

Milne Bay PFM Assessment Report

PEFA-PR Summaries from PEFA Assessment in Milne Bay Province

PEFA Summary Assessment Results for Planning Systems

Main Strengths		Main Improvement Areas
1	There is an established culture of Medium Term Planning at Provincial, District and LLG level.	Plans on Districts and LLG seem to have focus 'What is needed' and not so much on what resources are available', making the plans more lists of possible activities rather than actual plans of committed actions and expenditure for the financial year at hand.
2	The province is currently working on a Milne Bay Integrated Development Plan	The link between the plan and the annual budget is weak. Districts/LLG's state they use the plans when determining their budget, but the planning document is not updated.

PEFA Summary Assessment Results for Budgeting Cycle

Main Strengths		Main Improvement Areas
1	Provincial annual budget preparation process is already relatively advanced in MBP. The budget process is relatively transparent and structured	Roll over of recurrent funds on district level are not reflected in the provincial budget. During our assessment we have found substantial roll over if recurrent funds on district level
2	Provincial budget credibility has improved over the period 2007 – 2009. There are no payment arrears supporting budget credibility	Internal revenue forecasting performance is low.

PEFA Summary Assessment Results for Budget Execution

Main Strengths		Main Improvement Areas
	Cash Transfers and Cash Management	
1	The provincial treasury issues monthly bank reconciliations which reflect banks balances	Cash management does not exist. Operational accounts are not consolidated, as currently the system does not allow consolidation.
2	In-year adjustments take place in a fairly transparent way. According to the officers we met, in-years budget adjustments do not take place often.	Not all districts do issue bank statements monthly.
	Revenue Collection	
1	The major taxes, fees and charges are well administered.	MBP has very limited tax base for generating internal revenue. Internal revenue is mostly on user fees and charges

PEFA Summary Assessment Results for Internal Controls

Main Strengths		Main Improvement Areas
1	PGAS: All information is available to make annual financial reports for the province, districts and 9 out of 16 LLG's and the government run health centres.	Districts have considerable delays and back-log in issuing annual financial statements
2	Consistent financial reporting template used by the province, district and LLG's	Some districts present consolidated financial statements (operational account and DIP account) ad others present two separate financial statements.

PEFA Summary Assessment in External Audit

Main Strengths		Main Improvement Areas
1	The AGO draws it's independence from terms mentioned explicitly in the legal framework of PNG	Limited coverage – S19 entities in scope national at the provincial and district levels only compared to a complement of some 100 professional staff at the AGO.
2	The Terms of Reference of the AGO are contained in the PNG Constitution	Delays in release of audit opinions – the 2009 audit of MBP was completed but the audit opinion has yet to be released as it has not yet been tabled at the Public Accounts Committee at the time of our review.

PEFA Summary Assessment Results for Public Accounting and Reporting Systems in Milne Bay Province