

PUBLIC ACCOUNTS COMMITTEE
INQUIRY INTO THE PUBLIC SERVICE COMMISSION
REPORT TO NATIONAL PARLIAMENT

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PUBLIC ACCOUNTS COMMITTEE

INQUIRY INTO THE PUBLIC SERVICE COMMISSION

REPORT TO THE NATIONAL PARLIAMENT

1. INTRODUCTION

- 1.1. The Permanent Parliamentary Public Accounts Committee commenced an Inquiry into the Public Service Commission on the 29th day of August 2005.
- 1.2. As a result of evidence taken in the Inquiry, the Public Accounts Committee made certain findings which were highly critical of administration of the Public Service Commission and, in particular, receipt by Commissioners and Staff of the Commission of substantial overpayments of salary and other allowances.
- 1.3. As a result of evidence and documents tendered to the Inquiry, the Public Accounts Committee made certain referrals of the Commissioners and Staff of the Public Service Commission for further Investigation and possible prosecution for breaches of their statutory obligations.
- 1.4. Further, as a result of evidence and documents tendered to the Inquiry, the Public Accounts Committee made referrals of the Commissioners and Staff of the Public Service Commission to the Royal Papua New Guinea Constabulary for investigation to establish whether any criminal offence had been committed by any person.
- 1.5. As a result of evidence and documents tendered to the Inquiry, the Public Accounts Committee unanimously resolved to make a full and complete Report of its Inquiry and Findings to the National Parliament in accordance with Section 17 of the *Permanent Parliamentary Committees Act* and/or Section 86(i) (c) and (d) of the *Public Finance (Management) Act 1995*.
- 1.6. The Public Accounts Committee now tables the Report with its strongest recommendation for remedial action by the Government in accordance with findings and resolutions of the Public Accounts Committee.

2. EXECUTIVE SUMMARY

- 2.1. The Public Accounts Committee finds that Commissioners of the Public Service Commission and other staff employed by the Commission have received significant overpayments of salary and entitlements.
- 2.2. The Public Service Commission admits the fact of almost all of the payments, but challenges the amount of those overpayments.
- 2.3. There is evident confusion as to the true entitlements of Constitutional Office Holders. This matter needs to be urgently addressed by the Government.
- 2.4. An urgent review should be conducted of the receipts of salary and allowances by other Constitutional Office Holders to ensure that the abuses identified by the PAC as occurring in the Public Service Commission, are not happening elsewhere.
- 2.5. The Public Accounts Committee finds significant failures of management, command, control, accountability and record-keeping within the Public Service Commission. These matters need to be urgently addressed.
- 2.6. The Committee finds that Commissioners of the Public Service Commission accepted large overpayments with no query or demur. The Public Accounts Committee considers that this reckless indifference to lawful entitlements is unacceptable by any Constitutional Office Holder – but particularly so by the superior Public Service controlling body in the country. The Commissioners should be relieved of their positions.
- 2.7. The Committee endorses the findings of the Office of the Auditor General dated the 28th December 2004, but criticizes the quality of the original Report from the Auditor General. The Auditor General must pay greater attention to detail and to checking conclusions before presenting Audit Reports to the Public Accounts Committee.

3. CHRONOLOGY

- 3.1. The Public Accounts Committee commenced its Inquiry into the Public Service Commission on the 29th August 2005, continuing on the 2nd March 2006 and concluding on the 11th April 2006. Directives were given to the Public Service Commission and the Auditor General on the 29th August 2005 and the 2nd March 2006.
- 3.2. These Directives were generally, adequately complied with.

- 3.3. The Public Accounts Committee received further submissions or responses from both the Auditor General and the Public Services Commission on the following dates.

Date	Document
28 th December 2004	Report on the Final Audit of the Public Service Commission by Auditor General
30 th December 2005	Response from the Public Service Commission
1 st February 2006	Further response from the Public Service Commission
1 st March 2006	Revised response from the Public Service Commission
4 th May 2006	Further report and response from the Office of the Auditor General
6 th March 2006	Further response from the Public Service Commission
1 st April 2006	Letter of response from the Auditor General of Papua New Guinea
7 th April 2006	Further response from the Office of the Chairman, Public Service Commission

- 3.4. The Committee has given close attention to the oral and documentary evidence received by it on the 29th August 2005, the 2nd March 2006 and 7th March 2006 – particularly the sworn evidence of Members of the Public Service Commission.

- 3.5. Findings, referrals and recommendations by the Public Accounts Committee were made on the 11th April 2006.

4. LIST OF ABBREVIATIONS

- | | | |
|------|-------------------------|---|
| 4.1. | PF(M)A | Public Finances (Management) Act |
| 4.2. | PAC | Public Accounts Committee |
| 4.3. | The Constitution | The Constitution of the Independent State of Papua New Guinea |
| 4.4. | PSC | Public Service Commission |
| 4.5. | MILOL | Money In Lieu of Leave |
| 4.6. | DMA | Domestic Market Allowance |
| 4.7. | SRC | Salaries & Remuneration Commission |

4.8. **NRA** Non-Reduction Allowance

5. COMPOSITION OF THE COMMITTEE

5.1. The Public Accounts Committee Inquiry into the Public Service Commission was constituted as follows:

29th August 2005

Hon. John Hickey MP (Chairman)

Hon. James Togel M.P. (Member)

Hon. Tony Aimo MP (Member)

Hon. Dr. Bob Danaya M.P. (Member)

Hon. David Anggo M.P. (Member)

Hon. Ekkis Ropenau M.P. (Member)

2nd March 2006

Hon. John Hickey M.P. (Chairman).

Hon. Sasa Zibe M.P. (Member)

Hon. Dr. Bob Danaya M.P. (Member)

Hon. Malcolm Smith-Kela M.P. (Member)

Hon John Vulupindi M.P. (Member).

7th March 2006

Hon. John Hickey M.P. (Chairman)

Hon. Sasa Zibe M.P. (Member)

Hon. John Vulupindi M.P. (Member)

Hon. Tony Aimo M.P. (Member)

Hon. Michael Maskal M.P. (Member).

11th April 2006

Hon. Dr Bob Danaya, MP (Temporary Chairman)

Hon. Michael Maskal, MP (Member)

Hon. James Togel, MP (Member)

Hon. Dr Allan Marat, MP (Member)

Hon. John Vulupindi, MP (Member)

- 5.2. The Chairman, Temporary Chairman and Members of the Committee were properly and lawfully appointed and empowered to sit as a Public Accounts Committee.
- 5.3. On the 11th April 2006 the Chairman of the Public Accounts Committee, Honourable John Hickey MP was indisposed and was unavailable to sit.
- 5.4. Pursuant to Section 79(2) of the ***Public Finance (Management) Act 1995*** the Members of the Committee in attendance appointed Hon. Dr Bob Danaya MP as Temporary Chairman. Hon. Dr Bob Danaya MP accepted the appointment and chaired the meeting.

