

Governance and Compliance Wing

Structure Review Divisional Report outline

1. Purpose of the Governance and Compliance Wing

- *Describe the main purpose of the Wing and how it contributes to the attainment of the Department of Works and Highways objectives.*

The Department launched its National Road Network Strategy in 2017 and in 2018 as a strategic management tool emphasizing “maintenance first” principle to address the need for improving, maintaining and preserving PNGs Road Network. The Government has also approved the Connect PNG Strategy that will connect all roads on mainland PNG, the Highlands Highway, Momase regions to the Southern Regions. The Department is responsible for delivering the Connect PNG Program over the next 20 years. To achieve these two major objectives of Government, the Department has undertaken to carry out necessary institutional reforms to bring about institutional and organisational changes to re-align its structure to be able to effectively deliver on these major programs.

Technical Auditing – Billions of kina is appropriated each year for infrastructure development – roads, bridges, buildings, water supply projects, footbridges, jetties etc. It is very important that these projects are implemented with strict supervision to ensure they comply with DoW standards and specifications. The NRNS and the PNG Connect Program will involve billions of kina in infrastructure upgrade and development. Strict compliance to DoW standards and specifications that should result in high quality roads, bridges and other infrastructure projects so that we achieve value for money.

In the past there has been no proper auditing of projects resulting in substandard work and little value for money due to contractors and supervisors not complying with our standards and specifications. Many such projects are completed to substandard value and contractors being fully paid on completion or contractors getting fully paid when their project has not been 100% completed or work not done to quality standards.

The Technical Audit Division in the Governance and Compliance Wing will be responsible to ensure projects are audited from Procurement, Implementation and progressive claim Payment to ensure money paid is in accordance with our standards and specifications that represents a high quality finished product using high quality materials and value for money.

DoW Internal Policies – DoW has produced numerous internal policies that provide clarity on policy subjects and clarity on specific compliance matters to guide and support management in good decision making. These internal policies take their mandate from other approved laws and national policies such as the PNG Constitution, PFMA and PFMM, PSMA and PSGO, Labour & Employment Act, Public Service Code of Business Ethics and Conduct, OH&S Legislations, National HIV & AIDS Strategy, Industrial Relations Act just to name a few.

These internal policies are expected to be understood by officers of the Department through proper awareness for effective implementation. Though DoW has many good policies, there is little to no awareness of these policies. There is poor policy implementation and poor monitoring of these policies. This places the Department in a variety of risks that include poor decision making, avoidable costly expenditures, committing breaches of policy or breaches of higher legislation through breaching of related internal policies, subjecting the Department to fines, bad reputation to the Department etc.

Occupational Health and Safety is important in every facet of the workplace. PNG currently has a draft Occupational Safety and Health Bill that has yet to be passed in Parliament. Our internal Policy on OHS refers also to the Health and Safety provisions captured in the Industrial Act. The

OHS Branch has the responsibility for ensuring it promotes a duty of care where employees must exercise reasonable care that their acts or omissions do not adversely affect the health and safety of persons in the workplace. Much work and awareness on workplace Health and safety has been done in DoW. To ensure DoW has a healthy workforce working in a safe working environment DoW can effectively and productively utilize its manpower to achieve the objectives of the Department. There are 22 DoW Provinces but most OHS activities so far have been centred on DoW HQ Port Moresby mainly due to staffing levels. In order to cover all 22 provinces of DoW, we have created two extra positions to assist the currently single OHS position in monitoring the health of our workforce in the provinces and to do Safety Audits to ensure there is compliance to safety standards in the workplace.

Internal Audits – This is an existing unit but now placed under the Governance and Compliance unit and upgraded from a Branch to a Division. This is to give the Division more authority so that there is respect towards the work of audit and in the implementation of its recommendations.

Auditor General’s Office (AGO) audit findings into the Department has indicated the Department is at high risk in areas of; **Bank Reconciliations, Revenue Collection, Procurement and Payment Procedures, Asset Management, Advance Management, Trust Account Management and Capital Investment.** There has been **NO WILL** by the various Branches and Divisions of DoW to implement the recommendations of the AGO Audit findings. Results of successive AGO audits into the internal controls of DoW indicate that despite DoW Management responses to implement the audit issues and recommendations, **NO action** has been taken for the last most current AGO audits i.e. 2016, 2017 and 2018.

