

**PUBLIC ACCOUNTS COMMITTEE**

**INTERIM FINDINGS FROM THE RESUMED INQUIRY INTO THE  
PNG NATIONAL MUSEUM AND ART GALLERY**

- 1.1 ON THE 4<sup>TH</sup> OF JULY 2006 THIS COMMITTEE RECONVENED AN EXISTING INQUIRY INTO THE NATIONAL MUSEUM & ART GALLERY.**
- 1.2 THE INQUIRY CONTINUED ON THE 12<sup>TH</sup> OF SEPTEMBER 2006 AND THE 13<sup>TH</sup> OF SEPTEMBER 2006 WHEN INTERIM FINDINGS WERE MADE BY THE COMMITTEE.**
- 1.3 FINDINGS AND A SUBSEQUENT PARLIAMENTARY REPORT BY THIS COMMITTEE WERE BOTH HIGHLY CRITICAL OF THE MANAGEMENT OF THE NATIONAL MUSEUM & ART GALLERY.**
- 1.4 THE COMMITTEE ADJOURNED THE INQUIRY BUT REQUESTED THE OFFICE OF THE AUDITOR GENERAL TO CONDUCT AN AUDIT ON THE MUSEUM FINANCIAL MANAGEMENT.**
- 1.5 THE AUDITOR GENERAL ACCEPTED THE REQUEST AND UNDERTOOK THE AUDIT EXAMINATION.**

- 1.6 THAT EXAMINATION CONTINUED OVER 14 MONTHS AND THE RESULTS WERE UNSATISFACTORY – TO SAY THE LEAST.**
- 1.7 THE PUBLIC ACCOUNTS COMMITTEE HAD ALREADY FOUND THAT THE NATIONAL MUSEUM & ART GALLERY HAD NOT MADE ANY ACCOUNTS OR AUDITS FOR SIX YEARS AND HAD NOT MADE REPORTS OR STATEMENTS REQUIRED BY THE *PUBLIC FINANCES (MANAGEMENT) ACT 1995* FOR MANY YEARS.**
- 1.8 WE ALSO RECEIVED EVIDENCE OF WIDESPREAD MALPRACTICE AND INCOMPETENCE WITHIN THE ORGANIZATION INCLUDING THE ILLEGAL SALE OF STATE OWNED PROPERTY AND COMPLICITY IN THAT SALE BY FOREIGNERS.**
- 1.9 A TRUSTEE OF THE MUSEUM DESCRIBED THE INSTITUTION AS “A NATIONAL DISGRACE” AND THIS COMMITTEE IS INCLINED TO AGREE. THE MUSEUM & ART GALLERY IS RESPONSIBLE FOR THE PROTECTION, PRESERVATION AND MANAGEMENT OF THE HISTORICAL, CULTURAL AND SCIENTIFIC HERITAGE OF PAPUA NEW GUINEA.**
- 1.10 THE MUSEUM IS A PREMIER SCIENTIFIC INSTITUTION. IT IS CREATED BY AND OPERATES UNDER THE *NATIONAL MUSEUM & ART GALLERY ACT 1992* AND THAT ACT APPLIES TO *PUBLIC FINANCES (MANAGEMENT) ACT 1995***

**TO THE MUSEUM – TOGETHER WITH THE FINANCIAL INSTRUCTIONS MADE UNDER THAT ACT.**

- 1.11 MR SIMON PORAITUK IS THE DIRECTOR OF THE NATIONAL MUSEUM & ART GALLERY. HE IS EFFECTIVELY THE CHIEF EXECUTIVE OFFICER OF THE INSTITUTION AND IS RESPONSIBLE FOR THE DAY TO DAY MANAGEMENT. HE IS ALSO RESPONSIBLE FOR MAINTAINING AND ENSURING THE ACCURACY OF ACCOUNTING RECORDS AND THE MANAGEMENT OF BANK ACCOUNTS AND PUBLIC FUNDS.**
- 1.12 MR ARTHUR JAWODIMBARI IS THE PRESIDENT OF THE BOARD OF TRUSTEES OF THE INSTITUTION.**
- 1.13 THE BOARD OF TRUSTEES IS CREATED BY THE *NATIONAL MUSEUM & ART GALLERY ACT 1992* AND IS ULTIMATELY RESPONSIBLE FOR THE APPLICATION OF THE *PUBLIC FINANCES (MANAGEMENT) ACT* REQUIREMENTS TO THE MUSEUM AND FOR ALL COMPLIANCE WITH THAT ACT.**
- 1.14 THE MUSEUM HAS, IN THE OPINION OF THIS COMMITTEE, BECOME A DERELICT, NON-FUNCTIONING, INCOMPETENT ENTITY, THE MANAGEMENT OF WHICH COULD BE DESCRIBED AS “TOTALLY INEPT”.**
- 1.15 FURTHER, ON ALL THE EVIDENCE BEFORE IT, THIS COMMITTEE FINDS THAT MANAGEMENT OF THE NATIONAL MUSEUM & ART GALLERY DELIBERATELY**

