



**Report of the Auditor-General on the Accounts
of the APEC Papua New Guinea 2018
Coordination Authority for the years ended
31 December 2015 to 31 December 2019**





**An Assurance Audit Report of the Auditor General on the Financial Reports
of the APEC Papua New Guinea 2018 Coordination Authority for the years
ended 31 December 2015, 31 December 2016,
31 December 2017, 31 December 2018 and 31 December 2019**

OFFICE OF THE AUDITOR-GENERAL

Date: 07 April, 2021

The Honourable Job Pomat, MP
Speaker of the National Parliament
Parliament House
WAIGANI
National Capital District

Dear Mr Speaker,

In accordance with the provisions of *Section 214* of the *Constitution of the Independent State of Papua New Guinea*, I forward herewith a copy of my report signed on 05th March 2021 upon the inspection and audit of the financial reports of the APEC Papua New Guinea 2018 Co-ordination Authority for the years ended 31 December 2015, 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019.

Yours sincerely,



GORDON KEGA MBA, CPA
Auditor-General

AUDITOR-GENERAL'S REPORT ON THE APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

TABLE OF CONTENTS

<u>PARA NO.</u>	<u>SUBJECT</u>	<u>PAGE NO.</u>
1.	Executive Summary	1
2.	Enabling Entity Legislation	3
3.	Policies, Compliance and Budget	4
4.	Role and Mandate of the Auditor General	5
5.	Audit Scope and Nature.....	5
6.	Result of Audit	6
7.	Recommendations.....	11
8.	Entity Comments and Responses.....	11
	Attachment A –Audit Report <i>Section 8(4)</i>	13
	Attachment B –Audit Report <i>Section 8(2)</i>	35
	Attachment C –Audited Financial Statements.....	59
	Attachment D –Other Information.....	121

1.0 Executive Summary

Asia Pacific Economic Cooperation (APEC) 2018 meetings

APEC meetings are held once every year by the twenty-one (21) APEC Member Economies. Papua New Guinea joined APEC in 1993. Each year, one of the member economies plays host to APEC meetings and chairs the annual *Economic Leaders' Summit*.

In November 2018, Papua New Guinea played host to the *APEC Leaders' Summit* under the theme “**Harnessing Inclusive Opportunities, Embracing the Digital Future**”. Selected ministerial meetings, senior officials' meetings, the APEC Business Advisory Council and the APEC Study Centres Consortium meetings were also held during the year leading up to the annual *Economic Leader's Summit*.

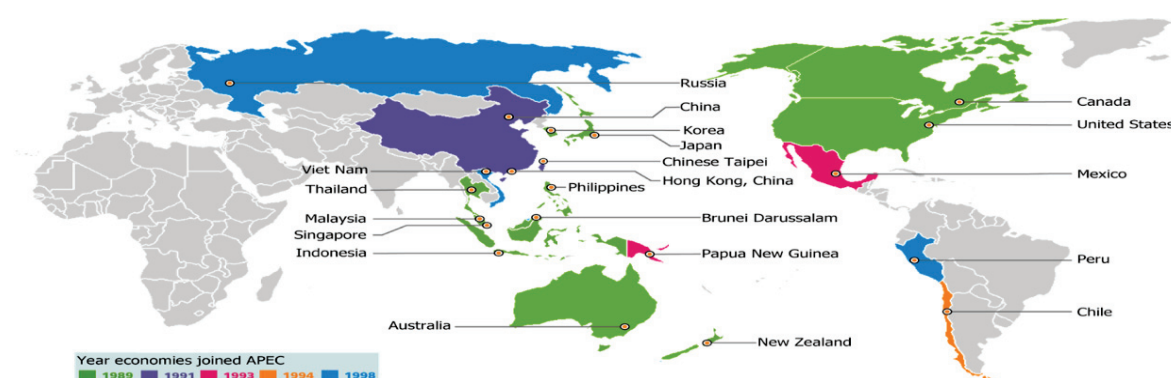


Figure 1.1 This world map indicates the 21 APEC Member Economies and year they joined APEC

The APEC Papua New Guinea 2018 Co-ordination Authority (the APEC Authority) came into existence as a result of the enactment of the *APEC Papua New Guinea 2018 Co-ordination Authority Act 2014* (the APEC Act) on 23 December 2014. The Authority was responsible for hosting the APEC 2018 meetings in PNG.

It was estimated that more than K500 million was expended between 2015 to 2019 for the preparation and hosting of the event. These expenditures were in the categories of infrastructure developments, fixed assets procurements, purchase of goods and services, and administrative expenses including the salaries and allowances of the security task forces. However, this amount does not capture various contributions and assistance by third parties from both within and abroad. The notable omissions included the indirect receipts and payments of the APEC Authority that arose from the APEC Haus, Paga Hill Ring Road and International Convention Centre. The State currently has 100% claim over these assets. Furthermore, the contribution of K100 million for the construction of Hilton Hotel (which was built for the event) was not captured in the financial reports of the APEC Authority.

Since the conclusion of the summit in November 2018, there has been a lot of public interest for the APEC Authority to provide a report on the event to account for the funds expended to host the event. The APEC Act did not specifically provide for the AGO to conduct the audit of the Authority, however given the significant amount of public funds involved, I have exercised my constitutional powers provided under *Section 214* of the *Constitution* and *Section 3* of the *Audit Act, 1989 (as amended)* to conduct the audit of the Authority. I have conducted an assurance audit to express an opinion on the truth and fairness of the financial reports provided by the Authority. I have disclaimed my opinion on the financial reports submitted. My reports under *Section 8(4)* and *Section 8(2)* of the *Audit Act 1989(as amended)* which explains the basis of my opinion and the significant issues of concern identified during audit are included in **Attachments A and B**.

The audit of the APEC Authority was one of the most important audits ever undertaken by my office due to the significance of the event itself and amount of public funds expended to host this historical event in PNG. I faced significant challenges throughout the course of the audit due to unavailability of appropriate supporting documents and records to enable me to conclude on my testing procedures. The APEC Authority did not have a centralised governance framework to effectively monitor, coordinate and control its activities. There was no centralised financial unit within the APEC Authority to process transactions and maintain proper records and documents.

The Authority performed a coordinating function with other agencies for the preparation and hosting of the event. The other key agencies where funds were channelled for payments included, the Department of Finance, the Department of Prime Minister and NEC (PM&NEC) and the Joint Security Task Force (JSTF) which comprises both the Department of Defence and the Royal PNG Constabulary. These agencies also did not maintain proper and complete record of all transactions for funds expended for APEC related activities which resulted in lack of documents and records available for the APEC Authority. Based on our analysis of the samples requested for testing, a total of more than 60 % of the samples selected for testing were not made available at the time of my audit. Even the documents and records of the samples that were provided were incomplete and lacked the key information and documents required.

The funds allocated for the APEC meetings were expended from the preparation stage in 2015 through to the hosting of the APEC meetings in 2018 and continued on to 2019 where contractors and service providers were paid their dues. As at 31 December 2019, the total creditors yet to be settled by the State was valued at K58.4 million. I did not perform any testings to verify the legitimacy, completeness and accuracy of these balances due to lack of records and supporting documentation at the time of concluding my audit. An independent assessment of these liabilities is necessary to determine their accuracy.

The audit was conducted by an International Accounting Firm as AGO's authorised auditor. The audit commenced in December, 2019 and has taken over a year to complete due to significant challenges in gathering complete and reliable information and evidence required to conclude on my audit testings. Due to time constraints, I had to wind up the audit and issue my report.

Nevertheless, despite these challenges I have worked tirelessly with my appointed auditor and the respective government agencies to ensure that this report is completed and submitted to Parliament

2.0 Enabling Entity Legislations

The Act of Parliament

The APEC Papua New Guinea 2018 Co-ordination Authority (APEC Authority) came into existence as a result of the enactment of the *APEC Papua New Guinea 2018 Co-ordination Authority Act 2014* (the APEC Act) on 23 December 2014. The APEC Act empowers the APEC Authority to ensure the efficient and successful running of the APEC 2018 meetings, enter into and perform contracts for the construction and rehabilitation of the APEC PNG 2018 meetings venues and ancillary works and services, and to do all things ancillary to the foregoing.

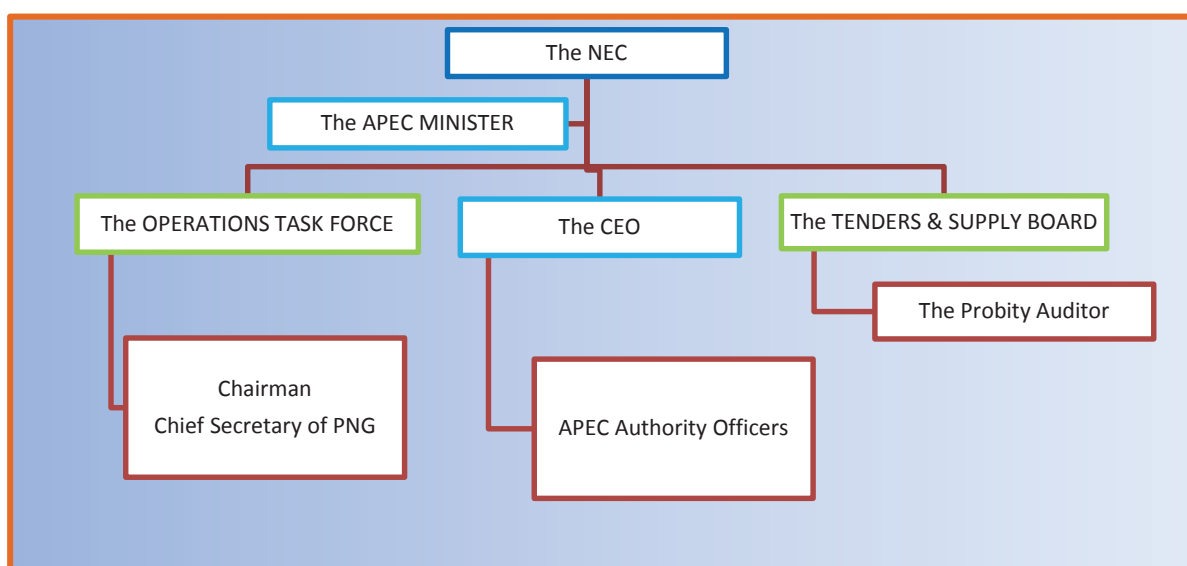
The APEC Authority was also accountable for ensuring correct protocols were accorded to all delegates, all APEC related meetings were held on time, all meeting venues and accommodations met world class standards, and all infrastructures associated with the APEC meetings were completed on time.

Functional Structure of the Authority

The APEC Authority was to report to the National Executive Council (NEC) through the Minister responsible for the APEC 2018 meetings as required under *Section 15* of the APEC Act.

Section 9 of the APEC Act requires formation of the APEC Operations Task Force to provide oversight of the Chief Executive Officer and the Authority to ensure the respective functions are properly performed. The APEC Operations Task Force shall comprise the Chief Secretary as Chairman and the members shall be the departmental heads responsible for trade matters, foreign affairs matter, treasury matters, justice matters, police matters, defence matters, works matters and the Director-General of the National Intelligence Organisation.

The APEC Authority was an independent body corporate established and governed by the APEC Act with clearly defined protocols and functions. As such, the APEC Authority was responsible to set up all the required committees and management teams to create clear channels of command, control, communication and reporting. The complete reporting structure of the APEC Authority was not made available, however, based on the APEC Act, the structure is depicted below for the purposes of this Report.

Chart 2.1 Reporting structure of the Authority per APEC Act

3.0 Policies, Compliances and Budget

Expansion and Development Policies

The APEC Authority was a short-lived body corporate with no plans for future expansion or development. The APEC Authority was designed to exist for the duration of the preparations and hosting of the APEC meetings in 2018. The APEC Authority was limited to operate within its mandated functions and execute the Activity Plans or Strategic Plans for the APEC 2018 meetings to ensure successful preparations and hosting.

The development and expansion of the APEC Member Economy hosting the APEC meetings (*in this case Papua New Guinea*) are discussed at the *APEC Leaders' Summit*. The APEC Member Economies provide voluntary contributions to support projects that advance APEC's trade and investment liberalisation, business facilitation and to meet capacity building needs especially for developing APEC Member Economies.

Operational Policies

Internal control policies and procedures manual are an essential frame-work for safeguarding prudent financial management and operation of an organisation for successful achievement of desired results. Tailor-made policies and procedures are necessary for every organization.

The APEC Authority should have a set of policies and procedures manual in place to provide clear direction for administration and to avoid loopholes for abuse of public funds through fraud and malpractice. Proper controls in the areas of procurements, accounting, centralization of records and system integration and record-keeping are vital to eliminate possibilities of data manipulation and management override.

Compliance with Other Applicable Laws and Regulations

Compliance with all applicable laws was required for efficient and successful conduct of the APEC 2018 meetings and for accountability of the public funds the Authority had to manage. The APEC Act clearly states the APEC Authority's mandated functions for compliance purposes. Therefore, the APEC Authority was to comply with all provisions under the APEC Act and all other enabling laws. Compliance with requirements under the *Asia Pacific Economic Cooperation (APEC) Safety and Security Act 2017*, the *Public Finances Management Act 1995 (as amended)* and the *Salaries and Conditions Monitoring Committee Act 1988 (the SCMC Act)* were no exceptions.

Budget

Budget is an important tool that keeps track of all revenue sources and controls expenditures. Budget is compulsory for every organization. The main source of revenue for the APEC Authority was through the National Budget and its expenditures were to align with the Activity Plans for the APEC 2018 meetings.

The APEC Authority had the responsibility to manage the APEC meetings funds and was responsible for adopting appropriate control measures and tools including a budget.

4.0 Role and Mandate of Auditor-General

The responsibilities of the Auditor-General are specified under *Section 214* of the *Constitution*, *Sections 3, 4 and 8* of the *Audit Act 1989 (as amended)* and *Section 63(4)* of the *Public Finances (Management) Act 1995 (as amended)*. Subject to these laws, the Auditor-General has complete discretion in the performance or exercise of its mandated functions or powers.

5.0 Audit Scope and Nature

Audit Scope

The audit was conducted in accordance with the *International Standards on Auditing* and the promulgated best business practices with compliance to the *Public Finances (Management) Act 1995 (as amended)*, the *APEC Papua New Guinea 2018 Co-ordination Authority Act 2014* and the *Asia Pacific Economic Cooperation (APEC) Safety and Security Act 2017*.

Nature of Audit

The engagement is an assurance audit in compliance with the *Public Finances (Management) Act 1995 (as amended)*, and the *Audit Act, 1989 (as amended)*. The purpose is to express an opinion on the truth and fairness of the financial reports provided.

Period of Reporting

The Auditor-General's Report to the Parliament on the accounts of a public body for each financial year due on 30 June of the following year. For that purpose, a public body shall submit the financial statements of a fiscal year by 30 April of the following year to the Auditor-General in line with *Section 63(4) of the Public Finances (Management) Act 1995 (as amended)*. APEC Authority did not comply with these provisions.

6.0 Results of Audit

Audit Opinion

My Report in accordance with the provisions of the *Audit Act 1989 (as amended)* and the *Public Finances (Management) Act 1995 (as amended)* on the financial reports of the APEC Papua New Guinea 2018 Co-ordination Authority for the financial years ended 31 December 2015, 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 were issued on 05 March 2021. All the respective annual reports contained a Disclaimer of Opinion. The basis for the Disclaimer of Opinion issued to the Prime Minister of Papua New Guinea and the Minister for Finance and Rural Development have been reproduced and form part of this Report as **Attachment: A**.

Audited Financial Reports

The Authority's audited financial reports are attached to this Report as **Attachment: C**.

Significant Matters of Concern

My Report to the Ministers under *Section 8(2) of the Audit Act 1989 (as amended)* on the inspection and audit of the accounts and records of the APEC Papua New Guinea 2018 Co-ordination Authority for the fiscal years ended 31 December 2015, 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 were issued on 05 March 2021.

The reports contained significant matters which needed careful attention and considerations by the Parliament when establishing one-time (short-lived) authorities like the APEC Papua New Guinea 2018 Co-ordination Authority in the future. Those significant matters I reported to the Prime Minister of Papua New Guinea and the Minister for Finance and Rural Development are attached to this Report as **Attachment: B**.

Most of the issues reported related to non-compliance with the applicable laws that governed the operations of the Authority. The following are brief summaries of the issues reported:

- Information and data on National Budget appropriations made for each of the five fiscal years were provided. However, full warrant authorities and cash fund certificates were not provided to confirm the actual receipts through the National Budget. So I could not determine whether the actual receipts were consistent with the budget appropriation.
- Cash receipts and payments of the Authority appeared to be incomplete. Most of the indirect receipts or direct payments by third parties were not appropriately taken up in the books or the financial reports. The omissions included the third-party payments for the construction of the APEC Haus, the Paga Hill Ring Roads and the International Convention Centre. The State currently has 100% claim over these assets, so the funds expended on these infrastructures should be disclosed in full.
- US\$30 million (K100 million) was paid by the State through Kumul Petroleum Holdings Limited (KPHL) as the State's contribution for the construction of Hilton Hotel but this was not disclosed in the APEC Authority financial reports.
- Other major infrastructure developments that took place during the APEC meetings preparations involving public funds were not included in the financial report of the APEC Authority.
- As at 31 December 2019, the APEC Authority had outstanding creditors valued at K58.4 million. I was unable to confirm the legitimacy, completeness and accuracy of the creditors balance, since all the relevant documentation were not made available for my review.
- There was no evidence that the APEC Authority had a set of policies and procedures manual in place for safe-guarding its daily operations, spending and compliance with all relevant Acts;
- My request for the operational budgets for the five (5) years were not provided. It appears that the APEC Authority did not prepare budgets and this may have cost the State dearly. Therefore, I was not able to determine whether the expenditures made during the period were within and in accordance with the approved operational budget.
- The APEC Authority did not provide its organizational structure. I was unable to verify whether the required reports were prepared and furnished to the responsible authorities as required by the respective Acts.
- My request for copies of minutes of the meeting and resolutions from the APEC Operations Taskforce Committee and the Supply and Tenders Board with respect to the engagement of a number of service providers were not provided. As a result, I was not able to determine and confirm if the engagements were made in compliance with the APEC Act and other relevant applicable acts.