Our reform structure has taken these major issues into consideration by creating a “Manager – Corporate and Technical Compliance” position with a “Audit Recommendations Monitoring Officer” position. This position will be responsible for monitoring the implementation of all AGO recommendations with an objective to reduce our currently tagged **RISK level** of **HIGH** to Low or zero. Branches and Divisions will be encouraged through this position to include these recommendations into their Annual Work Plans and their implementation will be monitored and evaluated.

Risk Management - The Department has **NO RISK MANAGEMENT PLANS as reported by the AGO in their successive audit findings into DoW.** A Risk Management Plan would help the Department identify its risks, assess and analyse these risks and prepare risk mitigation plans.

The position of “**RISK MONITORING OFFICER**” has been created in the Policy Compliance Division to coordinate all Risk Management Plans for the Department and to monitor the implementation of these risk management plans.

DoW’s current Corporate Plan recognizes the need for strengthening “Corporate Governance to ensure DoW is fully compliant with all legislative and regulatory requirement and service obligations. This is captured under STRATEGIC OBJECTIVE No. 7 and TABLE 13.

The Governance & Compliance Wing has a responsibility to ensure there are good Governance processes in place i.e. good policies to guide the Department in making decisions that are consistent with Government laws, regulations and policies. Through its Technical Audit Division proper project audit will be carried out on major projects to ensure we get value for money. It is charged with the responsibility to develop a comprehensive risk assessment and management plan. The objective of the Governance & Compliance Wing to reduce the risk levels from High to Low and ideally to zero risk.

2. Current impact factors

List and describe the key factors driving and impacting on the work of the Division. For example:

- Government policy (e.g. NRNS).
- Connect PNG Bill
- Secretary’s directions etc -

- DOWH Corporate Plan
- Cost Saving Instructions from DPM
- PFMA requirements
- Medium Term Transport Plan 2
- Auditor General's Office audit findings and recommendations
- Internal Audit Committee instructions and recommendations
- Department of Labour (OH&S) compliance
- Project/Technical Audit of infrastructure projects

The above are some of many driving factors that are linked to Governance and Compliance.

3. Clients of the Division

- *Please list the current and expected new clients of the Division. Be specific as possible. For example, instead of saying Provincial Governments state WHAT section of the provincial government is your client.*

Table 1: Current and new clients of the [name of Division]

Current clients	Services provided	New clients	Services provided
Auditor General's Office	External Audit of the Department.	Department of Labour	Workforce Health and Safety compliance advice
Internal Audit Committee (Chaired by Secretary Finance or his delegate)	Monitoring of Audit findings, performance reports of the Department and action taken on recommendations and non-performance.	Police Fraud Squad	For further investigations into matters of a criminal nature.
Central Agencies Coordinating Committee (CACC)	Submission of Annual Work Plan and Annual Reports.	Public Prosecutors Office	For the prosecution of officers with offences on criminal nature.
Secretary	Advice on audit, policy and governance and compliance issues	TSSP (Donor Partner Reps on Audit Committee)	For advice on audit findings.
Senior Management and activity heads	Advice on audit, policy and governance and compliance issues	Transparency International	For advice, support and assistance in matters of transparency
Disciplinary Committee	Audit recommendations for disciplinary action.	Technical Audit Committee	An internal DoW committee to table technical audit reports and recommendation for management attention and action.

4. Functions and services of the Division

- *Please describe and list the current and expected functions and services of the Division broken down by branch of unit. Be specific as possible. See Table 2*
- *Describe the new functions and why they are necessary. For example, what is creating or driving the new functions. See Table 2*

Table 2: Current and new functions and services and expected workload impact in Governance & Compliance Wing

