute of Accountants Rule 10.

- (a) A member in the employment of a public accountant or a practice entity shall not undertake any public accountancy services.
- (b) A member in the employment of the State, or by a statutory body or by a private organization, shall not undertake any public accountancy services
- (c) A breach of this clause will be referred to the Accountants Statutory Committee under the Accountants Act.

The Accountants Registration Board has the discretion to register any person or persons irrespective of whether it is in compliance with the above Rules, where the Accountants Registration Board consider that it is the interest of the public and the profession.

In order to register a person under this rule, a two-thirds (2/3) majority at the relevant Board Meeting is necessary.

Appendix 8. Papua New Guinea Institute of Accountants**Five Year Institute Plan: 2000 - 2004****1. Mission Statement**

"To promote a standard of excellence in our membership in the provision of accounting, auditing, financial management, taxation, and business advisory services"

- Organization Change: To initiate a process of organizational change with priority given to:
 - Becoming a pro-active knowledge-based institution;
 - Adopting a more flexible, innovative and responsive organization culture;
 - Improving efficiency and service delivery;
 - Monitoring the needs of separate membership groups, and addressing the needs of individual members; and
 - Developing strategic alliances with International accounting bodies;
 - ❖ Project Owner: Council
- Leadership: To provide leadership in the development of:
 - Quality assurance;
 - New standards for new services; and
 - Relationships with other professional and business associations.
 - ❖ Project Owner: Council
- Change management: To adopt a culture that embraces change and to commit the resources required to manage change at the structural and operational levels.
 - ❖ Project Owner: Council
- Ethical Standards: To foster the highest of ethical standards among members.
 - ❖ Project Owner: Membership Committee
- Specialization: To promote and support specialization through members' careers.
 - ❖ Project Owner: Council

- Ownership: To develop guidelines on the ownership of public practice firms, access to capital and distribution of profits that balance contemporary commercial needs and professional standards, and to allow multidisciplinary practices.
 - ❖ Project Owner: Public Practice Committee (to be formed)
- Advocacy: To demonstrate a leading advocacy role with national and international governments and regulators on all economic and business issues affecting the profession.
 - ❖ Project Owner: Council
- Globalization: To lead the process of globalization of business and the profession by:
 - Working with the Accounting Standards Board on the international harmonization of International Accounting Standards and International Auditing Standards
 - Developing associations with professional and associated organizations internationally; and
 - Fostering networking of members.
 - ❖ Project Owner: Council Standards Committee and Council
- Education:
 - To respond to members' needs for professional education;
 - To maintain an educational program which provides members with an up to date coverage of the essential accounting and related disciplines necessary to prepare members for their participation in their respective roles in the accounting, financial, business advisory, taxation, and management functions;
 - To continue to incorporate core accounting skills;
 - To enable members to achieve reciprocal membership with International; accounting bodies, and particularly ASCPA;
 - To expand and develop the Accounting Technician qualification; and
 - To support the universities in maintaining and improving their standards.
 - ❖ Project Owner: Education Committee
- Continuing Professional Education (CPE): In line with leading accountancy bodies throughout the world, the Institute has a commitment to life-long learning. Our objective is therefore:

- To provide as wider a range as possible of CPE programs to meet the needs of our diverse membership;
- To support CPE offered by kindred organizations within the range of CPE as designated in Rule 10; and
- To support appropriate in house CPE relevant to the requirements of CPE under Rule 10.
 - ❖ Project Owner: Conference/CPE Committee
- The Accountants Act:
 - To have the Accountants Act rewritten and to rewrite the Rules to conform with the modern version of the accountancy profession and make it possible for practising firms to include partners from other disciplines such as lawyers, management information systems experts, taxation advisers, and human relations personnel.
 - To foster a closer working relationship with the Accountants Registration Board for the benefit of the accountants in Papua New Guinea.
 - ❖ Project Owner: Constitution Committee
- Membership
 - To increase the number and quality of our membership.
 - ❖ Project Owner: Membership Committee
- Public Sector:
 - To pursue a policy of assisting the public sector in accounting and financial matters. To promote the recruitment and involvement of professionally qualified accountants to enhance the credibility and accountability of public sector management.
 - To establish a public sector membership category to promote membership in the public sector for those personnel who are in the accounting function as defined by the Accountants Act.
 - ❖ Project Owner: Public Sector Committee
- Finance:
 - To maintain a healthy financial state in order to provide all services required by members at cost-benefit level to members.
 - ❖ Project Owner: Finance Committee
- Tertiary Institutions:

