**VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD IN THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON WEDNESDAY, 8TH MARCH, 2017 AT 1.43 P.M.**

**Submittee: Office of the Attorney-General**

In Attendance:

1. Mr. Sharvada Sharma - Solicitor-General
2. Ms. Tracey Wong - Deputy Solicitor-General
3. Ms. Mary Qilaiso
4. Upashna Kiran

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MR. CHAIRMAN.- Good afternoon, ladies and gentlemen, Honourable Members, members of the media, the Secretariat, Officers of the Ministry of Economy and Officers of the Office of the Attorney-General; today we are privileged to have before us the Office of the Attorney-General headed by the Solicitor-General, Mr. Sharvada Sharma; Deputy Solicitor-General, Ms. Tracey Wong; Ms. Mary Qilaiso and Upashna Kiran, before this Committee. They are here to respond to our invitation which was issued earlier in terms of Section 3 of the Attorney-General’s Report, Volume II, and the issues that arose from that Report.

On behalf of the Committee, I welcome your team, SG, and without taking further of your time, we will now go straight into the presentation and we will reserve all the questions to the end of your presentation.

MR. S. SHARMA.- Thank you, Mr. Chairman, and Honourable Members of the Public Accounts Committee. We have submitted a bound volume of our response and that contains our letter of today which, in our view, adequately and sufficiently addresses all the matters that were raised, as well as annexures which, of course, support the contents of that letter. But if you permit, Mr. Chairman, very briefly I will just go through this and address the Committee on the issues.

When one looks at the Report of the Auditor-General 2014, in particular with respect to the Office of the Attorney-General, the Solicitor-General and Civil Aviation, I am sure one cannot help noticing the fact that it is only three pages. It is probably one of the most flimsiest report with respect to the AG’s Office. It is not because the Auditor-General has not done its thorough research and analysis, but because our accounts have been fairly up-to-date. In fact, there is really one audit finding and I will address that in a minute.

Mr. Chairman, just to go through the invitation from this Committee, with respect to general questions and background information with respect to the role and function of our Office, Mr. Chairman and Members of the Committee, the Office of the Attorney-General, of course:

* Is recognised under the Constitution.
* Provides a range of legal services to Ministries/Departments, as well as independent institutions.
* Under Section 96 of the Constitution, the Honourable Attorney-General is the Chief Legal Advisor to the Government and the Solicitor-General under the Constitution is the Permanent Secretary responsible for the Office of the Attorney-General.
* Under Section 116 of the Constitution, the Solicitor-General or his Office is responsible for providing independent legal advice to Government Ministries/Departments and to holders of all public officers, as well as preparing reports, draft laws on the request of Cabinet, maintaining an updated register of all written laws and, of course, representing the State in all court proceedings.

With respect to the organisational structure, we have a total of 65 Established Staff and 13 Unestablished Staff employed and this is as at 31st December 2014.

Perhaps, I will address the audit opinion of the Auditor-General? In the Audit opinion, we respectfully submit, Mr. Chairman, that the revenue for 2014 is not understated. The funds in the trust account with respect to the Attorney-General’s Conference have all been accounted for and all payments have been made in accordance with the established financial procedures.

The Attorney-General’s Conference is something that has been going on since 1998 as you are aware, Mr. Chairman, and in 2014, an issue was raised that a separate trust account should be established for the proceeds from the Attorney-General’s Conference. Mr. Chairman, I am happy to report that, that has been done and with the approval from the Ministry of Finance, a separate trust account has been established for that purpose. So that pretty much puts to rest the issue that was raised by the Auditor-General with respect to having a separate trust account for the Attorney-General’s Conference. In fact, it was their suggestion in 2014 that we should have one, so we have obliged and we have complied with the recommendations and we have, in fact, established a separate trust account for that.

With respect to the statement of receipts and expenditure, Mr. Chairman, the decrease in revenue in 2014 with respect to the Office of the Attorney-General was due to the collection of licence fees in 2013 for the 2014 financial year. For example, at the end of 2013, a number of hotels would have applied for their hotel licences. If their licence is approved at the end of 2013, many of them, in fact, paid that licence in 2013 rather than waiting for 2014 to pay that, even though the licence is for 2014. So that revenue is reflected in the 2013 financials rather than the 2014.

Similarly, the revenue from gaming licences was lower than 2013 and we have provided details of that, Mr. Chairman. The increase in the expenditure is not something that is extraordinary, it is clearly explained which was due to an increased budget for the Legal Aid Commission for all the right reasons. As Honourable Members of this Committee will note, the Legal Aid Commission in 2013, 2014 and 2015 embarked on an exercise to take the services to the people and I am talking about the Legal Aid Services to the poorest of the poor in our society.

So in 2013, 2014 and thereabouts the Legal Aid Commission open offices in numerous towns and localities. Previously, the Legal Aid Commission was only based in Suva, Lautoka and Labasa. So if there was a poor lady who wanted to apply for maintenance from the interior of Rakiraki, she would have to go all the way to Rakiraki Town first, then from there take a bus and go all the way to Lautoka just to fill a form. And our position that was that, that is clearly unacceptable, we want to take the service to the people. So we have now opened offices in almost all the towns and there is already moves to open new offices this year, and that will come out in the public very soon.

The other reason why the expenditure increase for the Office of the Attorney-General was because the Department of Civil Aviation, as a matter of policy decision, was transferred from the Ministry of Public Enterprises to the Office of the Attorney-General, and for the right reasons because at that time and even to-date, the Department of Civil Aviation is undertaking a number of legal negotiations to finalise Air Services Agreements (ASA) with numerous countries. Just recently the Department finalised a Memorandum of Understanding (MOU) with the Government of Japan very successfully, to allow for improved air services between Fiji and Japan which we hope will take place soon, as well as with the Governments of India and a number of other countries with whom we are actually undertaking legal negotiations. So in 2014, the Department was transferred to the Office of the Attorney-General and hence, the expenditure of the Budget of the Office of the Attorney-General shows an increase. It is not because extra money was given to the Office of the Attorney-General, it was because the Department of Civil Aviation came with its own expenditure.

The redeployment of funds in the Appropriation Statement by the Office of the Auditor-General; the redeployment of funds in 2014 happened to be Fiji Roads Authority (FRA). At that time a sum was taken out of the Office of the Attorney-General’s budget and redeployed to the FRA. So given that, that was a Cabinet decision made under the Financial Management Act by the Minister for Finance at that time, that is not something that the Office of the Attorney-General can, of course, comment on because funds can be redeployed within different Heads as the Office of the Attorney-General acknowledges in the report.

With respect to the opening of the separate trust account for the Office of the Attorney-General’s Conference, Mr. Chairman, we are happy to announce that, that has already been done. In fact, we are indeed grateful to the Office of the Auditor-General for highlighting that in the report, and as a matter of process it is really a change in terminology from an Operating Account to a Trust Account. So we have done that, the Ministry of Finance immediately approved. If the Office of the Auditor-General has in fact informed us of this in 1998 when we started to have our Conference, we would have done that at that time, but throughout the year this matter was not picked up and the Operating Account was deemed to be appropriate for the Attorney-General’s Conference. And as such we continued with that but in 2014 when it was raised as an issue, we have addressed that and we have got a Trust Account now, and it has been audited for 2015 and 2016 as well, and there are indeed no issues there.

So, very briefly, Mr. Chairman, that is our submission to the Public Accounts Committee and we would be happy to answer any questions that this Committee may have. But for the Office of the Attorney-General there is hardly anything in the Auditor-General’s Report for 2014, as you will notice. Thank you, Mr. Chairman.

MR. CHAIRMAN.- Thank you, Sir. Yes, we do note that this is only one of those few Departments that have only have four or three-and-a-half pages of audit opinion. In that, we had very few queries which were, in fact, those were addressed by you. I believe Honourable Members have also some questions but I have noted a few of my own.

If I may take you back to the Statement of Receipts and Expenditure for 2014 - Table 3.1 under the heading Expenditure, you have a notation there - Operating Grants and Transfers, and likewise under the Total Operating Expenditure - Capital Expenditure, you have Grants and Transfers.

MR. S. SHARMA.- Yes.

MR. CHAIRMAN.- Can you explain the difference between the Operating Grants and Transfers and the Grants and Transfers as is noted there?

MR. S. SHARMA.- The Operating Grants and Transfers is for the Legal Aid Commission largely. It is all outlined in the Budget book anyway, for the Legal Aid Commission as well as the Media Industry Development Authority (MIDA), so that is the Operating Grants for those entities, Mr. Chairman.

MR. CHAIRMAN.- So that is the Operating Grants for Legal Aid Commission?

MR. S. SHARMA.- Yes, and it also includes Civil Aviation, I have just been informed.

HON. RATU S.V. NANOVO.- Still on that, Honourable Chair, what is the difference between Operating Grants and Transfers and the Capital Expenditure heading that also have Grants and Transfers?

MR. S. SHARMA.- The Operating Grants and Transfers is for our operating expenditure, for example, the Legal Aid Commission and the MIDA, so it is really for operating expenditure. Capita Grants is for capital works, so if you look at SEG 10 the Capital Grants which was granted was for preparatory works for Rotuma and works for other rural airstrips. For example, many rural airstrips do not have fire hydrants. So in the Department of Civil Aviation, what was there was for capital projects so that is really Capital Grants. The other one was the capital grant for the exploration of new international aviation routes.

HON. RATU S.V. NANOVO.- Still on that, what is this Special Expenditures under the Operating Expenditure?

MR. S. SHARMA.- It is all here in SEG 7 - Fiji Law Reform Commission’s revision of laws which is a project that has been an ongoing for some time. The last revised edition of laws were published in 1985. So painstakingly over the years, we have to attend to that and as you may know in the Attorney-General’s Conference of 2016 (December last year), His Excellency the President as well as the Honourable Speaker and the Honourable Chief Justice launched the up-to-date edition of the laws of Fiji. So this Special Expenditures are for special purposes, and once that purpose is exhausted then obviously it finishes.

MR. CHAIRMAN.- Thank you for the explanation SG, just one question in that regard. I have recently noticed that the work of the Legal Aid Commission has increased. Previously they used just do bit of criminal representation but now they are doing a bit of civil, transfers, they are also doing probate applications for people who cannot afford a private legal practitioner. In fact, the scope of work of the Legal Aid Commission has increased. Could there also be a reason for the increase in expenditure?

MR. S. SHARMA.- Absolutely. The reasons are twofold; firstly, the outreach, and we needed to establish offices. So we have got offices in Navua, Sigatoka, Nadi (we never had an office in Nadi with such a large population base), Lautoka, Ba which also have a very large population base, Tavua, Rakiraki and a few other offices - in Korovou, there is an office in Nasinu now because Nasinu has a permanent Magistrates Court, Savusavu, Nabouwalu, as well as Taveuni, and we have a number of other offices which will be opened very shortly.

There is one in Kadavu that is probably on the radar, Honourable Nanovo. We have made a number of scoping trips there, but we had issues with identifying appropriate buildings. So what we are probably going to do is to get Parliament to give us some more funds so that perhaps, we can identify a building or even have to construct one if we have to do that, and we will probably have to do because we do want to do that. It was a promise that we had made, we want to take that service out to Kadavu and also Rotuma. Those were the two places where we have not been as yet, and we need to do that. We are also thinking of going to other places where there are circuit courts, for example, in Vunidawa, Keiyasi and Seaqaqa would probably be an area where we can take the service.

Just coming back to what you had asked, Mr. Chairman, yes, that is the reason why the expenditure for Legal Aid Commission has increased is, firstly, to take the service out.

Secondly, previously, the Legal Aid Commission would only represent people for criminal cases as well as family cases. And really the push came from the Honourable Prime Minister was that, we should be able to do more. We should be able to do non-contentious probate matters. If you had someone in the family die and that person has assets, if you go to a private lawyer, at least, you get charged a few thousand dollars and I think, Mr. Chairman, can confirm that but Legal Aid Commission is now doing that for free, something as simple as drafting a Will. There are many people who passed away and they have not filled their FNPF nominations. So, if you had to go and get that done outside of Legal Aid Commission, you might have to pay money, but the focus of Legal Aid Commission is to provide the service free of charge.