6. JURISDICTION AND PURPOSE OF THE INQUIRY.

JURISDICTION

THE CONSTITUTION OF THE INDEPENDENT STATE OF PAPUA NEW GUINEA:

- 6.1. The Committee finds its jurisdiction firstly, pursuant to Section 216 of the ***Constitution of the Independent State of Papua New Guinea***. That Section reads:

“216. Functions of the Committee

- (i) ***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 monies and property of Papua New Guinea;***

(ii) *Subsection (1) extends to any accounts, finances and properties that are subject to inspection and audit by the Auditor General under Section 214(2) and to report by the Auditor General under that Sub-Section or Section 214(3) ...”*

- 6.2. The Committee has therefore taken care to restrict its Inquiry to an examination of the control of and on transactions with or concerning the public monies and property of Papua New Guinea by the Public Service Commission and its Officers.
- 6.3. A certain line of inquiry into the appointment of a Manager within the Public Service Commission arose during the course of the Inquiry. Insofar as that appointment concerned the “*control of and transactions with or concerning the public monies and property of Papua New Guinea*”, the Committee exercised its jurisdiction to Inquire into that appointment.
- 6.4. However, the Committee is not an investigatory agency in the true sense. It has no expertise or skills in criminal investigation or an investigation of malpractice under the *Leadership Code* or other Statutes. Accordingly, the Public Accounts Committee referred further investigation of this matter to the relevant skilled agencies.
- 6.5. Whilst considering the relevant provisions of the *Constitution*, the Committee has had regard to the **Report of the Constitutional Planning Committee 1975** and has been guided by or applied by the stated intentions of that Committee wherever necessary.
- 6.6. Whilst engaged in the Inquiry the Committee was also guided by two definitions contained in the Constitution, which are directly relevant to Section 216 of the Constitution.

“Public Accounts of Papua New Guinea” includes all accounts, books and records of, or in the custody, possession or control of, the National Executive or of a public officer relating to public property or public moneys of Papua New Guinea;”

and

“Public moneys of Papua New Guinea” includes moneys held in trust by the National Executive or a public officer in his capacity as such, whether or not they are so held for particular persons;

THE PUBLIC FINANCES (MANAGEMENT) ACT

- 6.7. The Public Accounts Committee also finds its jurisdiction to inquire into the Public Service Commission in Section 86 of the *Public Finance*

(Management) Act. That Section empowers the Committee to examine accounts and receipts of collection and expenditure of the Public Account and each statement or Report of the Auditor General presented to the Parliament.

- 6.8. The Committee has considered both accounts and receipts as they have been made available by the Public Service Commission and such statements and reports of the Auditor General as may have been presented to Parliament.
- 6.9. The Committee has further considered reports of the Auditor General which have not yet been presented to the Parliament, on the basis that that evidence was tendered by the Auditor General for the consideration of the Committee and on the basis that such material is within the purview of the Committee.
- 6.10. Power to refer matters for investigation and possible prosecution is granted to the Committee by Section 86A of the ***Public Finances (Management) Act.***

PERMANENT PARLIAMENTARY COMMITTEES ACT:

- 6.11. The Public Accounts Committee received very serious allegations of misconduct, maladministration and overpayment of salary and allowances within the Public Service Commission.
- 6.12. The Committee resolved that a full Inquiry into the Public Service Commission was a matter of National importance and found jurisdiction for the Inquiry in Section 17 of the ***Permanent Parliamentary Committees Act.***

PURPOSE OF THE INQUIRY

- 6.13. The Public Service Commission is a central and crucial Constitutionally created entity responsible for the review of personnel matters connected with the National Public Service and the continuous review of the State Services and services of other Governmental bodies. It is wholly responsible for determining the actual procedures and methods to be used in performing its duties under the ***Public Service (Management) Act 1995.***
- 6.14. As a senior Constitutional Commission the Public Services Commission should set the highest examples of probity and efficient and lawful administration.

- 6.15. As Constitutional Office Holders, the three Commissioners should exhibit the highest standard of personal and professional probity, honesty, accountability and discipline.
- 6.16. At the conclusion of the Inquiry, the Committee resolved that a Report should be made to the National Parliament concerning matters arising in this Inquiry and the resolutions, findings, recommendations and referrals made by the Committee as a result of the Inquiry.
- 6.17. At all times during the Inquiry the Committee has taken great care to enable all witnesses to make full and complete representations and answers to any matter before the Committee – in particular those matters about which the Committee may make findings adverse to any person.
- 6.18. The Public Accounts Committee has also given careful consideration to all oral responses and evidence given before the Committee.
- 6.19. All evidence was taken on oath and full and due inquiry was made of all relevant State agencies where the Committee considered those inquiries to be necessary.
- 6.20. The Purpose of the Inquiry conducted by the Public Accounts Committee was to make full and complete examination of the manner in which the Public Service Commission in all its aspects, and officers of that Commission, controlled transactions with or concerning public monies and property, accounted for those monies and property, protected the position of the Independent State of Papua New Guinea, collected revenue, controlled and monitored expenditure and protected the position of the State and the security and integrity of property, assets and money of State.
- 6.21. The purpose of the Inquiry was not to improperly pursue or criticize any person or entity, but to make a constructive and informed Report to the Parliament on any changes which the Committee perceives to be necessary on any item or matters in the accounts, statements or reports or any circumstances connected with them, of the Public Service Commission.
- 6.22. Further, the intention of the Inquiry was to enable the Committee to report to the Parliament in a meaningful way on shortcomings identified by the Office of the Auditor General and confirmed by the Public Accounts Committee in the administration and management of public funds within the Public Service Commission – in particular, the overpayment of money to Commissioners and staff.

7. THE AUTHORITY TO REPORT

- 7.1. The Public Accounts Committee finds authority to make this Report in Section 17 of the *Permanent Parliamentary Committees Act* and Section 86 (1) (c) and (d) (i), (ii), (iii) and (iv) and (f) of the *Public Finances (Management) Act*.

