

## TECHNICAL ASSESSMENT VISIT TO KEREMA - GULF (10-11<sup>th</sup> SEPTEMBER 2012)

### INTRODUCTION

On the 10<sup>th</sup> of September, the PCaB management based at the Head Quarters in Vulupindi and the two (2) Central based site PCaB Advisors visited the Gulf Provincial Treasury head quarters in Kerema. The PCaB delegation was led by the Chief Technical Specialist, Mr. Tito Balboa with colleagues; NPC – Mr. Sam Erepan, DLSA Central – Mr. Pim Kunipi, PSA Central – Mr. Martin Gele and the DoF Assistant Secretary (Southern) – Mr. Gini Gabina.

A convoy of three (3) vehicles under the guide of the two (2) security personnel from the G4s Security travelled to Kerema, Gulf. After two and a half (2.5) hour drive west from POM, we had a brief stopover at the Kairuku-Hiri District Treasury Office, Bereina to meet with the District Treasurer, Ms. Mareta Oa and her Treasury staff and for the CTS to familiarize himself with the staff and location before we left for Kerema. After a short brief with the DT and her staff, the delegation agreed to develop a Problem Solving Workshop in “Procurement” soon after the planned workshop with central based advisers, in quality aspects on the financial reports.

The rest of the trip to Kerema took four (4) hours before we arrived at the quite town of Kerema. We were met by the Acting Provincial Treasurer, Mr. Ori Igo, who led us to pay a courtesy visit as a matter of protocol to the Deputy Provincial Administration Mr. Emmanuel Xavier in place of the Provincial Administrator, who was outside of the Province. The NPC introduced the delegation and CTS further explained the purpose of our visit after which we expressed our appreciation for his acceptance of us and PCaB as a project to assist Gulf Provincial Treasury and Administration in Capacity Building in most or all aspects of Financial Management.

After the courtesy visit to the Provincial Administration, we met with the entire Gulf Provincial Treasury staff and the two (2) District Treasurers of Kikori and Kerema. After going through the routine of greetings and introductions, the NPC and CTS outlined our purpose and the benefits of PCaB as a project in the current pilot provinces and how Gulf province can also benefit from it.

With the Provincial Treasurer (PT) leading from the front, he laid out the issues confronted by himself as the PT, before giving the opportunity to his two DTs and staff to contribute to the discussions. Notes were taken of which this report is compiled, specifically on the financial management issues confronting the treasury staff and management of Gulf as follows;

## **ANALYSIS OF GULF TREASURY – DISCUSSIONS & OBSERVATIONS**

OWNERSHIP AND SUSTAINABILITY is the main issue with the GULF Provincial & District Treasury Offices, not to mention that a large element of NON COMPLIANCE to certain Financial Instructions (FI) regarding the relocation of LLG budget and the creation of their respective Cash Books for accountability purposes have NOT been implemented accordingly since this specific FI on it was release some years back.

It also appears that there is an URGENT need for all stakeholders to exercise COMPLIANCE to the Public Finance Management Act (PFMA) as a matter as priority, starting with creation of Cash Books for the remaining three (3) Local level Government accounts which are still operating on MANUAL or outside the PGAS operation, where cheque payments are manually raised for procurement purposes unlike the other ten (10) respective accounts which are operated from the PGAS.

Currently the four (4) Gulf Provincial accounts are operating on PGAS. The latest improvement is the work progress in getting the other seven (7) Local level Government (LLG) accounts onto PGAS, which they now have their own respective cheque books printed out by an official printer and to be released for usage hopefully next month (October).

There is a serious issue with manual operation of LLG accounts, especially in trying to account for all expenditures incurred so far with no support to the Treasury's efforts in obtaining used cheque books and butts to post details from and account for the monies been used as expenditure for respective LLGs. This has led to other problem of data integrity for the purpose of compiling accurate and timely financial reports of monthly Bank Reconciliations and Annual Financial Statements and issues with getting timely Bank Statements of respective accounts from Bank of South Pacific (BSP), Kerema Branch. The latest financial report produced is for East Kerema LLG dating back to December 2000. The detail of these delays will be outlined in the table below.

Generally there appears to be a great and urgent need for restoration in COMPLIANCE and ACCOUNTABILITY across the board for the Administration and the Treasury must deliver that urgently without exception in the common financial management areas which also provides the Baseline indicators for Capacity Building support to Gulf Provincial and District Treasury Offices as follows;

## SPECIFIC AREAS OF ISSUES & BASE LINE INDICATORS

The main issue faced by the Provincial Treasurer, District Treasurers of Kikori and Kerema and the Director of Local Level Government (LLG) Services have been the timeliness and quality aspects of the Financial Reporting of the sixteen (16) accounts including the two (2) DSIP accounts for Kerema and Kikori Districts respectively. This is highlighted in the table below.

