**PUBLIC ACCOUNTS COMMITTEE**

**[Verbatim Report of Meeting]**

**HELD IN THE**

**COMMITTEE ROOM (EAST WING)**

**ON**

**TUESDAY, 28TH MARCH, 2017**

**VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD IN THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON TUESDAY 28TH MARCH, 2017 AT 9.30 A.M.**

**Submittee: Accountability and Transparency, Human Rights and Anti-**

**Discrimination Commission**

In Attendance:

1. Mr. Ashwin Raj - Director
2. Mr. Parmesh Waran - Manager Corporate
3. Ms. Varanisese - Accountant

Ministry of Economy

1. Mr. Atin Chand
2. Mr. Ashneel Prasad
3. Ms. Kaushal Bali

Office of the Auditor-General

1. Mr. Seremaia Delana

ACTING CHAIRPERSON.- A very good morning to you all. First of all, may I apologise on behalf of both, Mr. Chairmanand the Deputy Chairperson, who are still not here. Mr. Chairman is expected back from his overseas travel and Deputy Chair has called in he will be late and his not feeling well this morning and I am here to deputise in their positions.

First of all, a very good warm welcome to members of the Accountability, Transparency, Human Rights and Discrimination Commission.

(Introduction of Accountability, Transparency, Human Rights and Anti-Discrimination Commission, Ministry of Economy and Office of the Auditor-General Officials)

We also welcome the members of the press and the general public.

We thank you again, Mr. Raj, for exceeding acceding to the request to come before the Committee. I would also like to introduce your team, not only the Honourable Members of the Committee but we also have with us Mr. Rob Oakeshott from Australia, a former Member of Parliament from Australia, who is here as an Observer. I take this hour to welcome him.

Without further ado, I will give the floor to you, Mr Raj.

MR. A. RAJ.- Thank you, Acting Chairperson and Honourable Members of the Standing Committee on Public Accounts. The Human Rights and Anti-Discrimination Commission and the Commission hereafter, acknowledges receipt of the correspondence from the Parliamentary Standing Committee on Public Accounts requesting the Commission to present itself to clarify issues raised by the Auditor-General in its 2014 Report.

As requested, the Commission will make a presentation in its roles and functions, the organisational structure, as well as respond to the Auditor-General, including the Statement of Receipts and Expenditure and Appropriation Statement. So let me begin with the roles and functions of the Commission.

The basic rights guaranteed under the Fijian Constitution are drawn from the internationally recognised human rights norms and principles, such as the Universal Declaration of Human Rights or Bill of Rights that emanates from that. These rights are guaranteed by law which means that the State and all private actors within the State are legally obligated to protect and promote fundamental human rights and freedom in both, public and private spheres of life. The State is legally obligated to take positive steps in facilitating the enjoyment of fundamental human rights and freedom.

Recognising the centrality of the principles of equality and non-discrimination, the Constitution of the Republic of Fiji provides for the establishment of the Human Rights and Anti-Discrimination Commission, and pursuant to Section 45(4)(a) to (h) of the Constitution, the roles and responsibilities are defined as follows:

1. Promoting the protection and observance of, and respect for, human rights in public and private institutions, and to develop a culture of human rights in Fiji;
2. education about the rights and freedoms recognised in this Chapter, as well as other internationally recognised rights and freedoms;
3. monitoring, investigating and reporting on the observance of human rights in all spheres of life;
4. making recommendations to Government concerning matters affecting the rights and freedoms recognised in this Chapter, including recommendations concerning existing or proposed laws;
5. receiving and investigating complaints about alleged abuses of human rights and take steps to secure appropriate redress if human rights have been violated, including making applications to court for redress or for other forms of relief or remedies;
6. investigating or researching, on its own initiative or on the basis of a complaint, any matter in respect of human rights, and make recommendations to improve the functioning of public or private entities;
7. monitoring compliance by the State with obligations under treaties and conventions relating to human rights; and
8. Performing any other functions or exercising any powers as are conferred on the Commission by a written law.

Furthermore, Section 11(1) of the Human Rights Commission Act confers the following functions to the Commission, to:

1. educate the public about the nature and content of human rights;
2. make recommendations to the Government about matters affecting compliance with human rights;
3. promote and protect human rights of all persons in Fiji; and
4. perform such other functions as are conferred on it by the Act or any other written law.

So, there is much consonance between the provisions of the Human Rights Commission Act as well as Section 45(4) of the Constitution.

Moving on to the next question about the organisational structure, Acting Chairperson and Honourable Members of the Committee, you have before you on Page 3 of our response an organisational structure and this entails, of course, the Board which constitutes of the Chairperson; the Proceedings Commissioner; the Commissioner responsible for education, one for Northern as well as another commissioner; the CEO of the Commission; and the Director who reports to the Commissioners and the Chairperson, under which you have a four-tier structure which is delineated around corporate, legal, complaints, education and advocacy and this really responds to the roles and responsibilities articulated in the Constitution that the Commission is mandated to undertake.

In terms of person to post, we have at present, a Chairperson, Justice Mohammed Ajmeer; a Proceedings Commissioner, Mr Faiz Khan; the Commissioner Northern, Ms. Selina Lee Wah who is based in Labasa; and we have two positions of Commissioners vacant at this point. We also have a total of 24 established positions with 10 positions vacant, that is 42 percent.

The Commission in its 2017-2018 Budget submission will request for an increase to accommodate the recruitment of additional staff to ensure the progressive realisation of the rights enshrined in the Constitution of the Republic of Fiji.

Let me attend to the findings of the 2014 Report of the Auditor-General. Under Section 12 on Accountability, Transparency, Human Rights and Anti-Discrimination Commission Report, Section 12.1 states and I quote:

“The audit of the 2014 financial statement of the Accountability, Transparency, Human Rights and Anti-Discrimination Commission resulted in the issue of an unqualified audit report.”