- *Section 24* of the APEC Act requires the appointment of a Probity Auditor to access all documents of the Authority including all meeting minutes and to advise the Chairman of the APEC PNG Supply and Tenders Board, the Chief Secretary of PNG. However, the management advised that no Probity Auditor had been appointed as required by the Act.
- Provisions under *Section 21* of the APEC Act require all contracts that exceeds K500,000 to go for public tender. All documents related to tenders called for, the evaluations done, subsequent award of the contract and agreements signed to bind the contractors or service providers were not provided. So I was unable to ensure legitimacy of the engagement of number of service providers. I was also unable to determine whether the APEC Authority complied with the requirements under the *Sections 20 and 21* of the APEC Act.
- My review revealed that some invoices which would have exceeded K500,000 were separated into smaller amounts possibly to slip under the approval limits for the purpose of facilitating the approval and payment processes. The Authority departed from compliance with *Section 21* of the APEC Act which requires the purchase or disposal of property or stores or the supply of works and services over K500,000 to be advertised on public tender. The practice also circumvented and breached requirements under the *Public Finances (Management) Act 1995 (as amended)*.
- The *Asia Pacific Economic Cooperation (APEC) Safety and Security Act 2017* (the JSTF Act) does not provide for the Royal PNG Constabulary to enter into any contract for purchase of assets or services from suppliers or service providers. However, the JSTF had entered into a number of engagements without following proper tender and approval procedures as required under *Section 21* of the APEC Act.
- The JSTF (Royal PNG Constabulary and Department of Defence) expended from their Trust account K30 million and an additional K19.6 million was incurred and transferred to Department of Finance as State liability towards outstanding creditors.
- The JSTF creditors listing included a hire car company which was owed K11 million, however, subsequently the APEC Authority removed the liability from the creditors outstanding listing since no underlying documents were available. I have no further information on whether the State has settled this liability since all liabilities were transferred to the Department of Finance as State liability.
- The APEC Authority in their response to the management letter, mentioned that on 25, 26 and 27 December, 2018, the Department of Finance paid K7.6 million for the outstanding supplier amounts from *IFMS code 13114- 000-200-227*. APEC Authority review of the IFMS report shows that payments were largely paid to JSTF suppliers and JSTF allowances.

- The payment vouchers for these amounts could not be located but it appears that several of these payments were suppliers that were still showing as outstanding on the JSTF creditors listing.
- The APEC Authority is subject to *Salaries and Conditions Monitoring Committee Act 1988* (the SCMC Act). Approved organizational and salary structures of the Authority were not made available. As such, there was no evidence for me to confirm that the APEC Authority had complied with the requirements of the SCMC Act and the Public Service General Orders in remunerating its employees during the period of its operations.
- I noted instances where allowances had been paid at the rate of K500 per day contrary to the K200 daily rate required by the Public Services General Orders. I could not obtain NEC approval to substantiate the new daily allowance rate used.
- The Authority opened its first bank account with Bank South Pacific (BSP) on 21 January 2016. This was one (1) year after the APEC Act came into force on 23 December 2014.
- The above account was operated under the trust instrument “*Department of Prime Minister & NEC APEC OP Plan Trust Account*” dated 31 December 2013. Therefore, the above Trust account was not operated by the APEC Authority, but the Department of Prime Minister & National Executive Council (PM&NEC). The expenditures related to APEC meetings preparation were committed by the Department of PM&NEC from the trust account and also from PM&NEC operational account;
- **K197,065,555** was expended by the Department of PM&NEC during 2016, 2017 and 2018 towards APEC meetings. However, K1.8 million (78 payments) was expended from the PM&NEC APEC OP Plan Trust Account and the rest of the payments were made from PM&NEC operational account under an APEC operational code. I was unable to sight any NEC decision or amendment to the Act or other arrangements that might have been made to *decentralize* the ultimate financial powers the APEC Authority has under *Section 22(2)* of the APEC Act to receive and disburse all monies through the APEC Authority’s own bank account.
- From the funds expended by the Department of PM&NEC, the APEC Authority excluded about **K26.0 million** for the financial year 2017, informing me that they were not related to APEC meetings.
- The very purpose of enacting of *APEC Papua New Guinea 2018 Co-ordination Authority Act 2014* was defeated by the above process, which was one reason for the long delay to conduct the audit in time. Also, under *Public Finances (Management) Act 1995 (as amended)* the manner in which the expenses were incurred for the meetings was not appropriate.

- Further, on 28 February 2018 the APEC Authority opened its own Trust account with Bank of Papua New Guinea (BPNG) after approval from the Department of Finance to operate their own bank account. The account was called “*Asia Pacific Economic Cooperation (APEC) Trust Account*”. The Authority failed to comply with *Section 22* of the *APEC Act* by not opening the bank accounts once the Act was enacted by Parliament. The APEC Authority mentioned in its response to my management letter that they requested to open and operate their own Trust account for accountability purposes but was denied by the government authorities;
- As the financial functions of the Authority was decentralised amongst the Department of PM&NEC, the Department of Finance (DOF), the Department of Defence, the JSTF and the APEC Authority, the purpose of enacting the APEC Act to establish the APEC Authority with sole powers to receive and disburse funds budgeted for the APEC meetings had been ignored.
- A central governance committee was necessary where the financial functions of the APEC Authority had been seen to decentralize. However, no evidence was available to confirm such committee existed to oversee and approve all payments that were processed through the four (4) departments and Authority itself (channels).
- Due to the duplication of the financial functions of the APEC Authority, accounting and record-keeping were not organized. Management systems of the four (4) departments were not integrated with the APEC Authority, and registers and records were in isolation. The transaction listings provided were incomplete and most of the underlying payment records were missing. Long delays and difficulties were experienced in receiving the requested information for the audit. So the completeness and accuracy of the receipts and payments of the Authority could not be confirmed.
- The APEC Authority had not submitted its financial statements in a timely manner for my audit. The financial statements for the years 31 December 2015 to 31 December 2018 were submitted in December 2019 with the 2019 financial statements submitted in April 2020. As such, the Authority failed to comply with the requirements under the *Public Finances Management Act 1995 (as amended)*.
- There was no evidence of progressive financial reporting (*semi-annual and annual*) being prepared by the Authority as required under *Section 15* of the APEC Act.
- *Section 29(2)(a)* of the *APEC Act* contravenes the authority of Auditor-General of PNG from conducting the audit of the APEC Authority with an independent auditor allowed to report on the financial statements of the APEC Authority.

- This denies the mandate and powers given to the Auditor-General of PNG under *Section 214* of the *Constitution* and other enabling *Acts* including the *Public Finances Management Act, 1995 (as amended)* and the *Audit Act 1989 (as amended)* to conduct the audit of all public bodies including the statutory authorities. Going forward, enactment of any such laws by Parliament must ensure to avoid such oversight that causes conflict with the existing laws.
- Throughout the course of the audit, I faced significant delays and difficulties in receiving the requested documentations. At the time of this Report, a number of underlying documents and information requested are still outstanding. As such, I was unable to determine whether the Authority had the necessary human resource capabilities employed to effectively and efficiently run the Authority.
- As per latest report provided by Department of Finance (DoF) as at 15 February 2021, 109 of the total 492 vehicles used for APEC 2018 meetings operations were still in the hands of individuals. A total of 257 vehicles were distributed to public and statutory bodies, provincial and district government arms, NGO's, hospitals and other charitable organisations. However, I was unable to comment on the actions taken by DoF in recouping the 109 vehicles from the individuals and whether they have been properly disposed of through the public tender process.

7.0 Recommendations

Specific recommendations I proposed to the Authority have been reproduced and form part of this report (*Refer Attachment: B*).

8.0 Entity Comments and Responses

Responses from the APEC Authority to the issues that I have raised or the recommendations made under *Section 8(2)* of the *Audit Act, 1989 (as amended)* form part of this report. (*Refer Attachment: B*).

Attachment: A

Our Reference: 30-93-4

**INDEPENDENT AUDIT REPORT
TO THE PRIME MINISTER ON THE ACCOUNTS OF
APEC PAPUA NEW GUINEA-2018 CO-ORDINATION AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

DISCLAIMER OF OPINION

I have audited the accompanying special purpose financial report of *APEC Papua New Guinea 2018 Co-ordination Authority*, which comprise the Statement of Cash Receipts and Payments for the year ended **31 December 2019** and notes to the special purpose financial report including, a summary of significant accounting policies and other explanatory information.

Because of the significance of the matters referred to in the Basis for Disclaimer of Opinion paragraphs below, I was not able to obtain sufficient appropriate audit evidence and accordingly, I am unable to and do not express an opinion on the special purpose financial report of the APEC Papua New Guinea-2018 Coordination Authority for the year ended 31 December 2019.

BASIS FOR DISCLAIMER OF OPINION

Expenditure Lacking Supporting documents

Cash payments totalling K21,201,364 were stated under the statement of cash receipts and payments in the special purpose financial report of the Authority for the year ended 31 December 2019. Of the total, payments valued at K16,531,930 were selected for my testing, to ensure, legitimacy, existence and accuracy of the payments and were appropriately supported with documentation and complied with the *APEC Papua New Guinea-2018 Coordination Authority Act 2014* (the APEC Act) and relevant legislature mentioned therein. My review noted that a number of documents were either not provided or partially provided without sufficient and appropriate supporting documentation. Accordingly, I was unable to obtain sufficient and appropriate audit evidence to express an opinion whether the cash payments made were legitimate expenditure of the Authority, made in accordance with the APEC Act *or* that the expenditures were accurately recorded in the special purpose financial report for the year ended 31 December 2019.

Completeness of receipts from Government-Alesco payroll

Included in the statement of cash receipts and payments for the year ended 31 December 2019 were cash receipts from Alesco payroll totalling PGK1,022,401. Funding provided by the Department of Finance, as payments for employees' wages via the Alesco payroll system (Alesco payroll), has been a significant source of funding for the Authority. The Authority has determined that it is impracticable to establish control over the recording of funding provided by Alesco payroll prior to entry into its financial records. As the evidence available to me regarding funding from this source was limited, my audit procedures with respect to this funding was restricted to the amounts recorded in the financial records. Accordingly, I was unable to obtain sufficient and appropriate audit evidence regarding whether this funding recorded was complete.

Corresponding Amounts

My audit opinion of the Authority for the year ended 31 December 2018 was disclaimed with respect to:

- expenditure totalling K331,025,203 that lacked sufficient and appropriate supporting documents for me to test the existence, accuracy and completeness of the recorded expenditure items;
- completeness of the receipts from the Department of Finance through the Alesco payroll totalling K10,038,628; and
- completeness of the receipts from the Department of PM&NEC totalling K21,094,853.

These amounts are reflected as comparative amounts in the special purpose financial report.

EMPHASIS OF MATTERS

I draw attention to place emphasis on the following significant matters, whilst not qualifying on these issues:

Outstanding Liabilities-Creditors

Pages 13 to 15 of the financial report includes details of various capital expenditures and liabilities incurred during 2015 to 2019 for conduct of the APEC PNG 2018 meetings. These expenditures include K58,385,368 disclosed under *Note.16(B)* as outstanding liabilities of the Authority as at 31 December 2019. Of the total liability, K38,752,827 was incurred by APEC Authority and K19,632,541 was incurred by JSTF respectively. These amounts were subsequently transferred to the Department of Finance. I have not audited these liabilities since sufficient and appropriate documentation were not made available for my review. Therefore, I was unable to determine their existence, accuracy and legitimacy of these liabilities.

Capital Expenditures

Note 16(ii) refers to infrastructure Investment Capital Expenditure. I noted that the value of APEC Haus built by Oil Search Limited under tax credit scheme was not appropriately disclosed in the financial report. Further, K100million paid by the State as its contribution for the construction of Hilton hotel purposely built for the APEC events was not disclosed in the financial report. Accordingly, this could materially affect the completeness of the special purpose financial report.

I conducted my audit in accordance with the *Audit Act* and *International Standards on Auditing*. My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial report section of my report.

I am independent of the APEC Papua New Guinea-2018 Coordination Authority in accordance with the ethical requirements that are relevant to my audit of the financial report in Papua New Guinea, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Management for the Special Purpose Financial Report

The management of the Authority is responsible for the preparation and fair presentation of the special purpose financial report in accordance with *Finance Instructions 1/2016* issued under *Section 117* of the *Public Finances Management Act, 1995(as amended)* and *International Public Sector Accounting Standards-Financial Reporting Under Cash Basis of Accounting* and the *APEC Papua New Guinea-2018 Coordination Authority Act 2014* and other relevant legislature mentioned therein or such internal control as the management determines is necessary to enable the preparation of the special purpose financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial report, the management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor-General's Responsibilities for the Audit of the Special Purpose Financial Report

My objectives are to obtain reasonable assurance about whether the special purpose financial report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *International Standards on Auditing* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this special purpose financial report.

As part of an audit is in accordance with *International Standards on Auditing*, I exercise professional judgement and maintain professional scepticism throughout the audit. I also;

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial report financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



GORDON KEGA MBA, CPA
Acting Auditor-General

05 March, 2021

Our Reference: 30-93-4

**INDEPENDENT AUDIT REPORT
TO THE PRIME MINISTER ON THE ACCOUNTS OF
APEC PAPUA NEW GUINEA-2018 CO-ORDINATION AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

DISCLAIMER OF OPINION

I have audited the accompanying special purpose financial report of *APEC Papua New Guinea 2018 Co-ordination Authority*, which comprise the Statement of Cash Receipts and Payments for the year ended **31 December 2018** and notes to the special purpose financial report including, a summary of significant accounting policies and other explanatory information.

Because of the significance of the matters referred to in the Basis for Disclaimer of Opinion paragraphs below, I was not able to obtain sufficient appropriate audit evidence and accordingly, I am unable to and do not express an opinion on the special purpose financial report of the APEC Papua New Guinea-2018 Coordination Authority for the year ended 31 December 2018.

BASIS FOR DISCLAIMER OF OPINION

Expenditure Lacking Supporting documents

Cash payments totalling K331,025,203 were stated under the statement of cash receipts and payments in the special purpose financial report of the Authority for the year ended 31 December 2018. Of the total, payments valued at K208,918,801 were selected for my testing, to ensure, legitimacy, existence and accuracy of the payments and were appropriately supported with documentation and complied with the *APEC Papua New Guinea-2018 Coordination Authority Act 2014* (the APEC Act) and relevant legislature mentioned therein. My review noted that a number of documents were either not provided or partially provided without sufficient and appropriate supporting documentation. Accordingly, I was unable to obtain sufficient and appropriate audit evidence to express an opinion whether the cash payments made were legitimate expenditure of the Authority, made in accordance with the APEC Act *or* that the expenditures were accurately recorded in the special purpose financial report for the year ended 31 December 2018.

Completeness of Receipts from Department of PM&NEC

Included in the statement of cash receipts and payments for year ended 31 December 2018 were cash receipts from PM&NEC totalling K21,094,853. The Authority has determined that it is impracticable to establish control over the recording of funding provided by way of payments by PM&NEC prior to entry into its financial records. Accordingly, the evidence available to me regarding funding from PM&NEC was limited and my audit procedures with respect to this funding was restricted to the amounts recorded in the financial records. Accordingly, I was unable to obtain sufficient and appropriate audit evidence whether this funding recorded was complete.

Completeness of receipts from Government-Alesco payroll

Included in the statement of cash receipts and payments for the year ended 31 December 2018 were cash receipts from Alesco payroll totalling PGK10,038,628. Funding provided by the Department of Finance's, as payments for employee's wages via the Alesco payroll system (Alesco payroll), is a significant source of funding for the Authority. The Authority has determined that it is impracticable to establish control over the recording of funding provided by Alesco payroll prior to entry into its financial records. Accordingly, as the evidence available to me regarding funding from this source was limited, my audit procedures with respect to this funding was restricted to the amounts recorded in the financial records. Accordingly, I was unable to obtain sufficient and appropriate audit evidence regarding whether this funding recorded was complete.

Corresponding Amounts

My audit opinion of the Authority for the year ended 31 December 2017 was disclaimed with respect to the expenditure totalling K128,552,700 that lacked sufficient and appropriate supporting documentation for me to verify the existence, accuracy and compliance of the recorded expenditure and for completeness of receipts amounting to K128,298,613 from PM&NEC. These amounts are reflected as corresponding amounts in the special purpose financial report.

I conducted my audit in accordance with the *Audit Act* and *International Standards on Auditing*. My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the special purpose financial statement section of my report.

I am independent of the APEC Papua New Guinea-2018 Coordination Authority in accordance with the ethical requirements that are relevant to my audit of the special purpose financial statements in Papua New Guinea, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Management for the Special Purpose Financial Report

The management of the Authority is responsible for the preparation and fair presentation of the special purpose financial report in accordance with *Finance Instructions 1/2016* issued under *Section 117* of the *Public Finances Management Act, 1995 (as amended)* and *International Public Sector Accounting Standards-Financial Reporting Under Cash Basis of Accounting* and the *APEC Papua New Guinea-2018 Coordination Authority Act 2014* and other relevant legislature mentioned therein or such internal control as the management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor-General's Responsibilities for the Audit of the Special Purpose Financial Report

My objectives are to obtain reasonable assurance about whether the special purpose financial report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *International Standards on Auditing* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this special purpose financial report.

As part of an audit in accordance with *International Standards on Auditing*, I exercise professional judgement and maintain professional scepticism throughout the audit. I also;

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



GORDON KEGA MBA, CPA
Acting Auditor-General

05 March, 2021

Our Reference: 30-93-4

**INDEPENDENT AUDIT REPORT
TO THE PRIME MINISTER ON THE ACCOUNTS OF
APEC PAPUA NEW GUINEA-2018 CO-ORDINATION AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

DISCLAIMER OF OPINION

I have audited the accompanying special purpose financial report of *APEC Papua New Guinea 2018 Co-ordination Authority*, which comprise the Statement of Cash Receipts and Payments for the year ended **31 December 2017** and notes to the special purpose financial report including, a summary of significant accounting policies and other explanatory information.

Because of the significance of the matters referred to in the Basis for Disclaimer of Opinion paragraphs below, I was not able to obtain sufficient appropriate audit evidence and accordingly, I am unable to and do not express an opinion on the special purpose financial report of the APEC Papua New Guinea-2018 Coordination Authority for the year ended 31 December 2017.

BASIS FOR DISCLAIMER OF OPINION

Expenditure Lacking Supporting documents

Cash payments totalling K128,552,700 were stated under the statement of cash receipts and payments in the special purpose financial report of the Authority for the year ended 31 December 2017. Of the total, payments valued at K99,272,414 were selected for my testing, to ensure, legitimacy, existence and accuracy of the payments and were appropriately supported with documentation and complied with the *APEC Papua New Guinea-2018 Coordination Authority Act 2014* (the APEC Act) and relevant legislature mentioned therein. My review noted that a number of documents were either not provided or partially provided without sufficient and appropriate supporting documentation. Accordingly, I was unable to obtain sufficient and appropriate audit evidence to express an opinion whether the cash payments made were legitimate expenditures of the Authority, made in accordance with the APEC Act *or* that the expenditures were accurately recorded in the special purpose financial report for the year ended 31 December 2017.

Completeness of Receipts from Department of PM&NEC

Included in the statement of cash receipts and payments for year ended 31 December 2017 were cash receipts from PM&NEC totalling K128,298,613. The Authority has determined that it is impracticable to establish control over the recording of funding provided by way of payments by PM&NEC prior to entry into its financial records. Accordingly, the evidence available to me regarding funding from PM&NEC was limited and my audit procedures with respect to this funding was restricted to the amounts recorded in the financial records. Accordingly, I was unable to obtain sufficient and appropriate audit evidence whether this funding recorded was complete.

Corresponding Amounts

My audit opinion of the Authority for the year ended 31 December 2016 was disclaimed with respect to the expenditure totalling K23,215,895 that lacked sufficient and appropriate supporting documentation for me to verify the existence, accuracy and compliance of the recorded expenditure and for completeness of receipts amount to K23,470,401 from PM&NEC. These amounts are reflected as corresponding amounts in the special purpose financial report.

I conducted my audit in accordance with the *Audit Act* and *International Standards on Auditing*. My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the special purpose financial statement section of my report.