**CONNIVED TO INTENTIONALLY PREVENT AN AUDIT OF THE INSTITUTION IN THE FULL KNOWLEDGE THAT SUCH AN AUDIT WOULD UNCOVER THE CORRUPT AND ILLEGAL PRACTICES THAT WE BELIEVE HAD EXISTED IN THAT ORGANIZATION FOR SOME TIME.**

**1.16 THIS COMMITTEE HAS ALREADY MADE VERY SERIOUS FINDINGS AGAINST THE MUSEUM FOR TRADING IN STATE PROPERTY WHEN IT HAD NO RIGHT TO DO SO.**

**1.17 WE ARE NOW IN A POSITION TO JUDGE THE QUALITY OF MANAGEMENT, ACCOUNTABILITY, COMPLIANCE AND TRANSPARENCY WITHIN THAT ORGANIZATION.**

**1.18 THE NATIONAL MUSEUM & ART GALLERY IS A "PUBLIC BODY" AS THAT TERM IS DEFINED IN SECTION 2 OF THE *PUBLIC FINANCES (MANAGEMENT) ACT 1995*. THIS MEANS THAT THE REQUIREMENTS OF LAW IN *PART VIII* OF THAT ACT APPLY TO THE MUSEUM.**

**1.19 *SECTION 5 OF THE PUBLIC FINANCES (MANAGEMENT) ACT 1995* IMPOSES OBLIGATIONS ON THE DIRECTOR AND THE TRUSTEES.**

**1.20 THIS COMMITTEE FINDS THAT THE DIRECTOR, TRUSTEES AND MANAGEMENT OF THE MUSEUM HAVE FAILED TO COMPLY WITH OR CARRY OUT ALMOST ANY OF THE REQUIREMENTS OF SECTION 5.**

- 1.21 THE MUSEUM AND ITS MANAGEMENT ARE THEREFORE IN BREACH OF THAT SECTION. THIS FAILURE HAS CONTINUED FOR MANY YEARS UNCHECKED AND UNAUDITED.**
- 1.22 SECTIONS 48 – 64 OF THE *PUBLIC FINANCES MANAGEMENT ACT 1995* IMPOSES FURTHER SPECIFIC OBLIGATIONS OF LAW ON THE MANAGEMENT OF THE MUSEUM.**
- 1.23 IN PARTICULAR, THIS COMMITTEE FINDS BREACHES OF SECTION 50 – AN OBLIGATION TO PREPARE AND DELIVER PERFORMANCE AND MANAGEMENT PLANS TO THE DEPARTMENT OF FINANCE, SECTION 51 – REQUIRING THE MUSEUM TO SUBMIT TO THE HEAD OF THE DEPARTMENT OF FINANCE ESTIMATES OF ITS RECEIPTS AND EXPENDITURE FOR THE NEXT FINANCIAL YEAR AND ITS PROPOSED WORKS PROGRAMME, SECTION 58 WHICH REQUIRES THE MONIES OF A PUBLIC BODY TO BE APPLIED ONLY IN PAYMENT OR DISCHARGE OF ITS EXPENSES, OBLIGATIONS AND LIABILITIES, SECTION 59 IN THAT THE NATIONAL MUSEUM & ART GALLERY HAS FAILED TO COMPLY WITH TENDERING PROCESSES PRESCRIBED BY THAT AND SUBSEQUENT SECTIONS, *SECTION 62* WHICH REQUIRES A PUBLIC BODY TO KEEP PROPER RECORDS AND ACCOUNTS OF ITS TRANSACTIONS AND AFFAIRS AND TO DO ALL THINGS NECESSARY TO ENSURE THAT PAYMENT OUT OF ITS MONIES ARE CORRECTLY MADE AND PROPERLY AUTHORIZED AND**

**THAT CONTROL IS MAINTAINED OVER ITS ASSETS OR ASSETS IN ITS CUSTODY, *SECTION 63(2)* IN THAT THE MUSEUM HAS NOT PREPARED OR FURNISHED PERFORMANCE AND MANAGEMENT REPORTS TO THE MINISTER FOR FINANCE AND *SECTION 63(4)* IN THAT THE MUSEUM HAS NOT SUPPLIED THOSE FINANCIAL STATEMENTS TO THE AUDITOR GENERAL IN ACCORDANCE WITH *PART 2* OF THE *AUDIT ACT*.**