Given that it is our constitutional responsibility, we are also now providing legal aid services with respective to as many civil matters as we can. With civil, it is slightly tricky because there are, of course, issues of merit that one has to assess and it has to go through a process, but nonetheless we are still doing that. We are now providing more and more legal aid services in areas of civil law, and not just in criminal and family. So, the scope has expanded.

One of the other things that happened, if I am not mistaken, round about 2014 was that, the Legal Aid Commission decided that the only means of accessing whether a person should be eligible for Legal Aid is whether that person has the means to afford a legal practitioner or not, what they used to call a `merit test`. They would firstly, look at your means, I mean, can you afford a lawyer? If yes, then they would not provide you with Legal Aid but if you cannot, then that is the first test, and you passed the first test of means. Then the Legal Aid Commission would go and look at the merits of your case, does your case have any merits? So, a lawyer then goes through a legal officer, then sits and assesses the merits of your case. If the case does not have merits, then Legal Aid was not provided.

What we have said is that, we will only look at means for criminal and family cases. So, that has meant that a lot more people are now being provided with Legal Aid services, and that is exactly what the Legal Aid Commission is there for. What that means is that, we have to have more lawyers, more Client Information Officers and Research Officers to be able to provide that extra service. We have to have more officers, not just office space but also the staff because there has been a deluge of people, who have sought Legal Aid assistance and who have been provided with Legal Aid assistance. Consequentially, the budget for Legal Aid Commission has to go up.

Every time, we have asked for more funds in the Budget consultation process, the Ministry of Finance as well as the Minister have, in fact, happily provided us with the increase in allocation as per our request because this is a service that we must provide, and this is a service that we are providing for the poorest of the poor in the Fijian society, who cannot afford the services of a lawyer. It is also, as you will know, a constitutional requirement. For example, a person who is charged with the criminal offence, that person has the right to a lawyer, if he cannot afford a lawyer of his or her own.

MR. CHAIRMAN.-Thank you, Solicitor-General. The increase in expenditure explained by the SG, we can now have a look at that.

HON. M.M.A. DEAN.- Thank you, Solicitor-General and your team. I just have one question and this is in terms of financial operations. The court fees, I believe there are court fees when some documents are filed in court. Are those fees incurred by the clients or members of the public who are seeking assistance of the Legal Aid paid by them or the Legal Aid Commission pays the court?

MR. S. SHARMA.- The Legal Aid Commission pays for everything, Honourable Member. For example, if someone has applied for letters of administration or probate, there is a notice that has to go in the papers. In the Saturday papers, you will see Legal Aid Commission has published so many notices. All of those notices, if a member of the public cannot afford to pay that $50 or $60 to put that notice in the newspaper, that notice has to be paid for by the Legal Aid Commission. There are places where the Legal Aid Commission is required to pay certain fees, for example, if they are doing a transmission by death in the Title Office, those fees has to be paid by the Legal Aid Commission if the member of the public cannot afford.

I think this is important which essentially means that a lot more funds have to be allocated for Legal Aid Commission so that the service can be provided. As we expand our services to other parts, hopefully in Kadavu very soon, more funds will, of course, be required. I mean, we cannot do this without additional funds. If we are going to have more staff and more office space, there are operational expenses as well whether it is for water, electricity, transportation or telephones, so additional funds obviously would need to be required for that purpose.

MR. CHAIRMAN.- Honourable Radrodro?

HON. H.R.T. POLITINI.- Mr. Chairman, through you, PS, what is you total grant for the Legal Aid Commission?

MR. S. SHARMA.- In 2014 allocation, it was $4.4 million and in the 2016-2017 Budget which is the current Budget, it is $5.2 million, I believe. In 2013, it was $2 million. So, when the Auditor General in the 2014 Report, had reported an increased expenditure, the reason is that the budget for Legal Aid Commission went from $2 million in 2013 to $4.4 million in 2014.

HON. A.M. RADRODRO.- Thank you, SG, just a point of clarification. I note that Legal Aid Commission expenses budget has increased. Can you just inform the Committee on what sort of reporting framework that Legal Aid Commission has, does it go through the scrutiny of Auditor-General’s Office and gets reported independently from your Ministry or this is part of Legal Aid Commission reporting?

MR. S. SHARMA.- Yes, absolutely. Legal Aid Commission, because it is part of Attorney-General’s Office’s Budget, every single cent that the Legal Aid Commission spends is audited by the Auditor-General.

HON. A.M. RADRODRO.- Is it reported differently?

MR. S. SHARMA.- No, it is part of this report. The reason anything that the Audit has picked with respect to the Legal Aid Commission, which is why in 2014, the Report of the Auditor-General with the respect of the Office of the Attorney- General is only three pages.

HON. A.M. RADRODRO.- Mr. Chairman, can we request the Auditor-General to confirm to us that during this audit. They also audit Legal Aid Commission?

AUDIT REP.- Thank you, Honourable Chair. The Legal Aid Commission, we also audit this as a separate entity, as part of the other statutory authorities. For the Ministry, we audit the payment of the grant and what is provided for in the contractual agreement, and the Auditor-General was satisfied himself.

The other reporting requirement that they have according to the grant agreement is the provision of the audited accounts from the Legal Aid Commission and the acquittals to the Office of the Attorney-General.

MR. S. SHARMA.- All of that, in fact, was provided to the Auditor-General for the Auditor-General to be carry out its audit and write its report for the Office of the Attorney-General.

HON. A.M. RADRODRO.- Sir, thank you for that. Can you just clarify whether you did the operational and reality audit for Legal Aid Commission? That is my line of question, or is it that you just audit the payment of the grants?

AUDIT REP.- This report is on the financial audit was conducted for the Ministry. The audit of the Legal Aid Commission is a separate audit. Is not part of the audit of the Ministry?

MR. S. SHARMA.- Just to add to the Honourable Member, what you have said is that, yes, there is an audit for the Legal Aid Commission’s expenditures and that is done by the Auditor General’s Office. That has been done by the Auditor-General’s Office for 2014 and, in fact, for all the years.

MR. CHAIRMAN.- Any other questions Honourable Members?

HON. A.M. RADRODRO.- A further question on the audit opinion, the issue that you have highlighted is to open another separate trust account. But the issue that has been highlighted by the Auditor-General is accumulated funds and not being deposited in to the Consolidated Fund. Can you give us an indication why was that not undertaken and you have to open a separate account?

MR. S. SHARMA. - Yes, most definitely. I think it is contained in our response but perhaps, I will just reiterate that from 1998, the Attorney-General’s Conference was held and the reason for that is because the Government, just like the private practitioners are required to have CLE points which is Continuing Legal Education points for 10 hours in a year. So, the Attorney-General’s Conference provides that opportunity for all Government lawyers as well as private practitioners who attend, to get those 10 points in one conference, and that happens at the end of every year when there is a judicial vacation, the legal vacation.

Every year when the private practitioners attend, they have to come and pay a fee to attend the Conference. From 1998 till todate, that money is being put in a separate account. At that time from 1998 till 2014, it was placed in a separate operating account – Operating Trust Account. That was, of course, in order for the Auditor-General all that while, so in 2014 the Auditor-General raised the issue that the Attorney-General’s Office should open a separate trust account for that purpose. Indeed, in line with the recommendations of the Auditor-General and on the approval of the Ministry of Finance, a trust account was opened and the funds were, in fact, transferred to that trust account.

HON. A.M. RADRODRO.- So, I take it that the funds that are deposited into this trust account are fees from participants.

MR. S. SHARMA.- Yes, indeed, precisely and that fund is utilised for the next conference.

HON. A.M. RADRODRO.- What about the sponsors?

MR. S. SHARMA.- There are no sponsors. The Attorney-General’s Conference does not have a single sponsor because we are lawyers for the Government and we cannot allow ourselves to be conflicted in any manner. We will not allow ourselves to be conflicted in that way, therefore, we cannot have any sponsors for our conference, and we have never had one since 1998.

HON. A.M. RADRODRO.- Just a clarification, and probably the OAG can also comment this. When these funds are paid through your Ministry, are they receipted?

MR. S. SHARMA.- Yes, they are receipted, Honourable Member, and there are receipts for every single entry.

HON. A.M. RADRODRO.- Government receipts?

MR. S. SHARMA.- Government receipts, there are receipts for every single entry, there are orders for every single payment that was made and all of those, in fact, have been made available.

The issue was not with respect to the monies coming in or monies being paid, the issue was a recommendation from the Auditor-General that we should have a separate trust account open with the approval with the Ministry of Finance and that was exactly what we did.

HON. A.M. RADRODRO.- So, questioning the OAG on that statement, whether that is in order?

AUDIT REP.- Thank you, Mr. Chairman. The contradiction that arises here is because of the current setup of the accounting framework in Government. So, what was recommended was because the revenue/surplus funds from the Attorney-General’s Conference was sitting in the Operating Funds, we told them that, that should be cleared/transferred to the Consolidated Funds.

They have gone to the Ministry of Finance for assistance on that, on how to utilise those surplus funds. There is a provision in the Financial Instruction that allows agencies to request the Ministry of Finance, the Ministry of Economy now, to retain the agency revenue. I think that is the course they took in trying to resolve this issue.

MR. CHAIRMAN.- So, are you satisfied that your instructions of operating a separate trust account for this surplus funds has been complied by the Office of the Attorney-General? The trust account has been opened, as the SG had mentioned.

AUDIT REP.- Mr. Chairman, the Auditor-General has not released the 2015 Account, so I cannot really comment on what has been done in 2015. But the recommendation this year (2014) is mainly on the surplus revenue. They have taken action to request the Ministry of Economy to retain the revenue. I think that because the Ministry of Economy structure is such that they only have the refunds - Consolidated Fund, TMA and Trust, so they are looking for ways to accommodate the needs. It is a responsive action by the Ministry in trying to accommodate this need from the Office.

MR. S. SHARMA.- Mr. Chairman, I think the long and short of this is that the Financial Instructions allow a Ministry to retain revenue if the Ministry of Economy gives a special authorisation under the law, and that is something that has been obtained. In fact, this was something that never picked up by the Auditor-General. When they did suggest this, we went and addressed that, so that is what I am trying to say.

Let me just also say that the funds which are deposited in the Trust Account is the revenue that we have received from the Attorney-General’s Conference, and the expenditure from that is only for the purposes of the Attorney-General’s Conference, not for anything else. And the Audit receipting, revenues and the purchase orders are all available and, in fact, have all been sighted by the Auditor-General.

MR. CHAIRMAN.- There was no issues on regarding that?

MR. S. SHARMA.- No issues on that fund, no.

MR. CHAIRMAN.- Are there any further questions, Honourable Members, before we round up?

HON. A.M. RADRODRO.- SG, on the Civil Aviation side of things, I note your supporting documents on preparatory works on the Rotuma Airstrip and other rural airstrips. Can you highlight the Committee on some of the progressive works that you have done there?

MR. S. SHARMA.- Yes, indeed. For a number of years, Government has, in fact, allocated funds for preparatory works for Rotuma Airstrip. What that means is that, when the Department of Civil Aviation enters into a grant agreements with Airports Fiji Limited (AFL). As you know all the airports are under the custody and ownership of AFL as a wholly-owned government company. What the Ministry does is that, the Ministry does that grant agreement with AFL and AFL then undertakes all the preparatory work.

In terms of update, I am quite happy to say, Honourable Member, that recently the Executive Chairman of AFL announced on Monday that having almost now concluded the renovation works at Nadi Airport, the AFL will now focus on other airstrips, including Nausori as well as Rotuma. I think he would be the best person to update on the actual operational and the construction and real works that have been undertaken so far. However, I am, indeed, quite pleased to note that works are, in fact, taking place based on his assurances in the media on Monday.