I am independent of the APEC Papua New Guinea-2018 Coordination Authority in accordance with the ethical requirements that are relevant to my audit of the special purpose financial statements in Papua New Guinea, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Management for the Special Purpose Financial Report

The management of the Authority is responsible for the preparation and fair presentation of the special purpose financial report in accordance with *Finance Instructions 1/2016* issued under *Section 117* of the *Public Finances Management Act, 1995(as amended)* and *International Public Sector Accounting Standards-Financial Reporting Under Cash Basis of Accounting* and the *APEC Papua New Guinea-2018 Coordination Authority Act 2014* and other relevant legislature mentioned therein or such internal control as the management determines is necessary to enable the preparation of the special purpose financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial report, the management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor-General's Responsibilities for the Audit of the Special Purpose Financial Report

My objectives are to obtain reasonable assurance about whether the special purpose financial report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *International Standards on Auditing* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this special purpose financial report.

As part of an audit in accordance with *International Standards on Auditing*, I exercise professional judgement and maintain professional scepticism throughout the audit. I also;

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

A handwritten signature in blue ink, appearing to read 'G. Kega'.

GORDON KEGA MBA, CPA
Acting Auditor-General

05 March, 2021

Our Reference: 30-93-4

**INDEPENDENT AUDIT REPORT
TO THE PRIME MINISTER ON THE ACCOUNTS OF
APEC PAPUA NEW GUINEA-2018 CO-ORDINATION AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

DISCLAIMER OF OPINION

I have audited the accompanying special purpose financial report of *APEC Papua New Guinea 2018 Co-ordination Authority*, which comprise the Statement of Cash Receipts and Payments for the year ended **31 December 2016** and notes to the special purpose financial report including, a summary of significant accounting policies and other explanatory information.

Because of the significance of the matters referred to in the Basis for Disclaimer of Opinion paragraphs below, I was not able to obtain sufficient appropriate audit evidence and accordingly, I am unable to and do not express an opinion on the special purpose financial report of the APEC Papua New Guinea-2018 Coordination Authority for the year ended 31 December 2016.

BASIS FOR DISCLAIMER OF OPINION

Expenditure Lacking Supporting documents

Cash payments totalling K23,215,895 were stated under the statement of cash receipts and payments in the special purpose financial report of the Authority for the year ended 31 December 2016. Of the total, payments valued at K18,003,116 were selected for my testing, to ensure, legitimacy, existence and accuracy of the payments and were appropriately supported with documentation and complied with the *APEC Papua New Guinea-2018 Coordination Authority Act 2014* (the APEC Act) and relevant legislature mentioned therein. My review noted that a number of documents were either not provided or partially provided without sufficient and appropriate supporting documentation. Accordingly, I was unable to obtain sufficient and appropriate audit evidence to express an opinion whether the cash payments made were legitimate expenditure of the Authority, made in accordance with the APEC Act *or* that the expenditures were accurately recorded in the special purpose financial report for the year ended 31 December 2016.

Completeness of Receipts from Department of PM&NEC

Included in the statement of cash receipts and payments for year ended 31 December 2016 were cash receipts from PM&NEC totalling K23,470,401. The Authority has determined that it is impracticable to establish control over the recording of funding provided by way of payments by PM&NEC prior to entry into its financial records. Accordingly, the evidence available to me regarding funding from PM&NEC was limited and my audit procedures with respect to this funding was restricted to the amounts recorded in the financial records. Accordingly, I was unable to obtain sufficient and appropriate audit evidence whether this funding recorded was complete.

Corresponding Amounts

My audit opinion of the Authority for the year ended 31 December 2015 was disclaimed with respect to the expenditure totalling K9,991,308 that lacked sufficient and appropriate supporting documentation for me to verify the existence, accuracy and compliance of the recorded expenditure and for completeness of receipts from PM&NEC. These amounts are reflected as corresponding amounts in the special purpose financial report.

I conducted my audit in accordance with the *Audit Act* and *International Standards on Auditing*. My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the special purpose financial statement section of my report.

I am independent of the APEC Papua New Guinea-2018 Coordination Authority in accordance with the ethical requirements that are relevant to my audit of the special purpose financial statements in Papua New Guinea, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Management for the Special Purpose Financial Report

The management of the Authority is responsible for the preparation and fair presentation of the special purpose financial report in accordance with *Finance Instructions 1/2016* issued under *Section 117* of the *Public Finances Management Act, 1995 (as amended)* and *International Public Sector Accounting Standards-Financial Reporting Under Cash Basis of Accounting* and the *APEC Papua New Guinea-2018 Coordination Authority Act 2014* and other relevant legislature mentioned therein or such internal control as the management determines is necessary to enable the preparation of the special purpose financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial report, the management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor-General's Responsibilities for the Audit of the Special Purpose Financial Report

My objectives are to obtain reasonable assurance about whether the special purpose financial report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *International Standards on Auditing* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this special purpose financial report.

As part of an audit in accordance with *International Standards on Auditing*, I exercise professional judgement and maintain professional scepticism throughout the audit. I also;

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

A handwritten signature in blue ink, appearing to read 'G. Kega'.

GORDON KEGA MBA, CPA
Acting Auditor-General

05 March, 2021

Our Reference: 30-93-4

**INDEPENDENT AUDIT REPORT
TO THE PRIME MINISTER ON THE ACCOUNTS OF
APEC PAPUA NEW GUINEA-2018 CO-ORDINATION AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

DISCLAIMER OF OPINION

I have audited the accompanying special purpose financial report of *APEC Papua New Guinea 2018 Co-ordination Authority*, which comprise the Statement of Cash Receipts and Payments for the year ended **31 December 2015** and notes to the special purpose financial report including, a summary of significant accounting policies and other explanatory information.

Because of the significance of the matters referred to in the Basis for Disclaimer of Opinion paragraphs below, I was not able to obtain sufficient appropriate audit evidence and accordingly, I am unable to and do not express an opinion on the special purpose financial report of the APEC Papua New Guinea-2018 Coordination Authority for the year ended 31 December 2015.

BASIS FOR DISCLAIMER OF OPINION

Expenditure Lacking Supporting documents

Cash payments totalling K9,991,308 were stated under the statement of cash receipts and payments in the special purpose financial report of the Authority for the year ended 31 December 2015. Of the total, payments valued at K7,287,001 were selected for my testing, to ensure, legitimacy, existence and accuracy of the payments and were appropriately supported with documentation and complied with the *APEC Papua New Guinea-2018 Coordination Authority Act 2014* (the APEC Act) and relevant legislature mentioned therein. My review noted that a number of documents were either not provided or partially provided without sufficient and appropriate supporting documentation. Accordingly, I was unable to obtain sufficient and appropriate audit evidence to express an opinion whether the cash payments made were legitimate expenditure of the Authority, made in accordance with the APEC Act *or* that the expenditures were accurately recorded in the special purpose financial report for the year ended 31 December 2015.

Completeness of Receipts from Department of PM&NEC

Included in the statement of cash receipts and payments for year ended 31 December 2015 were cash receipts from PM&NEC totalling K9,991,308. The Authority has determined that it is impracticable to establish control over the recording of funding provided by way of payments by PM&NEC prior to entry into its financial records. Accordingly, the evidence available to me regarding funding from PM&NEC was limited and my audit procedures with respect to this funding was restricted to the amounts recorded in the financial records. Accordingly, I was unable to obtain sufficient and appropriate audit evidence whether this funding recorded was complete.

I conducted my audit in accordance with the *Audit Act* and *International Standards on Auditing*. My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the special purpose financial statement section of my report.

I am independent of the APEC Papua New Guinea-2018 Coordination Authority in accordance with the ethical requirements that are relevant to my audit of the special purpose financial statements in Papua New Guinea, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Management for the Special Purpose Financial Report

The management of the Authority is responsible for the preparation and fair presentation of the special purpose financial report in accordance with *Finance Instructions 1/2016* issued under *Section 117* of the *Public Finances Management Act, 1995(as amended)* and *International Public Sector Accounting Standards-Financial Reporting Under Cash Basis of Accounting* and the *APEC Papua New Guinea-2018 Coordination Authority Act 2014* and other relevant legislature mentioned therein or such internal control as the management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial report, the management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor-General's Responsibilities for the Audit of the Special Purpose Financial Report

My objectives are to obtain reasonable assurance about whether the special purpose financial report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *International Standards on Auditing* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this special purpose financial report.

As part of an audit in accordance with *International Standards on Auditing*, I exercise professional judgement and maintain professional scepticism throughout the audit. I also;

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



GORDON KEGA MBA, CPA
Acting Auditor-General

05 March, 2021

Attachment: B

Our Reference: 30-93-4

The Honourable James Marape, MP
Prime Minister of Papua New Guinea
The Office of the Prime Minister
Sir Manasupe Haus – Level 9
PO Box 693
WAIGANI, NCD

AUDIT REPORT ON
APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

In accordance with *Section 8(2) of the Audit Act, 1989 (as amended)*, I have audited the accounts and records of financial transactions and records relating to the assets and liabilities and assets in the custody of *APEC Papua New Guinea 2018 Co-ordination Authority* for the years ended ***31 December 2015, 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019.***

My reports in accordance with *Section 8(4) of the Audit Act, 1989 (as amended)* on the Authority's Special Purpose financial reports for the above financial years were issued to you on even date. The report contained a Disclaimer of Opinion.

OTHER MATTERS

In accordance with the *Audit Act, 1989 (as amended)*, I have a duty to report on significant matters arising out of the financial reports, to which the report relates. Since all issues are of similar in nature to each financial year, I decided to issue only one *Section 8(2)* report containing all these issues reported in all these financial years. I draw attention to the following issues:

Required reports were not prepared or furnished in a timely manner

I noted that the Authority had failed to prepare and furnish various reports as required under the *APEC Papua New Guinea 2018 Co-ordination Authority Act 2014 (the APEC Act)* on the stipulated times. The various reports that were required under the *APEC Act* are as follows:

- Provisions under *Section 6* of the *APEC Act* required the Authority to provide reports on achievement of milestones related to its objectives to the Minister responsible for his review to ensure compliance and achievement of the Authority's objectives. There was no evidence available for me to confirm that the required reports had been prepared and submitted to the Minister responsible.
- Provisions under *Section 15* of the *APEC Act* required the Authority to prepare reports in every 6 month (periodic) or upon request of the Minister responsible or the NEC on the progress and performance in relation to its functions. As evidenced, these reports had not been prepared and furnished to comply with the requirements.
- Provisions under *Section 19* of the *APEC Act* required the Authority to comply with *Public Finances (Management) Act 1995 (as amended)*, in specific, Part VIII (other than *Section 54,55 and 57*), which under *Section 63(4)* requires the that Authority shall be subject to audit for every financial year before 30 of June of the following year. As evidenced, all the financial reports of the Authority for the financial years 2015 to 2018 were submitted to AGO in December 2019 for conduct of the audits.
- Provisions under *Section 29* of the *APEC Act* required the Authority to furnish final report on the activities and performance of the Authority and on its winding up. The report shall include an audit report. However, these reports had been long delayed since the audits of the Authority for the Financial years 2015 to 2019 had been delayed.

Accordingly, the Authority had departed from compliance with the relevant requirements set out under the *APEC Act* and the *Public Finances (Management) Act, 1995 (as amended)* (PFMA). I was unable to determine the causes of not producing the reports or the delays. However, possible causes may include lack of human resource capacity or records not maintained in order and were intact to facilitate timely reporting.

As the Authority is not operational at the time of this Report, I recommended that management of any organization established as a one-time authority must adopt and implement appropriate control measures and processes to ensure the following:

- Adequate and appropriately skilled and knowledgeable personnel are engaged to carry out day-to-day functions including the monitoring and reporting processes;
- All source documents are filed and maintained intact under retention policies and procedures manual, and the records are centralized to enable timely report compilation;
- All required reports are prepared and furnished on the stipulated times;
- Financial reports of such *short-lived* authorities are prepared at least annually;
- A draft copy of the financial reports for each financial year is forwarded to the Office of the Auditor-General before 30 April of the following year to enable the Office conduct audit and issue report to the Parliament as requires under the *Audit Act, 1989 (as amended)* and the *Public Finances (Management) Act, 1995 (as amended)*;

- Operational plans, budgets and work plans are drafted, approved by the NEC and they exist as control tools before the public funds are receipted and disbursed; and
- All plans and budgets are monitored on a regular and timely basis and variances that arise must be factored into variance documents with proper approval given by the NEC.

The management responded that “*Section 29 of the APEC Act states that the Authority shall furnish to the Minister for final report on the activities and performance of the Authority and on its winding up. The final report shall include an audit report of the Authority’s financial reports prepared by a first-tier firm of auditors and accountants with an office in Port Moresby.*

Management do not agree with the comments that the Authority did not meet its reporting obligations as the tabling of the final report as noted in Section 29 (including the financial statements and audit report) will comply with the requirements under this Section of the Act. The Act does not stipulate or require that annual financial reports are to be prepared and audited. Therefore, the scope of the audit should be limited to the financial reports that are included in the final report that is furnished to the Minister.

Management note that operational plans and budgets were prepared during the lead up to APEC 2018. Regular meetings occurred to ensure that all operational issues were addressed to ensure the successful hosting of APEC PNG in November 2018.

Operational plans were prepared and closely monitored to ensure the successful delivery of APEC 2018. Annual financial reports were not prepared (or audited) as this was not a requirement under the APEC Act. Regular meetings occurred individually either relevant stakeholders across government, and through the National Organizing Committee, to ensure that all operational issues were addressed to ensure the successful hosting of APEC PNG in November 2018.

Budgets and plans were monitored on a regular and timely basis internally by the Department of PM&NEC and Department of Finance for their respective expenditure, and through reporting the APEC 2018 National Organising Committee chaired by the Chief Secretary to Government. Please refer to each of these respective bodies.

Management do not agree with the comment that the management and staff were not adequately skilled or trained. Much of the day to day functions of the Authority were carried out in a competent fashion with proper process taking place with regard to approval of payments for suppliers and allowances.

The APEC Authority was unique in that it was established for the specific purpose of Organising a series of events leading to a major global summit. As such the unique circumstances of the APEC Authority working across almost all government departments and agencies, as well as numerous Provincial Authorities, is unlikely to replicate until the next likely hosting of APEC meeting in twenty years, and this must be clearly noted to confuse the role and scope of the APEC Authority either other statutory Authorities.”

The Authority's Bank Account was opened in 2016 and Trust Account in 2018

Section 22 of the *APEC Act* states that the Authority shall open and maintain bank accounts with Bank of PNG or commercial banks and at all times maintain one such bank account. However, the Authority opened its first bank account with Bank South Pacific (BSP) only in 2016.

This was one (1) year after the *APEC Act* came into force on 23 December 2014 and expenditures on APEC meetings preparation were already committed by the PM&NEC from 2015. Further, receipts and payments by the Authority's bank accounts from 2016 to 2017 had been minimal until the financial year 2018. K176,834,445 was expended by PM&NEC for the financial years 2015, 2016 and 2017 for the APEC meeting.

The Asia Pacific Economic Cooperation (APEC) Trust Account was opened on 22 February 2018 after three (3) years of enactment of the *APEC Act*. However, the controlling public or statutory body of the Trust Account was Department of PM&NEC and not APEC Authority. Also, the mandatory signatories to the account were Secretary and Deputy Secretary for operation of the Department of Finance and the counter signatories were APEC CEO and Deputy Secretary operations - Department of PM&NEC.

Further, the Asia Pacific Economic Cooperation (APEC) Security Trust Account was opened on 16 January 2018. However, the controlling public or statutory body of the Trust Account was Department of PM&NEC and not the APEC Authority. Also, the mandatory signatories for the account were Secretary and Deputy Secretary for operation of Department of Finance and the counter signatories are Commissioner for Royal Papua New Guinea Constabulary (Police) and Secretary for Defense, Department of Defense.

As a result, the following issues were noted to arise:

- Although the *APEC Act* was in force in 2015, the Authority failed to comply with provisions under Section 22 of the *APEC Act* to open the bank accounts immediately;
- The Department of the PM&NEC continued to receive and disburse funds for and on behalf of the Authority, which was not appropriate. I could not see the NEC decision or documents on any other arrangements that might have been made to *decentralize* the ultimate financial powers the Authority has under Section 22, Subsection 2 to receive and disburse all monies through the Authority's own bank accounts; and
- As the receipts and payments related to APEC meetings were handled by 5 different entities, register of transactions and record keeping were not centralized hence, exposed to high risks of abuse of funds and manipulation of records and data.

I recommended that in future the Minister responsible and key stakeholders must ensure that bank accounts of such short-lived authorities are opened and utilized in compliance with the enabling laws. I advised that using the organization's own bank account increases level of centralization in overall governance, monitoring, accounting and record keeping and timely audit of the authorities and to avoid unnecessary delays.

The management responded that “APEC Authority opened a bank account with BPNG in February 2018, and APEC CEO approved payments made through this bank account. Payments made for the period from FY 2015 to FY 2017 were made from PM&NEC bank accounts and recorded in IFMS. There were some additional payments made by PM&NEC in FY 2018. APEC CEO was only the Authorised Requisitioning Officer (ARO). Payments made through the other 4 payment sources required Section 32 approval by the respective departmental heads.

As noted in this management letter, payments relating to APEC 2018 were made from 5 different sources (APEC Authority, PM&NEC, Joint Security Task Force (JSTF), Department of Finance and Department of Defence).

Further, as financial transaction vetting, compliance, approvals payments and auditing for the years 2015 into 2018 were conducted internally by the Department of PM&NEC in which Section 32 Approval resided under the Chief Secretary, with the APEC Authority not having a stand-alone bank account (until February 2018) but rather an item created within the PM&NEC Vote and chartered accounts for which the Department of PM&NEC was accountable. Therefore, reporting was done through and by the Department of PM&NEC. Similarly, in 2018 this financial delegation was also taken up by the Department of Finance assuming Section 32 Authority for financial transaction vetting, compliance, approvals, payments and auditing. APEC CEO was designated as Authorised Requisitioning Officer and Counter signatory to the APEC Authority Bank Account that was opened in February 2018.

APEC Bank Account-Bank of South Pacific

On 21 January 2016 the APEC-2018 Trust Account was opened. This account was operated under the trust instrument “Department of Prime Minister & NEC APEC OP Plan 2018 Trust Account” dated 31 December 2013. This bank account was maintained by staff at PM&NEC. **APEC CEO was not a signatory to this bank account.** From 2016 to 2019 a total of 78 payments were made from this bank account with a value of K1.8m (0.3% of total APEC expenditure).

APEC Bank Account-Bank of PNG

On 22 February 2018, APEC Authority opened an operating bank account with BPNG. This account was operated under the trust instrument: “Asia Pacific Economic Corporation (APEC) Trust Account” dated 16 January 2018. Mandatory signatories to the account were Secretary or Deputy Secretary (Department of Finance) with countersigning signatories being APEC CEO or Deputy Secretary Operations (PM&NEC) Management agree with the comment in this section.

APEC Authority should have opened a separate bank account in 2015 so that receipts and payments and transactions could have been made through this one account, controlled by APEC Authority. Having a centralized payment system would have led to more efficient control & filing of documentation.

However, requests to operate such an account were denied by Government authorities.