Current functions & services	New or enhanced functions & services	Impact on workload
<p>Policy Development – This Branch researches and develops relevant policies in areas where there is uncertainty in a current regulation or procedure. The policy provides clarity within the framework of existing laws or regulations that help management in making good decisions.</p>	<p>Policy Compliance Division - Risk Management Monitoring. Audit Recommendation Monitoring, Policy compliance monitoring.</p>	<p>Major – Policy Development is important in ensuring good policies are developed to support and guide good decision making and good governance. There has been a lack of awareness on developed policies. This Division will make sure there is proper awareness carried out to all officers on the existence of policies that should support good decision making.</p>
<p>Occupational Health & Safety Only one position exists in the current structure. This position alone cannot handle all 22 provinces including DoW HQ. The Department has captured in the Vision, Mission & Values in its Corporate Plan as part of its value chain to have healthy workers and safe workplaces.</p>	<p>Policy Compliance Division – Two new positions created to assist in Safety Compliance and a separate position to assist in Health compliance. This will be in accordance with Health and Safety compliance standards against Dept of Labour OH&S policies.</p>	<p>Major – This position is a one person position currently focusing only on DoW HQ. It is unable to attend to work place safety compliance and health policies covering all 22 DoW provinces. By giving this area more focus we will be achieving the Vision, Mission and Values especially stakeholder expectations as captured in the Corporate Plan (Table 2) – <i>“Healthy workers and Safe Workplaces.”</i></p>
<p>Routine Auditing</p>	<p>Technical Auditing Division – Besides regular auditing, there has not been much focus on technical auditing for major projects. DoW must ensure we obtain value for money through compliance by contractors and supervisors to DoW standards and specifications.</p> <p>The Technical Auditing Division will program technical audits to inspect projects and audit them to check for compliance to standards, specifications etc so that the work is of quality and value for money is achieved.</p>	<p>Major – DoW spends billions of kina on road infrastructure projects each year. While DoW is the custodian of road standards and specifications, we do not ensure we get value for money by ensuring there is compliance to our standards and specifications. Technical Auditing will be part of the implementation and monitoring process to ensure there is compliance and that we get value for money before a project is completed.</p>
<p>General Auditing</p>	<p>Risk Based Auditing – DoW does not have “Risk Management Plans”. A Risk Monitoring Officer position has been created to assist the Department identify risks and develop risk management plans to help mitigate risks.</p>	<p>Major – All Divisions and Branches will be required to develop their risk profiles by identifying risks that are common to their activities. This will require a lot of work coordinating this initial activity. Risk management plans must be developed There must be ongoing monitoring of implementation and risk levels.</p>
<p>Internal Audits and audit recommendations</p>	<p>Audit Recommendations Monitoring</p>	<p>Major – All Divisions and Branches must be made to implement Audit recommendations. The <i>“Audit Recommendations Monitoring</i></p>

Current functions & services	New or enhanced functions & services	Impact on workload
		<i>Officer</i> will be responsible for this major task of ensuring Action Officers include the audit recommendations in their work plans.

5. Workload Analysis

- **Please list the current work plan activities**
 - Development of new policies
 - Awareness of new policies
 - Coordinating the submission of Annual Work Plans
 - Coordinating and production of timely Annual Reports to CACC
 - Performing routine audits against Finance, HRM, Payroll, Revenue Collection, Fraud, Special Investigations.
 - Writing up of audit reports and recommendations for Secretary and Management.
 - Development of Governance Strategy Framework
 - Development of a Risk Management Framework for the development of Risk Management Plans by Divisions and Branches.
- **Please list the expected workload and activities for the 2020-2024 period**
 - Technical auditing of major procurements,
 - Technical Auditing of major road, bridge, building, water supply, footbridge projects,
 - Auditing of ICT projects,
 - Development of new policies,
 - Review of existing policies,
 - Awareness of policies to all officers of DoW,
 - Monitoring of the implementation of audit recommendations,
 - Monitoring of the implementation of risk management plans and risk levels in the Department,
 - Routing general internal audits into Finance, HRM, Payroll, Revenue Collection, Fraud, Special Investigations,
 - Audit recommendations to Management for decision making,
 - Audit recommendations to the Disciplinary Committee for disciplinary action arising from audit investigations or routine audits,
 - Development of Risk Management Framework,
 - Development of Governance and Compliance Strategy
- **Please describe the scope of the workload of your Division based on the *Transactional Workload Analysis EXCEL spread sheets* each Division has to do and attach the worksheets.**

Refer to Bullet Point 2 above. Based on the activities listed in item 5, proper attention must now be given to Governance and Compliance activities. Given the low level of staffing under Technical Audit and General Audit the work load is High as fewer staff must monitor and check internal controls on numerous activities relating to Governance & Compliance.

- *Also, if you can do a projection for NEW activities that we identified in the workshops.*

Refer to Bullet Point 2 above

6. Current structure and staffing and any proposed changes

- *Please provide in table and chart format the current structure and staffing levels of the Division.*
See Table 4

- List the **BENEFITS** expected from any proposed structure or staffing changes.

See Table 3 below

- List and describe any required structural changes for your division and provide a detailed rationale for the proposed changes using the table below:

See Table 3 below

Table 3: Proposed structure changes in Governance & Compliance Division (Wing). Add rows if needed.