No.	Account Number	Account Name	Cash Book No.	Current Status	Months in Arrears	Action Officer
<b>PROVINCIAL</b>						
1	1000 585698	Provincial Government Operating	500-134	September 2007	60	Prov. Accountant
2	1000 586499	Receiver of Public Monies (RPM)	32-94	December 2010	21	Prov. Accountant
3	1000 586497	Provincial Treasury Operating	32-114	September 2004	96	Prov. Accountant
4	1001 684886	Provincial Government Grants	32-702	December 2011	8	Prov. Accountant
<b>KIKORI DISTRICT</b>						
1	1000 943243	District Treasury Operating	32-619	December 2010	21	District Accountant
2	1000 244233	West Kikori	32-242	September 2001	132	District Accountant
3	1000 244444	East Kikori	32-241	December 2006	69	District Accountant
4	1000 244348	Baimuru	32-243	December 2009	33	District Accountant
5	1000 244516	Ihu	32-244	December 2006	69	District Accountant
6		DSIP				
<b>KEREMA DISTRICT</b>						
1	1000 943244	District Treasury Operating	32-618	May 2011	16	District Accountant
2	1000 244276	Central Kerema	32-235	December 2004	93	District Accountant
3	1000 244217	Taurelakekamu	32-240	September 2001	132	District Accountant
4	1000 244305	East Kerema	32-237	December 2000	141	District Accountant
5	1000 244479	Kotidanga	32-239	September 2001	132	District Accountant

6	1000244508	Kaintiba	32-238	May 2005	88	District Accountant
7	1000 238191	Kerema Urban	32-236	December 2008	45	District Accountant
8		DSIP				

**Note: A total of eighteen (18) Accounts to be reconciled monthly which includes the two (2) DTOs & the two (2) DSIP accounts.**

From the above table, it is noted that the situation of submission of financial reports, especially the bank reconciliations, is catastrophic. The bank reconciliation reports for all the accounts have an delay of approximately 72 months (6 years) in average !!!

This is most probably the cause of lack or poor service delivery in the province, because we noted the deplorable situation of basic services and infrastructure in the province (internal roads, water supply, health and education services, local market, no bank services, etc..)

When we asked about the situation of DSIP accounts, the respective district treasuries did not explain the current situation of these accounts, probably are in the same situation or even worst with some sensitivity issues such us: misuse and/or corruption cases, aspects that we did not entry on the conversation.

It is also noted that the Gulf province has lost its two last provincial accountants, one was dismissed at the beginning of this year, and the current one has resigned recently due to the precarious situation of financial reports. It is also curious that the provincial treasury offices are well equipped with modern furniture and computers.

Apart from the financial reports as expressed in the above table are the other pressing issues are as follows;

- 1) Fixed Assets Management
- 2) Procurement Processes and Procedures
- 3) Basic ICT training, especially for all Treasury staff and LLG Managers of each of the ten (10) LLGs.

The Deputy Provincial Administrator, Mr. Xavier acknowledged the efforts of Department of Finance through our Capacity Building programs (past and present) and was encouraged to know of its extension to Gulf Province. He also mentioned that there is an urgent need for proper and timely financial reporting for the Provincial Management Team (PMT) to make prompt informed decisions. CTS, Mr. Balboa stressed on accommodation for the PCaB Advisor as a priority to be stated in the MOU between PCaB/Department of Finance and Gulf Provincial Administration.

## **TENTATIVE PLAN FOR SUPPORT TO GULF PROVINCE**

The current and dramatic situation in the Gulf Province allow us develop a series of urgent activities before sending a permanent adviser to Kerema by next year.

During the next three months we would like to develop a technical support focusing on financial reports. The following activities are planned:

No.	ACTIVITY	SPECIFIC OUTPUTS	TARGET GROUP	TEAM	September 2012						
					S	M	T	W	T	F	S
1	Technical Support to Gulf-Kerema a) Bank Reconciliations for accounts already under PGAS	-TMC on Bank Rec. & AFS (all)	-DTs, PT, Prov. Accountant. -DTs, Districts & provincial accountants.	TCSA/PSA Central/ DLSA Central/ District Accountant- Bereina (J. Laiam)	23	24	25	26	27	28	29
					October 2012						
					S	M	T	W	T	F	S
2	Second Technical support to Gulf-Kerema. b) Bank reconciliations review of status of accounts and for those operating manually c) PGAS support	-Bank reconciliations updated -PGAS issues solved	-DTs, PT, Prov. Accountant. -DTs, Districts & provincial accountants.	TCSA/PSA Central/ DLSA Central/		23	24	25	26		
					November 2012						
					S	M	T	W	T	F	S
3	Third Technical support to Gulf-Kerema d) Annual Financial Statements (AFS) e) AFS Memoranda Records	AFS updated Memorandum records for AFS (all)	-DTs, PT, Prov. Accountant. -DTs, Districts & provincial accountants.	TCSA/PSA Central/ DLSA Central/		12	13	14			



AS-Southern as Head of Southern region thanks PCaB team for the visit to Kerema, whilst PT-Gulf (Mr. Ori) & DLSA-Central (Mr. Pim) listened on.



The Deputy PA of Gulf, Mr. Xavier listening to CTS Mr. Tito Balboa explaining the purpose of this trip to Kerema & Gulf Provincial. NPC & DLSA & AS- Southern, Mr. Gabina listened on.



The CTS, Mr. Balboa introducing the PCaB Team to the staff & management of Gulf Treasury, whilst NPC, AS-Southern, DLSA listened on.



To wrap the visit, NPC & CTS finalized the plans for next visit with the PT whilst DLSA listened about providing the technical support required by the Gulf PTO & DTOs of Kikori & Kerema. Also the need for Accommodation for the PCaB Advisor is priority, which PT & PA of Gulf must provide for 2013.