In hindsight, while this denial of autonomy did cause delays in payments of suppliers, these additional layers of vetting and approval also delivered separation from APEC Authority logistics and operations from most financial functions and so removed potential for actual or perceived collusion.”

Lack of centralized governance body and integration of management systems

Receipts and payments of the APEC 2018 meetings funds were handled by 5 different entities namely; the PM&NEC, the Department of Finance, the JSTF, the Department of Defence and the APEC Authority itself. Accordingly, establishment of a central governance body was necessary to oversee and approve all payments processed through the 5 different channels, and to ensure control over the entire operations of the Authority. *Section 9* of the *APEC Act* requires the establishment of the APEC Operations Task Force to provide oversight of the Authority. However, no meeting minutes of such central governance body were available for my confirmation of their existence.

Further, the 5 entities operated in isolation using their respective standalone systems to capture their share of APEC meetings related transactions. Hence, there was no system integration to collate, compile and centralize the transaction data from the 5 payment channels. As a result, transaction listings and payments records provided may be incomplete. I also experienced long delays and difficulties in receiving the requested information for conducting and finalizing the audits of the Authority for the years ended 31 December 2015, 2016, 2017, 2018 and 2019. There was no clear audit trail to ensure completeness and accuracy of the final financial data presented in the financial reports.

I emphasized that where financial functions of an organization are decentralized, it is more appropriate and prudent to establish a central governance body. I recommended that in future the management together with the Minister responsible and relevant key stakeholders must ensure that such organizations:

- establish a central governance body to oversee and approve all payments processed over decentralized financial functions as seen in this case of the APEC Authority; and
- maintain proper accounting records and source documents in line with approved filing and retention policy and procedures manual by the organisation itself and not at every decentralized organisations.

The management responded that “*Management agree with the comments noted in this section. A centralized payments system would have allowed a governance committee to overview and monitor all payment process and procedures for all operational expenses relating to APEC 2018.*

In theory a centralized payment committee system would have been ideal, however the practicalities of interagency co-ordination on such a massive scale with a full whole of Government consultation, planning and delivery of the 250 meetings was not dissimilar to the experience of previous hosts where inefficiencies and cost blowouts occurred due to the bureaucratic internal requirements and the number of agencies involved.

The systems and structures that exist in developed countries such as Australia and the United Kingdom that enable WOG processes are still evolving in our departments, but are being managed by personnel with ever increasing experience and expertise.”

Missing transaction listings and source documents

My audit procedures to verify appropriateness, completeness and accuracy of the payment figures reported in the financial reports for the years ended 31 December 2015 to 2019 had been limited since a significant number of the documents requested were not received by me at the time of this report. The transaction listings provided may be incomplete and about 78% of the payment samples selected for testing could not be provided with all relevant source documents. I noted that proper filing and archiving systems and processes did not appear to be designed and implemented to ensure proper maintenance of all the payments and transactions records pertained to the APEC events.

As the transactions listings provided may not be complete, I could not select samples or perform other substantive procedures over a significant sub-population (number) of the payments. Based on the transaction listings made available, I have requested 1,403 payment samples for testing as presented in column 4 of *Table 1.1* below. Out of the total samples requested only 305 were provided as indicated in column 6 of the table. This means 1098 or 78% of the payment samples requested could not be provided as shown in columns 5 and 7 of the table. Even though the management claimed that they have provided 60.4% of the payment documents, most of the payment vouchers were incomplete without underlying documents, including quotes, tender documents, evaluation report, tender board resolution, engagement contracts signed by the relevant authorities, etc.

Table 1.1 Summary of substantive samples by payment channel

Payment Channels (entities)	Total Payments (Kina)	Value of samples requested (Kina)	Number of samples requested	Outstanding samples	Partially received samples	Outstanding samples in (%)
PM & NEC	209,660,951	161,074,797	664	394	270	59%
APEC	288,325,818	175,694,272	168	148	20	88%
JSTF	29,476,439	10,612,681	293	278	15	95%
DoF - Alesco	11,061,028	2,631,561	278	278	0	100%
Total	538,524,235	350,013,311	1403	1098	305	78%

I have reported in my other findings that a central governance body did not appear to exist to oversee all payments processed through the 5 payment channels. Also, the systems they used were not integrated to centralize the financial data and records. As a result, transaction listings provided were incomplete and payment samples requested could not be provided in entirety.

Accordingly, I was unable to conclude my audit procedures satisfactorily by alternative means to ensure appropriateness, completeness and accuracy of the financial information reported in the financial reports. I could not confirm whether the payments made have been appropriately approved and paid to genuine service providers that were contracted through proper tendering processes.

I recommended that the management together with the relevant stakeholders to ensure such short-lived authorities that arise in future:

- Design and implement proper filing and archiving systems, processes and controls to ensure that documents pertaining to operational activities are appropriately filed and safely maintained for easiness and fast retrieval whenever needed; and
- A policy and procedures manual are drafted, reviewed, approved, implemented and closely monitored to ensure effective control is attained in respect of the above.

I brought this to management and responded that *“Management agree with the comment made in this section. The fact that payments were made from 5 different sources and government departments has meant that there was no centralized location to allow proper filing and archiving of all documents and records that related to APEC 2018.*

When APEC Authority opened its own bank account with BPNG in February 2018, approval procedures and processes were put in place to ensure payments were properly procured and approved for payment.

An approved finance policy and procedures manual under the responsibility of a Chief Financial Officer at the commencement of the preparations of APEC in 2015 would have allowed the implementation of procedures and processes or ensure appropriate filing, archiving and retention of all accounting records.

Payments were made from commercial operational Accounts, Department of Finance, Department of PM&NEC and Department of Defence, however it has to be clear that funding and payments were endorsed and approved from Finance Department, PM&NEC and Department of Defence from funds disbursed from Department of Finance as the funding agency responsible.”

Establishment of Supply and Tenders Board

My requests to the Authority to provide listing of the APEC Papua New Guinea Supply and Tenders Board members, tender register, contract register, approved suppliers and service organization listings, procurement plan, and policies and procedures manual for the five (5) years (2015-2019) could not be provided at this time of reporting.

In addition, minutes of the APEC Papua New Guinea Supply and Tenders Board deliberations and contract agreements duly signed by the Supply and Tenders Board and the NEC according to their financial authority limit to engage contractors were not provided for my review.

Per *Table 1.1* above payment samples totaled 1,403 at a value of K350,013,311 were selected throughout the 5 years. No complete documentation was provided for 78% of the of the samples which included on the tendering and contract awarding processes, and contracts agreements signed with the Chairman of the APEC Papua New Guinea Supply and Tenders Board and Head of State as required under *Section 21(3)(b), 21(4) and Section 21(5)* of the *APEC Act* respectively. The Authority was required by provisions under *Section 20* of the *APEC Act* to establish a Supply and Tenders Board (the S&T Board). The provisions under *Section 21* of the *APEC Act* stipulates the functions of the S&T Board. The Chief Secretary shall be the Chairman of the S&T Board.

Due to the lack of supporting documentations including the listing of the Supply and Tenders Board members and their meeting minutes, I was unable to confirm the establishment and existence of the S&T Board. Also, I was unable to ensure legitimacy of all contractors engaged and validity of the payments made to the contractors and goods and service providers.

At the time of this Report, the Authority is extinct. Therefore, I recommended the management must ensure the following in future:

- Establish, implement or enforce all functions or requirements including set up of the Supply and Tenders Board as requires under the relevant legislation;
- All appropriate processes and controls are adhered to in line with all applicable laws and be held accountable in instances of non-compliance;
- Implement a suitable policy with regard to record keeping so that filing and storage of all relevant source documents are well maintained for future review and audit; and
- Maintain a centralized governance committee to enforce proper control and monitoring over maintenance of the accounts and source documents to enable conduct of audit within a set time frame.

I brought this to management and they responded that “*Management note the comments made in this section.*”

On 16 March 2016, the then Finance Minister approved the establishment of the APEC PNG 2018 Co-ordination Authority Specialized Supply & Tenders Board allowing the Board to approve contracts not exceeding K1.0 million.

However, on the occasions that the Board convened there was never a quorum to approve contracts. As a result, relevant contracts were submitted to Central Supply’s & Tender Board for approval. Authorities to Pre-Commit were also sought from respective Government Bodies and contracts were also submitted to Office of the State Solicitor for approval. Where necessary, major contracts were submitted to National Executive Council for approval.

These procurement procedures were put in place for contracts entered into by APEC Authority.

Procurement process for the other payment's sources were not controlled by APEC Authority."

No SCMC/NEC approval sighted on the salaries and conditions of the employees

I noted that payments of salaries and allowances of the employees of the Authority were made from all the five (5) payment channels.

My audit procedures identified issues or difficulties as detailed below:

- *Section 11, Sub-sections 6 and 7 of the APEC Act* states that terms and conditions of employment of the Chief Executive Officer (CEO) of the Authority shall be determined by the National Executive Council (NEC) and the salaries, allowances and benefits of the CEO shall be determined by the Salaries and Conditions Monitoring Committee (SCMC).
- *Section 9(2) of the Salaries and Conditions Monitoring Committee Act 1988 (the SCMC Act)* states that the CEO of the Authority shall be responsible for ensuring that the employees of the Authority are remunerated in accordance with the salaries and conditions approved by the SCMC.

My request for listings of the employees on the Authority's organizational structure, their contracts of employment and the salary structure approved by the SCMC were not provided for my review to ensure the salaries and allowances were paid in accordance with the NEC determined and the SCMC approved conditions.

- *Section 10(1) of the SCMC Act* states that a public body (the Authority) cannot determine or vary the salaries and conditions of employment of any employee on its own accord as such will be void and unenforceable with payment made under such arrangement recoverable by the State.

My request for the listings of all the employees on the Authority's organizational structure and details of performance measures and incentive compensation taken were not provided for my review. Should there be any variations made to the salaries and conditions of the employees, I was unable to determine whether proper approval was sought in accordance with *Section 11(1) of the SCMC Act* and granted by the SCMC.

- I noted instance where allowances were paid at the rate of K500 per day opposing to K200 per day as required under the Public Services General Orders. No NEC approval was provided to substantiate the new daily allowance rate used or the excess allowance paid. The documentations on a significant number of allowances paid under the Joint Security Task Force (JSTF) payments were not provided for my review.
- I have selected samples of payroll and allowance payments for staff including that of the CEO and requested supporting documentations including pay slips, hours worked and rate per hour, proof of identification and signed and dated employment contracts to determine whether the

salaries and allowances paid were properly approved and complied with the *SCMC Act*, and that the payees were not fictitious or fraudulent.

However, none of the documentations requested was made available for my review to ensure validity and legitimacy of the salaries and allowances paid through the various payment channels. Unbelievably, no information was provided for samples selected for my test on payments channelled through the Alesco payroll system.

As a result, I could not ascertain whether the remunerations paid to the Authority's employees and the allowances paid to the security personnel complied with the *APEC Act*, the *SCMC Act*, the *PFMA* and the other regulatory frameworks including the Public Services General Orders.

At the time of this Report, the Authority is extinct. Therefore, I recommended that management of such organization established in future should ensure the following:

- All appropriate processes and controls are implemented, enforced and adhered to in accordance with all the relevant laws that are applicable and be held accountable in instances of non-compliance;
- Implement suitable policies with regard to recordkeeping so that filing and storage of all relevant source documents are well maintained for future review and for the purpose of audit use; and
- Maintain a centralized governance committee to enforce proper control over the overall operations including close monitoring over maintenance of the accounts and source documents to enable conduct of audit within a set time frame.

The management responded that *“APEC Authority did not have direct access to Alesco payroll system nor did the Authority have access to reprint pay slips from Alesco payroll.*

Payroll files were maintained for all staff employed directly by APEC Authority and are located at International Convention Centre. However, without the Alesco payroll pay slips the audit testing could not be completed.

In addition, the actual supporting documents needed to verify the appropriateness of the payroll expenses could not be located.

APEC Authority had no direct control over allowances paid by JSTF. Supporting documentation for JSTF supplier payments and allowances were only partially provided after numerous requests in September 2020.”

In-complete Financial Reports

I was provided with the draft Financial Reports for the financial years ended 31 December 2015, 2016, 2017, 2018, and 2019 backed with majority of the transaction listings. Though, my audit procedures had been designed to reasonably verify the existence, completeness, accuracy and compliance aspects of the sampled transactions presented in these Reports, the matter of *completeness* of the data presented in these Reports could not be reasonably verified given the following findings:

- The Department of PM&NEC had not maintained separate bank accounts for transacting the APEC meetings related receipts and payments. During the APEC meeting period between 2015 to 2018, K205.6 million was expended from the Department of PM&NEC, however they drew the funds from their main operational bank accounts and merely registered the payments under APEC meetings payments listings/ledgers. These payments registers/ledgers were then extracted and supplied for drafting the Financial Reports. It has not been possible for me to trace and agree the APEC meetings related transactions listings amounts with the bank statements amounts; and
- While thousands of operational transactions were made from its respective operational bank accounts in a year, the APEC meetings payments were also channeled from the same operational bank accounts posing high risks for posting errors and fraudulent activities to go undetected. There was a possibility that payments drawn for APEC meetings related expenses may not be registered under the APEC payments register or fictitious payments could be registered under the APEC meetings expenditures.

Due to the fact that the Department of the PM&NEC had not maintained separate bank accounts for transacting the APEC meeting related expenses, I was unable to complete my audit procedures to verify the completeness of the payments made from the channel. Additionally, system generated trial balances which should summarize the capture of all transactions from the four (4) payment channels, and as a basic requirement for maintaining set of accounts was not provided for my review.

I recommended that going forward centralized accounting systems are maintained to facilitate proper record keeping and timely report productions.

The management responded that *“Management do not agree with conclusion made in this section. The completeness of the financial information being the payments relating to the hosting of APEC 2018 are sourced from:*

- *IFMS reports generated by Department of Finance, PM&NEC and Department of Defence and supported by reports detailing the payee, amount and nature of the expense;*
- *Receipts (From government) and payments made from APEC Authority BSP bank account and JSTF bank accounts (BPNG &BSP) reconciled to bank statements; and*

- Alesco payroll Reports for APEC Authority and PM&NEC for staff employed. Management are of the opinion that the financial statements are complete **even though not all of the supporting documentation could be located for audit.**

Accuracy of Financial Statements

In preparing the financial statements for APEC Authority from 2015 to 2019, the following information was identified to be included in the financial statements:

- *Payments directly made from APEC bank accounts where receipts and payments were able to be reconciled to bank statements for completeness and the nature of the expense confirmed as relating to APEC activities;*
- *Payments made by other government departments on behalf of APEC Authority including from departments: PM&NEC; Department of Defence; Department of Finance; Alesco payroll;*
- *Payments by other government departments have been recorded in IFMS. Department of Finance provided detailed IFMS reports from 2015 to 2018 by approved APEC vote codes. APEC expensed included payments to suppliers for goods and services. IFMS reports provided also detailed payments made for payroll costs through Alesco payroll;*
- *APEC Authority were able to review and reconcile the funds draw down from the IFMS reports, and include this information in the financial statements. The IFMS reports also detailed the APEC Budget of K584 million. Where the nature of the payment could be accurately determined, there were payments that had been allocated to “APEC” IFMS codes that were not APEC related. These payments have been excluded from the financial statements; and*
- *Given the process detailed above in the preparation of the financial statements, management are satisfied that the receipts and payments disclosed in the financial statements are accurate and fairly represented.*

Location of Accounting Records/Payments Vouchers:

APEC Authority Payments

There was no centralized accounting system or process whereby financial records were gathered and filed. Cash books for all APEC bank accounts have been prepared and reconciled to bank statements. Due to the separate locations of the APEC head office at ICC and the final approval process at Department of Finance meant that not all paid vouchers were returned and filed in the one location.

Other government agency payments:

APEC Authority did not gather financial information from other government departments on a timely basis. It should be noted that the other government departments have been subject to separate audit by Auditor General's Office. As mention in the management responses in this report regarding the financial records of the Joint Security Task Force. Financial information relating to JSTF transactions was only partially provided in the last part of the audit.

The Auditors selected a sample of payment vouchers from both APEC Authority and other Government Agencies, circumstances have arisen where supporting payment vouchers could not be located for the samples selected, which has impacted on the verification process of the audit."

Audit requirements

Section 24 of the APEC Act, states that the Authority shall appoint an independent Probity Auditor, who shall advise the Authority and Chairman of the APEC 2018 Supply and Tenders (S&T) Board on matters of transparency and probity. I was unable to confirm whether a probity auditor had been engaged progressively throughout the years as no service agreements nor their audit reports were furnished to me.

In addition, I noted as per Section 29 of the APEC Act that the Authority was to furnish to the Minister a final report on the activities and performance of the Authority and on its winding up. The report was to include an audit report "*prepared by a first-tier firm of auditor and accountants with an office in Port Moresby*" and be tabled in Parliament by the Minister during the first sitting of Parliament after receipt of the report by the Minister.

As detailed in my observation number one (1) of this report, the audit and report on each of the five (5) financial years had been long delayed with high considerations given to the specified time of reporting under applicable legislations.

Furthermore, I noted that Section 29(2)(a) of the APEC Act is silent on the Auditor-General of Papua New Guinea conducting the audit of the Authority by stating that a "*first-tier firm of auditors and accountants with an office in Port Moresby*" will report on the financial statements of the Authority. Hence, this provision conflicts with the mandate and powers given to the Auditor-General of Papua New Guinea under Section 214 of the Constitution and other enabling Act of Parliament including Part II of the Audit Act 1989 (as amended) and Section 63 of the Public Finances (Management) Act, 1995 (as amended) to conduct the audit of all public bodies including the statutory authorities and State-owned companies funded by the State.

I recommended that all public bodies and authorities that are established by an Act of Parliament using public funds are subject to audit by the Auditor-General of Papua New Guinea under the requirements of the Constitution, the Public Finances (Management) Act, 1995 (as amended) and the Audit Act 1989 (as amended).

I also emphasized that probity auditors should be engaged as required by the respective enabling Act. Service agreements and final audit reports of the probity auditors should be filed appropriately for easy reference when needed.

I further highlighted that going forward, enactment of any such laws by Parliament must ensure to avoid such oversight that causes conflict with the existing laws in particular of my constitutional responsibility as the State auditor.

The management responded that *“Management do not agree with the comment made in this section.*

Probity prior to 2018 are the responsibility of the agencies or departments that vet, approve and expend finances under section 32 Authority delegation.

Procedures and controls of the departments making the payments were relied (Department of Finance, PM&NEC, Department of Defence, Royal Papua New Guinea Constabulary (police/JSTF) and Alesco payroll).

An external probity auditor was not appointed for 2018 as this would have amounted to duplication with the independent auditor due to be appointed in early 2018.

Independent Auditor engagement was required to prepare audit report on the financial statements that were part of the Final Report to be furnished to the APEC Minister, the Final Report to be tabled in Parliament.

Financial procedures and controls primarily came into effect when the APEC Authority’s BPNG bank account was opened in 2018. Prior to that date, procedures and controls of the departments making the payments were relied upon (Department of Finance, PM&NEC, Department of Defence, Royal Papua New Guinea Constabulary (Police/JSTF) and Alesco payroll).