That is one airstrip, from the Department’s perspective, is very keen to have renovated because Rotuma can be a very important transit point to other islands, such as Tuvalu, Wallis and Futuna as well as Kiribati. So, if that Airstrip is big enough for a ATR to land, then it can become a transit point. So, when that happens, Honourable Member, you could have more frequent flights going via Rotuma, and that will mean that Government will have substantial savings because then Government does not have to subsidise airlines to fly direct to Rotuma as what is happening at the moment. So, it is savings for everyone, and I am, indeed, quite pleased to acknowledge that AFL is now progressing with the works on the Rotuma Airstrip, and we all look forward to it being concluded very soon.

HON. H.R.T. POLITINI.- Through you, Mr. Chairman, I noted that at the beginning you mentioned something about opening air routes with Japan again, as that will be a great opportunity for tourism. Could you enlighten us a bit on that?

MR. S. SHARMA.- Indeed, Honourable Member. The MOU was signed between the Japanese authorities and the Fijian Government under the Fijian Department of Civil Aviation in July last year. And the reason was the push from the two operators as well as airlines, to have an updated ASA which is fair for both parties, to allow for airlines to then have that freedom to operate. So we have established .that legal framework and a Memorandum of Agreement (MOA) has in fact been signed between Fiji and Japan, so all that remains now is for the airlines now to enter into code shares and make that decision to fly.

One of the tough decisions that airlines have to make before they fly to a route is in terms of slots. Narita and some of the other Japanese airports are one of the most busiest, so Fiji Airways or any other airline will have to make a decision as to whether their timings will suit them viz-a-viz other routes that they already fly to. That is not a decision for the Department of Civil Aviation, that is really a commercial decision which either a Japanese airline or the Fijian airline can make, but what the Department has done at a bilateral level, it has now set in place a platform for airlines to now enter that leg.

MR. CHAIRMAN.- Thank you, SG, for your responses this afternoon.

Office of the Auditor-General, do you have any queries or feedback on that? Are you satisfied with the responses to the questions?

AUDIT REP.- Thank you, Mr. Chairman. There is nothing much but just on the Audit opinion, we have discussed so much on this revenue but to bring to your attention that the Office of the Auditor-General issued an unqualified opinion. So the issue that we were discussing was an additional issue.

MR. CHAIRMAN.- So unqualified is clear?

AUDIT REP.- Yes. Thank you very much.

MR. CHAIRMAN.- With that, Honourable Members, we have come to the end of the presentation.

On behalf of the Members, I would like to thank the Solicitor-General, he is also the Permanent Secretary of the Ministry, Mr. Sharvada Sharma, DSG, Ms. Tracey Wong, Ms. Mary Qilaiso and Upashna Kiran for turning up to our invitation before the Public Accounts Committee this afternoon, and for enlightening the Committee on the pertaining issues. We definitely take your written and oral submissions into account while preparing our Report, so thank you very much.

MR. S. SHARMA.- Thank you very much.

The Committee adjourned at 2.22 p.m.

The Committee resumed at 2.57 p.m.

**Interviewee: Ministry of Foreign Affairs**

In Attendance:

1. Mr. Robin Nair - Permanent Secretary

2. Mrs. Arieta Moceica - Deputy Secretary, Operations

3. Ms. Manjula Shah - Director Corporate Services

4. Ms. Merini Cama - Principal Accounts Officer

5. Mr. Josefa Tuima - Director Finance

6. Mr. Kuliniasi Tukutukuwaqa - ESO

MR. CHAIRMAN.- Thank you, Honourable Members, members of the media, the Secretariat and members of the public, we are now ready to start the second submission this afternoon.

Again, we are privileged to have before us the officers of the Ministry of Foreign Affairs headed by their Permanent Secretary, Mr. Robin Nair; Ms. Arieta Moceica, DSO; Ms. Manjula Shah, DCS; Ms. Merini Cama, Mr. Josefa Tuima and Mr. Kuliniasi Tukutukuwaqa. I welcome you to this meeting before the Public Accounts Committee. As alluded earlier to other teams, we have been given an important task by Parliament to scrutinise the Report of the Office of the Auditor-General and to present our report back to Parliament.

On my left, in fact, on your right in fact, we have the Office of the Auditor-General and the Ministry of Economy on your left as well, to assist us in this deliberations. Should there be any questions and queries, we will be taking those questions towards the end of the presentation.

Without further delay, I request the team from the Ministry of Foreign Affairs to make your presentation.

MR. R. NAIR.- Thank you very much, Mr. Chairman, and Honourable Members of Parliament. It is my great pleasure to be here to present ourselves before you on the issues that have been raised by the Office of the Auditor-General. Of course, we are here prepared to answer any questions that you might have on the issues raised. Shall I leave at that and wait for questions or do you want me to go through anything, Chair?

MR. CHAIRMAN.- We have your written submission here.

MR. R. NAIR.- Yes.

MR. CHAIRMAN.- Can you just quickly take us through the pertinent points. In fact, your roles and responsibilities, what sorts of work do you usually do and then revert to the questions.

MR. R. NAIR.- Thank you very much, Mr. Chairman.

As you might know that I have been in the position of Permanent Secretary since May last year and the role of the Ministry is, of course, to make sure that our domestic agenda is known internationally, and we promote the domestic agenda in all our work in relation to probably you have seen the agenda of the Government.

We have 18 Embassies throughout the world in different regions. I will just go through all the Embassies that we have. We, of course, are the represented at the United Nations in New York and a United Nations Office in Geneva. We have got an Embassy in Washington. In the Americas, the Washington Embassy has got responsibilities for various southern countries including, Canada.

Then we have our presence in South America in Brazil. In Africa, we have got just one embassy in Addis Ababa, very centrally located because all the African countries have got embassies there because of the Office of the African Union. So it gives us good access to all the African countries.

Of course, we have got a High Commission in London, an Embassy in Brussels which is accredited to all EU countries and to some bilateral countries as well. We have got one in Abu Dhabi which is our presence in the Middle East, the only presence we have got and we have been there since 2012.

We have got a High Commission in New Delhi, in Kuala Lumpur, then an Embassy in Jakarta, the Republic of Korea, Japan, Papua New Guinea, Australia and New Zealand. I think I have not missed out on any.

Our role, of course, is to represent our own country’s interest in those countries. We work on our core functions in bilateral posts, mainly to do with seeking trade investments and, of course, promoting tourism. But apart from that, we have a lot of other issues that we deal with our bilateral partners, on issues that are common with them on the multilateral or regional fronts. We have, of course, other responsibilities, like the Consular responsibilities. We are there to help our nationals who face any difficulties. So it is a wide range of bilateral and multilateral regional issues that we deal with. Of course, we are also there to get development assistance from donor countries and countries who are friends of Fiji.

MR. CHAIRMAN.- As far as your Embassies are concerned, their main function is to pass on the Fijian agenda to the international community in those regions. Do they also encourage trade or invite those countries where the Embassies are, to invest in Fiji?

MR. R. NAIR.- Yes, on the bilateral post, their very much core functions, Mr. Chairman, to promote trade opportunities for our exporters and, of course, to promote investment into Fiji. All our Embassies are very well briefed on those issues and work very hard on those particular issues.

MR. CHAIRMAN.- I believe they also bear some responsibilities of the citizens of Fiji who are serving in those areas. They usually converge to those Embassies, if they need to?

MR. R.NAIR.- Yes, the Consular functions that we have, if any of our nationals are overseas and if they are in any issues or problems, we are available to them to assist in whatever way that is possible. We have a lot of nationals, of course, living and working overseas but we also have nationals who are travelling and they into distress and they come to the embassy to seek assistance. And sometimes we have issues where they get sick or in some cases, of course, we care for the repatriation of the deceased.

MR. CHAIRMAN.- That is useful brief for us in terms of what the Ministry does. We have some questions that we have picked from the Report of the Attorney General and those questions are from Chapter 8….

HON. A.M. RADRODRO.- Mr. Chairman, I have a question to the PS regarding the number of Missions and you mentioned 17 Missions.

MR. R. NAIR.- We have 17, I said 18, Honourable Member. We included one, we do work from Suva and that is the Roving Ambassador for the Pacific Islands.

HON. A.M. RADRODRO.- So, that is an increase in number of Missions compared to what was it, say in 10 years ago.

MR. R. NAIR.- Quiet an increase, yes. So, as I have said earlier that we are trying to represent ourselves in all the regions of the Globe.

HON. A.M. RADRODRO.- The question that I would like to ask on this, whilst the Ministry is increasing its Missions on the global front, a simple question, what returns does the Ministry gets from increasing its Missions abroad?

MR. R. NAIR.- That is a very pertinent question and I am glad to answer that. We get monitoring and evaluation of Missions going on each month and looking at the outcomes the Missions are providing and we very much asked them to monetise the returns that we are getting, to make sure that what we have putting in is less than what we, of course, get. So, we have been trying to instil a very forceful message to our Ambassadors and High Commissioners is that, that they have to show that the returns we are getting is, of course, greater than the cost. I have not got any numbers in total but I will be happy to provide you with outcomes of each particular Mission but it is very much driven by outcomes and with outcomes that are relevant to the Government agenda here in terms of helping the domestic economy, et cetera.

HON. A.M. RADRODRO.- So you are using the economic activity as one of your benchmarks in terms of returns that you generate out of these Missions, say for example, in Abu Dhabi and other new Missions that you are have now established? Is economics return is one of your benchmarks?

MR. R. NAIR.- Benchmark, yes. So, in terms of what investment and trade we have got, I know every year Missions have to report back to us and justify their relevance and trade investment, of course, development assistance.

MR. CHAIRMAN.- Thank you. We will now go to the questions. There were a number of Audit issues that have been raised and you would have noticed that the Office of the Auditor-General has given you a qualified report, meaning that there were numerous issues that need to be resolved.

If I may refer you to paragraph 8.1 of the Audit opinion, from the Auditor-General’s Report Volume 2 which says, and I quote:

“The board of survey were not carried out for eleven (11) of Fiji Missions overseas from a total of eighteen (18) Missions overseas office contrary to section 49(1) of the Finance Instructions 2010. As such, the completeness and accuracy of the statement of losses cannot be ascertained.”

Can you please explain why the Board of Survey was not created for 11 out of 18 Fiji Missions overseas?

MR. R. NAIR.- Thank you very much, Mr. Chairman. That is very unfortunate figures and we are very much concerned with the lack of compliance by Missions on board of surveys at particular year. But I am very happy to report that as of 2015, we have got board of survey reports from all the Embassies and we made sure that, that kind of lapse does not happen.

MR. CHAIRMAN.- On that issue, our understanding is that board of survey actually does an assessment and a stock-take of all the stock - equipment and furniture that are in each Embassy. Is there any particular why it was not done by the previous Ambassador or whoever was in charge?

MR. R. NAIR.- I think, of course, the embassies should have been known what their obligations are and we, of course, set the obligations from here for them to follow through. I will ask my colleagues who are here, to help me with the answer, but I believe that it was a lapse that we got on top in the last couple of years.

MR. J. TUIMA.- Mr. Chairman and Honourable Members, just an addition to what the PS has mentioned, I think the issue here is basically the compliance from the Missions in terms of submitting their board of survey and realising the importance of board of surveys.

MR. CHAIRMAN.- As of 2015, you are saying that most of them have complied?

MR. J. TUIMA.- From 2015, we strengthened that aspect in terms of compliance.

MR. CHAIRMAN.- So, all 18 are complying now?

MR. J. TUIMA. Yes, Mr. Chairman.

HON. RATU S.V. NANOVO.- Still on that, Mr. Chairman, I just want to know how many years were this board of survey had not been done on all these Embassies? How many years altogether?

MR. J. TUIMA.- Honourable Member, the non-submission of board of survey from the Missions has been a continuous issue and has been raised repeatedly. Again, it is a compliance issue for the Missions and given the regular turnover in the Missions, the incoming diplomats are realising the importance of that particular exercise. So, from 2015, we continue to emphasise the importance of that exercises.