While the Commission welcomes the findings of the 2014 financial audit that there are no anomalies in the operational audit of the commission, it equally acknowledges the Auditor-General’s findings that in the absence of a Chairperson, Commissioners and a substantive Director, the Commission has not undertaken a financial audit since 2008.

Section 45(2) of the Human Rights Commission Act expressly provides that, and I quote:

“With the prior written approval of the Minister, any Commissioner may from time to time, by writing under his or her hand, delegate to any employee of the Commission any of the Commissioner’s powers under this Decree, (and here is the emphasis) except this power of delegation and the power to make any report under the Decree.”

Furthermore, pursuant to Part 15 of the Human Rights Commission Finance Manual, the responsibility of the preparation of the Financial Report is assigned to the Director, the Deputy Director and the Accountant. Procedurally, the Deputy Director is responsible for coordinating the preparation of a monthly management report, outlining the performance of the Commission, including the formulation of a financial performance report.

The Accountant of the Commission is required to submit a financial performance report, including the:

1. actual revenue collected against forecast;
2. actual expenditure todate against budget for each activity or output and each SEG; and
3. actual expenditure todate and commitments against budget for each output activity and each SEG.

Since 2008, however, the Commission has been functioning without a Chairperson and Commissioners. The Commission was without a Director and Deputy Director in 2009. The Principal Legal Officer assumed the responsibilities of the officer in charge in 2009 until 2011 when the accountant took over the responsibilities of the officer in charge.

It is imperative to note that since 2008, the officers of the Commission have failed to comply with the requirements of the Financial Manual. The Commission, however, has had periodic operations audit conducted by the Auditor-General. The last operations audit was conducted in 2014 and the next is scheduled for later this year.

Pursuant to Section 45(2) of the Fijian Constitution, the President on the advice of the Constitutional Offices Commission, appointed a Chairperson and four Human Rights Commissioners in May 2015. In February 2016, the Board appointed a Substantive Director.

Following those appointments, the Commission conducted a full Board of Survey in 2016, verifying the existence and the physical health of all the assets, dating back to 1999. The Board of Survey reported missing items for which the Commission had instituted disciplinary proceedings, including the termination of the Contract of Service for three staff.

Furthermore, the Commission has also conducted an audit of the Complaints Department in 2016 which revealed understatement of complaints received by the Commission. Assistance was also sought from the Fiji Revenue and Customs Authority (FRCA) to audit the Commission’s accounting software. The Commission, therefore, has made serious efforts in strengthening institutional governance since the appointment of the Commissioners and the Director.

What is the way forward? Given the fact that we have an institution that has not undertaken financial audit since 2008, I think it is very important that the Accountability, Transparency, Human Rights and Anti-Discrimination Commission shows that it is making serious efforts in strengthening the ethos of accountability, transparency and good governance.

Therefore, we submit that in order to comply with the national legislation on financial accountability, the Commission will appoint a qualified internal auditor on a project term basis, who will undertake the responsibility of preparing the financials and its submission to the Office of the Auditor-General. The appointment will be made by June 2017, and we have proposed timelines for that.

What we are proposing is that from 30th November, 2017 to 15th December, 2017, what we intended to do is clear up all the financials from 2008. So 2009 will be covered from 8th June, 2018 to 29th June, 2018. Again, we are going to look at the reports from 2010, et cetera, and it is envisaged that by 2020 we should have cleared all these reports and they should appear before the Office of the Auditor-General.

Furthermore, the Commission has formulated a Financial Manual by 2020. By 2020, the Commission envisages to fully implement a standardised financial reporting mechanism complying with the International Financial Reporting Standards (IFRS) and national legislations. So let me address the issue of Statement, of Receipts and Expenditure, and our remarks.

The Commission made a budget submission of $1.285 million in 2014, only $550,000 was approved by Government which was sufficient to cater for the operational expenses. Following the appointment of the Commission Board in May 2015 and its substantive Director in February 2016, the Government approved 100 percent of the Commission’s budget requisition of $1.4 million, close to $1.5 million for the financial year 2016 and 2017.

The Commission concurs with the findings of the Auditor-General that in 2014, there was an increase in Operating Grants and Transfers by $137,500. This was the result of full disbursement of budgeted funds to the Accountability, Transparency, Human Rights and Anti-Discrimination Commission. The budgeted funds was not fully disbursed to the Commission in 2013.

Let me refer to the Appropriation Statement. The re-deployment of $35,000 from the Commission’s budget resulted in Government disbursing $550,000 to the Commission under Special Expenditure Grouping - SEG 6 one line budget. Following the announcement of the 2014 Budget by the Honourable Minister for Economy, the Commission had to re-strategise its objectives to ensure that the proposed expenditure did not exceed the budgetary allocation of $550,000. Complaints, investigations and resolutions, and education and advocacy, therefore, were prioritised as targets for 2014 and again, very consistent with our constitutional mandate, as well as the responsibilities set out under the Human Rights Commission Act.

Grants to the Commission: Pursuant to Section 45(11) of the Fijian Constitution, it provides that and I quote:

“Parliament shall ensure that adequate funding and resources are made available to the Commission, to enable it to independently and effectively exercise its powers and perform its functions and duties.”

In Section 45(12) further provides that, and I quote:

“The Commission shall have control of its own budget and finances, as approved by Parliament.”

The Commission has submitted quarterly returns to its line Ministry - Office of the Prime Minister, to secure disbursement of grants to the Commission. The returns included; Quarterly Acquittal Returns, Activity Achievement Report and Quarterly Operational Plan.

The Human Rights and Anti-Discrimination Commission is fully committed to the principles of good governance, accountability and transparency and will ensure that the Commission will undertake a financial audit for the period of 2008 to 2016, as outlined in its submission to the Parliamentary Standing Committee on Public Accounts today. Thank you.