With the benefit of hindsight, APEC Authority should have prepared annual financial statements from 2015 onwards on a timelier basis and gathered the source documents in one central location at the time the financial statements were prepared.

APEC Authority would then have had the opportunity to gather all of the relevant documentation from the government departments at the time rather than after the event.”

Human Resources Capabilities

Section 9 of the APEC Act, states that the APEC Operations taskforce is responsible for providing oversight of the APEC CEO to ensure his functions and that of the Authority are performed properly.

Section 12 further states that the functions of the APEC CEO are to carry out the day-to-day business of the Authority, implement the decision of the Operations Taskforce and administer the staff of the Authority in an efficient and effective manner and in accordance with the Operations Plan 2018. The APEC CEO is also responsible and accountable to the Government in relation to these functions.

Throughout the course of the audit, I faced significant delays and difficulties in receiving the requested documentation as detailed in my observation number three (3) of this report. As part of the risk assessment procedures for APEC audit, I had requested for the meeting minutes of the Authority, fraud registers, budgets and other monitoring tools maintained in relation to the APEC 2018 PNG meetings. However, these documents could not be provided to me at the date of this report. I also could not obtain few of the transactions listings which had been outstanding and supporting source documents for some sampled transactions.

As such, I could not comment on whether the Authority had the necessary human resource capabilities employed to effectively and efficiently run the Authority not only in accordance with the relevant legislature but even in line with standard best practice.

I recommended that going forward a proper filing and retention policies and procedures are designed and implemented by such public authorities. Maintenance of accounts and other reporting documents should also be centralized.

Moreover, the Minister and operations taskforce of such public authorities must ensure that management of the authorities are performing their functions as required and are held accountable on a progressive basis. The CEOs of such authorities should also ensure that they have a strong team of staff that have the necessary skills, knowledge and accountability to perform their duties efficiently and effectively.

The management responded that *“The Asia Pacific Economic Cooperation (APEC) safety and Security Act 2017 was certified on 13/4/2017. The Act created the Joint Security Task Force (JSTF) and largely dealt with operational & security issues There were no administrative or financial clauses.*

On 18 January 2018 the Asia Pacific Economic Cooperation Security Trust Account was created under a Trust Instrument. Signatories to this trust were representatives from Department of Finance, Commissioner of Police or Secretary for Defence. APEC Authority CEO had no approval or signing powers over payments made from this JSTF trust account.

While there were regular communications between APEC Authority and JSTF on operational issues. During FY 2018, approximately K51.8 million was paid out from two JSTF on operational issues, there was no financial reporting prepared by JSTF and provided to APEC Authority during 2018.

No financial information was received from JSTF until July 2019, when APEC Authority received copies of bank statements for the BSP & BPNG bank accounts maintained by JSTF and reconciled cash books maintained on excel spreadsheets. There were no supporting vouchers or documents provided by JSTF despite numerous requests. In mid-September 2020, a number of arch lever files were located with vouchers relating to JSTF payments and subsequently an additional file was located in late September 2020 with details of JSTF allowances.

Auditors were able to vouch a sample of the payment vouchers (52 vouchers of the sample of 65 were provided). However, the JSTF allowances information was located in the week after audit testing cut off-date and were not able to be tested.

Management agree with the recommendation that there be one centralized system of approval and payment of APEC related expenses to ensure proper authorisation, filing and retention of documents.

It should be noted that a significant portion of APEC expenses (approx..46%) included in the financial statements were not finally approved for payment by the APEC Authority CEO.

Management are of the view that that APEC Authority had a strong team of staff with the necessary skills, knowledge, reliability and accountability to perform their duties efficiently and effectively. The main issue has been location of documents, payments vouchers and payroll records after APEC 2018 concluded and the majority of these staff had departed and either returned to their respective departments or left PNG.

Accounting Process Records & Filing: APEC Authority

From January 2018 to June 2018, APEC Authority processed payments through bank account held with BPNG. Authority to Transfer Funds (ATF) were signed by APEC CEO and Department of Finance. Other supporting documents completed were supplier invoice, procurement services Requisition Form (PSR), FF3 signed by Authorised Requisitioning Officer (APEC CEO), FF4 signed by Financial Delegate (APEC CEO), co tract/Engagement Letter and Purchase Order (signed by APEC CEO).

From June 2018 onwards, payments processed through IFMS accounting system. The same documents as noted above were completed and once approved, processed and committed into IFMS, then authorized for payment.

Payment Vouchers (being the paperwork noted above) were prepared by APEC Finance staff at International Convention Centre(“ICC”) and then sent to **Department of Finance for final approval and payment.**

Return of final payment vouchers were meant to be delivered back to ICC but this process was not always followed up resulting **in filing being incomplete.** All signed vouchers were scanned at ICC before being sent to Dept Finance, **but the hard drive where scanned documents were stored became corrupted and back up data was not complete.**

In June 2018 when payments were processed through IFMS, two APEC finance officers sent to Vulupindi Haus ground floor, to process/commit payment vouchers into IFMS. Payment runs were then completed as payments were made, and paid vouchers were filed by payment date order in a compactus unit at Vulupindi, with each payment having a sequential number as generated on the IFMS EFT payment register.

Accounting Processes, Records & Filing: Other Government Departments

Other government department that processed payments for APEC related payments were PM&NEC, Joint Security Task Force, Department of Finance and PNG Defence Force. Each of these government departments have their own payments approval which comply with government accounting policies. All of the departments noted above are also subject to separate audit by Auditor General's Office."

Lack of Timely Recovery and Disposal of Assets

Section 26 of the APEC Act, states that upon winding up of the Authority, all assets of the Authority are to be transferred to the State. Section 28 further states that surplus funds and assets, after discharging liabilities, shall be disposed in consultation with the Operations Plan 2018 (I was not provided with a copy of the plan to determine whether the plan has been executed as approved by relevant authority).

I noted that a total of 326 motor vehicles were purchased by the Government of Papua New Guinea through the bank account of the Department of PM&NEC. The purchases included 40 Maserati's and 3 Bentleys which were luxury vehicles. In addition, the partner countries donated 166 vehicles. Accordingly, a total of 492 vehicles were available for use during the APEC PNG 2018 meetings. I further noted that a significant amount of funds were also spent by JSTF and PM&NEC on hire cars.

Under the instruction by the Secretary of the Department of Finance (DOF), all vehicles should be returned and accounted for. However, at the time of this report 109 vehicles out of the 492 were yet to be recovered from certain individuals still in possession of these vehicles according to Department of Finance (DOF) latest information provided to me on 15 February 2021.

I understand that an APEC Assets Disposal Committee had been set up for the purpose of making sure that all vehicles are accounted for and are properly disposed off through public tender process or allocated and distributed to public and statutory bodies, provincial and district government arms, NGO, hospitals and other charitable organisations.

The Department of Finance (DOF) latest report further states that 257 vehicles were distributed to public and statutory bodies, provincial and district government arms, NGO, hospitals and other charitable organisations. 192 vehicles were to be disposed off through public tender, which includes the 109 vehicles yet to be recovered from certain individuals.

I noted that for the luxury vehicles, in particular, 38 Maserati's are yet to be sold and are currently housed in a warehouse. I further noted that the vehicles are currently lying idle and are also uninsured which exposes the State to the risk of losses in an event of a fire or theft. The value of these assets may be also depreciated.

I recommended that a full asset register of all assets is prepared and that assets are physically verified. The register must include those transferred to State and disposed. I also recommended that the relevant government departments take proactive measures to ensure that the remaining assets are disposed through transparent tender processes.

In addition, I highlighted that while the assets remain unsold they should be properly stored, monitored and insured to minimise the risk of losses.

The management responded as follows; "Management of the APEC Authority maintained a reconciled vehicle register for all vehicles purchased by and donated to APEC Authority. The motor vehicle register was reconciled to records maintained by Department of Transport/MVIL. After the completion of APEC in November 2018, APEC Authority recovered vehicles directly under its control. Department of Finance requested that all vehicles and keys be handed over to the department. In late December 2018, APEC Authority handed all vehicles and keys in its possession along with additional vehicles keys to Department of Finance (with vehicles either being brought to CT4 wharf or international convention center).

For those vehicles that had not been returned, APEC Authority handed the details of where the vehicles had been allocated over to Department of Finance who then engaged RPNG Police Constabulary to assist in recovery of remaining vehicles.

Donated vehicles have been allocated to various government departments, schools, church groups and other community organisations. APEC Authority has been provided with a list of where these vehicles have been allocated.

APEC Asset Disposal Committee (in compliance with NEC Decision NGO3/2019) was formed comprising members from Department of Finance, National Procurement Commission, APEC Authority, PM&NEC and Department of Works. The Committee was responsible for recouping and disposing of all APEC Authority assets.

The Authority has been advised that remaining purchased vehicles have been allocated to various government departments by the Department of Finance, Ministers and Departmental Officers.

APEC Authority have sought to obtain quotes for insurance for the Maserati vehicles both during and after APEC. These quotes have been submitted to Department of Finance but no payment has been approved as funding was not available and as a result there is no insurance cover for these vehicles."

Liabilities as at the winding up could not be verified of their validity and completeness

Section 27 of the APEC Act states that upon winding up of the Authority, all liabilities of the Authority are to be transferred to the State and discharged by the Department of Finance.

As per the information disclosed in the financial report in page 13, the liabilities of the Authority amounted to K58,385,368 as at 31 December 2019. I was not provided with all relevant supporting documentation to verify the validity of the liabilities. As a result, I was unable to determine the existence and accuracy of the creditor listings provided and payables recorded as at 31 December 2019.

I recommended that going forward the Authority, Department of Finance and other relevant stakeholders must perform a thorough and proper reconciliation to ensure the accuracy of the creditors which the State is liable to settle.

The management responded as follows:

“APEC Authority creditors Outstanding – K38,752,827

After the completion of APEC meetings in November 2018 a list of outstanding supplier invoices was prepared by APEC Authority and reconciled to supplier statements to ensure all invoices were included and recorded.

This list of outstanding APEC Authority creditors has been provided to Department of Finance.

This list of APEC Authority creditors and supporting documents was not requested as part of the audit testing and is available to inspect if required.

JSTF Creditors and Allowances Outstanding – K19,632,541

APEC Authority was provided with a list of outstanding supplier and outstanding allowances by JSTF. There were no supporting invoices or supplier statements or calculations of outstanding allowances. APEC Authority was unable to check or verify these balances. The list includes numerous car hire companies (with one company being owed K 11.6 million)

On 25,26 and 27 December 2018, Department Finance paid K7.6 m for outstanding supplier accounts from IFMS code 13114-000-00-227. APEC Authority’s review of the IFMS report showed that large amounts were paid to JSTF suppliers & allowances.

The payment vouchers for these amounts could not be located but it would appear that several of these payments were for suppliers that were still showing as outstanding on the JSTF creditor lists.”

Payments made to Circumvent the laws appeared to occur

My inspection of the Authority's transaction listings for its five (5) years of operations revealed that certain transactions appeared to have duplicate descriptions, dates and amounts. I have sampled some of these payments suspected of duplication for testing. Based on the supporting evidences I obtained, invoices with large amounts that exceeded K500,000 were broken down into smaller parts possibly to slip under the approval limits for the purpose of making the approval and payment processes quicker. Such practice has been notably a departure from compliance with *Section 21* of the *APEC Act* which requires amounts over K500,000 to be put up for public tender. The practice also circumvented and breached requirements under the *Public Finances (Management) Act, 1995 (as amended)*.

Majority of such transactions suspected of duplication remain outstanding for testing and lack of supporting documentations for my review. As a result, I was unable to comment on the existence, accuracy or appropriateness of these transactions and the impacts they could have on the respective years' Financial Reports.

I recommended that going forward proper processes and controls in terms of obtaining approvals and payments must follow prescribed financial authority limit set under such Authority's own Act and the *Public Finances (Management) Act, 1995 (as amended)* for transparency, accountability and compliance. Having noted the suspected payment duplications, I also recommended that reconciling of creditors on a regular basis is necessary to ensure fictitious invoices with intention to increase the creditors balance are not included.

The management responded that, *"In relation to supplier payments, APEC Authority dealt with many suppliers and each invoice was supported by a purchase order, FF3&FF4 Procurements Services Request Form and a Contract of Engagement Letter."*

Aggregated payments to some suppliers may have exceeded K500,000 but the individual invoices were for supply of separate goods and services with invoices values under K500,000.

The Authority has raised concerns over multiple payments of amounts under K500,000 for combined amounts of several million kina being made to individual suppliers not associated with APEC operations.

The truncations referred to in this section were processed into IFMS by staff at APEC Authority or Department of Finance.

It would appear that in IFMS there may have been duplicate payments to payees for the same amounts which would seem to be duplicate payments.

Management review of a sample of these payments revealed that many related to staff or consultants where the monthly amount was the same but for different months. The description in IFMS often did not detail the month that the payment related to.

Therefore, the payments identified were not duplicated, the payments were for the same amount but for different months.”

Payments not included in the Authority’s Special Purpose Financial Reports

The APEC Haus was constructed for the APEC 2018 meetings in Papua New Guinea.

I understand that the costs to construct the building was done through an arrangement between Oil Search Limited (‘OSL’) and the Internal Revenue Commission (the ‘IRC’) in that the tax credits of OSL were used to pay for the construction costs of the building rather than being paid to the IRC. The construction costs were not taken up in the Financial Reports of the Authority, however, I do note that this was a significant cost in relation to the APEC 2018 meetings and should have been appropriately disclosed. I have not viewed any documentation on this matter.

I recommended that a separate audit be done on the APEC Haus. This audit should not only cover the appropriateness of the cost of construction of the building but also an assessment of the utilisation of the building and its current earning capacity.

The management responded that, *“Management agree with the comment that this matter is outside the scope of the APEC audit.”*

State Contribution to Hilton Hotel

I noted that K100million (US\$30million) was paid by the State through Kumul Petroleum Holdings Limited as its contribution for the construction of Hilton Hotel, which was purposely built to accommodate guests for the APEC events. However, this amount was not disclosed in the Financial Reports of the Authority.



GORDON KEGA MBA, CPA

Acting Auditor-General

05 March, 2021

Attachment: C

APEC PAPUA NEW GUINEA 2018 CO-ORDINATING AUTHORITY

SUMMARY OF THE RECEIPTS AND PAYMENTS

YEAR	TOTAL RECEIPTS (K)	TOTAL EXPENDITURES (K)
2015	9,991,308	9,991,308
2016	23,470,401	23,215,895
2017	128,298,613	128,552,700
2018	333, 297,506	331,025,203
2019	<u>19,134,750</u>	<u>21,201,364</u>
TOTAL	<u>514,192,578</u>	<u>512,986,470</u>



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

FINANCIAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2019

APEC Papua New Guinea 2018 Co-ordination Authority
PO Box 639, Waigani, National Capital District, Papua New Guinea

APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Table of Contents

	Page
Declaration by Management	2
Statement of Cash Receipts and Payments	3
Notes to and forming part of the Financial Report	4-12
Other (unaudited) information to the Financial Report	13-15
Independent Auditor's Report	16-18

APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

DECLARATION BY MANAGEMENT

In accordance with a resolution of the APEC Papua New Guinea 2018 Co-ordination Authority being responsible for approving the financial report we state that:

- a) The accompanying financial report of the APEC Papua New Guinea 2018 Co-ordination Authority have been drawn up so as to give a view of the receipts and payments for the year ended 31 December 2019.
- b) This financial report has been prepared in accordance with the Finance Instructions 1/2016 issued under Section 117 of the *Public Finance (Management) Act 1995* and the *International Public Sector Accounting Standard - Financial Reporting Under the Cash Basis of Accounting*.
- c) We certify that all records and books of account have been properly maintained.
- d) We certify that the Statement of Cash Receipts and Payments for the year ended 31 December 2019 is correct.
- e) As at the date of this statement there are reasonable grounds to believe that the APEC Papua New Guinea 2018 Co-ordination Authority will be able to pay its debts as and when they become due and payable.

On behalf of the Authority

Signed this 14th day of December 2020.



Mr Christopher Hawkins
Chief Executive Officer

APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 Kina	2018 Kina
RECEIPTS			
Receipts from government	6	16,121,190	332,966,903
Other receipts	7	3,013,560	330,603
Total receipts		19,134,750	333,297,506
PAYMENTS			
Salaries, wages and employee benefits	8	5,774,116	27,007,611
Operating expenses	9	9,389,388	125,212,088
Utilities	10	2,256,452	3,780,875
Administrative expenses	11	45,405	4,542,079
Other expenses	12	720,840	679,074
Capital expenditure	13	114,900	118,468,899
Joint Security Task Force Expenses	14	(7,000)	51,334,577
Transfer to Consolidated revenue	15	2,907,263	-
Total payments		21,201,364	331,025,203
NET (DECREASE) / INCREASE IN CASH		(2,066,614)	2,272,303
Cash at end of the Year	16	206,108	2,272,722

The above statement of cash receipts and payments should be read in conjunction with the accompanying notes on pages 4 to 12.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The function of the APEC Papua New Guinea 2018 Co-ordination Authority (the 'Authority') is to liaise and consult with the relevant government departments, State agencies and other stakeholders to ensure the efficient and successful running of the APEC meetings in Papua New Guinea in 2018. The Authority is funded by the Government of Papua New Guinea.

The Authority is established under the *APEC Papua New Guinea 2018 Co-ordination Authority Act 2014* which regulates the services and functions of the Authority, its Board, its CEO and the appointed officers.

The Authority is a public body and reports and operates under the *Public Finance (Management) Act 1995*.

This financial report has been approved for issuance by management on the date of signing of this report.

1.1 Basis of Accounting

The financial report is a special purpose financial report and has been prepared on a cash basis of accounting in accordance with the *International Public Sector Accounting Standard (IPSAS) - Financial Reporting Under the Cash Basis of Accounting* issued by the International Federation of Accountants.

In addition to cash transactions, the financial report includes amounts receivable and payable relating to activities undertaken by the Authority.

The financial report is in line with requirements for non-for-profit entities in Papua New Guinea as required by the Finance Instructions 1/2016 issued under Section 117 of the *Public Finance (Management) Act 1995*.

The accounting policies set out below have been applied in preparing the financial report for year ended 31 December 2019.

The going concern basis was used to prepare the financial report. As at 31 December 2019, there were outstanding creditors relating to the Authority and the Joint Security Task Force amounting to K58,385,368 as detailed in part B of the Other (unaudited) Information to the Financial Report. The Authority does not have sufficient cash to meet its obligations and requires additional grants from the Papua New Guinea Government to settle these obligations.

1.2 Basis of Aggregation

The financial report incorporates the transactions made through the Authority's trust bank accounts and receipts & payments made by other government entities or external parties on behalf of the Authority.