HON. H.R.T. POLITINI.- So, you can say that there was a long lapse of time where there was never a board of survey done? Do you ever pick up that there were issues in these Embassies, like things had gone missing were not unaccounted for?

MR. R. NAIR.- Honourable Member, from what I can see from 2015 onwards, complete board of surveys have been done and there have not been any serious issues that have arisen.

MR. J. TUIMA.- I think most of the issues from the previous years has been addressed through those audited finance/accounts for those years.

MR. CHAIRMAN.- Any more questions on paragraph 8.1 before we move on?

HON. RATU S.V. NANOVO.- Still on that, Mr. Chairman, when the new Ambassadors are being appointed here locally in Fiji, before going out to their various positions, normally they will undergo the induction training of what is expected of them while out there. I think one of them is the issue that we are discussing. Who should be blamed in here, the Ambassadors or the head office, who should be surcharged for not doing this?

MR. R. NAIR.- Thank you very much, Honourable Member. We take full responsibility for it, the Headquarters and, of course, now when our Ambassadors leave, we have very thorough induction programme and each year, we have Heads of Mission meetings in Fiji where we bring all the Ambassadors and Head of Missions to Suva. One of the most important items in our agenda is always management and administration. Those kinds of issues are issues that stick out that are serious, and those issues are dealt with very forcefully and at those meetings, not only by the Permanent Secretary but also by the Minister. But I must admit that it is embarrassing that there was such a lapse.

HON. A.M. RADRODRO.- Mr. Chairman, just one question to the two Auditors, the internal Auditor from Ministry of Economy and the OAG. The first question to the OAG is, is this the first time that you have highlighted this issue or is the issue that has been continuously highlighted in your Report and whether you have taken steps to notify the necessary officers?

AUDIT REP.- Mr. Chairman and Honourable Members, this issue is a recurring issue. Under the Financial Management Act, the board of survey is a requirement, it has to be done annually and given the circumstances for the Ministry of Foreign Affairs, Missions are basically located overseas. So this year what we have done, we have recommended that the copy of the Fixed Asset Register to be maintained in Headquarters, and instead of sending a staff to each Mission to get the board of survey done, the Mission can conduct their own board of survey and they can send the copy to the Headquarters. In that way, the board of survey will be done on a timely manner, you do not have to send a staff to all the 18 Missions so it can be controlled since it is a requirement.

HON. A.M. RADRODRO.- What is the process of conducting a board of survey?

AUDIT REP.- Board of survey, basically it has to be done independently.

(Inaudible)

AUDIT REP.- Sir, the records are maintained.

HON. RATU S.V. NANOVO.- But a person should go there and counter-check with them….(inaudible)

AUDIT REP.- That is one of the reason why there maybe the delay but….

MR. CHAIRMAN.- Who carries out the board of survey? Who is responsible for carrying out the board of survey, the Ministry itself?

AUDIT REP (2).- Thank you, Mr. Chairman, that is the complication that the Missions are facing, in having to find an independent person to conduct the board of survey. So, I think that is the issue that came up.

MR. CHAIRMAN.- So, the delay or the recurring issue is probably because of that unavailability to find an independent person to carry out the board of survey?

AUDIT REP (2).- Yes, I believe the Ministry can come up with some ways.

MR. CHAIRMAN.- But the Ministry is now saying that as of 2015, they were able to do it. So, how is the Ministry able to do it now?

MR. R. NAIR.- Thank you Mr. Chairman, I must admit that this is the first time I have heard that there needs to be an independent survey. The practice has been that the Embassy staff do it themselves but it is not done by one person, it is done, at least, by two people. So, they go and do the survey together. But from that point of view, we feel quite confident that they are doing it properly, especially in the last two years but if there is a requirement that it needs to be done independently, it will create quite a lot of financial burden and the Ministry of Foreign Affairs is going to pay. But if the cost is justified, we are happy to comply with that but if the OAG can clarify that for us, that it needs to be an independent survey, we are quite happy to take it on board.

MR. CHAIRMAN.- OAG have you advised the Ministry whether that can be done internally or there has to be an independent person doing the board of survey, so have you advised them previously?

AUDIT REP (2).- I am not aware of any such advice but I think it is on the Ministry to come up with some way in solving this.

MR. CHAIRMAN.- Perhaps, you can sort it out with the Ministry in your next report, whether it is supposed to be done independently or it can be internally done, because the Ministry of Economy is giving the budget to buy say, a particular piece of equipment, the Headquarters would know what is there in that particular office, whether that asset has been purchased or not. So, in the board of survey, they can reconcile the fund allocated with what is kept at that Embassy.

HON. A.M. RADRODRO.- Mr. Chairman, that is in line with my next question to the Ministry of Economy Officials in talking about independence. I think the Ministry of Economy is independent from the Ministry, to conduct that survey and it is supposed to be conducted independently and the Ministry of Economy Internal Audit should be doing that with the Ministry.

In terms of costs, it is the decision that the Ministry has to make whether the board of survey is important or the cost, and the Ministry of Economy should be able to inform us whether they are also in the know of the non-performance of board of surveys and what are they doing about it.

MOE REP.- Mr. Chairman and Honourable Members, the Ministry of Economy has been in continuous consultations with the Ministry of Foreign Affairs. In 2015, one of the officers from the FMIS was promoted to be the Senior Accountant with the Ministry of Foreign Affairs. In that we foresee that there will be improvements in the conduct of the operations of the Ministry of Foreign Affairs.

In regards to this issue, this is a disciplinary issue and it is not a surcharge issue, and the Ministry can undertake the disciplinary process on this issue.

MR. CHAIRMAN.- Surcharge will happen if something goes missing, here the question is whether the board of survey has been done or not?

AUDIT REP (2).- Yes, Sir, surcharge will go ahead when the loss has been identified.

MR. CHAIRMAN.- Yes.

HON. RATU S.V. NANOVO.- Why was there no disciplinary action taken against the Ambassadors because they should be responsible out there when they are not submitting this when they should be doing it?

MR. R. NAIR.- Thank you, Honourable Member, I agree with you entirely on that.

MR. CHAIRMAN.- We will take note of that. Usually, the board of survey is conducted by a team of three people of which one is an outsider and the rest is either from the Ministry of Economy or Ministry of Foreign Affairs itself. So, I think as the PS had explained, 2015 is in order but we will take that note in the report of the issues pertaining before that.

We now move to 8.2, is there any issue arising from Statements of Receipts and Expenditure, Honourable Members?

(Silence)

I have some issues on paragraph 8.4 but if there are any issues before that, we can go back. On 8.4 - Non-Reconciliation of Overseas Mission Bank Accounts to General Ledger; the OAG notes, I quote:

“That all bank accounts must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and dated by the responsible officer.”

Is this happening now? Has that been sorted out?

MR. R. NAIR.- Mr. Chairman, the Principal Accounts Officer will now answer that. Until recently, she was the Acting Director for several years in the Ministry and she has full knowledge on this issue.

MS. M. CAMA.- Thank you, Sir.

Mr. Chairman and Honourable Members, on the non-reconciliation of overseas Missions bank accounts, according to the response that we provided in our 2014 replies, 2014 was the first year in which the OAG raised the issue of non-reconciliations of our Missions accounts. 2014 is also the first time for us, we had never done any reconciliations on overseas Missions’ bank accounts.

We used to do the postings of all Mission expenditures into the FMIS system but in terms of the reconciling of the bank reconciliations against the GL report, was the one that was firstly undertaken in 2014. We had identified some bigger differences which, to us, comprise of previous years’ transactions that were undertaken between the Missions’ actual bank account and the posting level at the GL system with the Ministry of Economy’s FMI system.

We continued with the reconciliations in 2015 and we had identified some differences of which, in consultations with the FMIS Division and with the recommendations of the OAG, we wrote to the Ministry of Finance asking for their assistance in terms of clearing those previous years’ outstanding balances which, to us, were most or basically the postings level that were done.

MR. CHAIRMAN.- Are you saying that it was done for the first time in 2014. Did the OAG raise it before, 2014?

MS. M. CAMA.- No, Sir.

MR. CHAIRMAN.- Ministry of Finance? The OAG notes here, and I quote:

“Audit noted that upon submission of the bank accounts reconciliation by overseas missions, the Principal Accountant failed to reconcile the cash at bank balances reflected in the general ledger to the actual cash held in the mission bank accounts.”

The practice generally is that, that should be done on a yearly basis. Reconciliation happens in every entity but here, it was missing until 2014. Is there any explanation for that? Who was the Principal Accounts Officer at that time?

MS. M. CAMA.- Myself, Sir.

MR. CHAIRMAN.- You were in the Ministry of Finance?

MS. M. CAMA.- Ministry of Foreign Affairs.

MR. CHAIRMAN.- So, they have noted your failure that the reconciliation should have been done to reconcile the actual cash at bank held at the Mission. So is there any particular reason for that, why it was not done, was it an oversight or was it a lapse?

MS. M. CAMA.- Thank you, Sir, as I have said earlier, 2014 was the first time that we have tried to do the reconciliation. It was never done and in the process, while we were trying to straighten up the books and trying to meet up with all the compliances that are required, that was the first time. Even after doing it, we were doing consultation with FMIS on the systematic way of doing it in order that we have a balanced book comes year end in terms of that.

MR. CHAIRMAN.- OAG, is that a requirement? When did you first highlight the Ministry of the need to reconcile? They were saying that they were doing it in 2014.

MOE REP.- Mr. Chairman, yes, what that table is showing is the variances. What it means is that, the general ledger from which the accounts of government are prepared is showing a different picture from the records that they have submitted.

MR. CHAIRMAN.- The question was that, they only started doing the consultation in 2014 for reconciliation and you have highlighted that in your report of 2014. Did OAG raise this issue earlier that reconciliation was not being conducted by respective Missions?

MOE REP.- Mr. Chairman, I may need to come back on that, so that we can check the previous years’ reports.

MR. CHAIRMAN.- Yes, we have to note that down because every Department is doing it, so I am not happy with the reasoning given that it was not done prior to 2014. Any questions on that issue so far?

HON. RATU S. NANOVO.- Just a question to the Ministry of Economy’s personnel, are they aware that this is not being carried out throughout those years because you are the custodian of all the Government funding? Are you aware that a major part of any organisation is to reconcile your cheque accounts, monthly at least, now years? What was the advice from the Ministry of Economy to the Ministry of Foreign Affairs?

MOE REP (2).- Mr. Chairman and Honourable Members, as you will understand under the Financial Management Act, the responsibility of financial operations of any Ministry lies with the Permanent Secretary. The Ministry of Economy can only recommend to the Ministry to implement recommendations to have in place controls, monthly reconciliations, but the carrying out of this reconciliations lies with the Ministry.

MR. CHAIRMAN.- If you note, the total expenditure for 2014 was $39,370,538 for the Ministry, so probably the substantial part of that is from the Overseas Missions and that makes the reconciliation more needed. Any comments on that, PS?

(Silence)

HON. RATU S. NANOVO.- To the Ministry of Finance again, when you monitor their performance and things are not coming, what are the corrective measures can you take, you just keep on watching, or what?

MOE REP.- Honourable Member, as I have stated before, the Permanent Secretary can only recommend disciplinary action but as to whether the disciplinary action will be undertaken is at the discretion of the Permanent Secretary of the Ministry.

MR. CHAIRMAN.- My question was that the amount of expenditure involved here is closed to $40 million and that makes it more than essential to have a reconciliation done. I understand the practice has now been implemented by your Chief and Principal Accountant after 2014, but before that there was some anomaly.

MR. R. NAIR.- Mr. Chairman, the only thing I can say is that, we are actively complying now with the requirements that has been drawn to our attention and I am happy with the progress that is being made. Certainly, I accept that it was a cause of concern or it should have been a concern but somehow it was not noted.

HON. H.R.T. POLITINI.- Mr. Chairman, through you to the PS, so every year each Embassy is allocated a budget, is that right?

MR. R. NAIR.- Yes.