ACTING CHAIRPERSON..- Mr. Raj, I wish to thank you for that very, very transparent report that we had requested. Unfortunately, the lead questions, if any, was to have been prepared by the Deputy Chairman. However, I open up the floor to our two Honourable Members of the Public Accounts Committee or prorogue if you may wish, to comment. The floor is open gentlemen.

HON. RATU S.V. NANOVO.- Thank you, Acting Chairperson. I do thank the team for their presentation this morning. However, the point of concern is the delay in submitting all your required audits to the Office of the Auditor-General. Can we ask the Ministry of Economy; were you aware of all these delays? Were they been informed? Were they prepared to come and assist you when this happened?

MR. A. RAJ.- Thank you, Honourable Ratu Nanovo, for your concerns. These are very legitimate concerns and I am here this morning to actually state very explicitly that here is a Commission without subject to proper public scrutiny, given the legal perimeters that would preclude them from actively (sort of) undertake this exercise, I think demands that some urgent action to be taken and it is not permissible to simply say that because the Director and the Commissioners were not there, we could not do anything.

The reality is that the Accountant at that time could have done these reports and upon the appointment of the Chairperson, readily made those reports available and that was a matter of great concern for me because when I was appointed in February 2016, I did ask those questions. So full detailed reports that we did last year both, on the assets of the Commission, the nature of complaints of the Commission received and why the audits revealed that complaints were understated. It got me seriously concerned and then I moved to the finances as well. I mean, I want to be very, very clear about this morning without trying to justify what is happening is that, the Accountant should have done his job. The Accountant should have basically audited and made those reports available upon the appointment of the Chairperson procedurally, to then refer to the Office of the Auditor-General. The Office of the Auditor-General was absolutely aware.

The Accountant would then use the argument that given the provisions of the Human Rights Commission Act and given the fact that the Financial Manual did not give this individual the authority to do so, can no longer be used to justify which is why (I think) we want to give a very, very clear undertaking this morning that we must arrest the situation immediately. We must make sure that the audits do take place and this is why I have acted very strictly in my one year as the Director of the Commission, to make sure that all necessary audits are undertaken, that the books are clear, that it is done with transparency which is why we do not want to sit this morning and insult any Honourable Member of this Committee or its Chairperson or the Office of the Auditor-General to say; “Well, I am sorry, this is our position, our position is very clear.” It is an accountability, a transparency institution and it is, after all, the Human Rights Commission.

For us to be able to do that, we plead to the Committee this morning to please take full cognisance of the legal constraints, the fact that the Financial Manual did not permit (in the absence of the substantive Director or a Chairperson) to undertake those things, readily acknowledging that the Accountant could have done the groundwork for it, we want to work very, very closely, get the audit done and refer the files to the Office of the Auditor-General.

ACTING CHAIRPERSON.- Thank you, Mr. Raj. Since we do not have any other further questions for your good selves this morning, Mr. Raj, the OAG may perhaps, wish to comment.

AUDIT REP.- Thank you Acting Chairperson, and Honourable Members. The report under consideration this morning, section 12 of the OAG’s report for 2014 is on the disbursement of the Grant under Head 13 from the Government Budget. The administrative Ministry then was the Office of the Prime Minister.

The audit of the disbursement of the Grant resulted in the unqualified report as stated in the first paragraph. However, given that the accounts from the Commission was not forthcoming, we had even gone ahead to the Commission to check and verify the usage of the Grant, in addition to the normal requirement as per Grant agreement. So, we undertook an operational audit in 2014 for this current year.

The administration of the Grant for the Commission is now under the Office of the Attorney-General as of 2015 and this is also highlighted there regarding the submission of the accounts.

ACTING CHAIRPERSON.- Thank you. Do we have any comments from the Ministry of Economy?

MR. A. RAJ.- Acting Chairperson, with your indulgence, if I can take a moment because I do have a serious concern about the findings of the OAG and the fact that it can be susceptible to politicisation. If I can go on record very publicly this morning to say that the Human Rights and Anti-Discrimination Commission has got nothing to hide, we are an independent Commission, we want to be very transparent, we take the concern that the Accountant failed to act from 2008 in furnishing these reports very, very seriously.

We want to arrest this situation because for us, we do not want the argument the technocratic argument around the legal parameters, precluding the commission from fulfilling that particular requirement to then obfuscate the larger goal of the Commission which is to strengthen human rights landscape in the country and greater gender ethos of human rights and non-discrimination, strengthening accountability, transparency, et cetera.

I have concerns because some of these reports were made available on the *Facebook* page of political parties that have already started running a commentary about the fact that the Director of the Human Rights Commission should not be talking about racism, should be more focused on strengthening governance. I want to submit this morning very, very clearly that it should not be one at the expense of another.

When we speak about racism and discrimination or when we talk about human rights, that is within the Constitutional mandate. At the same time, we readily accept that if the Commission is going to go out and talk about human rights or accountability or talk about transparency, then it must embody those values too and be held accountable. So, I want to thank all of you this morning for creating the conditions of possibilities so that we can clear the air on this issue, and I look forward to working very closely with the all of you so that we can build trust and confidence. Thank you.

ACTING CHAIRPERSON.- Thank you, Mr. Raj.

HON. A.M. RADRODRO.- Acting Chairperson, just to the Director, your role as stated in your first page is just a general brief; how long does it take the Commission to conduct its investigation of report of human rights abuse once it is reported?

MR. A. RAJ.- Thank you, Honourable Radrodro, for your question, a very important question in terms of the responsiveness of the Commission and whether there is confidence in whether the Commission is able to investigate on time. When I was appointed, I looked at the number of complaints, et cetera, and I saw a backlog of complaints, but the audit of complaints then revealed that the number of complaints was seriously understated. So, we looked at about 600 complaints, what was reported was about 200.