The balances and effects of transactions between the accounts included in the financial report have been fully aggregated including :



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

1.2 Basis of Aggregation (continued)

- (a) The Trust bank account in the name of the Authority held with the Bank of Papua New Guinea; for the purpose of receiving government grants and used for payments of personal emoluments, goods and services and other ongoing expenses and fixed assets such as office equipment, plant & equipment and motor vehicles.
- (b) The Trust bank account in the name of the Authority held with the Bank of South Pacific; for the purpose of receiving government grants and used for payments of personal emoluments, goods and services and other ongoing expenses and fixed assets such as office equipment, plant & equipment and motor vehicles.
- (c) The Trust bank account in the name of Joint Security Task Force held with the Bank of Papua New Guinea; for the purpose of receiving government grants and used for payments of personal emoluments, goods and services and other ongoing expenses and fixed assets such as office equipment, plant & equipment and motor vehicles.
- (d) The Trust bank account in the name of Joint Security Task Force held with the Bank of South Pacific; for the purpose of receiving government grants and used for payments of personal emoluments, goods and services and other ongoing expenses and fixed assets such as office equipment, plant & equipment and motor vehicles.

1.3 Functional and Presentation Currency

The financial report is presented in PGK.

1.4 Foreign Currency Transactions

Transactions denominated in a foreign currency are converted at the rate of exchange prevailing at the date of the transaction.

1.5 Cash at Bank

Cash at bank comprises cash on hand and cash at bank. The Authority does not operate a bank overdraft.

1.6 Receipts

Payments were made on, behalf of the Authority, directly by the Department of the Prime Minister and the National Executive Council (the 'PM&NEC') and the Department of Finance. Along with the recognition of payments in the Statement of cash receipts and payments, receipts from the government were also recognised for these at the time funds had been processed for payment by the banks.

Government Grants are recognised as receipts at the time the cash is deposited into the trust account.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

1.7 Payments

Payments are recognised as expenses at the time funds have been processed for payment by the bank.

1.8 Taxation

The Authority is exempt from paying all types of taxes, including income tax. This is in accordance with the *Income Tax Act 1959*, Section 24 Subsection A – Exemption of Public Authorities.

1.9 Events Since Balance Date

Since 31 December 2019, there have not been any significant events that would have a material impact on the financial report, other than as at 31 December 2019, there are outstanding creditors relating to APEC Authority and Joint Security Task Force amounting to K58,385,368 as detailed in part B of the Other (unaudited) Information to the Financial Report.

APEC Authority does not have sufficient cash to meet its obligations and requires additional grants from the PNG Government to settle these obligations.

1.10 Economic Dependency

The Authority is dependent on monies received from the Government to fund its operations.

1.11 Payments by Other Government Entities – Department of Finance

The Authority benefits from payments made by Department of Finance. These payments constitute cash receipts and payments of the Authority, and are controlled by the Authority, as the Personal Emoluments have been appropriated through the National Budget.

The International Public Sector Accounting Standard (IPSAS) - Financial Reporting Under the Cash Basis of Accounting requires separate presentation of the Payments by Other Government Entities in the Statement of Cash Receipts and Payments.

1.12 Capital Expenditure

Capital expenditure is the cost of purchasing fixed assets. It is the value of consideration given to acquire the assets and other directly attributable costs which need to be incurred in bringing the assets to the locations and conditions necessary for their intended service.

The Authority does not maintain a fixed asset register (other than for motor vehicles) and is therefore only able to disclose total balances for fixed assets in the financial report.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

1.12 Capital Expenditure (continued)

The Authority does maintain a register of motor vehicles purchased for use in the period leading up to and including hosting the APEC meetings in Papua New Guinea held in 2018. Below is a summary of the total balances for capital expenditure for the past 5 years.

	2015 Kina	2016 Kina	2017 Kina	2018 Kina	2019 Kina	Total Kina
Capital Expenditure						
Plant & equipment	296,467	204,163	144,418	7,995	-	653,043
Office equipment	42,306	268,667	1,583,410	2,826,410	-	4,720,793
Motor vehicles	373,073	1,473,037	11,979,333	42,276,361	50,000	56,151,804
Joint Security Task Force - equipment	-	578,053	578,053	4,896,214	-	6,052,320
PNG Defence Force - equipment	-	-	-	367,840	-	367,840
X-Ray & Scanning equipment	-	-	-	3,850,006	-	3,850,006
Building improvements - Other	-	360,200	-	2,982,919	64,900	3,408,019
Renovations - Mourata Haus	-	361,783	520,800	38,242,047	-	39,124,630
Renovations - Moale Haus	-	-	900,000	-	-	900,000
Renovations - Manasupe Haus	-	-	125,396	-	-	125,396
Renovations - Mirigini Haus	-	-	391,602	-	-	391,602
PNG Port Upgrade	-	-	16,000,000	-	-	16,000,000
Renovations - Oakley Haus	-	-	-	167,584	-	167,584
Independence Drive Upgrade	-	-	-	2,500,000	-	2,500,000
Eda Raru water upgrade	-	-	-	6,000,000	-	6,000,000
Jacksons Airport Ground Works Upgrade	-	-	-	14,351,523	-	14,351,523
Total	711,846	3,245,903	32,223,012	118,468,899	114,900	154,764,560

2. Government Grants

The Government provides grants to the Authority through the Annual Budget which are received to finance the Authority's operational requirements.

3. Salaries, wages and employee benefits

Personal Emolument comprise payments out of payroll government appropriations and paid through the government payroll system per fortnight.

There were personal emolument payments also made from the Authority Trust bank account.

4. Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed when considered appropriate and provide additional relevant information to users. As at year end there are no significant contracts entered into with suppliers that require disclosure in this note. In the normal course of business, the Authority does not lease facilities, hence there are no minimum lease payments under lease agreements required to be disclosed in this note.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

5. Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the statement of Receipts and Payments, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

	2019 Kina	2018 Kina
6. Receipts from government		
Funding provided by way of payments made by PMNEC for on behalf of the Authority	-	21,094,853
Receipts from government paid into APEC bank accounts	15,098,789	271,833,422
Receipts from government paid into JSTF bank accounts		30,000,000
Funding provided by way of salary payments made through Alesco Payroll	1,022,401	10,038,628
	<u>16,121,190</u>	<u>332,966,903</u>

7. Other receipts

Cruise ship refund	2,356,023	-
Venue hire income	115,922	-
Other income	541,615	330,603
	<u>3,013,560</u>	<u>330,603</u>

8. Salaries, wages and employee benefits

Allowances	3,352,498	11,603,891
Final entitlements	153,811	-
Gratuity	-	288,208
Leave fares	-	6,735
Overtime	269,525	2,366,059
Salaries & wages - Alesco Payroll	1,022,401	10,038,628
Salaries & wages - Other APEC staff	975,881	2,704,090
	<u>5,774,116</u>	<u>27,007,611</u>



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 Kina	2018 Kina
9. Operating expenses		
Accommodation & food	1,194,523	9,714,088
Accreditation system	26,576	8,733,948
Aircraft Charter	-	127,600
Airfares	23,167	5,878,452
Bottled water	-	550,357
Car hire	499,910	1,124,796
Catering	1,753,450	13,016,269
Clean up POM program	-	1,352,150
Cleaning	182,770	469,792
Clothing & Uniforms	-	2,113,070
Computer expenses	103,256	441,382
Congress Rental	-	2,673,168
Consulting fees	1,034,544	4,298,253
Consumables	-	77,330
Cruise ships	49,029	1,217,764
Floral arrangements	-	48,000
Freight	116,600	140,163
Functions, events & venue hire	712,000	17,415,854
Hire of equipment	430,466	4,417,901
International Broadcast Centre	-	6,337,408
Lease - additional aircraft	-	4,000,000
Media & advertising	174,641	2,231,787
Medical support	91,381	3,186,661
Merchandise & branding	1,752,086	31,223,008
Pest Control	-	249,198
Printing	140,000	2,393
Security - Other	929,989	2,505,610
Storage fees	175,000	-
Travel & allowances	-	1,665,686
	<u>9,389,388</u>	<u>125,212,088</u>
10. Utilities		
Gas	-	14,423
Internet	2,172,412	3,259,103
Power	58,634	-
Telephone	25,406	507,349
	<u>2,256,452</u>	<u>3,780,875</u>



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 Kina	2018 Kina
11. Administrative expenses		
Memberships	-	74,228
Office materials & supplies	-	1,264,984
Training	-	533,317
Transport & fuel	45,405	2,669,550
	<u>45,405</u>	<u>4,542,079</u>
12. Other expenses		
Other operating expenses	222,188	308,772
Rental of properties	6,399	16,729
Routine maintenance	492,253	353,573
	<u>720,840</u>	<u>679,074</u>
13. Capital expenditure		
<i>APEC Authority</i>		
Building improvements - Other	64,900	2,982,919
Eda Ranu Water upgrade	-	6,000,000
Independence Drive Contribution	-	2,500,000
Jackson Airport Ground Works Upgrade	-	14,351,523
Motor vehicles - APEC vehicles	-	16,296,508
Motor vehicles - Prestige vehicles	50,000	23,984,526
Office equipment	-	2,826,410
Plant & equipment	-	7,995
PNG Defence Force - tents	-	367,840
Renovations - Morauta Haus	-	38,242,047
X-Ray scanning equipment & security screening	-	3,850,006
<i>Joint Security Task Force</i>		
Building Improvements - Oakley Haus	-	167,584
Fixed assets - equipment	-	1,883,214
Fixed assets - boots	-	2,013,000
Fixed assets - firearms	-	1,000,000
Fixed assets - vehicles	-	1,995,327
	<u>114,900</u>	<u>118,468,899</u>



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 Kina	2018 Kina
14. Joint Security Task Force Expenses		
JSTF expenses paid by APEC Authority	-	3,395,799
Accommodation	-	359,839
Airfares	-	433,490
Allowances	-	35,361,241
Bank charges	-	7,022
Boots	-	478,500
Car Hire	-	309,120
Catering	-	4,187,572
Consultants	-	39,200
Entertainment allowance	-	21,000
Flower pots	-	69,000
Funeral expenses - Michael Corren	-	155,508
General expenses	-	3,304
Helicopter maintenance	-	261,074
Hire of equipment	-	31,133
Insurance	-	424,811
Legal fees	-	4,620
Media	-	152,497
Medical Expenses	-	108,139
Motor vehicle expenses	-	1,452,575
Office expenses	-	181,960
Operational expenses	(7,000)	67,570
Repairs & maintenance - air conditioners	-	176,207
Repairs & maintenance - general	-	1,157
Subscriptions & memberships	-	29,887
Telephone	-	27,924
Travel allowance	-	233,780
Travel expenses	-	272,535
Uniforms & Clothing	-	3,018,651
Wages	-	69,462
	<u>(7,000)</u>	<u>51,334,577</u>



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 Kina	2018 Kina
15. Transfer to Consolidated revenue		
Transfer of excess funds from APEC Authority to consolidated revenue	2,796,947	-
Transfer of excess funds from Joint Security Task Force to consolidated revenue	110,316	-
	<u>2,907,263</u>	<u>-</u>
16. Cash at Bank		
Cash at beginning of the year	2,272,722	419
Net increase (decrease) in cash	(2,066,614)	2,272,303
Cash at end of the year	<u>206,108</u>	<u>2,272,722</u>
Represented by :		
APEC Authority Trust Account - BPNG	201,737	1,418,561
APEC Authority Op Plan Trust Account - BSP	-	330,599
Joint Security Task Force Trust Account - BPNG	4,371	4,371
Joint Security Task Force Trust Account - BSP	-	519,191
	<u>206,108</u>	<u>2,272,722</u>



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

OTHER (UNAUDITED) INFORMATION TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 Kina
A. Accounts receivable	
Amount receivable from Centium Software	2,930,000
	<u>2,930,000</u>
B. Accounts payable	
APEC Authority Creditors	38,752,827
Joint Security Task Force Creditors	19,632,541
	<u>58,385,368</u>

C. Capital Expenditure & Disposal of Assets**(i) Disposal of Assets**

After the completion of APEC PNG in November 2018, capital assets purchased have either been disposed of by way of sale or allocated amongst various other government departments and statutory bodies.

Plant & Equipment

Items of plant & equipment purchased either remain at APEC Haus or the International Convention Centre or have been distributed to other government departments or statutory bodies.

Office Equipment

Items of office equipment, including printers, photocopiers, computers, tables & chairs, cabinets, projectors, mobile phones, filing cabinets, televisions and other office equipment either remain at APEC Haus or the International Convention Centre or have been distributed to other government departments or statutory bodies.

Motor vehicles*Purchased Vehicles*

A total of 320 motor vehicles were purchased during 2015 to 2018. These motor vehicles were handed over to Department of Finance in December 2018.

During 2020, 3 prestige vehicles were sold for an amount totalling K1,600,000. Other vehicles have been allocated to other government departments and statutory bodies.

APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

OTHER (UNAUDITED) INFORMATION TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**C. Capital Expenditure (continued)****(i) Disposal of Assets****Motor vehicles***Donated vehicles*

A total of 165 motor vehicles were donated to the Authority by China Aid, Japan Aid and Japan International CoOperation Agency (JICA). Vehicles included buses, vans, fire trucks and ambulances.

The donated vehicles have been allocated to government departments, statutory bodies, community & church groups, schools and other organisations.

The Joint Security Task Force ('JSTF') Equipment

JSTF was established with members of the Royal Papua New Guinea Constabulary ('RPNGC'), Papua New Guinea Defence Force ('PNGDF') and Papua New Guinea Correctional Service ('Correctional Service') under the command of the Commissioner for Police. Various items of plant & equipment were purchased to assist in the JSTF's role during the lead up to and including APEC meetings in Papua New Guinea in 2018.

Items included office equipment, tactical gear, boots, pistols, rifles, other firearms. All these capital assets have been allocated to RPNGC & PNGDF for use in on going operations.

Papua New Guinea Defence Force ('PNGDF')

During 2018, PNGDF purchased tents for use by army personnel while providing support for security of APEC events. This equipment has been retained by the PNGDF for on going use by the Department.

X-ray & Scanning Equipment

Equipment including X-ray machines, walk through metal detectors, hand held metal detectors, desktop explosive detectors and search mirrors were purchased to assist with security operations for APEC events and functions during 2018. This equipment has been allocated to APEC Haus and the International Convention Centre.

(ii) Infrastructure Investment Capital Expenditure

From 2016 to 2019 a total of K82,968,754 was spent on Infrastructure Investment, the benefit of which remains with the State. Set out below are the details of the capital expenditure.

Building Improvements

Capital expenditure was incurred at various government buildings including APEC Haus and the International Convention Centre.

APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

**OTHER (UNAUDITED) INFORMATION TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

C. Capital Expenditure (continued)

Building Renovations

Morauta Haus

Capital expenditure incurred related to the renovation of level 4 & 5 at Morauta Haus which significantly improved the conditions in this building.

Manasupe Haus

Minor capital expenditure was incurred on building improvements at Manasupe Haus.

Mirigini Haus

Minor capital expenditure was incurred on building improvements at Mirigini Haus in preparation of accommodating overseas dignitaries.

Moale Haus

Minor capital expenditure was incurred on building improvements at Moale Haus.

Oakley Haus

Capital expenditure was incurred improving Oakley Haus where the Joint Security Task Force headquarters were located.

PNG Port Upgrade

A total of K16,000,000 was paid to PNG Ports for the upgrade to port facilities to accommodate cruise ships that docked in Port Moresby during APEC meetings in Papua New Guinea in 2018 to accommodate delegates & officials.

Independence Drive Upgrade

The Authority paid K2,500,000 as contribution for the construction of Independence Drive to tidy up the Parliament Precinct ahead of the APEC Summit. In addition, there is a further K2,500,000 owing that is included in outstanding creditors.

Eda Ranu water upgrade

The Authority paid K6,000,000 for additional services for the delivery of water & sewerage for the 3 cruise liners accommodating APEC delegates and officials. These works and services were provided by Eda Ranu.

Jacksons Airport Ground Works

The Authority paid K14,351,523 to Air Niugini for aircraft ground support equipment relating to the VIP terminal at Jacksons Airport including ground power units, push back & towing equipment, loading equipment, passenger steps, catering trucks, tractors and X-ray machines.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

FINANCIAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2018

APEC Papua New Guinea 2018 Co-ordination Authority
PO Box 639, Waigani, National Capital District, Papua New Guinea

APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Table of Contents

	Page
Declaration by Management	2
Statement of Cash Receipts and Payments	3
Notes to and forming part of the Financial Report	4-12
Independent Auditor's Report	13-15

APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

DECLARATION BY MANAGEMENT

In accordance with a resolution of the APEC Papua New Guinea 2018 Co-ordination Authority being responsible for approving the financial report we state that:

- a) The accompanying financial report of the APEC Papua New Guinea 2018 Co-ordination Authority have been drawn up so as to give a view of the receipts and payments for the year ended 31 December 2018.
- b) This financial report has been prepared in accordance with the Finance Instructions 1/2016 issued under Section 117 of the *Public Finance (Management) Act 1995* and the *International Public Sector Accounting Standard - Financial Reporting Under the Cash Basis of Accounting*.
- c) We certify that all records and books of account have been properly maintained.
- d) We certify that the Statement of Cash Receipts and Payments for the year ended 31 December 2018 is correct.
- e) As at the date of this statement there are reasonable grounds to believe that the APEC Papua New Guinea 2018 Co-ordination Authority will be able to pay its debts as and when they become due and payable.

On behalf of the Authority

Signed this 14th day of December 2020.



Mr Christopher Hawkins
Chief Executive Officer

APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 Kina	2017 Kina
RECEIPTS			
Receipts from government	6	332,966,903	128,298,613
Other receipts & donations		330,603	-
Total receipts		333,297,506	128,298,613
PAYMENTS			
Salaries, wages and employee benefits	7	27,007,611	4,989,954
Operating expenses	8	125,212,088	86,881,220
Utilities	9	3,780,875	883,363
Administrative expenses	10	4,542,079	2,101,124
Other expenses	11	679,074	1,474,027
Capital expenditure	12	118,468,899	32,223,012
Joint Security Task Force Expenses	13	51,334,577	-
Total payments		331,025,203	128,552,700
NET INCREASE / (DECREASE) IN CASH		2,272,303	(254,087)
Cash at end of the year	14	2,272,722	419

The above statement of cash receipts and payments should be read in conjunction with the accompanying notes on pages 4 to 12.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The function of the APEC Papua New Guinea 2018 Co-ordination Authority (the 'Authority') is to liaise and consult with the relevant government departments, State agencies and other stakeholders to ensure the efficient and successful running of the APEC meetings in Papua New Guinea in 2018. The Authority is funded by the Government of Papua New Guinea.

The Authority is established under the *APEC Papua New Guinea 2018 Co-ordination Authority Act 2014* which regulates the services and functions of the Authority, its Board, its CEO and the appointed officers.

The Authority is a public body and reports and operates under the *Public Finance (Management) Act 1995*.

This financial report has been approved for issuance by management on the date of signing of this report.

1.1 Basis of Accounting

The financial report is a special purpose financial report and has been prepared on a cash basis of accounting in accordance with the *International Public Sector Accounting Standard (IPSAS) - Financial Reporting Under the Cash Basis of Accounting* issued by the International Federation of Accountants.

The financial report is in line with requirements for non-for-profit entities in Papua New Guinea as required by the Finance Instructions 1/2016 issued under Section 117 of the *Public Finance (Management) Act 1995*.

The accounting policies set out below have been applied in preparing the financial report for year ended 31 December 2018.

The going concern basis was used to prepare the financial report.

1.2 Basis of Aggregation

The financial report incorporates the transactions made through the Authority trust bank accounts and receipts & payments made by other government entities or external parties on behalf of the Authority.