HON. H.R.T. POLITINI.- Prior to that, in terms of the non-reconciliation of these accounts, what happens if a member still requests for more than what it got last year and your Ministry is not doing reconciliation, what happens there?

MS. M. CAMA.- Thank you, Sir. For all our Missions abroad, they are carrying out their reconciliations. There are two different reconciliations involved. For various Missions, they do their own bank reconciliations and these reconciliations are submitted with acquittals. The reconciliation in question as of now, is the reconciliation that we do here at Headquarters, to determine the accuracy of posting that we did on our expenditure received or acquired by Missions and the FMIS posting that we do here. That is the reconciliation in question, Sir.

HON. M.M.A. DEAN.- Mr. Chairman, of course, through you, I was just interested to know if there are any special accounting programmes or software which you use as your means of primary communication in having some sort of contact or communication with our foreign Mission Offices?

MS. M. CAMA.- Thank you, Honourable Member, as of now, we do not have any accounting software. The Missions are still operating on a manual basis and only at the Headquarters we are online with our FMIS system with the Ministry of Economy. There has been some talks going on for some years, but I believe it is an expensive exercise but it is at Management level. I think may be our Management can think of implementing or restoring one new system that we can easily access.

HON. M.M.A. DEAN.- No, no, I mean, something like an integrated system whereby there is constant liaison with the Head Office which is, of course, our Ministry of Foreign Affairs in Suva where constantly, some sort of communication can prevail when it comes to all these accounting transactions, et cetera. Do I take it that there are plans or just for now there are suggestions? I mean, are there any specific plans to get something of that sort?

MR. R. NAIR.- Thank you very much, Honourable Member. After this problem has been highlighted, the discussion has taken place, we are quite happy to have a look at this. There has not been any particular programme or plan to do that, but I will discuss it with my colleagues and to see if this is an issue that we cannot contain and to be able to answer to questions being raised, that we should look into that possibility.

MR. CHAIRMAN.- Honourable Radrodro, any question?

HON. A. M. RADRODRO.- Regarding your responses, you are saying that you are seeking approval for write-offs of mis-postings. Just a question, this is the FMIS, the ledger, this is the software and the bank balance? How do they not reconcile when the Missions are doing their reconciliation? How do you intent to address this going forward?

MS. M CAMA.- Mr. Chairman, as I have highlighted earlier, may be the Ministry of Economy can agree to this, we are continuously submitting our reconciliation as a way forward, after all the identifications, after all the processes were undertaken in 2014 and 2015.

HON. A. M. RADRODRO.- So can you give us assurance that all these highlighted variances have been reconciled and going forward, it is reconciled?

MS. M CAMA.- Yes, Sir, it is evident in the Appendix that we have provided, that we are working closely together with the Ministry of Economy in 2015 in addressing the issues by writing off these differences.

MR. CHAIRMAN.- Table 8.3 under heading 8.4, where there are various variances showing for Missions of Sydney, Canberra, London, Tokyo, Wellington, probably most of the Missions that we have, there is a special column for variances that is showing. Are you saying that you have that under control now, reconciled or written off?

MS. M CAMA.- Yes, Sir.

MR. CHAIRMAN.- So, what has been done, it is been reconciled, you got the reconciliation cleared?

MS. M CAMA.- Yes, as per evidence provided in Appendix, we had asked the Ministry of Economy to write-off some of the differences, and at the same time we are continuously doing the reconciliation.

MR. CHAIRMAN.- Write-offs is probably an issue here because the amounts involved here are quite big, almost totally $1.2 million. Just taking two examples, Brussels and Beijing, the variance is $369,216 and $314,523 respectively. It is in brackets so it might be, there is more cash at bank, am I right in saying that the once in the brackets are more in the ledger, less in the bank?

MS. M CAMA.- The figures that we have, the balance is more in the ledger than in the bank accounts.

MR. CHAIRMAN.- That means, there should be more money in the bank account than there is?

MS. M CAMA.- Yes, Sir, as I have highlighted earlier on, the reconciliations were not done for a number of years. The reconciliation in question now is the posting level that is done here at the headquarters to capture the Missions’ transactions or expenditure with the FMIS system against the Missions’ accounts. But for Missions, they have been submitting their bank reconciliations on a monthly basis and it is balanced.

(Inaudible)

MS. M. CAMA.- Yes, Sir.

HON. A. M. RADRODRO.- When you receive the reconciliations form the Missions, do you have enough staff or do you need staff to help you in the postings?

MS. M CAMA.- If I can remember right, last year when our Accounts Section was beefed up with staff, otherwise previously, it was just myself, a Senior Accountant and one Accounts Officer with all the Clerical Officers.

MR. CHAIRMAN.- The issue is that, if more expenditure is shown in the ledger and there is still more money in the cash at bank, it is not a problem. That means, it is probably a posting issue, but if the ledger shows less expenses and there is more deductions, there is lesser money in the account, that is a problem. It means, my books show that I have spent less money which means there should be more money in the bank account but the money is less, that means either it is not tying up, the ledger is not been done correctly or there has been unauthorised payments out of that account.

Now, to write that off to a value of $1.2 million, I mean, this is just a question, I do not know what the actual situation is on the ground. But by the looks of it, if you write $1.2 million off, someone gets away with the unjust enrichment. So can there be some findings, some work done by the Ministry in this regard, if you have the resources to find that out?

(Silence)

HON. RATU S.V. NANOVO.- On that, Mr. Chairman, a question again to the Ministry of Economy, do they do internal audits to all these Ministries before the OAG comes in?

MOE REP.- Yes, Sir, the Internal Audit of the Ministry of Economy had visited and conducted audit on a couple of Missions.

HON. RATU S.V. NANOVO.- That means the ones that are in the red….(inaudible)

MOE REP.- There are a number of Missions that our Audit teams when they attend conferences where the Missions are available, they do the audit at the same time in those Missions.

MR. CHAIRMAN.- Since there are no more questions on that paragraph 8.4, we can move to the next one. Just a notation made by the OAG there below Table 8.3, and I quote:

“Failure to reconcile the variance above will result in the misstatement of the overseas bank balance records maintained by the Ministry.”

Most of our questions were in that regard that if it is not done properly, what we will see in the bank will not be the true picture. So I hope the Ministry has got that under control now.

OAG, you reported that in 2014, 2015 is still being considered by you, are you satisfied with the answers so far on 2014 on what has happened?

AUDIT REP.- Mr. Chairman and Honourable Members, it is still an issue that we are working on.

MR. CHAIRMAN.- You are still working on?

AUDIT REP.- Yes.

MR.CHAIRMAN.- Because your Office has recommended that the Ministry should seek assistance from the Ministry of Economy to reconcile the accounts. Can the Ministry of Economy assist the Ministry of Foreign Affairs on this because we do not want to pick this up again in the next Report by the OAG?

MOE REP.- Thank you, Honourable Chair. The last financial year, we have transferred one of our staff to the Ministry of Foreign Affairs to assist them with their reconciliations, and also apart from this we have been having ongoing reconciliation training and most likely, in their case it is the reconciliation training. We have been assisting them, together with other Ministries and that training will continue until the reconciliation is balanced and they can do their reconciliation on their own. Thank you.

MR. CHAIRMAN.- Yes, that is probably the answer that we are really waiting for that now, by transferring a staff from your Ministry to the Ministry of Foreign Affairs with some expertise in accounting can now resolve the issue.

If you read the Ministry’s comment, in the last part it says, and I quote:

“We now confirmed differences between the two and as the way forward, submissions is in progress to be made to management in consultations with the Ministry of Finance for possible regularisations within the Ministry’s identified savings, so a balanced and more accurate account balances is obtained within this financial year, 2015”.

So the OAG is working on the 2015 report let us hope that problem is solved.

HON. A.M. RADRODRO.- Mr. Chairman, just a comment to the PS and his team, I think this issue was also highlighted in the 2013 Audit Report when we had the Acting PS here for interview and he assured us that the Ministry will look into improving these variances in terms of processes and the Finance Manual of the Ministry of Foreign Affairs. Just for your information, probably you can go back and relook at the processes to improve as per alluded to by the previous Acting PS.

MR. R. NAIR.- Thank you very much, Honourable Member. From what I am advised, we have been working very vigorously with the Ministry of Finance and I have been assured that we are making good progress, acting in accordance with the advice that we have here.

MR. CHAIRMAN.- Thank you PS for that explanation.

On the next part of the Report at paragraph 8.5 - Electronic Fund Transfer (EFT) Recorded Un-Presented Cheques, it was recommended that you used EFT so that the issue of un-presented cheques can be reduced. Is that now implemented?

MS. M. CAMA.- Yes, Mr. Chairman.

MR. CHAIRMAN.- So, you have now implemented the EFT. Has that reduced the issue of un-presented cheques?

MS. M. CAMA.- Yes, Sir.

MR. CHAIRMAN.- It should because now, you are not using cheques much, are you?

MS. M. CAMA.- Yes, Sir.

HON. A.M. RADRODRO.- Mr. Chairman, just a question to the PS regarding EFT; can you not do the same thing for the overseas Missions in terms of reducing EFT or something of that sort?

MR. J. TUIMA.- Honourable Member, yes, we are looking to that option and we hope to address that in future.

MR. CHAIRMAN.- After that paragraph in the recommendation, it is noted that, and I quote:

“The Principal Accounts Officer should ensure that the required correct information for EFT payments are given to the bank to avoid accumulation of EFT payments in un-presented cheques list at year end.”

So it looks like that has been done, but can I have some confirmation from the Principal Accounts Officer if that recommendation has been adhere to?

MS. M. CAMA.- Yes, Sir.

MR. CHAIRMAN.- You have done that now?

MS. M. CAMA.- Yes, Sir.

MR. CHAIRMAN.- Are there any further questions on 8.5 before we move 8.6?

8.6 – Incomplete Board of Survey Report, so it deals with Board of Survey again. We have discussed that and I think should be under control.

8.7 - Unsubstantiated Write-Off. It says, and I quote:

“The Audit noted that liabilities totalling $50,041 we are approved to be written off by Ministry of Finance without any supporting documents to justify the reason for write offs.”

My understanding is that, the Ministry of Economy should see the documents before they even make a determination on write-off. Ministry of Finance, do you have any comments on that?

MOE REP.- Thank you Sir. The Ministry of Finance will not authorise any write-off without any supporting documents. This must be the copy of the request from the Ministry of Finance that is with the Ministry, that is what the OAG was referring to.

MR. CHAIRMAN.- OAG, what is the issue there? Is that correct, that the Ministry of Finance will never write-off, as the Officers said, without seeing the documents?

AUDIT REP.- The issue here is that the write-off was authorised but not supported, there are no details. If they have details, may be they can produce those details because that is what we are after.

MR. CHAIRMAN.- Alright, Principal Accounts Officer, do you have any idea on this?

MS. M. CAMA.- Mr. Chairman, the explanation that we have provided, the two accounts being identified was the move of the Ministry of Finance way back then to try and clear those dormant accounts, thus to avoid or alleviate mis-postings. The two accounts in question are; the administration cost that are being charged by the Wellington Mission and they pay their operational costs too from those accounts.

MR. CHAIRMAN.- So, the $50,041 was from the Wellington Mission?

MS. M. CAMA.- Yes, Sir.

MR. CHAIRMAN.- The use of what? What was the explanation?

MS. M. CAMA.- These accounts are the administration fees charged, yes. But then they used this to pay for freight cost and follow-up calls that are made to Immigration or in terms of BDM consular activities that they do in the Mission.

MR. CHAIRMAN.- When you requested the Ministry of Finance to write this off, you provided the supporting documents?

MS. M. CAMA.- Yes, Sir. It is basically the trust account reconciliations that we had provided to them.

MR. CHAIRMAN.- Alright. OAG, are you satisfied with that?

Now, it will comes back to you because they will not write it off without seeing the documents. They have given them some documents to authorise or to get the write-offs. Your reports says that they have not seen or the documents was not shown to you, at least, to justify those write offs.