- To assist tertiary institutions to achieve high standards, which will enable them to tackle our professional examination program with competence.
- To interest students at national high schools Grade 11 and 12 level in the accountancy profession prior to entry to tertiary institutions.
 - ❖ Project Owner: Education Committee
- Electronic Commerce:
 - To expand e-commerce to provide optimum service to members through e-commerce, Website, etc.
 - ❖ Project Owner: Technical Officer
- Library Service:
 - To establish a comprehensive and current library service having regard to the facility of Internet.
 - ❖ Project Owner: Council

2. Implementation of the Five Year Plan

Effective Governance

The achievement of the aims in the Five Year Plan (2000 - 2004) will be dependent on the election of a dedicated council (in 2000) who will work in committees to achieve their separate aims but at the same time will link together in pursuance of our mission statement.

"To promote a standard of excellence in our membership in the provision of accounting, auditing, financial management, taxation, and business advisory services".

The amendments to the Accountants Act providing for annual elections of Council were prepared in July 1998 and have been on the order paper for the last two sittings of parliament. It is now too late to have an election for Council this year and elections will be held in 2000 either under the provisions of the amended Act or in accordance with the existing Accountants Act.

The present committees operating are:

- Membership and Disciplinary Committee
- Education
- Conference/CPE
- Standards
- Tax
- Constitution
- Public Sector

- Journal Finance
- A new Committee to be appointed in 2000 is a Public Practice Committee.

The Council and the committees of Council will be supported by the staff of the Institute. Staff will be increased over the next five years in accordance with the growth of membership and activities. With the small size of the staff and the complexity and range of activities appointees will be highly intelligent, capable and dedicated. This will be planned by the Governance Committee consisting of the President, Vice-President, Treasurer and the Executive Director.

Other Committees will have to be formed and will not necessarily have to be made up of Council members, although in many cases the Chairman will be a member of the Council.

Committee members will require dedication and application if the Institute is to continue to make progress as it has over the past four years.

3. Membership Services

To improve membership services monthly newsletters will be produced, three journals a year will be produced, and a website has been established which will be constantly updated to enable members to have ready access to the activities of the Institute.

Three annual conferences will be held from 2000 onwards in Port Moresby (jointly with ASCPA), in Lae and in Mt Hagen.

Branches are in existence in Port Moresby (Southern Region and Popondetta), Lae (Momase Region) and Mt Hagen (Highlands Region).

Committees have been established in Kokopo (New Guinea Islands Region) and this will be upgraded to a branch in 2000; and Madang which will be upgraded to a branch in 2000 to service Wewak, Vanimo, Tabubil, Lorengau, Aitape and Maprik. Added to the above we have equipped ourselves very well with our upgraded computer system, printers, and photocopier so that we are in a position to produce materials of top quality at a very fast rate.

From 2000 onwards we will produce an improved annual report format

4. Education

Our education modules have been extended to include Professionalism and Professional Ethics and Management of Business Information Systems (as an option to Management Accounting) from 2000 onwards.

Management of Business Information Systems may also be taken as a stand-alone unit for those who have already taken Management Accounting and can be taken as a CPE unit of 14 hours (on passing). We have a contract (to the end of 2001) with ASCPA for the production of the four modules of Management Accounting, Financial Accounting I, Financial Accounting II and Auditing. Discussions will continue to be held with ASCPA with the intention of gaining reciprocity at the end of 2001. It is anticipated that the contract will be renewed for a further period after 2001.

The modules that we have produced - Taxation, Business Law and Professionalism, and Professional Ethics, will be constantly updated to comply with changes in legislation and to improve the standard of them. (Notwithstanding this comment, they are already of a very good standard).