8. THE AUTHORITY TO REFER

- 8.1. Where satisfied that there is a prima facie case that a person may not have complied with the provisions of the *Constitution of the Independent State of Papua New Guinea* and / or the *Public Finances (Management) Act* in connection with the control and transaction with and concerning the accounts of a public body or the public moneys and the property of Papua New Guinea, it may make referrals of that person to the Office of the Public Prosecutor in accordance with Section 86A of the *Public Finances (Management) Act*.
- 8.2. The Public Accounts Committee is not a true investigatory body capable of investigating and/or prosecuting persons for breaches of the law. The Committee is required to refer such matters to the appropriate authorities and may make such recommendations as it thinks fit in relation to any referral made pursuant to Section 86A.
- 8.3. The Public Accounts Committee has made referrals of the Chairman, the Commissioners, the Secretary and certain staff members of the Public Service Commission to the Office of the Public Prosecutor, the Royal Papua New Guinea Constabulary, the Ombudsman, the Department of Personnel Management and the Office of the Solicitor General for further investigation of, firstly, the overpayments to officers of the Public Service Commission and, secondly, the circumstances surrounding the appointment of a Senior Manager of the Public Service Commission.
- 8.4. Those referrals were made after anxious consideration of the evidence and explanations given by the Chairman, Commissioners and Officers of the Commission.
- 8.5. The Committee is aware that a Referral, particularly of senior public servants and Constitutional Office Holders is a very serious matter which will adversely reflect on the individual concerned. These Referrals are not made lightly but only after careful consideration and unanimous resolution of the Committee.

9. METHOD OF INQUIRY

- 9.1. The Inquiry by the Public Accounts Committee into the Public Service Commission was a public hearing at which sworn evidence was taken from a small number of witnesses.
- 9.2. Assistance was obtained from representatives of the Salaries & Remuneration Commission, the Office of the Auditor General and from the Public Service Commission itself.

10. PRIVILEGES AND PROTECTION OF WITNESSES

- 10.1. The Public Accounts Committee has taken care to recognise and give to all witnesses the statutory privileges and protections extended by the *Public Finances (Management) Act* and the *Permanent Parliamentary Committees Act* and the *Parliamentary Powers and Privileges Act 1964*.

11. RELEVANT STATUTES

- 11.1. In the course of its Inquiry, the Public Accounts Committee was required to consider the following Statutes:

PUBLIC FINANCES (MANAGEMENT) ACT 1995

- 11.2. The *Public Finances (Management) Act 1995* prescribes the method and standard of the administration of and accounting for public monies, public properties and assets by State entities in Papua New Guinea.
- 11.3. Further, the Act imposes certain obligations on Public Servants for collection of State revenue and controls the expenditure of State or public monies.
- 11.4. Relevant Sections of the Act which were considered by the Public Accounts Committee during the course of the Inquiry into the Public Service Commission, were

(i) Section 5 – Responsibilities of Heads of Department

This Section prescribes the duties, powers and obligations of Heads of Department.

(ii) Section 3 – Responsibilities of the Minister

This Section prescribes the obligations and duties of relevant Ministers of State.

(iii) **Part X - The Public Accounts Committee**

This Part empowers and imposes functions and obligations on the Public Account Committee. In particular, the Committee was required to consider Section 86 (A) – power to refer officers of the Commission to the Office of the Public Prosecutor for investigation and possible prosecution relating to breaches of the *Public Finances (Management) Act* and/or the *Constitution*.

(iv) **Part XI - Surcharge**

This Section prescribes personal liability for certain public servants who fail in their obligations to collect and protect certain public monies.

(v) **Section 112 – Offences**

This Section prescribes disciplinary action which may be taken against certain public servants or accountable officers who failed to comply with the terms of the *Public Finances (Management) Act*.

FINANCIAL INSTRUCTIONS

11.5. Section 117 of the *Public Finances (Management) Act* enables the promulgation of certain Financial Instructions which establish detailed procedures for the handling, collection, expenditure, disposal and accounting for public monies, property and stores. The Public Accounts Committee had regard to these Financial Instructions or Directives when considering the performance of the Public Service Commission.

11.6. The Public Accounts Committee had particular regard to;

***Part 6 – ACCOUNTABLE AND ACCOUNTING OFFICERS,
DIVISION 1 – ACCOUNTABLE OFFICERS.***

2.1:

“....., the Departmental Head is liable under the doctrine of personal accountability to make good any sum which the Public Accounts Committee recommends should be ‘disallowed’.”

11.7. The Public Accounts Committee considered that the overpayments to Commissioners and staff of the Public Service Commission were a blatant breach of the law.

- 11.8. These overpayments could only have occurred either intentionally or as a result of gross negligence on the part of the Secretary, the Commissioners and relevant staff of the Public Service Commission.
- 11.9. Whatever the explanation, it is proper that the Committee “disallow” these payments with the consequent effect that the Departmental Head or equivalent of a Departmental Head within the Public Service Commission (presumably the Secretary) becomes personally liable to repay those monies.
- 11.10. The Committee acknowledges that this power would be used only in exceptional circumstances. The Committee hopes that all accountable officers will take note of this power and ensure that systems of accountability and responsibility are functional and that all requirements of Law are obeyed.

THE CONSTITUTION OF THE INDEPENDENT STATE OF PAPUA NEW GUINEA

- 11.11. The Committee has had regard to Sections 190 – 194 and 216A of the *Constitution*. Those Sections create and empower the Public Service Commission and the Salaries & Remuneration Commission, and their Commissioners, respectively.
- 11.12. The Public Accounts Committee has also had regard to relevant Determinations of the Salaries & Remuneration Commission.

ORGANIC LAW ON THE DUTIES AND RESPONSIBILITIES OF LEADERSHIP

- 11.13. The Public Accounts Committee has had regard to this Organic Law in the course of its Inquiry into the Public Service Commission. Certain referrals and resolutions were considered within the terms of this Organic Law and are more fully developed later in this Report.

AUDIT ACT

- 11.14. The *Audit Act* establishes and empowers the Office of the Auditor General to carry out its work of overseeing and supervising the handling of public monies, stores and property by all arms of the National Government. The Public Accounts Committee had regard to the terms of this Act during the course of the Inquiry into the Public Service Commission.
- 11.15. The Committee received considerable assistance from the Office of the Auditor General in the course of this Inquiry.

PERMANENT PARLIAMENTARY COMMITTEES ACT 1994

- 11.16. The Committee has had regard to Section 17 of the *Permanent Parliamentary Committees Act* during the course of the Inquiry into the Public Service Commission.

12. RESPONSIBILITIES OF THE AUDITOR GENERAL

- 12.1. The Auditor General is a Constitutional Office Holder and the duties and responsibilities of that Office are contained in the *Audit Act 1999*.
- 12.2. The standard of the report of the Auditor General into the Public Service Commission were, on the whole, barely adequate. The Committee returned the initial Report to the Auditor General with directions to co-operate and liaise with the Public Service Commission to clarify certain issues in that Report.
- 12.3. Ultimately, although figures of overpayments vary between the Public Service Commission and the Auditor General, the fact of overpayment and the means by which these overpayments were made, were almost common ground between the Public Service Commission and the Auditor General.
- 12.4. The Committee has derived great assistance from the Responses provided by the Office of the Public Service Commission.
- 12.5. The Committee also finds that the Reports of the Auditor General into the Public Service Commission were not up to date and have not been tabled or presented to the Parliament for some years. This is not acceptable.
- 12.6. The Committee fully understands the severe staffing constraints attending the Office of the Auditor General, and will make recommendations in respect of the funding and resourcing of that Office by the Government of Papua New Guinea to enable it to carry out its statutory duty in a competent and timely manner.