**1.24 FURTHER, THIS COMMITTEE FINDS BREACHES OF *SECTIONS 17, 19(1), (2) AND (3)* AND POSSIBLY *SUB-SECTION 4* IN THE MANAGEMENT OF TRUST ACCOUNTS UNDER THE CONTROL OF THE MUSEUM.**

**1.25 THIS COMMITTEE AND THE AUDITOR GENERAL HAD BEEN UNABLE TO ASCERTAIN VIRTUALLY ANYTHING CONCERNING THE NUMBER, TYPE, TERMS OF, PURPOSE OF OR BALANCES HELD IN ANY TRUST ACCOUNTS MANAGED BY THE MUSEUM BECAUSE THE MANAGEMENT OF THE MUSEUM HAS FLATLY REFUSED TO PRODUCE ANY RECORDS WHEN ORDERED TO DO SO BY BOTH THIS COMMITTEE AND THE AUDITOR GENERAL.**

**1.26 IN RESPECT OF TRUST ACCOUNTS UNDER THE CONTROL OF THE MUSEUM, WE HAVE CERTAIN EVIDENCE OF DEFALCATION AND ABUSE OF THE POSITION OF THE TRUSTEES OF THOSE ACCOUNTS AND WE HAVE REFERRED THAT MATERIAL TO LAW ENFORCEMENT AGENCIES IN OUR REPORT TO THE NATIONAL PARLIAMENT.**

- 1.27 THIS COMMITTEE AGAIN GIVES THE STRONGEST POSSIBLE RECOMMENDATION TO MR GABRIEL YER, THE SECRETARY FOR FINANCE TO CONSIDER INVOKING *SECTION 19(6)* IF POSSIBLE, TO REMOVE CONTROL OF TRUST ACCOUNTS FROM THE NATIONAL MUSEUM & ART GALLERY AND TO CENTRALIZE THEM WITHIN HIS CONTROL.**
- 1.28 THE COMMITTEE FINDS THAT THE MANAGEMENT, DIRECTOR AND TRUSTEES OF THE NATIONAL MUSEUM & ART GALLERY DELIBERATELY FAILED TO COMPLY WITH DIRECTIVES AND NOTICES TO PRODUCE FROM THIS COMMITTEE REQUIRING PRODUCTION OF DOCUMENTS, RECORDS AND ACCOUNTS AND OTHER INFORMATION FOR THE PURPOSE BOTH OF THIS HEARING AND FOR THE PROPOSED AUDITS.**
- 1.29 THIS ARROGANT AND CONTEMPTUOUS DISREGARD OF THIS PERMANENT PARLIAMENTARY COMMITTEE HAS BEEN A FEATURE OF THE BEHAVIOUR OF MANAGEMENT OF THE MUSEUM TOWARDS THIS COMMITTEE.**
- 1.30 THE AUDITOR GENERAL HAS PREPARED REPORTS FOR THIS COMMITTEE PURSUANT TO AUDITS CONDUCTED ON THE MUSEUM FOR THE YEARS 2001 – 2003.**
- 1.31 THE REPORTS WERE NOT ONLY UNCERTIFIED BY THE AUDITOR GENERAL BUT WERE DISCLAIMED.**

- 1.32 THEY WERE DISCLAIMED BECAUSE OF THE LIMITATION OF THE SCOPE OF THE AUDITS. THIS WAS DUE TO THE FACT THAT THE AUDITORS FOUND IT IMPOSSIBLE TO VERIFY FIGURES THAT WERE STATED IN RESPECTIVE FINANCIAL STATEMENTS FOR THE YEARS 2001 – 2003 BECAUSE THERE WERE SIMPLY NO RECORDS MAINTAINED OF HOW PUBLIC MONEY WAS HANDLED BY THE NATIONAL MUSEUM & ART GALLERY.**
- 1.33 IN SUMMARY, IN THE YEARS 2001 – 2003 THE AUDITOR GENERAL RECEIVED VIRTUALLY NO CO-OPERATION FROM THE NATIONAL MUSEUM & ART GALLERY.**
- 1.34 THE MUSEUM FAILED TO UPHOLD A TIMETABLE AGREED WITH THE AUDITOR GENERAL AND THE AUDITOR GENERAL REPORTS THAT THE DELAY IN PREPARING THE AUDITS WAS DUE TO A LACK OF CO-OPERATION FROM THE MANAGEMENT OF THE MUSEUM. THIS WAS CHARACTERIZED BY ABSENTEEISM OF KEY PERSONNEL, LATE ATTENDANCE TO WORK, INADEQUATE INFORMATION FLOW AND THE FACT THAT THE MUSEUM OFFICE WAS CLOSED MOST OF THE TIME AND DELAYS WERE EXPERIENCED IN RECEIVING RESPONSES TO MANAGEMENT LETTERS – WHERE A RESPONSE WAS RECEIVED AT ALL.**
- 1.35 THIS COMMITTEE MADE VERY FIRM DIRECTIVES IN SEPTEMBER 2006 TO ENFORCE CO-OPERATION WITH THE**