There is a body of opinion within the membership that a number of members do not wish to aspire to Associate status and wish to remain as Accounting Technicians. These members play a very important role in the profession and whereas the present Accounting Technician examination is serving a useful purpose, there is a need to expand the syllabus to give it a wider coverage and more depth. This is scheduled to be completed by the end of 2001. The bulk of our future members will come from the universities. It is our desire to assist the universities in the maintenance and improvement of their courses. Regular visits will be made to universities. The frequent interruptions to study programmes at the Government Universities is of some concern to Council. We have a good relationship with Pacific Adventist University and Divine Word University. In the future, we are prepared to assess and possibly recognize other private institutions that meet our criteria for entry to the Institute as graduate members.

5. Continuing Professional Education

As stated in the Institute's Five Year Plan the Institute along with leading Accountancy Bodies throughout the world is committed to life long learning.

The number of Continuing Professional Programs will be increased and will be designed to cater for a wider range of our membership including our Accounting Technicians.

This will be a progressive program over the period of the Institute plan.

On line CPE will commence to be introduced as soon as suitable staffing can be identified when it is recognized that we are ready to introduce it after the range of CPE's has been established. It will also take some time for a wider range of membership to be in a position to take advantage of such a facility. A survey will be held next year to ascertain numbers who have email addresses and could take advantage of online CPE programs. It is anticipated that this will commence in Year 2002.

6. Accountants Act

The Accountants Act does not reflect the modern version of the accountancy profession.

Before the introduction of the Act, many submissions made by the Institute were not incorporated into the Act. It is therefore intended that the Act be completely rewritten.

In the light of experience since the writing of the Rules, some amendments will need to be made to the Rules. This will be a task for the Constitution committee for the year 2000.

7. Public Sector

The weak situation of the Public Sector is a concern to the Institute. It has a great effect on the economy of Papua New Guinea.

The Institute believes that it can assist greatly in the improvement of public sector performance.

Consideration will be given in the rewriting of the Act to introducing a special category of Public Sector member.

8. Building

The Institute has purchased Kisere Rumana. By the time of receipt of this document, the legal transfer of the property should have taken place. Rentals and notional rentals (from the Institute) will cover repayments over five years.

Over a period, the growth of the Institute will determine the pace at which other floors of the building (in addition to the one already

occupied) will be taken over. Increases in membership and activities will necessitate increases in staff, which in turn will necessitate additional space requirements.

The library is another matter to be considered. To date the usage of the library is almost nil. It may be a chicken and egg situation. If the library was better stocked would more members use it? The expansion of Internet is another matter to be considered. It will certainly have an effect on libraries and library service. This matter will have to be monitored over the next two years.

The state of our finances will have to be another determining factor.

9. Finance

The Institute has had very good financial results over the last three years. It has enabled the Institute to purchase Kisere Rumana. The budgeted profit for year 2000 is considerably lower than the previous two years due to increased costs, the addition of a Technical Officer to the staff and a reduced interest amount due to the purchase of the building (and consequent lower liquidity) and an anticipated reduction in interest rates).

Membership fees have been held at the existing rates but it is inevitable that membership fees will increase progressively over the next five years. It is simply not possible to maintain a membership fee with a relatively very low membership of 1,400 (to increase to 2,000 over the next five years) and provide the activities and service to members to maintain and improve the high standard of OPE and Conferences which we have been able to do over the past four years.

Appendix 9. University of Papua New Guinea

1. Diploma in Commerce – DCOM

Year 1 – Term 1 (8 Credit Points)

<i>Course No.</i>	<i>Course Name</i>	<i>Credit Point</i>	<i>Prerequisite</i>
22:1101	Accounting 1	2	None
22:1181	Economics For Business Management	2	None
08:1004	Finite Mathematics	2	None
39:1101	*Communication & Life Skills	Def	None
39:1102	**Numeracy & Computing	Def	None

Year 1 – Term 2 (8 Credit Points)

<i>Course No.</i>	<i>Course Name</i>	<i>Credit Point</i>	<i>Prerequisite</i>
22:1102	Accounting 11	2	22:1101
22:1160	Business Statistics	2	None
22:1182	Economics For Business Management 11	2	22:1181
39:1101	Communication & Life Skills	Def	39:1101 T/1
39:1102	Numeracy & Computing	Def	39:1102 T/1

Year 1 Term 3 (8 Credit Points)