13. THE PUBLIC SERVICE COMMISSION

- 13.1. The Public Service Commission is established by Section 190 of the Constitution. That Section reads:

“Section 190 ESTABLISHMENT OF THE COMMISSION

(1) A Public Service Commission is hereby established;

- (2) *The Commission shall consist of three members who shall be appointed for a term of five years by the Head of State, acting with, and in accordance with the advice of the National Executive Council given after consultation with any appropriate Permanent Parliamentary Committee.*
- (3) *All of the members of the Commission must be citizens who have gained substantial experience in the National Public Service.*
- (4) *Subject to this Constitution, an Act of the Parliament shall make provision for and in respect of the appointment and the conditions of employment of the members of the Commission, and in respect of its Constitutional powers and procedures.”*

13.2. The functions of the Commission are prescribed by Section 191 of the *Constitution*. That Section reads:

“Section 191 FUNCTIONS OF THE COMMISSION

- (1) *The Public Service Commission shall be responsible in accordance with an Act of the Parliament, for –*
 - (a) *the review of personnel matters connected with National Public Service; and*
 - (b) *the continuous review of State Services (other than the Papua New Guinea Defence Force), and the services of other Governmental bodies, and to advise, either on its own initiative or on request, the National Executive Council and any Authority responsible for any of those services, on organizational matters;*
- (2) *The Public Service Commission has such other functions as may be prescribed by or under a Constitutional Law or an Act of the Parliament.*
- (3) *In carrying out its functions under Sub-section (1)(b), the Public Service Commission –*
 - (a) *shall take into account the Government policy on a particular matter when advising the National Executive Council and other Authorities responsible for those services; and*
 - (b) *shall not have any power to direct or control a State Service or the services of other Governmental body*

(4) The Public Service Commission shall in respect of each year, prepare and forward to the Speaker for presentation to the Parliament, a Report on the Advice that is given during the year to the National Executive Council or other Authorities.... indicating in particular the nature of the advice given and whether or not that advice was accepted.”

- 13.3. The Committee notes that the Public Service Commission was intended to be a completely independent entity. Section 192 of the **Constitution** reads:

“Section 192 INDEPENDENCE OF THE COMMISSION

The Public Services Commission is not subject to direction or control when carrying out its function under Section 191 (1)(a)”

- 13.4. The Committee notes that the Commission is an extremely powerful, Constitutionally created, entity which fulfils a crucially important role in Public Administration in Papua New Guinea.
- 13.5. The Public Service Commission is also independent of the Department of Personnel Management and is wholly responsible for determining the actual procedures and methods to be used in performing its duties under the ***Public Service (Management) Act 1995***.
- 13.6. Under that Act, the Commission is given the function of reviewing personnel matters relating to appointment, promotion, demotion, transfer, suspension, discipline, cessation or termination of an Officer.
- 13.7. The Commission has the right to review a personnel matter on its own initiative. It can make recommendations, but does not have the authority to enforce them. However, it has the power to report its findings to the National Parliament.
- 13.8. As mentioned earlier in this Report, the Public Service Commission is required to set the highest example of leadership and standards in Public Administration and financial accountability. Of all entities in Papua New Guinea, this Commission should be free of any taint of maladministration or misconduct.
- 13.9. The Commissioners and staff of this Commission should also display the highest standards of personal and professional competence, accountability and probity.

- 13.10. The Public Service Commission should also set the example in areas of management, administration, command and control, financial accountability and competent leadership.
- 13.11. The Public Service Commission is daily required to judge other public servants in all aspects of their career and the Commissioners and staff of that Commission should therefore take every precaution to ensure that they remain immune from any allegations of misconduct or unlawful practice.
- 13.12. Regrettably, the Committee finds that the Public Service Commission, its Commissioners and its staff have not exhibited these qualities.
- 13.13. The Public Service Commission suffers maladministration, mismanagement and unlawful practices and has failed to properly manage and account the administration of public funds within its control.

14. OBLIGATIONS OF THE PUBLIC SERVICES COMMISSION TOWARD THE PUBLIC ACCOUNTS COMMITTEE

- 14.1. Section 5 (1) (j) of the *Public Finances (Management) Act* charges the Departmental Head and Secretary of the Public Service Commission with the responsibility to ensure that information required by the Public Accounts Committee is submitted to that Committee correctly and promptly.
- 14.2. That responsibility is not derogated from or reduced by reason of any delegation of functions by him to any other person.
- 14.3. The Public Accounts Committee concludes that the Public Service Commission, its Secretary and Officers have, after initial reluctance, been forthcoming and have assisted the Committee in an adequate manner.

15. OBLIGATIONS OF THE PUBLIC SERVICE COMMISSION TOWARD THE OFFICE OF THE AUDITOR GENERAL

- 15.1. The *Public Finances (Management) Act*, Section 112, creates an offence in respect of persons who refuse or willfully neglect to attend at a time and place required by the Auditor General.
- 15.2. Officers of the Public Service Commission are required to give every assistance to the Auditor General when required to do so. This includes the timely production of documents, records and any information required by the Auditor General.

- 15.3. The Committee finds that the Public Service Commission gave slow, but adequate co-operation to the Auditor General.

16. THE INQUIRY

BUDGETARY CONTROL

- 16.1. The Committee had regard to the first Report of the Auditor General dated the 28th December 2004. That Report made the following findings.

“The Public Service Commission revised appropriation for the year 2004 was K 1,672,600. The budget was overspent by K 448,634.”

- 16.2. Under-expenditure of K 110,719 was sustained in 9 Vote Items while over-expenditure of K 559,353 was noted in 2 Vote Items.
- 16.3. The Auditor General reports that similar expenditure patterns were exhibited by the Commission in 2003 and 2004.
- 16.4. Ledger records reveal that there were 6 instances of erroneous charging of Vote Items amounting to K 35,180. The Committee accepts the conclusion of the Auditor General, that:

“Charging of expenditure against incorrect items of the vote is considered irregular and reflects that Management has not exercised prudent management practices to ensure that funds were properly used for budgeted purposes.

Our observations in review of the payment of salaries and emoluments reveal that there were lapses in accounting and financial systems controls which resulted in the Commission incurring expenses relating to salaries and gratuities being above and beyond authorized funding limits.”

- 16.5. In light of the revelations later in this Inquiry the Public Accounts Committee endorses these comments and conclusions by the Auditor General.