AUDIT REP.- That is correct, Sir. These accounts, Sir, are your referring to Operating Trust Accounts and they are liability needs. So what they are referring to in here is like expenses that they had incurred.

MR. CHAIRMAN.- Expenses that they had incurred?

AUDIT REP.- Like those were not provided during the time of audit. Maybe, if they can provide us with those documents because we will be following up on those.

MR. CHAIRMAN.- Because they have passed the buck back to you, they will not write it off without seeing anything. So, the documents must be somewhere.

AUDIT REP.- I apologise, Sir, this has been written off.

MR. CHAIRMAN.- It has been written off here because it was 2014 so it has been done. Perhaps, there could be some mention of that in the further Reports.

The recommendation on that was, and I quote:

“The Principal Accounts Officer should ensure that all write offs are properly substantiated with supporting documents to justify the reasons for write offs.”

She seems to have done her part because the Ministry of Finance is supporting that, they will not write it off without seeing those documents. Are there any questions on that, Honourable Members?

I think I will read the Ministry’s comments here which they had provided, and I quote:

“Fiji High Commission of Wellington has been making payments (quoting trust allocations in the Payment Vouchers) since 1993. Admin Cost for Consular Services received at the Mission was also credited to this allocation since 2007, but prior to that, level of posting of credit to the said trust allocations cannot be determined, however fund received continuously deposited into the Mission bank account, resulted in having healthy bank balances. Payments quoted were more than the pains and this is resulting in the overdrawn of the trust account. The request for write off was to clear overdrawn amount being brought forward from previous years. Prior to this, the Mission was informed to refrain from quoting or debiting the trust allocations while making payment.”

So, I think the Ministry has got that under wraps now. They were given instructions that payments should not be made from that account, but if they are made, then there should be proper documentation.

8.8 - Failure to Maintain and Produce Proper Records for Audit Verification. The Auditor-General has highlighted that proper records for audit verification should be maintained and that was not done by the Ministry. Any comments on that, Principal Account Officer?

I think it is essential that every Ministry provides all documents to the Auditor-General for them to verify. If that had happened, probably these write-offs would not have appeared here. So, is there any system implemented now for safe-keeping and maintenance of proper documents?

MR. R. NAIR.- Yes, Mr. Chairman, as you can see we have gone through all of them and had been able to identify most of them, except for two. So, we are very much on top of it.

MR. CHAIRMAN.- a specific example given by OAG, I quote: “Missing payment voucher and as such payments recorded in the general ledger system could not be substantiated”. Because the voucher was missing, the OAG could not verify whether the payment was really made.

MR. R. NAIR.- So since that time, we have provided them with payment vouchers.

MR. CHAIRMAN.- Any questions on paragraph 8.8, Honourable Members?

If none, we can move on to the next one.

Table 8.7 - Anomalies in the Administration and Maintenance of Accounting Records - HQ. I think that is part of what I have read earlier. Payments were made, vouchers were not kept but the PS assured the Committee that the system now to, at least, have that problem curtailed.

There is a specific mention, that is, in Table 8.8, and I quote from the Report:

“The Ministry also did not provide any response on audit query about the need to change return flight dates four days earlier than the date paid which cost the Ministry an extra $7,328 for revised one way ticket for the Minister.”

It seems that there was a ticket booked by the Ministry where the Minister was to return to the country and then there was a change made. Either there was a request by the Minister or for some reason, he returned four days earlier. So, he returned earlier and that cost the Ministry $7,328. Can that be explained to us on what was the reason for that?

MR. R. NAIR.- Thank you, Mr. Chairman. It appears that the change in that booking incurred that expenditure.

MR. CHAIRMAN.- Yes, I see that the Minister was supposed to return on a date but he returned four days earlier.

MR. R. NAIR.- Yes.

MR. CHAIRMAN.- Perhaps, if there could be some explanation to why was….

MR. R. NAIR.- Why did the Minister return?

MR. CHAIRMAN.- Returned earlier.

MR. R. NAIR.- Yes.

MR. CHAIRMAN.- I mean, there should have been a schedule done. Had he advised the Ministry of his intended return, then probably the $7,000 could have been saved.

MR. R. NAIR.- As far as I know, the reasons were not provided.

HON. RATU S.V. NANOVO.- Through that, Mr. Chairman, did the Ministry inquire or ask the Minister to refund all the allowances that he was supposedly to refund, the four days allowance that was paid for?

MR. CHAIRMAN.- Allowances meaning for those four days?

HON. RATU S.V. NANOVO.- Yes, for the four days.

MR. CHAIRMAN.- As it states, the further four days he would have paid allowances.

HON. RATU S.V. NANOVO.- He would have been paid that so when he returned early that allowance should be returned. Where is that allowance?

MR. R. NAIR.- Yes, Honourable Member, you are right. I think that we would have done that, Sir.

MR. CHAIRMAN.- It is not picked up here in the Audit so I do not think you can answer that but still if you can because the Audit only picked the return air ticket, they did not mention anything on the allowance.

MR. R. NAIR.- Yes. I would have expected that to happen if we had not recovered that.

MR. CHAIRMAN.- Probably, it did happen, that is why it was not picked up here.

MR. R. NAIR.- Yes.

HON. RATU S.V. NANOVO.- That was done….(inaudible)

HON. M.M.A. DEAN.- In regards to this scenario, can we get some advice from the OAG?

MR. CHAIRMAN.- To help the Ministry, I mean, this is the information in the OAG Report. The allowance was not mentioned.

HON. M.M.A. DEAN.- No, what I am trying to ask if the refund, I mean, obviously that becomes an issue so it might have been picked up by the OAG. Since it does not appear in the Audited Reports, so what can be your explanation in regards to this?

AUDIT REP.- Mr. Chairman, we can only comment on the general report of the Auditor-General, other than that we cannot comment on those.

MR. CHAIRMAN.- Yes, that is their correct position because they can only pick up the anomalies. If everything is in order, they will not pick it up. So, the question of allowance is a new question.

HON. M.M.A. DEAN.- So, that means it must have been in order.

MR. R. NAIR.- Yes.

HON. RATU S.V. NANOVO.- (Inaudible)

MR. CHAIRMAN.- What I am trying to say is that, they are right in that. The four days return ticket cost the Ministry, they will provide that. The question of allowance is not being raised by OAG so they cannot answer *ad hoc* where that amount went to. If the Ministry did its part, it will not appear here. Only if they had not done that, then it would have appeared here.

HON. M.M.A. DEAN.- So, I was just seeking opinion that if it does not appear as an anomaly then that was refunded. If it was not refunded, obviously that would have been picked up by the OAG. So, I believe the Ministry of Foreign Affairs must have followed….

MR. CHAIRMAN.- I understand the point of this line of questioning but the idea behind this is, they cannot answer that. It would have been done, our understanding is, it was not picked up. It could have been done, but if it had not been returned, it would have been mentioned in here.

MR. R. NAIR.- What is here is the variance in tickets because we changed the booking, this is what we had to pay.

MR. CHAIRMAN.- That is what was mentioned here. How much he spent by returning four days earlier and what happened on the money, the Auditor-General did not pick that up, so they will not be able to answer that.

MR. R. NAIR.- That is not an issue at all in this, Sir.

MR. CHAIRMAN.- Yes, that is what I am saying. In the right course of business it should have been returned, it may have been returned, that is why is not picked here, but it is not something that I can put them in that corner to answer that.

The recommendation there is that, and I quote:

“The Principal Accounts Officer should ensure that all accounting records are properly maintained accordance to Section 15.1.3 and 2.9.4 of the Finance Manual.”

So there is a Finance Manual that I think is uniform across all Ministries that should be followed.

“The Director Corporate Services and Principal Accounts Officer should strengthen supervisory checks for records keeping for the Accounts Division.”

Is that happening now, PS?

MR. R. NAIR. – Mr. Chairman, I can assure you that it is happening now.

HON. A.M. RADRODRO.- Mr. Chairman, just a question to the Ministry regarding JAD International. Is this an entity that the Ministry goes to in terms of booking or making overseas flight tickets?

MR. R. NAIR.- That is correct.

MR. CHAIRMAN.- It is the travel agent, I think?

HON. A.M. RADRODRO.- Is there any other that you would go to or this is the only one?

MR. R. NAIR.- I believe that we do take three quotes and invariably JAD has been the normal provider.

MR. CHAIRMAN.- Now, we come to 8.9 and that is probably the biggest problem of contention …..

HON. A.M. RADRODRO.- Mr. Chairman, just a question regarding instances where no details and the reasoning provided regarding this change in the ticket. Just a clarification; is it still the practice now or has it been improved from 2014?

MR. R. NAIR.- In 2015, I picked up similar issues because the Auditor-General highlighted that, so we did go to the Minister to verify why were those anomalies? The anomalies had continued.

MR. CHAIRMAN.- So, there is still an issue of flights been booked and then changed to earlier dates or later dates?

HON. A.M. RADRODRO.- Mr. Chairman, just addressing the issues raised by the Auditor-General, the Principal Accounting Officer did not ask for the reason of the change in booking?

MR. R. NAIR.- Sir, if I could respond to that, that was a practice that we did not question the Minister on issues like that.

MR. CHAIRMAN.- Probably, if the explanation to the OAG, probably that explanation would have been provided. I mean, it is not out of the ordinary, sometimes Ministers or Government officers do change their scheduled time but if is programmed earlier, probably that unnecessary cost could be curtailed.

HON. RATU S.V. NANOVO.- There should be a reason , and that should be provided to the Minister.

MR. CHAIRMAN.- When Members of the Parliament go abroad and if they want to change their tickets, the access is paid by themselves from their own pocket. That has been the practice on this side of the House. So, perhaps there could be some explanation on that later.

Item 8.9 – Anomalies for the Refurbishment of New Office – St. Stephen Building. That is a problem area, PS, that we have identified, St. Stephen building. The first question that we are asking is; where is this St. Stephen building? We do not know about it.

MR. R. NAIR.- Mr. Chairman, it is a very visible old colonial-type of building opposite Maya Dabba, almost. It used to be the former ITC building or former Grammar School, actually.

MR. CHAIRMAN.- Yes, it looks like one of those World Heritage site building.

MR. R. NAIR.- It is a World Heritage Site, indeed.

MR. CHAIRMAN.- That was used as a library at some stage? The telecommunication building?

MR. R. NAIR.- No. It used to be the first Grammar School, and then Suva Grammar now at Veiuto. Then it became a hostel and then later on, it was turned into ITC (formerly EDP Services) for a long time, until ITC moved out.

MR. CHAIRMAN.- The issue that has been raised here is, of course, the value-for-money question. The first issue that was raised was that, this building was renovated at some stage by the Ministry whereby it intended to move into this building. The Ministry requested the Minister of Finance to waive the tender process. What could be a reason to waive the tender process for this particular building?

MR. R. NAIR.- Mr. Chairman, there are many issues regarding this building and as you probably note, FICAC is looking into it. There have been various submissions and various questions been asked and the Attorney-General has asked FICAC to look into it.

MR. CHAIRMAN.- Can you give us some brief background of what actually transpired, what actually happened? The Ministry of Foreign Affairs wanted to move into this building, they wanted to renovate the building, they gave it to a contractor to see without a tender process. And when the building was built, it was uninhabited for a long time. Still, no one stays there, no one has moved in, the building is leaking from some corners.

MR. R. NAIR.- Just to give you a little bit background that I know of, the Ministry had wanted to move its premises and the Ministry was allocated this particular building because it was a unique building and it was felt that it would probably be fit for the Ministry to take and occupy this building. A lot of work had to be done because it was used for other purposes.

Perhaps, when it was allocated to the Ministry of Foreign Affairs, a complete renovation was authorised, plans were drawn up and the normal course of things and the contract was chosen to do the renovations. Therefore, the Ministry employed a consultant, of course, to manage the works and whenever there was a works were completed, the consultant verified that the work was completed and payments were made.