<i>Course No.</i>	<i>Course Name</i>	<i>Credit Point</i>	<i>Prerequisite</i>
22:1103	Accounting 111	2	22:1102
22:1040	Introduction to Business Administration	2	None
22:1140	Business Law	2	None
39:1101	Communication & Life Skill	4	39:1101 T/2
39:1102	Numeracy & Computing	2	39:1102 T/2

Year 11 / Term 1 (8 Credit Points)

<i>Course No.</i>	<i>Course Name</i>	<i>Credit Point</i>	<i>Prerequisite</i>
22:2001	Financial Accounting 1	2	22:1103
22:2021	Cost Accounting & Budgeting 1	2	22:1103, 08:1004, 22:1160
22:1120	Elements of Information System	2	None
22:2050	Auditing	2	22:1103
39:2101	Civics & Ethics +	Def	None

Year 11 / Term 2 (8 Credit Points)

<i>Course No.</i>	<i>Course Name</i>	<i>Credit Point</i>	<i>Prerequisite</i>
22:2002	Financial Accounting 11	2	22:2001
22:2022	Cost Accounting & Budgeting 11	2	22:2021
22:2040	Analysis & Design of Information Systems	2	22:1120

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22:2071	Taxation 1	2	22:1103
39:2101	Civics & Ethics +	2	39:2101 T/1
<i>Year 2/Term 3 (8 Credit Points)</i>			
<i>Course No.</i>	<i>Course Name</i>	<i>Credit Point</i>	<i>Prerequisite</i>
22:2003	Financial Accounting 111	2	22:2002
22:2023	Cost Accounting & Budgeting 111	2	22:2022
22:2072	Taxation 11	2	22:2071
	Elective	2	None

2. Summary of Courses Offered

Bachelor of Commerce - BCOM

Year 3/Term 1

<i>Course No.</i>	<i>Course Name</i>	<i>Credit Point</i>	<i>Prerequisite</i>
22:2321	Quantitative Analysis 1	2	22:1160 08:1004, 22:2023
22:2361	Framework of Accounting 1	2	22:2003 22:2050
22:2341	Information System in Development & Operation	2	22:2040
22:2270	Advanced Taxation	2	22:2072

Year 3/Term 2

<i>Course No.</i>	<i>Course Name</i>	<i>Credit Point</i>	<i>Prerequisite</i>
22:2322	Quantitative Analysis 11	2	22:2321
22:2362	Framework of Accounting 11	2	22:2361
22:2342	Information Systems in Development & Operation	2	22:2341
22:2210	Company Law	2	22:1140

Year 3/Term 3

<i>Course No.</i>	<i>Course Name</i>	<i>Credit Point</i>	<i>Prerequisite</i>
22:2323	Quantitative Analysis 111	2	22:2322
22:2363	Framework of Accounting 111	2	22:2362
22:2343	Information Systems in Development & Operation	2	22:2342

Year 4/Term 1

<i>Course No.</i>	<i>Course Name</i>	<i>Credit Point</i>	<i>Prerequisite</i>
22:2261	Cost & Management Accounting 1	2	22:2003 22:2023 22:2323
22:2281	Corporate Financial Management 1	2	22:2023 22:2003 22:2323

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22:2381	Advanced Accounting Practice IA	2	22:2363
22:2441	Advanced Accounting Practice IIA	2	22:2363
22:2201	Advanced Auditing I	2	22:2050

Appendix 10. Pacific Adventist University

1. Business Courses

- The Bachelor of Business (BB) with a major in Accounting is offered as a seven semesters or three-and-a-half years' full-time course of 35 subjects or 105 credit points with a major in accounting.
- The Bachelor of Business (BB) with a double Major in Accounting and Computer Applications is offered as an eight semesters or four years' full-time course of forty subjects or 120 credit points. Student who wish to study for the double major must have the written approval of the Dean of the School of Business. Approval to study for the double major is usually given at the conclusion of semester four.