Structure issue	Proposed structural changes	Reasons for change
Need for better Governance	15 new positions included in the Policy Compliance Division	Strategic Object 7 of the Corporate Plan places emphasis on “Strengthening Corporate Governance” to ensure DoW is fully compliant with all Legislative and regulatory requirements and service obligations.
Need for better Compliance	As above.	A “Policy Compliance Officer” position has been created in the Policy Compliance Division to monitor the implementation of policies. Awareness programs will be conducted in order to educate officers on the existence and purpose of policies and to use them to guide and support them in decision making.
Need for Risk Management	As above	DoW does not have any Risk Management Plans as revealed by the AGO audit findings. This is an important area due to the many risks being currently taken by DoW which are costly, may cause damage to DoWs reputation and may attract penalties against the Department for failure to comply with certain policies. A “Risk Monitoring Officer” position has been created under the Policy Compliance Division to help the Department in identifying all risks associated with the different functions managed by the various Divisions. Each Division must create their own Risk Management Plans. This officer will monitor the implementation of their Risk Management Plans.
Need for Technical Audits	Previous structure included 2 x technical auditor positions. New structure has placed greater importance on this role by elevating Technical Auditing to a Division under a FAS (Technical Auditing). A total of nine (9) new technical audit positions have been created under this Division to support this activity.	There is a great need for technical auditing especially in our capital works and maintenance programs. There is a great need to address the lack of compliance to our Standards and specifications resulting in substandard construction or maintenance work. With the increased in the level of funding by Government due to its recognition of the NRNS and the “Connect PNG” program, DoW must ensure that quality roads, bridges and other infrastructure are delivered that represent value for money, The Technical Audit team will audit projects to enforce compliance to our standards and specifications and ensure payments represent value for money.
Need for implementation of AGO audit findings and recommendations	One “Audit Recommendations Monitoring Officer” position has been created under the Policy Compliance Division.	Many AGO audit findings from 2016, 2017 and 2018 have revealed that none of the AGO audit recommendations have been implemented by DoW. There is NO WILL by the Division and Branch Heads to include these recommendations in their annual work plans. DoW has been rated HIGH RISK due to this. This position will be responsible to ensure all audit recommendations are implemented by the relevant action

Structure issue	Proposed structural changes	Reasons for change
		officers. Our target is to bring our risk level to LOW or even to zero.
Regular Audits	Three Technical Audit positions under Chief Internal Auditor structure have been moved and absorbed into the new Technical Audit Division.	Regular Audits by the Chief Internal Auditor are still an important function. These audits will continue to audit the Finance systems, HR systems, Payroll, Revenue collection, Allowances and other special investigations relating to fraud or corruption. 12 positions have been allowed under the Internal Audit Division.

List the proposed branches and units and their staffing costs using the table below:

Table 4: Proposed branches and units in Governance & Compliance Division (Wing) and staffing levels

Branches and units	Current staffing level	Proposed staffing level	Recommended staffing final	Current Staffing costs K	New Staffing costs K
Executive Director (G&C)	1	3	3	172,702	246,736
Policy Compliance Division	7 (2 vacant)	15	15	346,606	765,338
Internal Audit Division	13 (2 vacant)	12	12	728,294	606,959
Technical Audit Division	0	9	9	0	684,520
TOTALS	20	39	39	1,247,602	2,303,553

Increases in position numbers have been in the *Policy Compliance Division* and the *Technical Audit Division* due to the importance placed on these functions as captured in the DoW Corporate Plan under **Strategic Objective No. 7** and **Table No. 13**. The table provides the “Strategic Theme”, “Strategic Objectives”, “Strategy”, “Measures” and “Targets” that the Governance & Compliance Wing is aligned with.

Under the “Vision, Mission and Values” captured in the Corporate Plan in Table 2 – “Stakeholder Expectations” and the “Transport Sector, DoW Value Chain ...” the framework guides us to ensure we have “Healthy Workers and Safe Workplaces”. Our OHS activities are aligned to these expectations.

7. Completed DPM documentation

- Working with the HR Officer allocated to assist your Division, complete the required DPM forms and attach them to your report:
- Form OD2.4: *The Organisation Chart for your division and its branches (structure)*
This is attached. HRM Branch will also provide this document after compilation of Org Charts.
- Form OD2.5: *The Establishment Comparison Table*
The HRM Branch will provide these separately when they have compiled and consolidated all ECTs from the 6 different Wings.
- Form OD2.6: *The Job Descriptions (any new or amended)*
The Job Descriptions are being completed and will be available prior to submission of the Determination Letter