**AUDITOR GENERAL. IT WAS CLEAR AT THAT STAGE THAT THE MUSEUM HAD NO INTENTION OF CO-OPERATING AND PARLIAMENTARY COMMITTEE LENT ITS SUPPORT AND POWER TO THE AUDITOR GENERAL TO FORCE THE MUSEUM TO DELIVER UP DOCUMENTS THAT WERE REQUIRED.**

**1.36 IN THE EVENT, THE EVIDENCE CLEARLY SHOWED THAT THE MUSEUM HAD REFUSED TO COMPLY WITH OUR DIRECTIVES AND THAT FAULT LIES FAIRLY AND SQUARELY WITH MR PORAITUK WHO CREATED THE OBSTACLES AND THE BOARD OF TRUSTEES WHO FAILED TO BRING MR PORAITUK AND HIS MANAGEMENT TEAM UNDER ANY FORM OF CONTROL.**

**1.37 A SIGNIFICANT AMOUNT OF BLAME MUST ALSO BE ATTACHED TO FAILURE BY ENFORCEMENT AGENCIES TO TAKE ANY ACTION AT ALL IN RESPECT OF THE REFERRALS, RECOMMENDATIONS AND FINDINGS MADE IN OUR INTERIM REPORT TABLED IN THE NATIONAL PARLIAMENT IN APRIL 2007.**

**1.38 IF THE AGENCIES OF THE OMBUDSMAN, THE DEPARTMENT OF PERSONNEL MANAGEMENT AND THE POLICE HAD ATTENDED TO THEIR DUTIES, IT IS VERY LIKELY THAT THE AUDITOR GENERAL WOULD HAVE RECEIVED FULL AND COMPLETE CO-OPERATION.**

**1.39 IN THE YEARS 2001 – 2003 THE NATIONAL MUSEUM & ART GALLERY BREACHED ALMOST EVERY REQUIREMENT OF LAW IN KEEPING AND PRESENTING ACCOUNTS OF PUBLIC MONIES IN THAT:**

- **THERE WERE NO LEDGERS;**
- **NO TRIAL BALANCE;**
- **NO COMMITMENT CONTROL LEDGERS;**
- **NO BANK RECONCILIATION STATEMENTS;**
- **NO BANK CONFIRMATION;**
- **NO PROPER FIXED ASSET REGISTER WAS KEPT;**
- **ADDITIONS IN ASSETS WERE NOT RECORDED;**
- **DISPOSALS WERE NOT EXCLUDED;**
- **THERE WERE NO CASH BOOKS;**
- **THERE WAS NO SUPPORTING DOCUMENTATION AT ALL PRESENTED TO THE AUDITOR GENERAL;**
- **NO ACCOUNTS RECORDS;**
- **NO SYSTEMS OR CORPORATE PLAN;**
- **VIRTUALLY NO ACCOUNTS OR RECORDS OF HANDLING OF OR DISPOSAL OF PUBLIC MONIES AT ALL;**
- **NO ADMINISTRATIVE OR OPERATIONAL HANDBOOKS;**
- **NO INTERNAL CONTROL ENVIRONMENTS AT ALL;**
- **NO RECORDING OF COLLECTIONS;**
- **NO SEGREGATION OF TASKS;**
- **NO COMMAND OR CONTROL BY EITHER THE TRUSTEES OR THE MANAGEMENT;**

- **CLEAR CONFLICT BETWEEN THE TRUSTEES AND THE DIRECTOR;**
- **NO CONTROLS OF ALLOCATED BUDGETS;**
- **NO TRUSTEE RECORDS;**
- **NO ACCOUNTING SYSTEMS OF ANY WORTH;**
- **NO LINE OF AUTHORITY FOR COMMITMENT OR EXPENDITURE OF MONEY;**
- **NO FINANCIAL DELEGATIONS;**
- **NO TRUST ACCOUNT RECORDS;**
- **NO STATUTORY REPORTS;**
- **NO STATUTORY ACCOUNTING RECORDS;**
- **NO PERFORMANCE OR FINANCIAL REPORTS; AND**