2. Business Courses Sequence and Progression

Bachelor of Business (Accounting)

Year One – Semester One

B111.01	Introduction to Accounting
B132.01	Introduction to Computing
B142.01	Quantitative Methods 1
B151.01	Introduction to Management
G131.01	Research Writing Skills

Year One – Semester Two

B112.02	Financial Accounting
B162.02	Introduction to Law
B174.02	Macro Economics
L132.02	Modern English Structure
R111.02	Gospels

Year One – Semester Three

B213.03	Cost Accounting 1
B264.03	Commercial Law 1
B273.03	Microeconomics
B280.03	Advances Spreadsheets and Databases
R121.01	Bible Doctrines

Year One – Semester Four

B195.04	Business Communication
B213.04	Cost Accounting 2
B215.04	Corporate Accounting 1

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B244.04	Quantitative Method 2
B252.04	Principles of Marketing
<i>Semester Five</i>	
B216.05	Corporate Accounting 2
B266.05	Commercial Law 2
B327.05	Corporate Finance
B336.05	Management Information Systems Elective

Mid-Year

B296.00	Practical Experience 1
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Semester Six

B234.04	Computer Accounting Applications
B322.06	Audit and Control
B355.06	Business Ethics
B381.06	Business Research Methods
R221.04	Old Testament Survey

Year Four Semester Seven

B324.05	Accounting Issues
B327.08	Corporate Financial Management
B368.06	Tax Law and Practice
B384.07	Research Project Elective

Mid-Year

B396.00	Practical Experience 2
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Bachelor of Business (Accounting & Computer Applications)

Year One

Semester One

B111.01	Introduction to Accounting
B132.01	Introduction to Computing
B142.01	Quantitative Methods 1
B151.01	Introduction to Management
G131.01	Research Writing Skills

Semester Two

B162.02	Financial Accounting
B162.02	Introduction to Law
B174.02	Macroeconomics
L132.02	Modern English Structure
R111.02	Gospels

Year Two Semester Three

B213.03	Cost Accounting 1
B264.03	Commercial Law 1
B273.03	Microeconomics
B280.03	Advance Spreadsheets and Databases
R121.01	Bible Doctrines

Semester Four

B195.04	Business Communication
B213.04	Cost Accounting 2
B215.04	Corporate Accounting 1
B244.04	Quantitative Methods 2
B252.04	Principles of Marketing

Year Three Semester Five

B216.05	Corporate Accounting 2
B285.07	Introduction to Programming
B327.05	Corporate Finance
B336.05	Management Information Systems
B390.07	Professional Computing

Mid-Year

B296.00	Practical Experiences
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Semester Six

B234.04	Computer Accounting Application
B322.06	Audit and Control
B381.06	Business Research Methods
B391.08	Web Site Development
R221.04	Old Testament Survey

Year Four Semester Seven

B266.05	Commercial Law 2
B324.05	Accounting Issues
B327.08	Corporate Financial Management
B368.06	Tax Law and Practice
B384.07	Research Projects

Semester Eight

B288.07	System Analysis and Design
B355.06	Business Ethics
B384.08	Computer Application Project
B386.08	Networking
R241.04	Prophetic Perspectives

Appendix 11. The Institute Of Business Studies

1. IBS Certificate Course - Certificate in Accounting

This course provides with a basic knowledge in Accounting and Business Studies. The Certificate in Accounting in Accounting (CIA) course is design as a foundation course in accounting for students aspiring to be professional accountants.

It is the only course, offered by a private educational institution, accepted by a one the entry qualifications for the following programs offered at IBS:

- Diploma in Commerce (DIC) of the Institute of Distance and Continuing Education (IDCE) of the University of PNG
- IBS Diploma in Business leading to Bachelor of Business Degrees of Southern Cross University, Australia.

Entry Requirements

A Grade 10 or equivalent certificate or three years' work experience

Course Overview

The course is divided into four stages:

Stage 1	Stage 2
Elements of Bookkeeping	Bookkeeping
Business Communication - 1	Business Communication - 2
Business Mathematics - 1	Business Mathematics - 2
Stage 3	Stage 4
Basic Accounting	Basic Administration
Business Statistics	Computer Application - Business

2. IBS Certificate Course – Computing

The Certificate in Computing (CIC) course provides students with the fundamental knowledge and skills to use computers in a modern environment. It also serves as a basic qualification in Computing.