Of course, by that time the Manager Complaints had stepped down, so no one could be held accountable but I thought the audit must be done, so we pulled out all the files. One of the things that I did ask was; well procedurally what was the Commission doing when it was in receipt of a complaint? Did we have a clear policy in terms of how much time the Commission takes to respond to firstly, acknowledge that a complaint has been received? So when I was appointed, I learnt much to my dismay that there were still members of the public who did not receive an acknowledgment letter, that the Commission was in receipt of their complaints. That is unacceptable!

Secondly, how long does it take the Commission to investigate? What are the procedures in place so that you can say whether a complaint either exceeds jurisdiction or is it within jurisdiction, therefore, the Commission will now proceed to investigate and litigate? So just to very briefly answer your question, Honourable Radrodro, without sounding overzealous, what we did was, we put something in place where procedurally an acknowledgement letter needs to be sent within seven days and no later.

All investigations need to be completed within 21 days, depending on the nature of the human rights violation and whether it entails something much more complex as far as investigations are concerned, for instance, the hiring of trained psychologies or procuring the service of a doctor, et cetera, and whether the other institutions, for example, the Police and others are responsive to what the Commission is doing.

Thirdly, is the litigation; how much time does it take for the lawyers to get a brief ready so that we can do an amicus intervention? What we have read now, we have regularised all these practiced and this is actually reflected in our strategic plan as well. This is a Commission that did not have a strategic plan and did not have a corporate plan. So in 2016 when I got the position of the Director, the first thing I did was, I did a strategic plan and a corporate plan to ensure that what the Commission receives by way of grant is actually used in a responsible manner, that we fulfil our mandate, that the public has confidence that the Commission is an active commission, and that the Commission is responsive.

So, Honourable Radrodro’s question is an important one; how long does it take the Commission to intervene? So, we have pulled out the 600 files and we are responding to all of them. We are calling members of the public, we are following up on complaints and we are seeing where it is necessary to either litigate or to do a mediation or any other remedy available to the Commission under the Act.

ACTING CHAIRPERSON.- Thank you, Mr. Raj. I think it is most important that an acknowledgment must go regardless of what business we are in. At least, the complainant is half relieved to know that someone is addressing it but when there is no acknowledgment, they are still kept in the dark so thank you for that.

MR. A. RAJ.- I concur, Acting Chairperson.

ACTING CHAIRPERSON.- Since there are no other questions, I take this opportunity on behalf of the Public Accounts Committee, Mr. Raj, to thank you and your team for your very thorough and very precise and transparent reporting this morning. Should we feel there is something that might have gone amiss, we will be in touch with your office.

MR. A. RAJ.- Please do, our office will comply. Thank you everyone.

ACTING CHAIRPERSON.- Thank you once again.

The Committee adjourned at 9.58 a.m.

The Committee resumed at 10.05 a.m.

**Submittee:** **Office of the Prime Minister**

In attendance:

1. Ms. Peniana Lalabalavu - Deputy Secretary
2. Mr. Moape Rokosuka - Director Finance & Corporate Services
3. Ms. Asena Raiwalui

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ACTING CHAIRPERSON.- Thank you, ladies and gentleman. I take this opportunity, on behalf of the Public Accounts Committee Members to welcome our team from the Office of the Prime Minister. It is unfortunate that our Chairman who is expected to have returned from overseas business is not here with us this morning. Secondly, our Deputy Chairperson is feeling a bit sick this morning, hence the reason I am co-chairing this meeting. Welcome to the Public Accounts Committee meeting.

As you can see, we have the representatives from the Office of the Auditor-General (OAG) as well as the Ministry of Economy. I just wish to introduce to your good selves, Mr. Robert Oakeshott from Australia, a retired politician himself, Member of Parliament of Australia, who is assisting the Public Accounts Committee and who is also here as an observer.

(Introduction of Honourable Members of the Committee)

First of all, we would like you to present your submission as per our request and then give you much time. There may be supplementary questions from the floor but we hope we can leave that until you finish your submission.

I now offer you the floor, thank you.

MS. P. LALABALAVU.- Thank you, Sir. Good morning, Honourable Members, and colleagues from the OAG as well as the Ministry of Economy. Thank you for inviting us this morning. First of all, I would like to convey the apologies of our Permanent Secretary, who is away overseas and we are presenting on his behalf this morning.

In terms of the context in which we have been required to report on this morning, it will be two-pronged; I will be presenting on the overall background in terms of the Office of the Prime Minister and Director Finance & Corporate Services will present on the core questions that have been directed to the Ministry in terms of the Audit findings.

As you are aware, the role of the Office of the Prime Minister is to provide coherent policy advice to the Prime Minister and Cabinet under sections 91 and 92 of the Constitution of the Republic of Fiji. The Office of the Prime Minister has vigilant oversight of the national policies and high visibility engagement across the Civil Service.

In pursuant of the Government objectives, the OPM under the ministerial assignment of the Prime Minister co-ordinates and facilitates, monitors and evaluates Government programmes implementation and promotes the dissemination of Government intentions and objectives within the OPM.

We have six Divisions within the Office of the Prime Minister, namely the:

1. Executive Office which comprises the Honourable Prime Minister, the Permanent Secretary and Executive Support Team;
2. Private Office which comprises of personnel and staff who facilitate the private engagements of the Honourable Prime Minister;
3. Cabinet which facilitates Cabinet Meetings and Cabinet Programmes;
4. Policy Division provides analysis on national policies and provides advice to the Honourable Prime Minister, Permanent Secretary as well as to Ministers and Permanent Secretaries;
5. Development Co-operation Division facilitates the management of the development programmes that are within the Office of the Prime Minister; and
6. International Co-operation and Corporate and Finance which looks after the international memorandum of understanding within Government, as well as the administration and financial programmes of the Office of the Prime Minister.

The total roll of the Office of the Prime Minister is 101 which includes the Permanent Secretary, three Deputy Secretaries, Secretary to Cabinet and the whole of staffing from Director level right down to Wage Earners.