PROCUREMENT AND PAYMENT PROCEDURES

- 16.6. The Auditor General made random examination of payment vouchers and related records.
- 16.7. The Committee endorses the finding of the Auditor General that:

“..... as at the time of Audit in June 2005, it was observed that the Commission had no Examiner and Certifying Officer employed. In the absence of such officers, Audit noted that most payment vouchers selected for vouching were not examined and certified by PSC prior to forwarding to the Department of Finance for payment.”

- 16.8. In four instances, aggregating K 8,864.49 no supporting documentation to vouch for goods and services were sighted in support of the respective payments.
- 16.9. In light of revelations made later in this Inquiry, the Committee accepts the comments of the Auditor General and concludes that the staffing and resources available to the Commission are inadequate and the Management and systems of account are incompetent.

ASSETS

- 16.10. The Asset Register was noted to be incomplete and lacking important information such as the date of purchase, the supplier's name, cost, code/serial numbers, location and condition of the assets. The Committee notes that similar comments were made in 2002.

STAFFING

- 16.11. The Auditor General finds that a total of 29 staff were employed against an approved staff structure of 32 dated the 12th September 2003.
- 16.12. The Committee, however, notes that there were fluctuations in staff levels during the year.
- 16.13. The expenditure ledger disclosed the expenditure details as follows:

Vote Item	Appropriation				
	Original	Revised	Warrant Authority	Expenditure	Savings (Over Expenditure)
111	1,067,100	1,067,100	1,067,100	1,482,485	(415,385)
112	64,400	64,400	64,400	39,074	23,326
114	42,300	98,700	98,700	98,700	0
141	142,000	56,200	56,200	200.168	(143,968)

- 16.14. The Committee accepts the findings of the Auditor General that:

- It is the duty of the Commission to determine the optimal structure it needs to effectively discharge its functions within the parameters imposed on it by the Constitution and various legislation.
 - The Audit identified several control weaknesses both structurally and operationally.
 - A chain of command was not always followed.
 - The Auditor General identified instances where cross diagonal relationships were established bypassing the normal chain of command.
 - Further, there is doubt that the Public Service Commission organisation structure can perform at optimal efficiency. The fact of the abuse of the remuneration system bears this out.
 - There is an element of poor management which is the root cause of the undesirable state of financial and operational affairs within the Public Service Commission.
- 16.15. The Committee, in the light of revelations later made in this Inquiry, accepts the conclusion of the Auditor General and finds that there are significant and serious management, leadership, accountability and control problems within the Public Service Commission.
- 16.16. The Public Accounts Committee had regard to past Reports of the Auditor General on the Office of the Public Service Commission. A summary of the findings in 2000 are as follows:
- Shortcomings in salaries and wages;
 - Inordinate delays in the completion of complaints;
 - Delay in the completion of Annual Reports to Parliament;
 - Weaknesses in internal control system – including non-maintenance of an Assets Register and non-maintenance of losses and deficiencies register and;
 - Deficiencies in the maintenance of advances register.

In 2001:

- Weaknesses in commitment control;

- Weaknesses in procurement and payment procedures;
- Shortcomings in payment of salary and wages;
- Inordinate delays and the completion of complaints; and
- Internal control weaknesses.

In 2002 the Auditor General identified:

- Weaknesses in commitment control;
- Weaknesses in procurement and payment procedures;
- Shortcomings in payment of salary and wages;
- Deficiencies in the maintenance of the Assets Register;
- Deficiencies in the maintenance of the Advanced Register;
- Deficiencies in the maintenance of Losses and Deficiencies Records; and
- Inordinate delays in completion of complaints.

16.17. The Committee finds that there has been a continuing management and control problem within the Public Service Commission, identified and advised to the Commission by the Office of the Auditor General. The Committee finds that the Public Service Commission has not achieved any improvement and has not, in some cases, addressed the problems at all.

17. SALARIES, WAGES AND ENTITLEMENTS - OVERPAYMENTS

- 17.1. In its original Report dated the 28th December 2004 the Office of the Auditor General identified significant overpayments to Commissioners and Staff of the Public Service Commission.
- 17.2. In its first Response dated the 11th October 2005 the Public Service Commission denied each allegation and issued a criticism of the Auditor General and the methodology applied to the Audit.
- 17.3. In respect of the allegation of overpayments to Commissioners, the Public Service Commissioner initially denied such overpayments, and in some cases, claimed underpayments.

- 17.4. After a two day Inquiry by the Public Accounts Committee and a direction by the Public Accounts Committee that the Auditor General and the Public Service Commission confer on the Report of the Auditor General, the following positions were reached by both the Auditor General and the Public Service Commission, by April 2006;

17.5 **OVERPAYMENTS TO CHAIRMAN**

AUDITOR GENERAL

PUBLIC SERVICE COMMISSION

MONEY IN LIEU OF LEAVE

Payments of MILOL to Chairman and Commissioners not approved by SRC and should only be made for salary component.

Acknowledged. Recovery action will be instituted.

SALARY OVERPAYMENT

K 72,680 overpaid

Overpayment acknowledged in the Sum of K 62,098

PAYMENT OF NON-REDUCTION ALLOWANCE

Overpayment of K 114,099.43

Overpayment acknowledged in the Sum of K 57,410.28

GRATUITY OVERPAYMENT TO CHAIRMAN

Overpayment K 29,721

Overpayment admitted in the sum of K 15,447.

SCHOOL FEE ADVANCE

Over-recovery of K538.00

Over-recovery of K 2,340

DOMESTIC MARKET ALLOWANCE

Overpayment of K 33,922

Nil overpayment

HOUSING ALLOWANCE OVERPAYMENT

Overpayment K 29,040

Overpayment acknowledged in the
sum of K19,680

VEHICLE ALLOWANCE OVERPAYMENT

Overpayment of K 85,036

Overpayment of K 63,035

17.6 **PAYMENTS TO COMMISSIONER TAU LIU**

SALARY OVERPAYMENT 2004

Overpayment in the sum of K 39,551

Overpayment agreed at K 39,551

DOMESTIC MARKET ALLOWANCE OVERPAYMENT

Overpayment of K19,936.28

No overpayment

HOUSING ALLOWANCE OVERPAYMENT

Overpayment of K 1,719

Nil overpayment

17.7 **PAYMENTS TO COMMISSIONER RIGO LUA**

SALARY OVERPAYMENT:

Overpayment of K19,141

Underpayment of K 2,174.00

DOMESTIC MARKET ALLOWANCE OVERPAYMENT:

Overpayment in the sum of K 3,314.42

No overpayment

- 17.8 The Public Accounts Committee finds that there have been significant overpayments to the Chairman and Commissioners of the Public Service Commission. Certain findings are made by the Committee in respect of these overpayments, later in this report.