Course Overview

Stage 1	Stage 2
Business Writing Skill	Bookkeeping
Elements of Bookkeeping	Word Processing-MS Word
Introduction to Computers & Windows	Fundamentals of Inform. Systems
Stage 3	Stage 4
Basic Accounting	ACCPAC Accounting Package
Spreadsheet - MS Excel	Database Management MS Access

Entry Requirements

Grade 10 or equivalent qualification is needed.

3. Diploma in Commerce of University PNG

The Diploma in Commerce is a course offered jointly by UPNG and UNTECH. IBS offers this course, as a sub-center of IDCE of UPNG. On completion of the DIC, students will be equipped with the skills, knowledge and understanding to perform most of the accounting functions needed in a business.

Entry Requirements

Enrolment in the DIC course requires completion of the CIA conducted at IBS with Grade 10 or Grade 12 certificate. Grade 10 certificate with three years of accounting experiences will also suffice.

Course Overview

There are two parts to the program with each subject covering 64 hours of lectures.

Part 1	Part 2
Basic Accounting	Financial Accounting
Accounting	Cost Accounting
Say it with figures	Auditing
Business Statistics	Taxation
Business Communication	Analysis and Design of
Business Administration	Information Systems
Business Law	
Economic Principles	
Elements of Information System	

4. IBS Associate Degree in Business (Accounting)

The Associate Degree in Business (Accounting) Program requires completion of the first 16 units of Bachelor of Business (Accounting) Degree Program of Southern Cross University, Australia. On successful completion of this program, a certificate will be awarded by IBS in affiliation with Southern Cross University, Australia.

Entry Requirements

IBS Diploma in Business, or Diploma in Commerce of UPNG, or other equivalent qualifications

Course Overview

Semester 1	Semester 2
Accounting & Financial Management I	Accounting & Financial Management II
Legal Studies I	Fundamental of Management
Introduction Computing	Applied Microeconomic
Business Management	Marketing Principles
Semester 3	Semester 4
Accounting Principles & Practice	Legal Studies II
Financial Reporting	Management Accounting
Statistics I	Macroeconomics
Managerial Finance	Auditing

5. IBS Associate Degree in Business (Computing)

The Associate Degree in Business (Computing) Program requires completion of the first sixteen (16) units of Bachelor of Business (Computing) Degree Program of Southern Cross University, Australia. On completion of this program, a certificate will be awarded by IBS in affiliation with Southern Cross University, Australia.

Entry Requirements

IIBS Diploma in Business, or Diploma in Commerce of UPNG, or other equivalent qualification.

Course Overview

Semester 1

Accounting & Financial Management I
 Legal Studies I
 Introduction to computer
 Business Mathematics

Semester 2

Accounting & Financial Management II
 Fundamentals of Management
 Applied Microeconomics
 Marketing Principles

Semester 3

System Analysis and Design
 Application Development
 Statistics Elective

Semester 4

Database System I
 Data Communications & Networks
 Macroeconomics Elective

6. Bachelor of Business (B.Bus) (Accounting)

The Bachelor of Business (Accounting) requires completion of 24 units. On successful completion of 24 units, Bachelor of Business (Accounting) Degree will be awarded by Southern Cross University, Australia.

Entry Requirements

IBS Associate Degree in Business (Accounting)

Course Overview

Semester 1

Accounting & Financial Management I
 Legal Studies I
 Introduction to Computing
 Business Mathematics

Semester 2

Accounting & Financial Management II
 Fundamental of Management
 Applies Microeconomics
 Marketing Principles

Semester 3

Accounting Principles & Practice
 Financial Reporting
 Statistics I
 Managerial Finance

Semester 4

Legal Studies II
 Management Accounting
 Macroeconomics
 Auditing

Semester 5

Semester 6

Organization Behavior	Strategic Management
Company Law	Accounting Theory
Taxation	Elective
Elective	Elective

7. Bachelor of Business (B.Bus) (Computing)

The Bachelor of Business (Computing) requires completion of 24 units. On successful completion of 24 units, Bachelor of Business (Computing) Degree will be awarded by Southern Cross University, Australia.