I would like to move on and briefly touch on the two issues that were raised; the variances in our reconciliation of accounts and the utilisation of funds on expenditure that was not budgeted. Allow me, Sir, at the outset, to say here that 2014 was a critical year for the Office of the Prime Minister as we began to prepare for the 2014 General Election and the demand was on the Ministry in terms of facilitating the Honourable Prime Minister’s Programmes as he transited before the General Election.

In terms of the variances, these are issues regarding the processes. We admit that there are processes that we have not been accurate with, and I hope we understand that as human beings we tend to make errors particularly during peak time. These processes are the processes that we have been working on and we also need to note that during the past five years down from 2014 backward, the introduction of the new Financial Management Information System and this is something that we continue to try and work on in developing our capacity and at the same time, look at the systems that were required by the Ministry of Finance for us to adopt and also to try and implement accurately. So, along the way there were teething problems in terms of our trying to live up to the processes that was required.

I must say that the Office of the Prime Minister is one office which we strived to have continuous improvement in all our processes and this is something that we work on. Our financial system is one that senior management, including the Honourable Prime Minister is informed monthly and for Heads or the Senior Management fortnightly, we are given updates of our financial utilisation, as well as our financial processes and as and when necessary, continue to try and improve on a number of processes.

In the context of having received the Audit Report, we acknowledge the number of variances that had occurred and which we have also put in place some strategies. These are internal strategies that deal with our human capacity, our institutional capacity in terms of financial processes. Also another issue is the staffing turnover within the Ministry, not turnover that they are moving out of the office, but repositioning people to appropriate positions and that process has caused some of these variances which we have done. But all in all, I would like to name a few things that we have done here.

We have this Financial Manual which we were required by the Ministry of Economy to produce. We have a broad national one which is produced by the Ministry of Economy and then the Ministries have to do their own. We even have to spend time trying to do this one but we managed to get and then we refreshed our people. It is an ongoing everyday work which we get our people to understand and we continue to have our in-house programmes on our financial utilisation within the office. This is something we are very much scrutinised on by the Honourable Prime Minister as well as the Permanent Secretary, on how we are utilising funds within the Ministry.

We continue to send our people to the Fiji Institute of Accountants Forum whereby we are trying to get our people out to be exposed to much more broader concepts and theories of the financial accounting system.

We have a very regular performance assessment within the Office, not only at the individual level, we have it at Unit level and we also have it at the broad Ministry level. We have annual performance, quarterly individual performance as well as mid-term and long-term performance and these touches on all aspects financial outputs, Business Plans and Corporate Plan. So when we were identified with these variances, we knew that there are gaps and loopholes as I said, and these are teething problems that we continue to try and improve upon in the process.

The other note that I would like to touch on is the migration of data. This is something that our accounts system continues to try and work on with the Ministry of Finance, our FMIS system, but I must say that at this point in time we are confident to say that we have established data and I am sure from 2015/2016, there would be not much of these emerging in the context of the Audit findings.

On this note, Sir, I would like to request Mr. Rokosuka to run us through on the core findings in which we are required to answer to this morning. *Vinaka*.

ACTING CHAIRPERSON.- Thank you.

MR. M. ROKOSUKA.- Thank you, Acting Chairperson and Honourable Members of the Public Accounts Committee, as well as colleagues from the two institutions. I will refer your attention to the handout that was distributed on Part A and Part B of the Financial Statement and the Audit Findings. I will talk on those two pages and I request that you can refer to those two pages.

2.1 – Audit Opinion; we were requested to provide some general comments on these areas. Our Audit Opinion for 2014 was qualified just because of the Trade and Manufacturing Account that was with the Public Service Commission.

For the information of the Honourable Members, in 2014 the Public Service Commission and the Office of the Prime Minister came under the same Head which is Head 2. The Public Service Commission runs the Trade and Manufacturing Account and our report was qualified in 2014 because of that issue that you may had noticed outlined there. The total receivables of $68,461 was not disclosed in the Agency Financial Statement.

2.2 - Statement of Receipts and Expenditure; it was noted that we have an increase in revenue for 2014 this was mainly due to the clearance of our stale cheque during that year. So most of those stale cheques had been reinvested back into the Consolidated Revenue Account that is why the revenue was increased in that period.

2.3 - Appropriation Statement; in the year 2014 the Office of the Prime Minister redeployed $1 million from the Ministry’s budget to Fiji’s Road Authority (FRA). I believe in that year, that was a Cabinet decision for the re-deployment of funds and the Office of the Prime Minister re-deployed $1 million of our budget to FRA.

2.4 - Trust Fund Account Statement Of Receipts and Payments; in 2014 we operated two trust accounts – the Chinese Grant and the Taiwanese Grant and the balance sheet on those two accounts are highlighted there. The Chinese Grant of $1.9 million and the Taiwanese Grant had a closing balance of $85,000.

2.5 - Trading and Manufacturing Account (TMA) for Government Quarters; as I had already alluded to earlier, this rests with the Public Service Commission because they operated this particular TMA Account. We cannot elaborate further on this issue at this stage because this is an issue related to the Public Service Commission.

Part B - Audit Findings; there are three issues highlighted in the Audit Findings of the Auditor-General’s Report.

2.6 - Unsubstantiated Write-Off; in 2014, just for the information of the Honourable Members, this write-off was a whole exercise for Government that was done by the Ministry of Finance at that time, writing off some unverified balances sitting in the accounts of Ministries. So it was a whole of Government exercise, not only focussed on OPM and I believe my colleagues from the OAG and the Ministry of Economy will elaborate further on this exercise that was done at that time to clear unverified balances so that our reconciliation can be updated and corrected.

2.7 - Unverified Account Receivable Balance; in 2014, as I had already mentioned, we were under the same Budget Head with the Public Service Commission and this particular audit issue related to PSC. The unverified account receivables were for the Public Service Commission and it was written off by the Ministry of Economy in the year 2015 upon the request from the Public Service Commission.