18. PAYMENTS TO OTHER EMPLOYEES OF THE PUBLIC SERVICE COMMISSION

- 18.1. The Auditor General found unacceptable payments had been made to other individual officers by way of Recreational Leave. These payments were:

No.	Date	Chq No.	Officer	Amount (K)	
01	25/09/03	734524	Gideon Mange	9,923.00	
02	25/09/03	734523	Dorothy Murray	14,782.10	
03	25/09/03	734522	Kaya Ope Leslie	2,323.00	
04	25/09/03	734521	Winsome Boga	10,636.20	
05	25/09/03	734520	Margaret Manuai	13,416.00	1 st Payment
06	25/09/03	234519	Jerry Tetaga	12,048.70	
07			2003 Sub-Total	70,189.40	
08	09/02/04	768884	Margaret Manuai	18,840.70	2 nd Payment
09	09/02/04	768885	Dorothy Murray	6,438.90	2 nd Payment
10	09/02/04	768595	Willie Saplos	9,709.00	Resigned
			2004 Sub-Total	60,464.10	
			Grand Total Rec. Leave Payment	130,653.50	

- 18.2 These payments could not be verified as supporting documentation was not made available to the Auditor.
- 18.3 The position of the Auditor General is that payment of airfares should be made to the Airline companies or service providers and that the relevant General Order restricts payment of Recreational Leave to be taken within two and a half years and not beyond that time.
- 18.4 The Auditor General recommends that all officers, except for Willie Sapolos should repay that Recreational Leave in full or the monies should be offset against the next recreational leave fare due. The Auditor General also recommends that the officer approving the payment should be held responsible for the direct payments.
- 18.5 The Public Service Commission acknowledges that payment was made directly to the officers concerned. The Public Service Commission has made a detailed explanation as to the reasons for those payments.
- 18.6 On balance, the Public Accounts Committee accepts that explanation. The cheque should not have been paid directly to the individuals. The Committee makes no further finding in respect of this matter.

19. PAYMENTS TO HANUA HERA

- 19.1 Mr. Hanua Hera was the former Director – Finance and Administration. The Committee finds that Mr. Hanua Hera actually sat on his own Selection Committee Meeting held on the 4th March 2004 without declaring his interest.
- 19.2 That such a blatant and willful abuse of process could have occurred within the Public Service Commission as a matter of very great concern to this Committee. The appointment was corrupt and was a clear indicator of what was to follow.
- 19.3 Mr Hera was suspended from the Public Service Commission for fraudulently making overpayment of salaries to himself. The amount of the overpayment calculated by the Auditor General is K42,874.00 for overpayment of gratuity in the years 2003 and 2004 and a further K24,565.00 for overpayment of salary in the years 2003/2004.
- 19.4 Mr Hera is suspended from the Public Service Commission pending a decision as to his future by the Department of Personnel Management.
- 19.5 The Committee was concerned to learn that Mr Hera was suspended on full pay and had not been referred to the Royal Papua New Guinea Constabulary for investigation and prosecution.

19.6 It is to the credit of the Commission that at least one defaulting officer has been detected and suspended.

19.7 This Committee makes further findings, recommendations and referrals in this report (infra).

20. PAYMENT TO MR WALO KILA

20.1. The Auditor General identifies an overpayment to Mr Kila for the years 2003 and 2004 of K 4,426.00 by way of Gratuity.

20.2. The Public Service Commission agrees with this overpayment, but does not explain it.

20.3. This Committee makes further findings, recommendations and Referrals in this Report (infra).

21. PAYMENT TO MR GIDEON MANGI

21.1 The Auditor General has identified an overpayment of salary and Gratuity to Mr. Gideon Mangi in the sum of K 25,640.00 for the years 2003 and 2004.

21.2 In March 2006 the Public Service Commission agreed with the fact of overpayment, in a sum of K 17,358.00 for salary.

21.3 By the 7th April 2006 the Public Service Commission admitted an overpayment total of K 14,030.00 for Gratuity.

21.4 The PSC tenders no adequate explanation as to why this overpayment occurred.

21.5 This Committee makes further findings, recommendations and Referrals in this Report (infra).

22. THE APPOINTMENT OF MIRIAM POMAHUN

22.1. On the 26th March 2004, a Selection Committee convened and deliberated on positions within the Commission, up to Grade 12.

22.2. The Committee panel consisted of the Chairman of the Public Service Commission, Mr. Jerry Tetaga, who also chaired the meeting, a representative from the Department of Personnel Management, Mr. Hanua Hera – Acting Director (Finance and Administration) (see Para. 19) and Margaret Manuai – Acting Personal Assistant.

- 22.3. The Auditor General has concluded that one of the successful candidates, Ms Miriam Pomahun, was a relative of the PSC Chairman.
- 22.4. No Minutes for the selection meeting have been produced to the Auditor and the Auditor cannot ascertain if the Chairman disclosed his interest and disqualified himself. Moreover, for a Constitutional Office Holder to involve himself in administrative functions of the Secretariat is unusual.
- 22.5. Ms Pomahum was employed as a Salaries Personnel Officer on the 15th April 2004.
- 22.6. The Public Accounts Committee noted with some concern that an approving officer for some of the overpayments to the Commissioner (and other officers) was Ms Miriam Pomahum.
- 22.7. The Chairman of the Public Service Commission at first denied to the Committee that he either knew Ms. Pomahum or that she was a related to him.
- 22.8. However later, on the same day, the Chairman admitted that Ms. Pomahum was from the same village as himself, but denied that he had knowledge of that person and/or that he had any conflict of interest in sitting on the Selection Committee.
- 22.9. Upon reconvening of the Inquiry, the Chairman was again questioned on the matter. Mr Tetaga admitted that Ms Pomahum was a distant relative but claimed not to have known this at the time of the Selection Committee meeting.
- 22.10. The Committee received in evidence school records apparently tendered by Ms Pomahum to the Selection Committee.
- 22.11. A check of those records reveals that, despite showing the name “**Miriam Manuke**”, the record was actually that of one Miriam Tetaga who completed Year 10 at Kila Kila High School in 1985.
- 22.12. Original records were summoned from and produced to the Committee by Mr Lawrence Abady, Executive Officer (Grade 10) Examinations, Measurements Services Unit of the Department of Education.
- 22.13. From those records, it is clear that the name of the student has been changed, as have the results. The document tendered to the Selection Committee, appears to be a forgery.

- 22.14. Enrolment records of Ms Tetaga / Manuke / Pomahun at Kila Kila High School show her address as:

***“Jerry Tetaga
Box 245
Konedobu”***

and her father’s name as Emas Tetaga who was then the Deputy Secretary for Transport and Civil Aviation.