**THE LIST GOES ON AND ON AND ON.**

**1.40 DESPITE THESE FAILURES, THE AUDITOR GENERAL DID PRODUCE AUDIT REPORTS FOR THE YEARS 2001 – 2003.**

**1.41 THE FINDINGS AND CONCLUSIONS IN THESE REPORTS ARE THE WORST THAT THIS COMMITTEE HAS EVER SEEN.**

**1.42 CLEARLY IN THE YEARS 2001 – 2003 THE NATIONAL MUSEUM & ART GALLERY WAS UTTERLY UNCONTROLLED, INEPT AND INCOMPETENT, MISMANAGED, NON COMPLIANT WITH LAW AND OPEN TO VERY CONSIDERABLE COMMERCIAL INFLUENCE FROM FOREIGN INTERESTS.**

- 1.43 THE EXPERIENCE OF THE AUDITOR GENERAL WHEN ATTEMPTING TO AUDIT THE YEARS 2004, 2005 AND 2006 WAS EVEN WORSE.**
- 1.44 MR PORAITUK RIGHTLY TOLD THE COMMITTEE THAT HE WAS NOT THE DIRECTOR IN THE PERIOD 2001 – 2003.**
- 1.45 HOWEVER, AT LEAST SOME FEW DOCUMENTS WERE FOUND FOR THAT PERIOD. FOR THE PERIOD OF MR PORAITUKS DIRECTORSHIP THE AUDITOR WAS UNABLE TO FIND ANY DOCUMENTS AT ALL UPON WHICH TO EVEN START HIS AUDIT – NOTABLY ALL STATUTORY RECORDS WERE NON-EXISTENT.**
- 1.46 FOR THIS DEPLORABLE STATE OF AFFAIRS MR PORAITUK AND THE BOARD OF TRUSTEES MUST ACCEPT FULL RESPONSIBILITY.**
- 1.47 SO FAR AS WE CAN ASCERTAIN THE AUDITOR GENERAL RECEIVED ABSOLUTELY NO CO-OPERATION AT ALL FROM THE MUSEUM FOR THOSE YEARS.**
- 1.48 IT IS PERFECTLY CLEAR FROM THE EVIDENCE AND FROM THE ATTITUDE DISPLAYED TOWARDS THIS COMMITTEE THAT MR PORAITUK HAD NO INTENTION WHATSOEVER OF ALLOWING ANY SCRUTINY OF HIS PERIOD AS DIRECTOR OF THE NATIONAL MUSEUM & ART GALLERY.**

**1.49 MORE WORRYINGLY, THE TRUSTEES OF THAT ORGANIZATION COMPREHENSIVELY FAILED IN THEIR DUTY TO BRING MANAGEMENT UNDER CONTROL AND BRING THE MUSEUM INTO COMPLIANCE WITH THE REQUIREMENTS OF LAW IN ITS OPERATIONS.**

**1.50 THE LEVEL OF CONTEMPT IN THE DIRECTOR AND MANAGEMENT OF THE NATIONAL MUSEUM & ART GALLERY FOR THIS COMMITTEE WAS PERFECTLY ILLUSTRATED WHEN MR PORAITUK ATTEMPTED TO JUSTIFY THE NON-PRODUCTION OF RECORDS (WHICH IS HIS LEGAL DUTY TO MAKE) BY SERIOUSLY CONTENDING THAT THE FORMER FINANCE MANAGER OF THE MUSEUM (WHO DIED IN 2005)**

***"TOOK THE DOCUMENTS WITH HIM".***

**1.51 THERE CAN ONLY BE ONE REASON FOR THE REFUSAL TO ACT LAWFULLY AND THAT MUST BE A FEAR THAT AN AUDIT WOULD UNCOVER THE TRUE LEVEL OF CORRUPTION AND ILLEGALITY IN THE INSTITUTION.**

**1.52 WE FIND THATN THE MANAGEMENT OF THE MUSEUM DELIBERATELY AND INTENTIONALLY REFUSED TO COOPERATE WITH THE AUDITOR GENERAL.**

**1.53 CLEARLY THEY WOULD RATHER RISK PROSECUTION FOR NON COMPLIANCE WITH THE AUDITOR THAN BE PROSECUTED FOR WHAT THE RECORDS MIGHT REVEAL.**