After the work was done, the Government found out that the work was extremely substandard and from OHS point of view, it was not possible to move into the building. The work was, as I said, very substandard and completely unacceptable. When the Ministry of Finance realised that, they did ask questions as to why this could have happened and how the consultant had verified that the work was being done in accordance with the specified standards that were required. So, those are the issues in question. It was completed in 2013 and it has been vacant ever since after the completion because we are not allowed to move into it because of the substandard nature of the work done.

MR. CHAIRMAN.- It was a serious issue, PS, after $1.5 million in a duration of 24 weeks (six months) and the building is not fit for occupation then there must be some serious anomalies.

It is noted here that the Principal Accounts Officer, the Senior Accounts Officer and the Accounts Officer must not certify a payment as correct unless they are satisfied that there is documentation that the works had been carried out. They probably relied on the consultant, did the consultant advise that the work was alright

MR. R. NAIR.- That is correct, Mr. Chairman.

MR. CHAIRMAN.- They certified the payment on that. Just a general question, in this kind of construction where building a heritage site and renovations are being done, is someone from Ministry of Heritage and Arts ought to be there to supervise these things?

MR. R. NAIR.- I believe not.

MR. CHAIRMAN.- They probably made a perfectly working building, after six months of renovations.

MR. R. NAIR.- The external part of the building was also retained and not interfered with, it was just the internal fit-outs that were done.

HON. A.M. RADRODRO.- Mr. Chairman, just a request, if the PS could advise us who the contractor was involved in this renovations?

MR. R. NAIR.- I have got the name.

MR. J. TUIMA.- It was Templetec Fiji Limited.

HON. H.R.T. POLITINI.- Mr. Chairman, I think there should have been like a reference check done on the builders before giving them a job, especially to that amount.

MR. CHAIRMAN.- I think Honourable Radrodro’s question is not over yet. You asked for the contractor called Templetec.

HON. A.M. RADRODRO.- Would you be able to advise us as to when or which year was this case, as you alluded to was being given to FICAC? Which year was this matter referred to FICAC?

MR. R. NAIR.- I only remember that since the building was completed and it was not satisfactory, there has been a lot of contact between the Ministry of Economy and the contractors, attempting to rectify the building but the dispute continued and the contractors sued the Government and the Government filed counter claims and eventually, it was realised that the case was much more serious and the litigation part of it is continuing, but the matter was given to FICAC late last year.

MR. CHAIRMAN.- There is more of a reason why the tender process should not have been waived so they would have got the best contractor to do the work. By waiving, there is a waiver of a contract procedure, the tender process, so had the building tender was well and good, the issue would not have been raised. But it followed on that after the waiver of the tender process. The word that was given to that company, it has got about eight or nine anomalies noted here. I will be coming to that in a while. Have you got a question before that?

HON. M.M.A. DEAN.- Yes, Mr. Chairman, through you, just a question to PS; I do understand your appointment just came last year, so I am not sure if you are aware of the answer which I am expecting but anyway, I would ask nonetheless. When a heritage site is subject to some changes, if it is an asset or a property, what we have heard from the Department of Heritage which comes under the Ministry of Education that there are certain laws pertaining to making some changes, especially some constructive changes in terms of construction, et cetera. Did the Ministry liaise with the Department of Heritage because I am sure if their involvement was there, they would have been in a better position to give advice as to how all these changes and construction work should occur on a heritage asset?

MR. R. NAIR.- As far as I know, from the time that we received the building until 2013, my understanding is that, the internal parts of the building can be changed and refurbished as long as the external was not disturbed. So in that respect, I do not know whether there has been any other consultation between the Ministry of Foreign Affairs and the Department of Heritage.

I am not aware of it but my understanding was that, probably there was, if we are going to interfere with the outside, I am not so certain but that is what my speculation is unless my colleagues who are here know some other facts on the matter.

MR. CHAIRMAN.- PS, by way of background, it is not an audit issue yet but we are back to the more pertinent issues. If I may read those anomalies that have been raised as a result of this construction. The bulletpoints stated, and I quote:

* “The refurbishment work on the Stephen building was delayed by more than a year (18 months) as funds were provided in 2013.
* The audit established that there was no evidence of vetting of agreement of the Refurbishment works by the Solicitor-General’s Office.
* The audit also established that the Ministry did not perform due diligence prior to the signing of the agreement as the Ministry did not involve Building Engineer from the Building and Government Architects of the Public Works Department who were part of the project.
* The scoping of the contracted work was not independently determined to safeguard the interest of the Government.
* Further scrutiny of the agreement reveals that the clauses of the agreement do not include any independent technical monitoring or the issue of an engineer’s certification for the completion of the contracted work for different phases before each contract payment and at the end of the project. As a result all the payments made to the contractor totalling $1,348,420 were not certified by an independent building engineer before the release of each payment.
* No independent engineer’s completion certificate has been sought.”

The most serious one is here, I quote:

“Upon Ministry of Finance memo to seize all unutilised rolled over funds in the SLG 84 by the 15th August 2014, the Ministry then processed payments totalling $468,001 without any service or work done by the contractor. The cheques were released later on the contractor. Refer Table 8.9 for further details.”

So whilst the Ministry saw the problems that were occurring and in spite of a Ministry of Finance’s directive to hold all payments, two cheques were processed before the cut-off date to enable the payment to the contractor. Who was overseeing those payments? How did that happen? Can the Ministry explain that?

MS. M. CAMA.- Mr. Chairman, those two payments were the period in which we were given instruction or we were provided with the letter from the Ministry of Finance to utilise all our donor funds that we have before they seize all those SLG 84 funds. Based on that, since we still have some payments to make and to complete the payments that we need to do on the construction, relevant approval was sought for the processing of payments on the two phases, I believe, that are still left on which two cheques were issued. We kept the cheques until the works were done, then only we released the cheque. Basically, on the …

MR. CHAIRMAN.- … instructions from the Ministry of Finance?

MS. M. CAMA.- Yes.

MR. CHAIRMAN.- So you had drawn the cheques before the cut-off date of 15th August to utilise the donor funds, if I understand correctly. So you have drawn out the cheques but you held it back until the next day, the work was completed to be released but those cheques were finally released to the contractor and then it was found that the job probably was not done to the satisfaction of the Ministry, is that right?

MS. M. CAMA.- Yes, Sir.

MR. CHAIRMAN.- Bulletpoints 4 and 5 say that the work at every stage was not certified or checked by an independent contractor. You had a consultant on this project, what was the consultant doing?

MS. M. CAMA.- Yes, if I may explain that, on every claim that was submitted, there were claim forms that came with it.

MR. CHAIRMAN.- Because bulletpoints 3 and 4 say that, and I quote:

“The audit also established that the Ministry did not perform due diligence prior to signing of the agreement as the Ministry did not involve Building Engineer from the Building and Government Architects of the Public Works Departments…”

Probably, had that step been undertaken, an engineer architect from the PWD been involved, then bulletpoints 4 to 8 would not have been necessary. They would have identified the problem. Can you give us an explanation on those seven to eight bulletpoints?

MR. R. NAIR.- Mr. Chairman, as far as I know, those are the questions that we have been asked, having to find answers to those questions.

MR. CHAIRMAN.- That investigation is currently going on with FICAC? Honourable Radrodro?

HON. A. M. RADRODRO.- Mr. Chairman, just an informational question; you spent so much money in trying to relocate to a new headquarters, about $1.8 million has been disbursed here, so what will now happen when you move to the new headquarters?

MR. R. NAIR.- That offer has been withdrawn now, Foreign Affairs is going to stay where it is and I believe the building has been taken over by the Ministry of Economy and other plans are being considered for the use of that building.

MR. CHAIRMAN.- Probably an off-white elephant.

HON. A. M. RADRODRO.- Just an informational question again on the Thurston Garden initiative. You are not part of that, your move to build offices there?

MR. R. NAIR.- Thurston Garden, the land has been allocated to the Indian High Commission.

MR. CHAIRMAN.- Honourable Dean, do you have a question?

HON. M.M.A. DEAN.- Mr. Chairman, bulletpoint one; I was just interested to know as to why at first the work was delayed for 18 months regarding that building? You mentioned 18 months of delay.

MR. CHAIRMAN.- Yes, what it says here is that, the refurbishment, the building works started after 18 months. It was delayed for 18 months.

HON. M.M.A. DEAN.- I was just interested in knowing why.

MR. CHAIRMAN.- They have given a reason here because funds were provided, but there seems to be something wrong there. It says, and I quote:

“The refurbishment work on Stephen’s buildings was delayed by more than a year (18 months) as funds were provided in 2013.”

What is the explanation there Principle Accounts Officer, the fund came in earlier or the fund came in later? The contract was in 2014 and funds were provided in 2013, so the funds were already somewhere either in the donor’s hands or your hands.

MS. M. CAMA.- Mr. Chairman, if I may just answer your question, maybe Auditor-General can correct me in this, I believe the funds that you are referring to in here are some of the donor funds that I have highlighted all around.

MR. CHAIRMAN.- OAG can you explain that? It seems to be that the building works was delayed by 18 months because the funds were delayed. But in here the funds arrived in 2013 but the contract was signed in 2014, there was 18 months delay. Is the date 2013 correct or was it supposed to be 2015?

MR. R. NAIR.- I think there is something wrong with the dates.

AUDIT REP.- 18 months, in the second last bulletpoint from the bottom. When the audit was conducted in 2015, the building was still unoccupied.

MR. CHAIRMAN.- Yes, we understand that the building was eventually completed in 2015. But in the first bulletpoint, it says that refurbishment works was signed on 15th July, 2014 at the contract price (6 weeks), refurbishment works was delayed for more than a year.

AUDIT REP.- The funds were provided in 2013 and because of the delay for the waiver, this fund was rolled over into 2014 in the SLG 84, not from the budget, it was taken out of the budget and rolled over into the following year.

MR. CHAIRMAN.- PS, what was the cause of the delay?

AUDIT REP.- My apologies, Mr. Chairman, they were unable to utilise the funds in 2013, then they requested Ministry of Finance to carry over those funds into 2014. It is not a Trust Fund account, it is just a liability account within the Consolidated Fund and it is like where you carry forward the fund to utilise in the next period.

MR. CHAIRMAN.- PS, is there any explanation for the delay of 18 months because the fund was there, something else must have happened?

MR. R. NAIR.- Yes, I know it is very confusing as you see it there. My information is that, the building works was completed in 2013 and it has been empty ever since. The issue was that, the whole process took longer than it was initially contracted for.

MR. CHAIRMAN.- At the bottom of the page says the works completed on 28th March, 2015.

HON. M.M.A. DEAN.- That is the whole confusion, Mr. Chairman. I mean, considering the year, it is still every confusing.

AUDIT REP.- Mr. Chairman, when you say completed, then there is a Completion Certificate, then they are able to move in to utilise the building. The work was supposed to be completed in 2013, the refurbishment, that is 12 months, they took the whole of 2014 again. The audit was conducted in August, 2015 when this report was finalised. Still at that time no Completion Certificate was obtained, so that was showing the delay, the work was not completed.

MR. CHAIRMAN.- So the duration was supposed to be for six months but it ended up by being almost two years, that is why it says 18 months delay, so 18 plus 6? But the files are still with FICAC, probably we can write to FICAC and ask what is happening with this. But then the other pertinent point is, this has been raised now to this Committee.

HON. H.R.T. POLITINI.- Mr. Chairman, through you, I think if we look at this issue concerning this building, the crux of the problem can be in bulletpoints 2, 3 and 4. First of all, there was no vetting of agreement by the SG's Office of the refurbishment; secondly, the Ministry failed to involve building engineers from the Building and Government Architects from PWD and then thirdly, the scoping of the contract work was not independently determined to safeguard the interest of the Government.

MR. CHAIRMAN.- Then on the following page, the first bulletpoint there actually explains a lot, I quote:

“The defect liability period has been wasted as the Ministry did not move in to occupy the building and enable them to identify defects to be repaired at a cost to the contractor. Any defect identified after the defection period will be repaired to the additional costs to government.”

So now, even if someone moves in and identifies the defects, the contractor will not pay because the period is over.