- 22.15. It is not the function of the Public Accounts Committee to conduct criminal or quasi criminal investigations. Accordingly the Committee refers this matter to those agencies which do perform such tasks.
- 22.16. This Committee concludes that the standards of probity, competence and legality required of the both Public Service Commission and its Chairman in selecting and deploying staff, have not been met.
- 22.17. This Committee will make recommendations and Referrals arising from this matter later in this Report.

23. RESOLUTIONS

- 23.1. The Committee unanimously resolved:

1. To report to the National Parliament pursuant to Section 86 (i) (c) and (d) ***Public Finances (Management) Act 1995*** and/or Section 17 of the ***Permanent Parliamentary Committees Act 1994*** with its findings and recommendations concerning the Public Service Commission.
2. That there is prima facie evidence of possible breaches of law by Commissioners, officers and staff of the Commission sufficient to warrant referral for further investigation.
3. That the Committee approve and direct the Referrals recorded in Para 24 of this Report to the Office of the Ombudsman, the Office of the Public Prosecutor, the Office of the Solicitor General, the Department of Personnel Management and the Royal Papua New Guinea Constabulary.
4. That the Salaries and Remuneration Commission urgently consider the contents of this Report and clarify the true entitlements of Constitutional Office Holders in order that overpayments or other abuses may be identified and stopped.

5. The Committee accepts the findings of the Office of the Auditor General contained in its Report of the 28th December 2004 and subsequent amendments, save and except that there remains uncertainty as to the true figures in respect of some overpayments.
6. The Chairman of the Public Accounts Committee brief the relevant Minister on the findings and resolutions of this Committee.
7. The Public Accounts Committee disallows all instances of overpayment.

24. REFERRALS

- 24.1. The Public Accounts Committee refers all disallowances of overpayments or improper payments to the Chairman, Commissioners and officers of the Public Service Commission, to the Secretary for Finance and the relevant Minister to ensure that full recovery is effected from the Accountable Officer in accordance with Part 6 Division 1 Para 2.1 of the ***Public Finance Management Manual (Financial Instructions)***.
- 24.2. The Public Accounts Committee refers the over payment of Vehicle Allowance to the Chairman of Public Services Commission in 2003 and 2004 to the Office of the Ombudsman for further investigation, action and recovery and consideration of any breach of the ***Leadership Code*** by the Chairman or any other person.
- 24.3. The Committee refers the overpayment of Vehicle Allowance to the Chairman of the Public Service Commission in the years 2003 and 2004 to the Department of Personnel Management for full Inquiry and subsequent disciplinary action if appropriate.
- 24.4. The Public Accounts Committee refers the overpayment of Vehicle Allowance to the Chairman of the Public Service Commission in 2003 and 2004 to the Office of the Solicitor General for full recovery action.
- 24.5. The Public Accounts Committee refers the fact of salary and other overpayments to the Chairman of the Public Service Commission in the years 2003 and 2004 to the Office of the Ombudsman with a recommendation that a full investigation be carried out of the circumstances in which these payments were made to establish any breach of the ***Leadership Code*** by the Chairman or any other person.
- 24.6. The Public Accounts Committee refers the fact of salary and other overpayments to the Chairman of the Public Service Commission in the years 2003/2004 to the Department of Personnel Management with a recommendation that a full investigation of the Secretary and staff of the

Commission be carried with a view to establishing whether disciplinary action is appropriate and to prevent these abuses occurring again.

- 24.7. The Public Accounts Committee refers the fact of salary and other overpayments to the Chairman of the Public Service Commission in 2003 and 2004 to the Office of the Solicitor General for full recovery action.
- 24.8. The Public Accounts Committee refers the fact of payment of Non-Reduction Allowance to the Chairman and Commissioners of the Public Service Commission in the years 2003 – 2004 to the Office of the Ombudsman for full investigation of the role of the Chairman in implementing accepting this payment with a view to establishing whether there is any breach of the **Leadership Code**.
- 24.9. The Public Accounts Committee refers the fact of payment of Non-Reduction Allowance to the Chairman and Commissioners of the Public Service Commission in the years 2003 – 2004 to the Royal Papua New Guinea Constabulary for full investigation of the role of the Chairman and Commissioners in implementing this payment with a view to establishing whether there is any breach of the Criminal Law.
- 24.10. The Public Accounts Committee refers the fact of payment of Non-Reduction Allowance to the Chairman of the Public Service Commission to the Office of the Solicitor General to consider the issue of recovery of those payments.
- 24.11. We refer the fact of payment of Non-Reduction Allowance to the Chairman of the Public Service Commission in the years 2003 and 2004 to the Department of Personnel Management to consider the actions of officers who approved the payment with a view to instituting disciplinary action if appropriate.
- 24.12. The Public Accounts Committee refers the fact of Gratuity payments to the Chairman of the Public Service Commission in 2003 – 2004 to the Office of the Ombudsman to consider whether there has been any breach of the **Leadership Code** by the Chairman.
- 24.13. The Public Accounts Committee refers the payment of Gratuity payments to the Chairman of the Public Service Commission in 2003 and 2004 to the Department of Personnel Management for full investigation and the disciplinary action if appropriate.
- 24.14. We refer the fact of Gratuity payments to the Chairman of the Public Service Commission in 2003-2004 to the Office of the Solicitor General for recovery action.

- 24.15. The Public Accounts Committee refers the fact of payment of Domestic Market Allowance to the Chairman of the Public Service Commission, to the Office of the Ombudsman to establish whether any breach of the ***Leadership Code*** has been committed.
- 24.16. The Public Accounts Committee refers all staff of the Commission responsible for the payment of Domestic Market Allowance to the Chairman of the Public Service Commission, to the Department of Personnel Management for investigation and disciplinary action if appropriate.
- 24.17. The Public Accounts Committee refers the fact of payment of Domestic Market Allowances to the Chairman of the Public Service Commission in 2003 and 2004 to the Office of the Solicitor General for recovery.
- 24.18. The Public Accounts Committee refers the fact of payment of Housing Allowance to the Chairman of the Public Service Commission to the Office of the Ombudsman for full investigation of this overpayment to establish any breach of the ***Leadership Code*** by the Chairman or any other person.
- 24.19. The Public Accounts Committee refers the fact of payment of Housing Allowance to the Chairman of the Public Service Commission to the Department of Personnel Management for Inquiry and disciplinary action, if appropriate.
- 24.20. The Public Accounts Committee refers the Chairman, the Secretary of the Commission and the responsible officers who approved and made the overpayment of Housing Allowance to the Chairman of the Public Service Commission, to the Public Prosecutor for investigation of any breach of the ***Public Finances (Management) Act*** pursuant to Section 86A of that Act.
- 24.21. The Public Accounts Committee refers the fact of overpayment of Housing Allowance to the Chairman of the Public Service Commission to the Office of the Solicitor General for recovery action.
- 24.22. The Public Accounts Committee refers the fact of overpayments to Commissioners Tau Liu and Rigo Lua to the Office of the Ombudsman for investigation of any possible breach of the ***Leadership Code***.
- 24.23. The Public Accounts Committee refers Commissioner Tau Liu and Commissioner Rigo Lua, the Secretary of the Public Service Commission and relevant staff of the Commission responsible for calculating and making overpayments to Commissioners Tau Liu and Rigo Lua, to the

Office of the Public Prosecutor for investigation of any breach of the ***Public Finances (Management) Act***, pursuant to Section 86A of that Act.