- 1.54 THE AUDITOR GENERAL WAS UNABLE TO PERFORM ANY AUDITS FOR THE YEARS 2004 – 2006 BECAUSE THE MANAGEMENT OF THE MUSEUM HAVE FAILED TO COMPLY WITH THE DIRECTIVES OF THIS COMMITTEE AND REQUESTS OR DEMANDS OF THE AUDITOR GENERAL TO SUBMIT THE MUSEUM’S FINANCIAL STATEMENTS FOR THOSE YEARS.**
- 1.55 AN INTERIM AUDIT OF THE CONTROLS FOR THE YEARS 2004 – 2006 HAS BEEN CARRIED OUT AND THE SAME FAILINGS IDENTIFIED FOR THOSE YEARS AS FOR THOSE PREVIOUS THREE AUDITS.**
- 1.56 THIS COMMITTEE COULD NOT UNDERSTAND HOW THE NATIONAL MUSEUM & ART GALLERY COULD POSSIBLY CONTINUE TO RECEIVE FUNDING WHEN THE DERELICT STATE OF MANAGEMENT WAS CONSIDERED.**
- 1.57 THERE HAS BEEN NO REPORT AS REQUIRED BY LAW AND YET NO OVERSIGHT AGENCY SEEMS TO HAVE BEEN BOTHERED BY THESE FAILURES.**
- 1.58 THIS INQUIRY IS AS MUCH ABOUT THE FAILURE OF OVERSIGHT AND LAW ENFORCEMENT AGENCIES AS IT IS ABOUT THE NATIONAL MUSEUM & ART GALLERY.**
- 1.59 IN OUR OPINION, CORROBORATED BY EVIDENCE FROM THE AUDITOR GENERAL, THIS SAME APPALLING**

**MISMANAGEMENT, INCOMPETENCE AND ILLEGALITY ATTENDS MANY OTHER PUBLIC BODIES AND DEPARTMENTS IN THEIR DAY TO DAY MANAGEMENT.**

**1.60 THE MUSEUM IS A PARTICULARLY BAD EXAMPLE, BUT IT IS BY NO MEANS ALONE.**

**1.61 IT IS THESE VERY FAILURES WHICH HAVE LED TO THE AUDITOR GENERAL REFUSING TO CERTIFY THE PUBLIC ACCOUNTS OF THE NATION AS RELIABLE AND VERIFIABLE.**

**1.62 THIS IS A VERY SERIOUS DEVELOPMENT. IT MEANS THAT THE NATIONAL FISCAL MANAGEMENT HAS REACHED A PRECARIOUS POINT OF AND IT HAS ITS CAUSE IN EXACTLY THE SORT OF FAILINGS THAT WE SEE IN THE MUSEUM.**

**1.63 WHAT THEN ARE THE OVERSIGHT AGENCIES DOING? WHY HAVE THEY FAILED?**

**1.64 THIS COMMITTEE SUMMONED MR GABRIEL YER, THE SECRETARY FOR FINANCE TO THIS INQUIRY TO ASCERTAIN WHAT THE DEPARTMENT OF FINANCE HAS DONE IN RESPECT OF THE MUSEUM.**

**1.65 THE COMMITTEE SERVED A NOTICE TO PRODUCE INFORMATION ON MR YER BUT NOTHING WAS PRODUCED – APART FROM ONE AUDITOR GENERAL'S**

**REPORT WHICH THE COMMITTEE HAD ALREADY RECEIVED.**

**1.66 CLEARLY MR YER HAD NOT READ THE NOTICE TO PRODUCE AND HAD NOT BOTHERED TO EVEN ATTEMPT TO COMPLY WITH IT.**

**1.67 NEVERTHELESS, THE COMMITTEE QUESTIONED HIM CONCERNING HIS POWERS AND FAILURE TO ACT IN RESPECT OF THE NATIONAL MUSEUM & ART GALLERY.**

**1.68 THE SITUATION WITHIN THE MUSEUM WAS MADE KNOWN TO THE DEPARTMENT OF FINANCE IN LATE 2006 BY WAY OF LETTER FROM THIS COMMITTEE.**

**1.69 THE COMMITTEE NOTES THAT THE AUDITOR GENERAL'S REPORTS HAVE ALSO BEEN SENT TO THE MINISTER FOR FINANCE, YET THAT DEPARTMENT HAS DONE NOTHING TO BRING THE MUSEUM UNDER ANY FORM OF CONTROL.**

**1.70 THE DEPARTMENT OF FINANCE HAS VERY CONSIDERABLE POWERS TO ENFORCE COMPLIANCE FROM GOVERNMENT ENTITIES, ARMS, AGENCIES AND DEPARTMENTS, WITH THE TERMS OF THE *PUBLIC FINANCE (MANAGEMENT) ACT* AND THE *FINANCIAL INSTRUCTIONS*.**