The balances and effects of transactions between the accounts included in the financial report have been fully consolidated including :

- (a) The Trust bank account in the name of the Authority held with the Bank of Papua New Guinea; for the purpose of receiving government grants and used for payments of personal emoluments, goods and services and other ongoing expenses and fixed assets such as office equipment, plant & equipment and motor vehicles.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

1.2 Basis of Aggregation (continued)

- (b) The Trust bank account in the name of the Authority held with the Bank of South Pacific; for the purpose of receiving government grants and used for payments of personal emoluments, goods and services and other ongoing expenses and fixed assets such as office equipment, plant & equipment and motor vehicles.
- (c) The Trust bank account in the name of Joint Security Task Force held with the Bank of Papua New Guinea; for the purpose of receiving government grants and used for payments of personal emoluments, goods and services and other ongoing expenses and fixed assets such as office equipment, plant & equipment and motor vehicles.
- (d) The Trust bank account in the name of Joint Security Task Force held with the Bank of South Pacific; for the purpose of receiving government grants and used for payments of personal emoluments, goods and services and other ongoing expenses and fixed assets such as office equipment, plant & equipment and motor vehicles.

1.3 Functional and Presentation Currency

The financial report is presented in Kinas.

1.4 Foreign Currency Transactions

Transactions denominated in a foreign currency are converted at the rate of exchange prevailing at the date of the transaction.

1.5 Cash at Bank

Cash at bank comprises cash on hand and cash at bank. The Authority does not operate a bank overdraft.

1.6 Receipts

Payments were made on, behalf of the Authority, directly by the Department of the Prime Minister and the National Executive Council (the 'PM&NEC') and the Department of Finance. Along with the recognition of payments in the Statement of cash receipts and payments, receipts from the government were also recognised for these at the time funds had been processed for payment by the banks.

Government Grants are recognised as receipts at the time the cash is deposited into the trust account.

1.7 Payments

Payments are recognised as expenses at the time funds have been processed for payment by the bank.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**1.8 Taxation**

The Authority is exempt from paying all types of taxes, including income tax. This is in accordance with the *Income Tax Act 1959*, Section 24 Subsection A – Exemption of Public Authorities.

1.9 Events Since Balance Date

Since 31 December 2018, there have been not been any significant events that would have a material impact on the financial report.

1.10 Economic Dependency

The Authority is dependent on monies received from the Government to fund its operations.

1.11 Payments by Other Government Entities – Department of Finance

The Authority benefits from payments made by Department of Finance. These payments constitute cash receipts and payments of the Authority, and are controlled by the Authority, as the Personal Emoluments have been appropriated through the National Budget.

The International Public Sector Accounting Standard (IPSAS) - Financial Reporting Under the Cash Basis of Accounting requires separate presentation of the Payments by Other Government Entities in the Statement of Cash Receipts and Payments.

1.12 Capital Expenditure

Capital expenditure is the cost of purchasing fixed assets. It is the value of consideration given to acquire the assets and other directly attributable costs which need to be incurred in bringing the assets to the locations and conditions necessary for their intended service.

The Authority does not maintain a fixed asset register (other than for motor vehicles) and is therefore only able to disclose total balances for fixed assets in the financial report.

The Authority does maintain a register of motor vehicles purchased for use in the period leading up to and including hosting the APEC meetings in Papua New Guinea in November 2018. Below is a summary of the total balances for capital expenditure for the past 4 years.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

1.12 Capital Expenditure (continued)

	2015 Kina	2016 Kina	2017 Kina	2018 Kina	Total Kina
Capital Expenditure					
Plant & equipment	296,467	204,163	144,418	7,995	653,043
Office equipment	42,306	268,667	1,583,410	2,826,410	4,720,793
Motor vehicles	373,073	1,473,037	11,979,333	42,276,361	56,101,804
Joint Security Task Force - equipment	-	578,053	578,053	4,896,214	6,052,320
PNG Defence Force - equipment	-	-	-	367,840	367,840
X-Ray & Scanning equipment	-	-	-	3,850,006	3,850,006
Building improvements - Other	-	360,200	-	2,982,919	3,343,119
Renovations - Mourata Haus	-	361,783	520,800	38,242,047	39,124,630
Renovations - Moale Haus	-	-	900,000	-	900,000
Renovations - Manasupe Haus	-	-	125,396	-	125,396
Renovations - Mirigini Haus	-	-	391,602	-	391,602
PNG Port Upgrade	-	-	16,000,000	-	16,000,000
Renovations - Oakley Haus	-	-	-	167,584	167,584
Independence Drive Upgrade	-	-	-	2,500,000	2,500,000
Eda Ranu water upgrade	-	-	-	6,000,000	6,000,000
Jacksons Airport Ground Works Upgrade	-	-	-	14,351,523	14,351,523
Total	711,846	3,245,903	32,223,012	118,468,899	154,649,660

2. Government Grants

The Government provides grants to the Authority through the Annual Budget which are received to finance the Authority's operational requirements.

3. Salaries, wages and employee benefits

Personal Emolument comprise payments out of payroll government appropriations and paid through the government payroll system per fortnight.

There were personal emolument payments also made from the Authority Trust bank account.

4. Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed when considered appropriate and provide additional relevant information to users. As at year end there are no significant contracts entered into with suppliers that require disclosure in this note. In the normal course of business, the Authority does not lease facilities, hence there are no minimum lease payments under lease agreements required to be disclosed in this note.

5. Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the statement of Receipts and Payments, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 Kina	2017 Kina
6. Receipts from government		
Funding provided by way of payments made by PMNEC on behalf of the Authority	21,094,853	128,298,613
Receipts from government paid into APEC bank accounts	271,833,422	-
Receipts from government paid into JSTF bank accounts	30,000,000	-
Funding provided by way of salary payments made through Alesco Payroll	10,038,628	-
	<u>332,966,903</u>	<u>128,298,613</u>
7. Salaries, wages and employee benefits		
Allowances	11,603,891	2,294,736
Leave fares	6,735	249,503
Gratuity	288,208	-
Overtime	2,366,059	356,958
Salaries - Concept Payroll	10,038,628	-
Superannuation	-	20,056
Wages - APEC staff	2,704,090	2,068,701
	<u>27,007,611</u>	<u>4,989,954</u>



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 Kina	2017 Kina
8. Operating expenses		
Accommodation & food	9,714,088	1,187,994
Accreditation system - Centium	8,733,948	-
Aircraft Charter	127,600	-
Airfares	5,878,452	2,536,045
Bottled water	550,357	86,273
Car hire	1,124,796	355,625
Catering	13,016,269	233,396
Cleaning	469,792	172,150
Consumables	77,330	-
Clean up POM program	1,352,150	-
Clothing & Uniforms	2,113,070	609,843
Computer expenses	441,382	191,937
Congress Rental	2,673,168	-
Consulting fees	4,298,253	5,172,693
Cruise ships	1,217,764	67,944,220
Floral arrangements	48,000	-
Freight	140,163	137,185
Functions, events & venue hire	17,415,854	1,826,048
Hire of equipment	4,417,901	72,911
International Broadcast Centre	6,337,408	-
Lease - additional aircraft	4,000,000	-
Media & advertising	2,231,787	1,004,791
Medical support	3,186,661	3,927
Merchandise & branding	31,223,008	1,852,292
Pest Control	249,198	-
Petty cash	-	998
Printing	2,393	58,811
Security - Other	2,505,610	48,610
Travel & allowances	1,665,686	3,374,358
Website	-	11,113
	<u>125,212,088</u>	<u>86,881,220</u>
9. Utilities		
Telephone	507,349	291,034
Gas	14,423	-
Internet	3,259,103	592,329
	<u>3,780,875</u>	<u>883,363</u>



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 Kina	2017 Kina
10. Administrative expenses		
Transport & fuel	2,669,550	522,519
Memberships	74,228	570,467
Training	533,317	133,312
Office materials & supplies	1,264,984	874,826
	<u>4,542,079</u>	<u>2,101,124</u>
11. Other expenses		
Rental of properties	16,729	181,151
Routine maintenance	353,573	115,290
Other operating expenses	308,772	1,177,586
	<u>679,074</u>	<u>1,474,027</u>
12. Capital expenditure		
<i>APEC Authority</i>		
Office equipment	2,826,410	1,583,410
Plant & equipment	7,995	144,418
Motor vehicles - APEC vehicles	16,296,508	11,979,333
Motor vehicles - Prestige vehicles	23,984,526	-
Independence Drive Contribution	2,500,000	-
Eda Ranu Water upgrade	6,000,000	-
Renovations - Morauta Haus	38,242,047	520,800
Renovations - Moale Haus	-	900,000
Renovations - Manasupe Haus	-	125,396
Renovations - Mirigini Haus	-	391,602
Building improvements - Other	2,982,919	-
PNG Defence Force - tents	367,840	-
Jackson Airport Ground Works Upgrade	14,351,523	-
X-Ray scanning equipment & security screening	3,850,006	-
PNG Port Upgrade	-	16,000,000
<i>Joint Security Task Force</i>		
Fixed assets - firearms	-	578,053
Fixed assets - boots	2,013,000	-
Fixed assets - Building Improvements - Oakley Haus	167,584	-
Fixed assets - equipment	1,883,214	-
Fixed assets - firearms	1,000,000	-
Fixed assets - vehicles	1,995,327	-
	<u>118,468,899</u>	<u>32,223,012</u>



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 Kina	2017 Kina
13. Joint Security Task Force Expenses		
Accommodation	359,839	-
Airfares	433,490	-
Allowances	35,361,241	-
Bank charges	7,022	-
Boots	478,500	-
Car Hire	309,120	-
Catering	4,187,572	-
Consultants	39,200	-
Entertainment allowance	21,000	-
Flower pots	69,000	-
Funeral expenses - Michael Corren	155,508	-
General expenses	3,304	-
Helicopter maintenance	261,074	-
Hire of equipment	31,133	-
Insurance	424,811	-
JSTF expenses paid by APEC Authority	3,395,799	-
Legal fees	4,620	-
Media	152,497	-
Medical Expenses	108,139	-
Motor vehicle expenses	1,452,575	-
Office expenses	181,960	-
Operational expenses	67,570	-
Repairs & maintenance - air conditioners	176,207	-
Repairs & maintenance - general	1,157	-
Subscriptions & memberships	29,887	-
Telephone	27,924	-
Travel allowance	233,780	-
Travel expenses	272,535	-
Uniforms & Clothing	3,018,651	-
Wages	69,462	-
	<u>51,334,577</u>	<u>-</u>



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 Kina	2017 Kina
14. Cash at Bank		
Cash at beginning of the year	419	254,506
Net Increase / (decrease) in cash	2,272,303	(254,087)
Cash at end of the year	<u>2,272,722</u>	<u>419</u>
Represented by :		
APEC Authority Trust Account - BPNG	1,418,561	-
APEC Authority Op Plan Trust Account - BSP	330,599	419
Joint Security Task Force Trust Account - BPNG	4,371	-
Joint Security Task Force Trust Account - BSP	519,191	-
	<u>2,272,722</u>	<u>419</u>





APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

FINANCIAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2017

APEC Papua New Guinea 2018 Co-ordination Authority
PO Box 639, Waigani, National Capital District, Papua New Guinea

APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Table of Contents

	Page
Declaration by Management	2
Statement of Cash Receipts and Payments	3
Notes to and forming part of the Financial Statement	4-10
Independent Auditor's Report	11-13

APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

DECLARATION BY MANAGEMENT

In accordance with a resolution of the APEC Papua New Guinea 2018 Co-ordination Authority being responsible for approving the financial report we state that:

- a) The accompanying financial report of the APEC Papua New Guinea 2018 Co-ordination Authority have been drawn up so as to give a view of the receipts and payments for the year ended 31 December 2017.
- b) This financial report has been prepared in accordance with the Finance Instructions 1/2016 issued under Section 117 of the *Public Finance (Management) Act 1995* and the *International Public Sector Accounting Standard - Financial Reporting Under the Cash Basis of Accounting*.
- c) We certify that all records and books of account have been properly maintained.
- d) We certify that the Statement of Cash Receipts and Payments for the year ended 31 December 2017 is correct.
- e) As at the date of this statement there are reasonable grounds to believe that the APEC Papua New Guinea 2018 Co-ordination Authority will be able to pay its debts as and when they become due and payable.

On behalf of the Authority

Signed this 14th day of December 2020.



Mr Christopher Hawkins
Chief Executive Officer

APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 Kina	2016 Kina
RECEIPTS			
Receipts from government	6	128,298,613	23,470,401
Total receipts		128,298,613	23,470,401
PAYMENTS			
Salaries, wages and employee benefits	7	4,989,954	4,881,398
Operating expenses	8	86,881,220	14,039,435
Utilities	9	883,363	312,393
Administrative expenses	10	2,101,124	453,844
Other expenses	11	1,474,027	282,922
Capital expenditure	12	32,223,012	3,245,903
Total payments		128,552,700	23,215,895
NET (DECREASE) / INCREASE IN CASH	13	(254,087)	254,506
Cash at the end of the year	13	419	254,506

The above statement of cash receipts and payments should be read in conjunction with the accompanying notes on pages 4 to 10.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The function of the APEC Papua New Guinea 2018 Co-ordination Authority (the 'Authority') is to liaise and consult with the relevant government departments, State agencies and other stakeholders to ensure the efficient and successful running of the APEC meetings in Papua New Guinea in 2018. The Authority is funded by the Government of Papua New Guinea.

The Authority is established under the *APEC Papua New Guinea 2018 Co-ordination Authority Act 2014* which regulates the services and functions of the Authority, its Board, its CEO and the appointed officers.

The Authority is a public body and reports and operates under the *Public Finance (Management) Act 1995*.

This financial report has been approved for issuance by management on the date of signing of this report.

1.1 Basis of Accounting

The financial report is a special purpose financial report and has been prepared on a cash basis of accounting in accordance with the *International Public Sector Accounting Standard (IPSAS) - Financial Reporting Under the Cash Basis of Accounting* issued by the International Federation of Accountants.

The financial report is in line with requirements for non-for-profit entities in Papua New Guinea as required by the Finance Instructions 1/2016 issued under Section 117 of the *Public Finance (Management) Act 1995*.

The accounting policies set out below have been applied in preparing the financial report for year ended 31 December 2017.

The going concern basis was used to prepare the financial report.

1.2 Basis of Aggregation

The financial report incorporates the transactions made through the Authority's trust bank account and receipts & payments made by other government entities or external parties on behalf of the Authority.

The balances and effects of transactions between the accounts included in the financial report have been fully aggregated including the Trust bank account in the name of the Authority held with the Bank of South Pacific for the purpose of receiving government grants and used for payments of personal emoluments, goods and services and other ongoing expenses and fixed assets such as office equipment, plant & equipment and motor vehicles.

1.3 Functional and Presentation Currency

The financial report is presented in Kinas.



APPEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

1.4 Foreign Currency Transactions

Transactions denominated in a foreign currency are converted at the rate of exchange prevailing at the date of the transaction.

1.5 Cash at Bank

Cash at bank comprises cash on hand and cash at bank. The Authority does not operate a bank overdraft.

1.6 Receipts

Payments were made on, behalf of the Authority, directly by the Department of the Prime Minister and the National Executive Council (the 'PM&NEC'). Along with the recognition of payments in the statement of cash receipts and payments, receipts from the government were also recognised for these at the time funds had been processed for payment by the banks.

Government Grants are recognised as receipts at the time the cash is deposited into the trust account.

1.7 Payments

Payments are recognised as expenses at the time funds have been processed for payment by the bank.

1.8 Taxation

The Authority is exempt from paying all types of taxes, including income tax. This is in accordance with the *Income Tax Act 1959*, Section 24 Subsection A – Exemption of Public Authorities.

1.9 Events Since Balance Date

Since 31 December 2017, there have been not been any significant events that would have a material impact on the financial report.

1.10 Economic Dependency

The Authority is dependent on monies received from the Government to fund its operations.

1.11 Payments by Other Government Entities – Department of Finance

The Authority benefits from payments made by Department of Finance. These payments constitute cash receipts and payments of the Authority, and are controlled by the Authority, as the Personal Emoluments have been appropriated through the National Budget.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**1.11 Payments by Other Government Entities – Department of Finance (continued)**

The International Public Sector Accounting Standard (IPSAS) - Financial Reporting Under the Cash Basis of Accounting requires separate presentation of the Payments by Other Government Entities in the Statement of Cash Receipts and Payments.

1.12 Capital Expenditure

Capital expenditure is the cost of purchasing fixed assets. It is the value of consideration given to acquire the assets and other directly attributable costs which need to be incurred in bringing the assets to the locations and conditions necessary for their intended service.

The Authority does not maintain a fixed asset register (other than for motor vehicles) and is therefore only able to disclose total balances for fixed assets in the financial report.

The Authority does maintain a register of motor vehicles purchased for use in the period leading up to and including hosting the APEC meetings in Papua New Guinea scheduled for 2018. Below is a summary of the total balances for capital expenditure for the past 3 years.

	2015 Kina	2016 Kina	2017 Kina	Total Kina
Capital Expenditure				
Plant & equipment	296,467	204,163	144,418	645,048
Office equipment	42,306	268,667	1,583,410	1,894,383
Motor vehicles	373,073	1,473,037	11,979,333	13,825,443
Joint Security Task Force - equipment	-	578,053	578,053	1,156,106
Building improvements - Other	-	360,200	-	360,200
Renovations - Mourata Haus	-	361,783	520,800	882,583
Renovations - Moale Haus	-	-	900,000	900,000
Renovations - Manasupe Haus	-	-	125,396	125,396
Renovations - Mirigini Haus	-	-	391,602	391,602
PNG Port Upgrade	-	-	16,000,000	16,000,000
Total	711,846	3,245,903	32,223,012	36,180,761

2. Government Grants

The Government provides grants to the Authority through the Annual Budget which are received to finance the Authority's operational requirements.

3. Salaries, wages and employee benefits

Personal Emolument comprise payments out of payroll government appropriations and paid through the government payroll system per fortnight.

There were personal emolument payments also made from the Authority Trust bank account.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

4. Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed when considered appropriate and provide additional relevant information to users. As at year end there are no significant contracts entered into with suppliers that require disclosure in this note. In the normal course of business, the Authority does not lease facilities, hence there are no minimum lease payments under lease agreements required to be disclosed in this note.

5. Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the statement of Receipts and Payments, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

	2017 Kina	2016 Kina
6. Receipts from government		
Funding provided by way of payments made by PMNEC on behalf of the Authority	128,298,613	23,470,401
	<u>128,298,613</u>	<u>23,470,401</u>
7. Salaries, wages and employee benefits		
Allowances	2,294,736	2,449,964
Casual staff	-	1,178,369
Leave fares	249,503	15,837
Overtime	356,958	60,639
Superannuation	20,056	-
Salaries & wages	2,068,701	1,176,589
	<u>4,989,954</u>	<u>4,881,398</u>



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 Kina	2016 Kina
8. Operating expenses		
Accommodation & food	1,187,994	1,269,745
Airfares	2,536,045	1,887,862
Bottled water	86,273	-
Car hire	355,625	154,724
Catering	233,396	1,021,761
Cleaning	172,150	244,834
Clothing & Uniforms	609,843	31,350
Computer expenses	191,937	-
Consulting fees	5,172,693	1,872,246
Cruise ships	67,944,220	-
Freight	137,185	-
Floral arrangements	-	160,805
Functions, events & venue hire	1,826,048	2,966,080
Hire of equipment	72,911	116,311
Hire of helicopters	-	-
Media & advertising	1,004,791	1,112,505
Medical support	3,927	448,114
Merchandise & branding	1,852,292	1,377,013
Petty cash	998	-
Printing	58,811	-
Security - Other	48,610	-
Travel & allowances	3,374,358	1,313,385
Website	11,113	62,700
	<u>86,881,220</u>	<u>14,039,435</u>
9. Utilities		
Telephone	291,034	97,746
Internet	592,329	214,647
	<u>883,363</u>	<u>312,393</u>



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 Kina	2016 Kina
10. Administrative expenses		
Transport & fuel	522,519	108,991
Memberships	570,467	9,500
Training	133,312	46,000
Staff recruitment	-	-
Office materials & supplies	874,826	289,353
	<u>2,101,124</u>	<u>453,844</u>
11. Other expenses		
Rental of properties	181,151	165,543
Routine maintenance	115,290	-
Other operating expenses	1,177,586	117,379
	<u>1,474,027</u>	<u>282,922</u>
12. Capital expenditure		
Office equipment	1,583,410	268,667
Plant & equipment	144,418	204,163
Motor vehicles	11,979,333	1,473,037
Building improvements	-	360,200
Renovations - Morauta Haus	520,800	361,783
Renovations - Moale Haus	900,000	-
Renovations - Manasupe Haus	125,396	-
Renovations - Mirigini Haus	391,602	-
PNG Port Upgrade	16,000,000	-
Fire arms - JSTF	578,053	578,053
	<u>32,223,012</u>	<u>3,245,903</u>



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 Kina	2016 Kina
13. Cash at Bank		
Cash at Beginning of the Year	254,506	-
Net (decrease) / increase in cash	(254,087)	254,506
Cash at end of the Year	419	254,506
Represented by :		
APEC Authority OP Plan Trust Account - BSP	419	254,506
	419	254,506





APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

FINANCIAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2016

APEC Papua New Guinea 2018 Co-ordination Authority
PO Box 639, Waigani, National Capital District, Papua New Guinea

APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

Table of Contents

	Page
Declaration by Management	2
Statement of Cash Receipts and Payments	3
Notes to and forming part of the Financial Report	4-9
Independent Auditor's Report	10-12

APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

DECLARATION BY MANAGEMENT

In accordance with a resolution of the APEC Papua New Guinea 2018 Co-ordination Authority being responsible for approving the financial report we state that:

- a) The accompanying financial report of the APEC Papua New Guinea 2018 Co-ordination Authority have been drawn up so as to give a view of the receipts and payments for the year ended 31 December 2016.
- b) This financial report has been prepared in accordance with the Finance Instructions 1/2016 issued under Section 117 of the *Public Finance (Management) Act 1995* and the *International Public Sector Accounting Standard - Financial Reporting Under the Cash Basis of Accounting*.
- c) We certify that all records and books of account have been properly maintained.
- d) We certify that the Statement of Cash Receipts and Payments for the year ended 31 December 2016 is correct.
- e) As at the date of this financial report there are reasonable grounds to believe that the APEC Papua New Guinea 2018 Co-ordination Authority will be able to pay its debts as and when they become due and payable.

On behalf of the Authority

Signed this 14th day of December 2020.



Mr Christopher Hawkins
Chief Executive Officer

APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 Kina	2015 Kina
RECEIPTS			
Receipts from government	6	23,470,401	9,991,308
Total receipts		23,470,401	9,991,308
PAYMENTS			
Salaries, wages and employee benefits	7	4,881,398	974,708
Operating expenses	8	14,039,435	7,555,311
Utilities	9	312,393	46,398
Administrative expenses	10	453,844	218,360
Other expenses	11	282,922	484,685
Capital expenditure	12	3,245,903	711,846
Total payments		23,215,895	9,991,308
NET INCREASE IN CASH	13	254,506	-
Cash at the end of the year	13	254,506	-

The above statement of cash receipts and payments should be read in conjunction with the accompanying notes on pages 4 to 9.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The function of the APEC Papua New Guinea 2018 Co-ordination Authority (the 'Authority') is to liaise and consult with the relevant government departments, State agencies and other stakeholders to ensure the efficient and successful running of the APEC meetings in Papua New Guinea in 2018. The Authority is funded by the Government of Papua New Guinea.

The Authority is established under the *APEC Papua New Guinea 2018 Co-ordination Authority Act 2014* which regulates the services and functions of the Authority, its Board, its CEO and the appointed officers.

The Authority is a public body and reports and operates under the *Public Finance (Management) Act 1995*.

This financial report has been approved for issuance by management on the date of signing of this report.

1.1 Basis of Accounting

The financial report is a special purpose financial report and has been prepared on a cash basis of accounting in accordance with the *International Public Sector Accounting Standard (IPSAS) - Financial Reporting Under the Cash Basis of Accounting* issued by the International Federation of Accountants.

The financial report is in line with requirements for non-for-profit entities in Papua New Guinea as required by the Finance Instructions 1/2016 issued under Section 117 of the *Public Finance (Management) Act 1995*.

The accounting policies set out below have been applied in preparing the financial report for year ended 31 December 2016.

The going concern basis was used to prepare the financial report.

1.2 Basis of Aggregation

The financial report incorporates the transactions made through the Authority's trust bank account and receipts & payments made by other government entities or external parties on behalf of the Authority.

The balances and effects of transactions between the accounts included in the financial report have been fully aggregated including the Trust bank account in the name of the Authority held with the Bank of South Pacific for the purpose of receiving government grants and used for payments of personal emoluments, goods and services and other ongoing expenses and fixed assets such as office equipment, plant & equipment and motor vehicles.

1.3 Functional and Presentation Currency

The financial report is presented in Kinas.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

1.4 Foreign Currency Transactions

Transactions denominated in a foreign currency are converted at the rate of exchange prevailing at the date of the transaction.

1.5 Cash at Bank

Cash at bank comprises cash on hand and cash at bank. The Authority does not operate a bank overdraft.

1.6 Receipts

Payments were made on, behalf of the Authority, directly by the Department of the Prime Minister and the National Executive Council (the 'PM&NEC'). Along with the recognition of payments in the statement of cash receipts and payments, receipts from the government were also recognised for these at the time funds had been processed for payment by the banks.

Government Grants are recognised as receipts at the time the cash is deposited into the trust account.

1.7 Payments

Payments are recognised as expenses at the time funds have been processed for payment by the bank.

1.8 Taxation

The Authority is exempt from paying all types of taxes, including income tax. This is in accordance with the *Income Tax Act 1959*, Section 24 Subsection A – Exemption of Public Authorities.

1.9 Events Since Balance Date

Since 31 December 2016, there have been not been any significant events that would have a material impact on the Financial Report.

1.10 Economic Dependency

The Authority is dependent on monies received from the Government to fund its operations.

1.11 Payments by Other Government Entities – Department of Finance

The Authority benefits from payments made by Department of Finance. These payments constitute cash receipts and payments of the Authority, and are controlled by the Authority, as the Personal Emoluments have been appropriated through the National Budget.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**1.11 Payments by Other Government Entities – Department of Finance (continued)**

The International Public Sector Accounting Standard (IPSAS) - Financial Reporting Under the Cash Basis of Accounting requires separate presentation of the Payments by Other Government Entities in the Statement of Cash Receipts and Payments.

1.12 Capital Expenditure

Capital expenditure is the cost of purchasing fixed assets. It is the value of consideration given to acquire the assets and other directly attributable costs which need to be incurred in bringing the assets to the locations and conditions necessary for their intended service.

The Authority does not maintain a fixed asset register (other than for motor vehicles) and is therefore only able to disclose total balances for fixed assets in the financial report.

The Authority does maintain a register of motor vehicles purchased for use in the period leading up to and including hosting the APEC meetings in Papua New Guinea scheduled for 2018. Below is a summary of the total balances for capital expenditure for the past 2 years.

	2015 Kina	2016 Kina	Total Kina
Capital Expenditure			
Plant & equipment	296,467	204,163	500,630
Office equipment	42,306	268,667	310,973
Motor vehicles	373,073	1,473,037	1,846,110
Joint Security Task Force - equipment	-	578,053	578,053
Building improvements - Other	-	360,200	360,200
Renovations - Mourata Haus	-	361,783	361,783
Total	711,846	3,245,903	3,957,749

2. Government Grants

The Government provides grants to the Authority through the Annual Budget which are received to finance the Authority's operational requirements.

3. Salaries, wages and employee benefits

Personal Emolument comprise payments out of payroll government appropriations and paid through the government payroll system per fortnight.

There were personal emolument payments also made from the Authority Trust bank account.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

4. Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed when considered appropriate and provide additional relevant information to users.

As at year end there are no significant contracts entered into with suppliers that require disclosure in this note. In the normal course of business, the Authority does not lease facilities, hence there are no minimum lease payments under lease agreements required to be disclosed in this note.

5. Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Cash Receipts and Payments, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

	2016 Kina	2015 Kina
6. Receipts from government		
Funding provided by way of payments made by PMNEC on behalf of the Authority	23,470,401	9,991,308
	<u>23,470,401</u>	<u>9,991,308</u>

7. Salaries, wages and employee benefits

Allowances	2,449,964	535,951
Overtime	60,639	-
Leave fares	15,837	-
Casual staff	1,178,369	-
Salaries & wages	1,176,589	438,757
	<u>4,881,398</u>	<u>974,708</u>



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 Kina	2015 Kina
8. Operating expenses		
Accommodation & food	1,269,745	960,980
Advertising & promotion	-	231,239
Airfares	1,887,862	1,030,327
Car hire	154,724	361,515
Catering	1,021,761	-
Cleaning	244,834	-
Clothing & Uniforms	31,350	-
Consulting fees	1,872,246	1,049,176
Floral arrangements	160,805	98,300
Functions, events & venue hire	2,966,080	1,226,845
Hire of equipment	116,311	74,096
Media & advertising	1,112,505	507,819
Medical support	448,114	34,607
Merchandise & branding	1,377,013	926,092
Security - Other	-	10,000
Travel & allowances	1,313,385	1,026,715
Website	62,700	17,600
	<u>14,039,435</u>	<u>7,555,311</u>
9. Utilities		
Telephone	97,746	46,398
Internet	214,647	-
	<u>312,393</u>	<u>46,398</u>
10. Administrative expenses		
Transport & fuel	108,991	51,507
Memberships	9,500	-
Training	46,000	-
Office materials & supplies	289,353	166,853
	<u>453,844</u>	<u>218,360</u>



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 Kina	2015 Kina
11. Other expenses		
Rental of properties	165,543	64,209
Other operating expenses	117,379	420,476
	<u>282,922</u>	<u>484,685</u>
12. Capital expenditure		
Office equipment	268,667	42,306
Plant & equipment	204,163	296,467
Motor vehicles	1,473,037	373,073
Building improvements	360,200	-
Renovations - Morauta Haus	361,783	-
Fire arms - Joint Security Task Force	578,053	-
	<u>3,245,903</u>	<u>711,846</u>
13. Cash at Bank		
Cash at Beginning of the Year	-	-
Net increase in cash	254,506	-
Cash at end of the Year	<u>254,506</u>	<u>-</u>
Represented by :		
APEC Authority OP Plan Trust Account - BSP	254,506	-
	<u>254,506</u>	<u>-</u>





APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

FINANCIAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2015

APEC Papua New Guinea 2018 Co-ordination Authority
PO Box 639, Waigani, National Capital District, Papua New Guinea

APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

Table of Contents

	Page
Declaration by Management	2
Statement of Cash Receipts and Payments	3
Notes to and forming part of the Financial Report	4-8
Independent Auditor's Report	9-10

APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

DECLARATION BY MANAGEMENT

In accordance with a resolution of the APEC Papua New Guinea 2018 Co-ordination Authority being responsible for approving the financial report we state that:

- a) The accompanying financial report of the APEC Papua New Guinea 2018 Co-ordination Authority have been drawn up so as to give a view of the receipts and payments for the year ended 31 December 2015.
- b) This financial report has been prepared in accordance with the Finance Instructions 1/2016 issued under Section 117 of the *Public Finance (Management) Act 1995* and the *International Public Sector Accounting Standard - Financial Reporting Under the Cash Basis of Accounting*.
- c) We certify that all records and books of account have been properly maintained.
- d) We certify that the Statement of Cash Receipts and Payments for the year ended 31 December 2015 is correct.
- e) As at the date of this statement there are reasonable grounds to believe that the APEC Papua New Guinea 2018 Co-ordination Authority will be able to pay its debts as and when they become due and payable.

On behalf of the Authority

Signed this 14th day of December 2020.



Mr Christopher Hawkins
Chief Executive Officer

APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 Kina
RECEIPTS		
Receipts from government	6	9,991,308
Total receipts		9,991,308
PAYMENTS		
Salaries, wages and employee benefits	7	974,708
Operating expenses	8	7,555,311
Utilities	9	46,398
Administrative expenses	10	218,360
Other expenses	11	484,685
Capital expenditure	12	711,846
Total payments		9,991,308
NET INCREASE / (DECREASE) IN CASH		-

The above statement of cash receipts and payments should be read in conjunction with the accompanying notes on pages 4 to 8.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The function of the APEC Papua New Guinea 2018 Co-ordination Authority (the 'Authority') is to liaise and consult with the relevant government departments, State agencies and other stakeholders to ensure the efficient and successful running of the APEC meetings in Papua New Guinea in 2018. The Authority is funded by the Government of Papua New Guinea.

The Authority is established under the *APEC Papua New Guinea 2018 Co-ordination Authority Act 2014* which regulates the services and functions of the Authority, its Board, its CEO and the appointed officers.

The Authority is a public body and reports and operates under the *Public Finance (Management) Act 1995*.

This financial report has been approved for issuance by management on the date of signing of this report.

1.1 Basis of Accounting

The financial report is a special purpose financial report and has been prepared on a cash basis of accounting in accordance with the *International Public Sector Accounting Standard (IPSAS) - Financial Reporting Under the Cash Basis of Accounting* issued by the International Federation of Accountants.

The financial report is in line with requirements for non-for-profit entities in Papua New Guinea as required by the Finance Instructions 1/2016 issued under Section 117 of the *Public Finance (Management) Act 1995*.

The accounting policies set out below have been applied in preparing the financial report for year ended 31 December 2015.

The going concern basis was used to prepare the financial report.

1.2 Basis of Aggregation

The financial report incorporates the transactions made through the Department of Prime Minister and NEC for the year ended 31 December 2015.

The Authority did not maintain a separate bank account.

1.3 Functional and Presentation Currency

The financial report is presented in Kinas.

1.4 Foreign Currency Transactions

Transactions denominated in a foreign currency are converted at the rate of exchange prevailing at the date of the transaction.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

1.5 Comparative figures

The financial report has been prepared for the year ended 31 December 2015. There are no comparative figures disclosed in the financial report as the Authority was created by *APEC Papua New Guinea 2018 Co-ordination Authority Act 2014* in December 2014 and there was no activity during the 2014 financial year.

1.6 Cash at Bank

The Authority did not maintain a separate bank account in its own name.

1.7 Receipts

Payments were made on, behalf of the Authority, directly by the Department of the Prime Minister and the National Executive Council (the 'PM&NEC'). Along with the recognition of payments in the Statement of cash receipts and payments, receipts from the government were also recognised for these at the time funds had been processed for payment by the banks.

1.8 Payments

Payments are recognised as expenses at the time funds have been processed for payment by the bank.

1.9 Taxation

The Authority is exempt from paying all types of taxes, including income tax. This is in accordance with the *Income Tax Act 1959*, Section 24 Subsection A – Exemption of Public Authorities.

1.10 Events Since Balance Date

Since 31 December 2015, there have been not been any significant events that would have a material impact on the financial report.

1.11 Economic Dependency

The Authority is dependent on monies received from the Government to fund its operations.

1.12 Payments by Other Government Entities – Department of Finance

The Authority benefits from payments made by Department of Finance. These payments constitute cash receipts and payments of the Authority, and are controlled by the Authority, as the Personal Emoluments have been appropriated through the National Budget.

The International Public Sector Accounting Standard (IPSAS) - Financial Reporting Under the Cash Basis of Accounting requires separate presentation of the Payments by Other Government Entities in the Statement of Cash Receipts and Payments.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**1.13 Capital Expenditure**

Capital expenditure is the cost of purchasing fixed assets. It is the value of consideration given to acquire the assets and other directly attributable costs which need to be incurred in bringing the assets to the locations and conditions necessary for their intended service.

The Authority does not maintain a fixed asset register (other than for motor vehicles) and is therefore only able to disclose total balances for fixed assets in the financial report.

The Authority does maintain a register of motor vehicles purchased for use in the period leading up to and including hosting the APEC meetings in Papua New Guinea scheduled for 2018. Below is a summary of the total balances for capital expenditure.

	2015 Kina
Capital Expenditure	
Plant & equipment	296,467
Office equipment	42,306
Motor vehicles	373,073
Total	<u>711,846</u>

2. Government Grants

The Government provides grants to the Authority through the Annual Budget which are received to finance the Authority's operational requirements.

3. Salaries, wages and employee benefits

Personal Emolument comprise payments out of payroll government appropriations and paid through the government payroll system per fortnight.

There were personal emolument payments also made from the Authority Trust bank account.

4. Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed when considered appropriate and provide additional relevant information to users.

As at year end there are no significant contracts entered into with suppliers that require disclosure in this note. In the normal course of business, the Authority does not lease facilities, hence there are no minimum lease payments under lease agreements required to be disclosed in this note.



APEC PAPUA NEW GUINEA 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

5. Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Cash Receipts and Payments, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

2015
Kina

6. Receipts from government

Funding provided by way of payments made by PMNEC on behalf of the Authority	9,991,308
	<u>9,991,308</u>

7. Salaries, wages and employee benefits

Allowances	535,951
Salaries & wages	438,757
	<u>974,708</u>

8. Operating expenses

Accommodation & food	960,980
Advertising & promotion	231,239
Airfares	1,030,327
Car hire	361,515
Consulting fees	1,049,176
Floral arrangements	98,300
Functions, events & venue hire	1,226,845
Hire of equipment	74,096
Media & advertising	507,819
Medical support	34,607
Merchandise & branding	926,092
Security - Other	10,000
Travel & allowances	1,026,715
Website	17,600
	<u>7,555,311</u>



APEC PNG 2018 CO-ORDINATION AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 Kina
9. Utilities	
Telephone	46,398
	<u>46,398</u>
10. Administrative expenses	
Transport & fuel	51,507
Office expenses	166,853
	<u>218,360</u>
11. Other expenses	
Rental of properties	64,209
Other operating expenses	420,476
	<u>484,685</u>
12. Capital expenditure	
Office equipment	42,306
Plant & equipment	296,467
Motor vehicles	373,073
	<u>711,846</u>



Attachment: D

THE 2018 ANNUAL APEC LEADERS' SUMMIT IN PNG



The 26th APEC Economic Leaders' Meeting

PORT MORESBY, PAPUA NEW GUINEA

18 November 2018