HON. RATU S.V. NANOVO.- Mr. Chairman, in cases like this, who should be disciplined, the whole Ministry or the person in charge or who?

MR. CHAIRMAN.- The Ministry of Finance can answer that, what happens?

MOE REP.- Mr. Chairman, this will be a big learning curve for the Ministry of Foreign Affairs and for any further refurbishment that they will undertake, they should make sure that they follow the recommendations of the Auditor-General.

MR. CHAIRMAN.- The learning curve is alright but Honourable Nanovo’s question is, now that this has happened, who should be held responsible?

HON. RATU S.V. NANOVO.- If this is done by a particular officer, he/she will be surcharged now.

MR. R. NAIR.- Mr. Chairman, if I can intervene, that is what we will try to find out where the responsibilities lie. I mean, this chain of events that has been highlighted over the years of concern, I think the whole inquiry is undertaken now, as to why these things had happened and who is responsible for it.

MR. CHAIRMAN.- Are you doing your internal investigations on this issue?

MR. R. NAIR.- We have got all the records and the Honourable Attorney-General has just asked FICAC to intervene and they are doing the investigations.

MR. CHAIRMAN.- If there would have been only one problem, we would probably had some answers but there is a series of, if put in law, we call it committee of errors. It is just something happened, tender was waived, then a building was built, it was not to the standard. Then no one moved in because it was defective - OHS requirements, then the period when you have identified the deficiencies, the defection period has also passed so there are four problems now.

Then the last sentence in the recommendations says, I quote:

“There were a lot of delays for the project and the waiver of tender also exposed the Ministry to a lot of risks as rigid scrutiny was absent thus negligence and other deficiencies identified above have occurred.”

So all these have led to a lot of issues of negligence and deficiencies here. Honourable Nanovo, would you like to go and visit this building one day? As part of your….

HON. A.M. RADRODRO.- Mr. Chairman, just a question to the PS; this money has been utilised, the donated funds?

MR. CHAIRMAN.- Was it donated funds?

HON. A.M. RADRODRO.- Donor funds, is it?

MR. R. NAIR.- Yes, there were some donor funds and some Government funds.

HON. A.M. RADRODRO.- The question that I would like to probably pose to the OAG, whether the Ministry will be taking steps to recover this funds that has been utilised? If you have been doing your internal investigation, are you taking steps to recover these funds?

MR. R. NAIR.- Sir, that will be a decision for the Ministry of Economy to take after the investigation is completed and responsible persons have been identified.

MR. CHAIRMAN.- Because the recommendation been made by the OAG is that, and I quote:

* “The Permanent Secretary should inquire about the deficiencies and negligence found in the project and take appropriate actions to correct and strengthen internal controls.
* The Permanent Secretary and Deputy Secretary should ensure that due diligence are performed prior to signing of the agreement.
* Without the engagement of the government engineers, competent and independent private engineers should be sought.
* The Principal Accounts Officer should ensure cheques are processed and released to the contractor after the successful completion of the work with necessary documentation in place to justify the processing of payments.
* The Ministry should ensure that the refurbishment office are occupied so that government resources are efficiently and effectively utilised.”

So from this angle, the PS is now looking into future projects?

MR. R. NAIR.- Yes, Mr. Chairman. We are looking to future projects and we will be complying or taking that into account. The whole thing is a sorry saga, and there is so much to be learnt from that, and we will be taking account of the Auditor’s recommendations.

MR. CHAIRMAN.- Thank you, Honourable Members. If there is no further questions on that, the matter is now being referred to FICAC, so we can move to Overseas Missions: 8.10 - Payments Anomalies Noted for Overseas Mission Office. It says, and I quote:

“Competitive quotes, instead of public tenders, may be called for procurements below $50,000 unless the PSFA & IC has approved the exemption.”

Can we have some comments on that from the Principal Accounts Officer? The OAG knows that there are payment anomalies noted for Overseas Missions.

MS. M. CAMA.- Mr. Chairman, the ones in question for Overseas Missions are Papua New Guinea and Brazil Missions.

MR. CHAIRMAN.- So those two Missions - Brazil and Papua New Guinea, have been paying money without proper documentation, is that so?

MS. M. CAMA.- Yes, Sir.

MR. CHAIRMAN.- Papua New Guinea itself, the notation is that, and I quote:

“The audit noted the following anomalies for payments made by Papua New Guinea Embassy:

* payment vouchers and other supporting payment records were not stamped paid;
* three quotations were not obtained for airline payments;
* overpayment of per diem allowance for the Second Secretary;
* poor planning for travelling since the Second Secretary had changed his travelling time after payment was made which caused unnecessary charges.”

So again, the second case of changing a ticket caused loss to the Papua New Guinea Embassy. Any checks and balance system have been implemented for that?

MR. R. NAIR.- Mr. Chairman, I can assure you that it has been implemented.

MR. CHAIRMAN.- For this particular case, has the Second Secretary been questioned for his change in travelling arrangements which caused loss to the PNG Embassy?

MS. M. CAMA.- Thank you, Mr. Chairman, according to the reply received from our officer in PNG, it was during the MSG Festival of Arts that was held in PNG where one of the member who participated happened to pass away during that…

MR. CHAIRMAN.- Alright.

MS. M. CAMA.- Yes, Sir.

MR. CHAIRMAN.- On page 12 of your submission, you have mentioned it there. Is that satisfactory with the Honourable Members? That is unforeseen circumstance. Brazil Mission?

HON. M.M.A. DEAN.- Mr. Chairman, the Brazil Mission, we make reference to (b). The Ministry is saying that there were claims that six beds were purchased and they are confirming that only three beds were purchased. So I just need a confirmation from the OAG as to why this information is contradictory.

MR. CHAIRMAN.- So which one are you looking at?

HON. M.M.A. DEAN.- b.

MR.CHAIRMAN.- Brazil Mission ( b)?

HON. M.M.A. DEAN.- Yes, under Brazil Mission.

MR. CHAIRMAN.- Yes, the question WAS raised that the number of beds purchased was supposed to be six but only three were purchased. So you want to come back to us?

HON. M.M.A. DEAN.- No, the Ministry is saying that only three were purchased but the anomaly picked up from the OAG that six were purchased. So which one is the right one?

MS. M. CAMA.- Mr. Chairman, I believe the misinterpretation there that most of the invoices or the attachment that were attached with the payment vouchers were in their language and in abroad, they do not sell beds all in one quotation. According to the justification provided by our Mission in Brazil, beds are sold in different compartments, Sir, bed heads, et cetera.

MR. CHAIRMAN.- So the Brazilians sell their stuff differently. They sell the bed head separate from the bed.

HON. A.M. RADRODRO.- Maybe, if the Audit had conducted their audit over there, they would have understood the interpretation.

MR. CHAIRMAN.- That is why the Board of Survey is so important, is it not? They will know if there is only a bed head purchased or the total bed, or mattress, or bed head missing.

HON. RATU S.V. NANOVO.- Still on that, Mr. Chairman, one lamp table is $2,200. It is quite expensive.

MR. CHAIRMAN.- Brazil equivalence is what? Brazil has smaller currency than Fiji?

HON. RATU S.V. NANOVO.- (Inaudible)

MR. CHAIRMAN.- The issue that the OAG highlighted here is that, I quote:

“The audit also noted that the main supporting documents such as invoices were not stamped “paid”.

They are not raising the issue that was purchased but the invoices were not paid. Then it continued, I quote:

* “The Embassy would not receive value for money based on fair competitions and ethical dealings if it continues not to obtain three quotes to procure from cheapest supplier.
* Processing payments without proper documentation, planning and authorisation increases the risk of double and fraudulent payments.
* In the absence of records and supporting documents, transactions recorded in the general ledger are unauthenticated.”

The issue here is the procurement procedure, three quotations and then the payments. If the payments have been made, it should be stamped paid and tallied. So, is that under control now for respective Embassies, PS?

MR. R. NAIR.- Yes, that continued after that incident but we have been able to bring that into attention and we have been complying and making sure that it is happening now.

MR. CHAIRMAN.- Perhaps, an idea could be that all these issues that have been raised by OAG could be sent in a form of a memo to all the Embassies and then follow it later whether that has been adhered to or not, and then we will see it in the next report.

MR. R. NAIR.- Yes.

MR. CHAIRMAN.- The things that they have highlighted here, it may not be fraudulent per se, but it leaves room open for fraudulent payments. That is the issue that they are saying.

MR. R. NAIR.- I think you have picked it up in the last audit report that was continued, some of them have unstamped vouchers and we have since rectified.

MR. CHAIRMAN.- The final recommendation that the OAG made was that, and I quote:

* “The Director Corporate Services and Principal Accounts Officer should strengthen supervisory checks for records keeping and ensure that procurement procedures and guidelines are followed.
* Proper planning for travels should be made to avoid additional cost and overpayments of per diem allowance are to be recovered from PNG staff.”

There were no comments received from the Ministry.

MR. R. NAIR.- Thank you, Mr. Chairman.

MR. CHAIRMAN.- Any further questions in that regard, Honourable Members? That was the last part of the OAG Report that we were on in terms on Ministry of Foreign Affairs.

HON. A.M. RADRODRO.- Mr. Chairman, first of all, I would like to thank the PS and his team for very good responses prepared for the Committee. I would just like to request an elaboration on the roles that you play. The roles that the Ministry plays in terms of your bilateral agreements and parties. In terms of assistance been rendered to Fiji in regards to *TC Winston* recovery, do you play a role in engaging the donors that come in?

MR. R. NAIR.- We do play a role in approaching possible donors and many times we are successful and sometimes we are not, but we do not handle the money that comes in.

HON. A.M. RADRODRO.- My follow on question is, when assistance do come in specifically, I mention QVS in terms of the assistance that was provided there by the Indonesian Government, do you have in place checks and balances to ensure that what they do produce, the building is up to standard and complies with the Fijian building standard?

MR. R. NAIR.- Honourable Member, that question might be better asked to the Ministry that handle that. I am not able to answer that.

MR. CHAIRMAN.- In fact, PS, those questions are probably as way of background, it has got nothing to do with the non-reflection on your answers. It has got nothing to do with the audit but the Honourable Member has a legitimate question on what we saw for the St. Stephen building. If funds do come, those funds may not be up to the mark, that is why the question was asked. But thanks for the brief background, we will check with the respective Ministry in respect of QVS.

MR. R. NAIR.- I believe so.

HON. RATU S.V. NANOVO.- Mr .Chairman, just before we finish off this afternoon, just a request to the Permanent Secretary if we can also do a performance audit on that building, just to have a look at what has been done.

MR. CHAIRMAN.- We have to look into that, I mean, I would like to see it myself but if FICAC is taking care of the case, if you go there you might be arrested. We will check on that.

Well, that brings us to the end of today’s presentation and before I finish, PS thank you very much for your comprehensive written responses and all your responses provided here. Also, the Principal Accounts Officer, your responses have been noted. It is just that your interview is probably the longest we have done so far and the anomalies that we have noted are probably more glaring then other Ministries.

Your Ministry is the Ministry that actually represents Fiji outside, all our Embassies. You are the ones who give us a good name outside. So, we would request if some stringent processes are implemented, those things will not be repeated. Earlier in the day, we had the Solicitor-General’s Office here and they are probably one of the cleanest Ministry, if I may call it. They just have a three-page OAG Report, there was only one slide noted which was not actually anomaly. We have Ministries and Departments appearing here what we hope to see in the following report after we have highlighted all these issues, that these are not repeated. So, we request your Ministry, all the way from the PS level down to implement adequate procedures to avoid this kind of anomalies.

MR. R. NAIR.- We will take that on board, Mr. Chairman. We will take note of it and a seriousness of it. I believe that this was in 2014. There might be some anomalies in 2015. I want to assure you that we have been very diligently following it and putting in proper measures for that not to happen.

(Vote of Thanks by Chairman)

MR. R. NAIR.- Thank you.

The Committee adjourned at 4.54 p.m.