Entry Requirements

IBS Associate Degree in Business (Computing)

Course Overview

Semester 1	Semester 2
Accounting & Financial Management I	Accounting & Financial Management II
Legal Studies I	Fundamental of Management
Introductory to Computing	Applied Microeconomics
Business Mathematics	Marketing Principles
Semester 3	Semester 4
System Analysis & Design	Database Systems I
Application Development	Data Communication and Networks
Statistics Elective	Macroeconomics Elective
Semester 5	Semester 6
Commercial Programming	Computing Project
Decision Supporting Systems	Information Resource Management
Organization Behavior	Strategic Management
Elective	

Appendix 12. PNG Institute of Public Administration

1. Certificate in Accounting

Course Overview

The course has 10 units or subject contents with ten or so modules in each subject. This course aims to provide an education, knowledge, skills, and practices that are relevant in employment in accounting and financial fields. After completing the course, the participants should occupy positions in booking keeping or account assistants.

Learning Objectives

The course will enable the participants to performs routine bookkeeping tasks and have general appreciation of the role in the accounting functions in the organization in which he she is employed.

Content

Financial Accounting	Business Communication
Economics	Auditing
Public Sector Accounting	Commercial Law
Mathematics and Quantitative Tech.	Office Management
Cost and Stores Accounting	Computer Concepts & Applications

Target Group

The course is for people who are working or wishing to specialize in accounting and finance either in the public, private or nongovernment organization and for self-employed people.

2. Diploma in Accounting

Course Overview

The Diploma in Accounting is a new program, which started in 1999. The program is designed to recognize the unique qualifications and expertise of those professionals engaged in accounting at the middle level of the profession.

Learning Objective

The program will enable participants to completely prepare accounting records and statements and be able to critically analyze financial data. At the end of the program, participants would be in a position to pursue professional certificate

Content

Principles Accounting	Company Law
Management in Accounting	Economics
Quantitative Method	Auditing
Information Systems	Public Finance & Accounting
Communication Skills	Financial Management
Principles of Management	Financial Accounting
Taxation	

Target Group

The program is for those people with some prior training in accounting and would like to pursue the accounting/auditing field at the higher level.

3. Internal Auditing

Course Overview

This course aims to enable participants to completely plan and implement an internal auditing program and design internal control

Learning Objectives

At the end of this course, participants will be able to deal completely and confidently with the operational approach to the conduct of the internal audits there by increasing effectiveness organizations.

Content

- The role of the internal audit and professional standard
- Management systems and control
- Organizational Control
- Understanding people and operational approach
- Base financial control
- Operational audit and financial management

Statistical sampling and internal audit reporting

Target Group

The course is intended for practicing internal auditors and those who would like to become internal auditors. Participants must have a good working knowledge of accounting.

4. Accounting for Non-financial Managers

Course Overview

This course gives participants the knowledge and skills necessary to provide management with the relevant financial and accounting information for decision-making.

Learning Objectives

At the end of this course, participants will be able to deal completely with those aspects of the manager's job, which relates to the cost of product and services, planning and controlling of the operations.

Content

Introduction to management accounting

Budgeting process

Cost-profit volume analysis

Standard costing & volume analysis

Cost allocation

Money and interest

Relevant costs

Capital investment decision-making

Target Group

The course is designed for managers, supervisors and coordinators of any organization.

Appendix 13. Workshop Participants

Vulupindi Haus
20 September 2000

Name	Organization	Position
Albert Senar	DOFT	Ass.FAS PL
Matatia Saroa	DOFT	FAS - Inspector
Aloysiua Hamoa	DOFT	A/FAS Loans
Thaddius Kambanie	DOFT	FAS - Public Accounts
Gabriel Yer	DOFT	AS - Public Accounts
Robert Wheeler	PNGIA	Executive Director
Timoty Vatnabar	PNGIA	D/Executive Director
Joel Nobetau	DOFT	Loans & Revenue
Owen Cox	PAU	Senior Lecturer
Dr. Pak Lee	PAU	Head Business Studies
Sister Jeanette Matela	DWU/ Madang	Lecturer
Monica Lopyui	EPU	Economist
Frank de Graaf	Register Public Acc.	Partner
Lawrence Ouma	DOFT	Specialist
Ben Poponawa	Auditor General Office	Auditor
Puva Wesako	Auditor General Office	Auditor
Ashok Gohosh	Auditor General Office	Advisor
Monovi Amani	Institute of Business	