- 1.71 THIS COMMITTEE ASKED MR YER WHAT HE HAD DONE, IF ANYTHING, TO FORCE COMPLIANCE WITH *SECTION 4(3) OF THE PUBLIC FINANCES (MANAGEMENT) ACT* AND *SECTION 5* OF THE SAME ACT. IT IS CLEAR THAT THE DEPARTMENT HAS DONE NOTHING.**
- 1.72 NO FINANCE INSPECTOR HAS BEEN APPOINTED TO REVIEW THE MUSEUM AND THE DEPARTMENT ITSELF HAS NOT CONDUCTED ANY AUDIT FOR INVESTIGATION.**
- 1.73 DESPITE THE FACT THAT HE KNEW THE TRUE STATE OF AFFAIRS IN THAT PUBLIC BODY AT LEAST A YEAR AGO AND SHOULD HAVE KNOWN MANY YEARS PREVIOUSLY.**
- 1.74 BY *SECTION 9* OF THE *PUBLIC FINANCES (MANAGEMENT) ACT* THE DEPARTMENT HAS THE POWER TO ACCESS RECORDS AND ACCOUNTS AND CALL FOR ANY SUBSEQUENT MATERIAL THAT IT MAY DEEM APPROPRIATE BUT THIS HAS NEVER BEEN ACTIONED IN RESPECT OF THE MUSEUM.**
- 1.75 THE SECRETARY FOR FINANCE HAS POWER TO SUMMARILY SUSPEND ANY OFFICER WHO MAY BE IN BREACH OF THE ACT. IN THE LAST SIX YEARS THE DEPARTMENT HAS DONE NOTHING. IN THE LAST 12 MONTHS SINCE IT RECEIVED SPECIFIC REPORTS OF MISCONDUCT AND BREACHES OF THE ACT IT HAS DONE NOTHING.**

- 1.76 MR YER DID NOT KNOW WHAT IF ANY TRUST ACCOUNT WERE MAINTAINED BY THE MUSEUM AND DID NOT PRODUCE THE RELEVANT TRUST INSTRUMENTS WHEN REQUIRED TO DO SO.**
- 1.77 HE WAS UNABLE TO ADVISE WHETHER THE DEPARTMENT HAD RECEIVED TRUST ACCOUNT REPORTS OR RECONCILIATIONS FOR THE LAST SIX YEARS AND KNEW NOTHING ABOUT THE STATE OF THE TRUST ACCOUNTS.**
- 1.78 MR YER WAS UNABLE TO TELL US WHETHER THE DEPARTMENT HAD RECEIVED PERFORMANCE AND MANAGEMENT STATEMENTS AND HAD CLEARLY NOT READ THE REPORTS OF THE AUDITOR GENERAL SENT TO THE MINISTER FOR FINANCE IN JUNE 2007.**
- 1.79 THE DEPARTMENT HAS NOT INVOKED SECTION 64 TO BRING THE MUSEUM UNDER CONTROL – OR ANY OTHER OF ITS POWERS.**
- 1.80 MORE SERIOUSLY, THE AUDITOR GENERAL APPEARS TO HAVE DONE NOTHING TO AUDIT THE MUSEUM FOR SIX YEARS – UNTIL THIS COMMITTEE STEPPED IN AND DEMANDED AN AUDIT BE PERFORMED.**

- 1.81 EVEN THEN, THE AUDITOR GENERAL DID NOT USE ANY OF HIS CONSIDERABLE POWERS TO FORCE THE MUSEUM TO COMPLY WITH ITS OBLIGATIONS.**
- 1.82 THERE IS A CLEAR RELUCTANCE ON THE PART OF THE OVERSIGHT AGENCIES TO BRING THIS ENTITY TO ACCOUNT AND WE DO NOT UNDERSTAND THIS ATTITUDE.**
- 1.83 MR PORAITUK AND THE TRUSTEES COULD HAVE BEEN SUMMONED BY THE AUDITOR GENERAL, THEY COULD HAVE BEEN SERVED WITH A SUMMONS TO PRODUCE DOCUMENTS, THEY COULD BE EXAMINED ON OATH AND THE AUDITOR GENERAL COULD HAVE REFERRED THESE FAILURES TO THIS COMMITTEE AT A VERY EARLY STAGE. HE DID NOT DO SO.**
- 1.84 THE NATIONAL MUSEUM & ART GALLERY HAS A VERY SMALL BUDGET OF LESS THAN A MILLION KINA TO ACTUALLY RECORD AND ACCOUNT FOR.**
- 1.85 THE OBLIGATIONS ON MR PORAITUK AND HIS STAFF AND THE TRUSTEES ARE NOT ONEROUS, YET THERE HAS BEEN NO ATTEMPT TO EVEN BEGIN TO COMPLY WITH THE REQUIREMENTS OF LAW.**
- 1.86 IN SHORT, THE NATIONAL MUSEUM & ART GALLERY HAS COMPREHENSIVELY FAILED TO OBEY THE LAWS**

**OF THE STATE OF PAPUA NEW GUINEA IN THE CONDUCT OF ITS BUSINESS.**

**1.87 INSTEAD, MANAGEMENT OF THE MUSEUM HAVE, IN OUR OPINION, INTENTIONALLY EMBARKED ON A COURSE OF THEIR OWN WHICH MEANT THE USE OF PUBLIC MONIES IN AN ILLEGAL FASHION.**