2.8 - Diversion of Rural Sports Complex Fund for Retention Money; in 2013 and 2014, we at the Office of the Prime Minister were responsible for the payment of the contractors that were engaged in the dredging of the Nawaka River and the Sigatoka River. Part of this agreement in the MOA is the retaining of 10 percent retention fund and this retention fund is to be paid out once the project is completed.

Since the financial year of Government runs from January to December, we thought at that time that it would be best to keep these returns and money in a separate Trust Account because if we keep it in the Consolidated Account at the end of the financial year, it will be returned to the Ministry Finance. So at that period, we thought it would be temporary and best to put that 10 percent that we took out from the contractors’ payment to be deposited into our existing account when we had a Chinese Grant Account at that time.

Later on, it was identified by the Auditors that was not right to keep that money there and it was very important to keep a separate Trust Account, so we opened a separate Trust Account. When we went back to the Chinese Account to try and identify this balance and because it was an oversight by the Accounts staff at that time who was doing the reconciliation of the Chinese Trust Account, we noted that that money may have been utilised in the Chinese Grant Project. So we looked into our budget and saw that there was some balance left in the rural sports complex allocation fund and we requested the Ministry of Economy with the approval of our Permanent Secretary at that time, to get that savings to open up the Retention Fund, so we opened up the Retention Fund. In 2014, we did a major exercise to try and look at our reconciliation again and looked back at the Chinese Grant Trust Fund. We did a thorough reconciliation of this account and we found out that, that money (retention fund) is still sitting there in the Chinese Grant Trust Fund account.

We had a discussion with the Ministry of Economy and they advised us to take that money out. Since money had been taken from our budget, the savings that we had, we took money from the Chinese Grant and we deposited it back into the Consolidated Fund Account with the Ministry of Economy, just to offset the fund that we took out from budgeted funds for the rural sports complex. That is the story behind that $2.8 the diversion of the rural sports complex fund.

If you note in our last paragraph after discussions with the OAG, a cheque was written amounting to $937,000. That was the total 10 percent retention fund that was kept in the Chinese Grant Trust Fund account that we later on identified that it is still sitting there. We withdrew that money from the Chinese account and deposited it into the Consolidated Fund Account with the Ministry of Economy, just to offset and correct that oversight that was done.

Acting Chairperson and Members of the PAC Committee, briefly, that is our submission before you this morning. *Vinaka vakalevu.*

ACTING CHAIRPERSON.- Thank you. I now open the floor to Honourable Members of the Public Accounts Committee for any supplementary questions. Thank you.

HON. A.M. RADRODRO.- Acting Chairperson, thank you. Just referring to your organisation structure, you have some vacancies there - Deputy Secretary Development Co-operation and going right down to the Butler. Can you give us an indication as to when will these appointments be made?

MS. P. LALABALAVU.- Thank you, Acting Chairperson. Positions that are vacant within the Office of the Prime Minister have been on hold pending the programmes that are required by the Civil Service Reform. This is in relation to the job evaluation process which is now being undertaken in which we are going to evaluate all positions within the Public Service, as well as our new selection and recruitment process. These are all being facilitated to enable advertisements to be undertaken as and when it is completed. So, we hope to fill these positions once we complete the job evaluation and we will have the process go on in terms of the vacancies.

HON. A.M. RADRODRO.- Just further on from that on the Audit Findings, the Unsubstantiated Write-offs, there is a listing provided by the Auditor-General which include the Chinese aid money amounting to $912,000 and also the Taiwanese Grant. What were these monies used for?

MR. M. ROKOSUKA.- The Taiwanese Grant and the Chinese Grant are moneys given for projects that are facilitated by OPM. There are few major projects implemented during that year and that fund was given to the OPM to administer just for those major projects that were implemented. We have some major projects, for example, the construction of buildings like classrooms and we can provide you with the details; we have the Navuso Bridge construction and other major projects. We can provide you with a list of projects we have funded later on, if you want.

HON. A.M. RADRODRO.- So, you had disbursed these funds and were later written off? This is the write-off listing that I am referring to, Chinese Grant and the Taiwanese Grant.

MR. M. ROKOSUKA.- The write-off that was done at that time was basically for the funds given from the budget that was what we understood. In terms of the trust funds, these are funds that was kept in a separate trust account with us and from our perspective, none of these funds were written off. The write-off was done only on the budgeted funds or the funds provided by Government.

HON. A.M. RADRODRO.- OAG, can you comment on this? In your listing in Appendix 2.3, you have a write-off amount of $1.16 million, including the Chinese Grant of $912 million and the Taiwanese Grant of $34 million.

AUDIT REP.- Thank you Acting Chairperson. This is the list our office provided to the Ministry of Finance then which is Ministry of Economy now, for write-off. As mentioned by Director Finance & Corporate Services, that these are accounts in the General Ledger (GL) that they were not able to verify or determine what the accounts are for. Some of them are like dormant accounts, just sitting there in GL and not moving, so they carry out this exercise. Appendix 2.3 lists out all the ledger accounts that they submitted to the Ministry of Economy for write-off.

We raise this issue because they have written off these accounts without determining what those accounts are for. The list that I have provided here is inclusive of the two Grant accounts which are at the bottom - the Chinese Grant and Taiwanese Grant. Those are accounts from the GL.

HON. A.M. RADRODRO.- Thank you. That is the gist of the question, on those two aid grants - the Chinese Grant and the Taiwanese Grant, and why the write off? What were those expenditures that were written off used for?

MR. M. ROKOSUKA.- Sir, can we get back to the Committee via a written response on these two items to explain why they had been written off. We will write our response to the Committee.

ACTING CHAIRPERSON.- Yes, we will appreciate that. Thank you.

HON. A.M. RADRODRO.- Acting Chairperson, on those Grants, does the OPM provide reports/acquittals on how the donor funds were utilised for transparency purposes to the donors?