- 24.24. The Public Accounts Committee refers the fact of overpayments to Commissioners Liu and Lua to the Office of the Solicitor General to effect recovery action.
- 24.25. The Public Accounts Committee refers the fact of overpayment or wrongful payment of Recreational Leave entitlements to employees of the Commission (and Commissioner Tetaga) to the Department of Personnel Management for full investigation and disciplinary action, if appropriate.
- 24.26. The Public Accounts Committee refers the overpayment or wrongful payment of Recreational Leave entitlements to Commissioner Tetaga to the Office of the Ombudsman with a recommendation for full investigation to establish whether any breach of the Leadership Code has occurred.
- 24.27. The Public Accounts Committee refers the fact of overpayment or wrongful payment of Recreational Leave entitlements to employees of the Public Service Commission to the Office of the Public Prosecutor for investigation and such further action as that officer deems appropriate, if a breach of the ***Public Finances (Management) Act*** is established.
- 24.28. The Public Accounts Committee refers Mr Hanua Hera to the Fraud and Anti-Corruption Squad of the Royal Papua New Guinea Constabulary for full investigation of wrongful payments taken by Mr Hanua Hera from the Public Service Commission.
- 24.29. The Public Accounts Committee refers the fact of overpayments to Mr Walo Kila and Mr Gideon Mangi to the Department of Personnel Management with a recommendation for full investigation of the circumstances of the payments and disciplinary action, if appropriate.
- 24.30. We refer the fact of overpayments to Mr Walo Kila and Mr Gideon Mangi to the Office of the Public Prosecutor for investigation of possible breaches of the ***Public Finances (Management) Act*** and further action as the Public Prosecutor deems appropriate.
- 24.31. The Public Accounts Committee refers all allegations concerning the appointment of Mrs Miriam Pomahun to the Fraud and Anti-Corruption Squad of the Royal Papua New Guinea Constabulary for full investigation of and appropriate action against either Ms Pomahun, the Chairman of the Public Service Commission or any other person.

- 24.32. The Public Accounts Committee refers the Chairman of the Public Service Commission to the Office of the Ombudsman for full investigation into the circumstances surrounding the appointment of Mrs Miriam Pomahun with a view to establishing whether any breach of the ***Leadership Code*** has been committed.
- 24.33. The Public Accounts Committee refers all overpayments to the Chairman of the Public Service Commission, to the Commissioners of the Public Service Commission and the staff of the Public Service Commission to the Fraud and Anti-Corruption Squad of the Royal Papua New Guinea Constabulary for complete and expert investigation and further action which the Squad may deem appropriate.

25. CONCLUSIONS

- 25.1. The Public Accounts Committee endorses the finding of the Auditor General in his Report of the 28th December 2004, viz:
- “It is apparent that there is an element of poor management which is the root cause of its... (the Public Service Commission) ... undesirable state of financial and operational affairs”.***
- 25.2. But for the involvement of the Public Accounts Committee, the huge overpayments to the Chairman, Commissioners and staff of the Public Service Commission would not have been identified or remedied.
- 25.3. The Committee is most concerned that such unlawful and/or incompetent practices can exist in the senior Public Service body in Papua New Guinea. How can any other public service entity be expected to act honestly and competently if the Public Service Commission does not do so?
- 25.4. We are further concerned that the apparent disregard and failure to understand the seriousness of this conduct, exhibited by the Chairman and staff of the Public Service Commission. This Committee obtained the clear impression that such practices were “business as usual” with no recognition that any wrong had been done.
- 25.5. The Committee hopes that this Inquiry may be the beginning of positive change for this Commission and that with the appointment of competent and honest Commissioners and staff, the Public Service Commission can once again set the example to all public servants that was intended by the founding father and by the Constitution of the Independent State of Papua New Guinea.

SCHEDULE 1

LIST OF WITNESSES	
DATES	NAMES
29 th August 2005	Mr Rigo Lua – Commissioner PSC Mr. Tau Liu – Commissioner PSC Mr. Jerry Tataga – Chairman PSC Mr. Andel Siane – Secretary PSC Mr. Joseph Simulaeta – Manager SCMC Mr. Alex Tali – Director Audit Office of the Auditor General Mr. Gabriel Kor – Assistant Auditor General Mr. Jack Bagita – SRC.
3rd March 2006	Mr. Jerry Tataga – Chairman PSC Mr. Rigo Lua – Commissioner PSC Mr. Tau Liu – Commissioner PSC Mr. Jack Bagita – SRC Mr. Lawrence Abady – EO – Dept. of Education Mr. Gideon Mange – Director Finance – PSC Mr. Andol Sione – secretary PSC
7 th March 2006	Mr. Jerry Tataga – Chairman PSC Mr Tau Liu – Commissioner PSC Mr. Rigo Lua - Commissioner
11 th April 2006	No evidence taken from witnesses.

SCHEDULE 2

LIST OF EXHIBITS AND DOCUMENTS BEFORE THE INQUIRY	
REPORTS OF THE AUDITOR GENERAL 1999 – 2004	
DOCUMENTS FROM AUDITOR GENERAL	DATES FROM THE PUBLIC SERVICE COMMISSION
Reports of the Auditor General 1999 – 2004	28 th December 2004
Report on the Final Audit of the Public Service Commission for the year ended 31 st December 2004	7 th March 2006
From the Office of the Auditor General – Response to the Public Accounts Committee directives in relation to the Audit Report for year 2004 from the Office of the Secretary, Public Service Commission	11 th October 2005
Further response from the Office of the Chairman, Public Service Commission	30 th December 2005
Further response to the Auditor General – Investigation Report from the Chairman, Public Service Commission	1 st February 2006
Response to Permanent Parliamentary Committee on Public Accounts on Auditor General's Investigation Report on the Affairs of the Commission for the year ending 31 st December 2004	1 st March 2006
Letter from the Office of the Chairman, Public Service Commission to Chairman, Public Accounts Committee and annexures	6 th March 2006
Report from the Auditor General of Papua New Guinea dated 1 st April 2006	

SCHEDULE 3

LIST OF SUMMONSES ISSUED	
DOCUMENTS	DATES
Summons to Produce Documents issued and served on Mr Lawrence Abady – Department of Education, Port Moresby	02/03/2006