**1.88 THIS CORRUPT AND INCOMPETENT MANAGEMENT WAS ALLOWED TO FLOURISH AS A RESULT OF THE FAILURES OF THE AUDITOR GENERAL, THE DEPARTMENT OF FINANCE, LAW ENFORCEMENT AGENCIES, THE DEPARTMENT OF PERSONNEL MANAGEMENT, THE MINISTRY OF CULTURE & TOURISM AND EVERY OTHER ENTITY WHOSE DUTY IT WAS TO OVERSEE, CONTROL AND COMMAND THE KEEPING OF ACCOUNTS AND RECORDS WITHIN THE MUSEUM AND THE COMPLIANCE WITH LAW BY THAT INSTITUTION.**

**1.89 THIS IS A VERY SERIOUS MATTER AND THAT EVIDENCE CORROBORATES THE OBSERVATIONS OF THIS COMMITTEE AND MANY OTHER INQUIRIES.**

**1.90 YET, DESPITE CONTINUOUS WARNINGS, CRITICISMS, REFERRALS AND ADVERSE FINDINGS SOUNDLY BASED IN THE EVIDENCE, NO ENFORCEMENT AGENCY ACCEPTS ANY RESPONSIBILITY WHATSOEVER TO CHANGE THE CURRENT PRACTICES.**

- 1.91 WHERE IS THE OMBUDSMAN? WHERE ARE THE POLICE? WHAT IS THE DEPARTMENT OF PERSONNEL MANAGEMENT DOING ALLOWING THIS CONDUCT TO CONTINUE? WHAT ARE THE RELEVANT MINISTERS DOING?**
- 1.92 THIS COMMITTEE WISHES TO SEE A VERY SIGNIFICANT IMPROVEMENT IN THE STANDARD OF PERFORMANCE BY ALL AGENCIES WHO HAVE SO COMPREHENSIVELY FAILED IN THE EXAMPLE OF THE NATIONAL MUSEUM & ART GALLERY.**
- 1.93 FURTHER, MANAGEMENT AND THE TRUSTEES OF THE NATIONAL MUSEUM & ART GALLERY ARE, IN THE OPINION OF THIS COMMITTEE, UTTERLY INCAPABLE OF UNDERSTANDING OR PERFORMING THEIR DUTIES OVER THE LAST SIX YEARS.**
- 1.94 WE HAVE SAID IN THE PAST AND WE REPEAT THAT A NEW FRESH PROFESSIONAL COMPETENT MANAGEMENT TEAM SHOULD BE IMMEDIATELY APPOINTED TO THE MUSEUM AND A FULL AND COMPLETE INVESTIGATION CONDUCTED BY THE OMBUDSMAN, THE POLICE AND THE AUDITOR GENERAL INTO THE USE OF PUBLIC MONIES OVER THE LAST SIX YEARS.**
- 1.95 SECONDLY, A FULL AND COMPLETE INVESTIGATION SHOULD BE CONDUCTED BY THOSE AGENCIES INTO**

**THE DEALING BY THE MUSEUM WITH STATE PROPERTY  
IN ITS CUSTODY, CARE OR CONTROL.**

- 1.96 WE DO STATE THAT THE NATIONAL MUSEUM AND ART GALLERY ACT IS COMPLEX AND, IN OUR OPINION, POORLY DRAFTED. THE GOVERNMENT SHOULD REVISIT THAT ACT AND CLARIFY AT LEAST THE APPOINTMENT OF, REMOVAL OF, ROLES AND POWERS OF THE TRUSTEES AND THE DIRECTOR.**
- 1.97 MR PORAITUK AND TRUSTEES, WE WILL RECONVENE THIS INQUIRY IN 2008 WITH CURATION OF STATE PROPERTY WITHIN YOUR CUSTODY, POWER OR CONTROL.**
- 1.98 WE FURTHER INTEND TO MAKE FULL REPORT TO YOUR MINISTER, TO THE MINISTER FOR FINANCE, TO THE MINISTER FOR TREASURY AND TO THE NATIONAL PARLIAMENT.**
- 1.99 THE FAILINGS WHICH THESE INQUIRIES HAVE IDENTIFIED ARE FAR TOO SERIOUS AND WIDESPREAD TO BE ALLOWED TO CONTINUE.**
- 1.100 THIS PARTICULAR INQUIRY INTO THE NATIONAL MUSEUM & ART GALLERY IS ADJOURNED UNTIL FURTHER NOTICE.**

**1.101 WE NOW TURN TO THE DEPARTMENT OF LANDS AND  
PHYSICAL PLANNING.**