MR. M. ROKOSUKA.- Actually, Sir, in terms of our reporting, we do our reporting to the Ministry of Economy in terms of the funds that we have, in terms of trust accounts and what we have. With the donor agencies, I believe maybe at management level, they are doing the discussions in terms of how the funds are being used. From previous years what we have noted was that reporting was done basically from us to the Ministry of economy in terms of funds that we get but to the donor agencies, I believe it may be handled at executive level, in terms of reporting to the donor agencies.

HON. A.M. RADRODRO.- Maybe, you can advise whether this process or this kind of reporting is done, just a confirmation and also the management comments on this particular Audit finding on 2.6. The comments state that the Ministry of Economy initiated the exercise of write-off. Ministry of Economy, can you inform the Committee as to why such actions were taken to initiate write-off of such amount?

MOE REP.- Thank you, Honourable Members of the Public Accounts Committee. This audit query has been raised in most of the Ministries and Departments. Please, do note that this is not to be seen as a write-off but as an adjustment or correcting of the GL for Government. There was an exercise conducted in 2013, 2014 and 2015 to adjust and update the GOL, a resolution of the Taskforce headed by the Deputy Secretary Finance, Assets and Management Division to correct and update the whole of Government accounts.

The qualification of amendments or the Auditor-General is referring to it as write-offs to the General Ledger are that it appears in the past three years’ reconciliation as dormant figures. These dormant figures might arise from mispostings and unreconciled or unverified balances outstanding might have been a result of the mapping to the FMIS which is the new system for Government during its inception. If these figures are taken out, then it will correct the GL balances. Also these details were formally submitted and endorsed by the Permanent Secretaries. This exercise updated the Ministries and Departments’ GL balances which led to the non-qualification of the 2015 Government accounts.

Also, the OAG have also been issued the file concerning the matter which contained the details of all Government Ministries and Departments GL adjustments, submissions and then the endorsement of the Honourable Minister for Economy. This GL adjustment exercise will be carried out after every five years with the next one scheduled in 2020, similar to that of the private sector. Thank you.

ACTING CHAIRPERSON.- Honourable Members, any further questions?

HON. RATU S.V. NANOVO.- Thank you, Acting Chairperson. Just to direct the team to 2.14 - Management of Government Quarters, I think this is also part of the work that was administered by the OPM but it is appalling to note that under the Commission’s comment, there was no register for each quarter and works done during those years. How can that be?

(Inaudible)

HON. RATU S.V. NANOVO.- I apologise for that.

ACTING CHAIRPERSON.- Are you withdrawing that question?

HON. RATU S.V. NANOVO.- Yes.

ACTING CHAIRPERSON.- Thank you.

HON. A.M. RADRODRO.- Just on the write-off comments by the Ministry of Finance, I think that is an unacceptable process where you are trying to balance the book by doing the write–off of assets and liabilities. The important thing is, you do not have the supporting documents to support the figures in the GL, I think that is the bottom line. If that process is continuing, then it can be specific that the mismanagement of funds is probably supported in the way of write-offs in terms of the comments by the Ministry of Finance. Even for the OPM, that shows that the recording of figures in your books does not have a necessary proper documentation and supporting documents that allows the Ministry of Finance to initiate the write-off process. So, how long does it keep the record in your books and whether you have proper documentation to support these figures that are been initiated for write-offs?

MS. P. LALABALAVU.- Thank you, Acting Chairperson. We noted the comments and as we had earlier said, we would like to go back and really clarify this issue on write-offs. We will come back to the Committee on that.

I would just like to shed some light on the question by the Honourable Members, in terms of the transparency process of our reporting. For us at the OPM, the only donor funds that we administer is in terms of the development projects through the Chinese Grant and we have reports which we submit to the donor. This is done on a quarterly basis as well as an annual basis in terms of the scope of coverage of where we used it and the amount utilised. So, the reporting has been done in that context.

HON. A.M. RADRODRO.- Thank you. Just on 2.8 – Diversion of Rural Sports Complex Fund. When the funds were diverted, what happens to the sporting complex?

MR. P. ROKOSUKA.- This adjustment, Sir, was done later in December when there was funds available at that time. You may note that at that time, there has been no control by the Ministry of Finance so when we were doing our reconciliation and noted that the funds are still with the sports complex, that is why the funds were diverted to this Retention Fund Account. It was done in late December when the funds were available due to savings at that time.

HON. A.M. RADRODRO.- Which sporting complex is this, Vunidawa?

MR. P. ROKOSUKA.- Yes, this is the sport field.

HON. A.M. RADRODRO.- Which is still not…

MR. P. ROKOSUKA.- Yes.

ACTING CHAIRPERSON.- If there are no other questions from Honourable Members, I take this opportunity to thank the team from the OPM for your submission this morning, and we do look forward to receiving that response. We wish to thank you all again.

The Committee adjourned at 10.45 a.m.

The Committee resumed at 11.11 a.m.

**Submittee:** **Fiji Corrections Service**

In Attendance:

1. Mr. Jo Kulinidilo - Deputy Commissioner

2. Mr. Aporosa T oroca - Accounts Officer

3. Ms. Lusiana Lului - Assistant Accounts Officer

DEPUTY CHAIRPERSON.- Honourable Members and resource personnel from various Ministries and Departments, a very warm welcome to you all. For the information of the Public Accounts Committee (PAC), let me just very briefly and quickly introduce the Officials representing the Fiji Corrections Services.

(Introduction of Fiji Corrections Services Team and PAC Members by Acting Chairperson)

Also present are Officials from the Ministry of Economy, our Secretariat staff seated on both, my right and my left, and also with us is an international consultant, Mr. Robert Oakeshott, who is also assisting the Committee. We have the two Officials from the Office of the Auditor-General (OAG) but I cannot see them now.

Nonetheless, I thank you, Sirs and Madam, for your presence. I believe some questions were sent to you in regards to the Audit Report on the General Administration Sector Volume 2, Parliamentary Paper No. 64 of 2015. Some issues and questions were sent, upon which the Committee requested for some deliberation and discussions on which we will be doing in this session. So without further ado, I would like to give this opportunity to the necessary designate from the Fiji Corrections Services to take us from here. Thank you.

MR. J. KULINIDILO.- Thank you, Sir. In reference to the Audit response in 2014, we have compiled our response and I believe it is there with some of you.

Part A: Financial Statements; there were three opinions raised by the Auditors that caused the qualification of the Audit Statement to be qualified.

The first issue was the Trading and Manufacturing Account which was highlighted by the Auditors that we had an outstanding of receivables to the sum of $102,300. We had rectified the issue in 2015 and as you can see it is attached on page 3 of that report. On top you can see there is an amount of $113,000 and within that $113,000, this amount of $102,000 is included, which was raised by the Auditors as uncollected. So we had collected that $102,000 and is in there.

The second issue is the Prisoners’ Cash Trust Fund. The Auditors raised that they did not prepare bank reconciliation from the Prisoners’ Cash Trust Fund and we had also rectified that issue and the attachment is there on pages 3, 4 and 5 where the FMIS balance has shown $308,404 on the FMIS abstract and also on the reconciliation prepared by our Accounts Team at the Fiji Corrections Services, the tying up of the FMIS and also the monthly reconciliation that was rectified in May 2015.

DEPUTY CHAIRPERSON.- You can proceed Sir. The supplementary questions will come once you end your discussion.

MR. J. KULINIDILO.- Thank you.

We move on, as alluded by the Auditors on the statement of losses, there was no approved correspondence from the Ministry of Finance then for those losses to be written–off, even though it was highlighted in our submission and the Annual Financial Statement that we had shown them the losses, but the unapproved issue was a concern to them.

The first loss of money was $45,597. This was the cost of airline ticket to some of our Officers attending the IPA Conference in Canada. As you can see, Sir, in our submission, that ticket was unutilised because of our visa concern, the transit visa through the United States was not applied and we could not take that route, even though the ticket has already been paid for. But after we returned, a letter was written to the Honourable Minister of Finance and you can see that attached on page 7. As of yet, there was no response received, even though the letter was submitted for write-off approval.

The second loss of money was one of our buildings in Taveuni which was destroyed by fire to the value of $150,000. This was provided by the NFA Report and as of yet, we have tried to gather documents whether a write-off report was submitted to the Ministry of Finance. We have sourced the NFS document but we admit that there was no write-off report submitted to the Ministry of Finance.

The third loss was the loss of assets. Unfortunately, in this issue there was no scrutinising of documents in detail because as you see on page 9, we have attached the Board of Survey Report that was submitted to the Ministry of Finance and the write-off approval that is circle in red of $265,000 which, to our understanding, was approved by the Ministry of Finance as opposed to what the Auditors said that it was not approved.

HON. A.M. RADRODRO.- Deputy Chairperson, just a supplementary question to the Auditors; now that you have highlighted this opinion and the requirements, and the explanations given by the Fiji Corrections Service whether that will change your opinion going forward or will you continue to highlight it?

AUDIT REP.- Thank you, Honourable Member. If documentary evidence is provided then we will revise our opinion in the following order Sir, but at the time of the audit the documents were not provided so as such, the OAG has highlighted that.

DEPUTY CHAIRPERSON.- You may continue.

MR. J. KULINIDILO.- Sir, from 15.2 and 15.5, those are referring to the OAG’s Report in 2014, so I beg your apology on this. We have not got a copy of that right now.

Referring to the Auditor’s report, I apologise that we cannot provide you with that report, we only have one copy with us.

With reference to our receipts, it states, “Our receipt consists of the burial revenue, this revenue is collect from all those who want to bury their loved ones in the cemeteries that are administered by the Fiji Corrections Service.” In 2014 it increased from 2013 by $13,000 in revenue - the agency revenue, the commission revenue and other revenue that can be disclosed by Ms. Lusiana Lului.

DEPUTY CHAIRPERSON.- Is this in regards to revenue?

MR. J. KULINIDILO.- Yes, Sir.

MS. L. LULUI.- Sir, the Miscellaneous Revenue as you can see is stated there as Miscellaneous Fee is from the rental of some of our assets and recovery of some overpayment which we stated there as miscellaneous revenue. Thank you.

HON. A.M. RADRODRO.- What does the state revenue represent?

MS. L. LULUI.- Mostly the state revenue is the burial fee.

HON. A.M. RADRODRO.- Do you account for those that are paid in advance? Do they make arrangements?

MS. L. LULUI.- Yes, that is for reserved plots and it goes in the same allocation as the burial revenue.

DEPUTY CHAIRPERSON.- Apologies, Madam, you alluded to the rental of some of your assets?

MS. L. LULUI.- Yes, mostly we give it back as miscellaneous revenue in the Consolidated Fund Account. Mostly, other departments will hire our buses for official conference and our tents, the Yellow Ribbon tents. Thank you.

HON. A.M. RADRODRO.- This state revenue is from all burial sites or just Lovonilase?

MS. L. LULUI.- It is from all the burial sites in the Divisions – Northern, Western and Central.

HON. A.M. RADRODRO.- What is the rate?

MS. L. LULUI.- It is $36.50 for the private lots. For the re-opened lots, it is the balance of the money that was paid when someone purchases the public plot.

(Inaudible)

MS. L. LULUI.- Same plot.

DEPUTY CHAIRPERSON.- You may continue.

MR. J. KULINIDILO.- Sir, those were the two major revenue that we collected in 2014.

On the expenditure component, Established Staff expenditure increased by nearly $4 million. This shows the number of recruitments that we have been conducting on a yearly basis. These recruits have replaced those who have left the Service and also with the need to increase the capacity in our Correctional Centres due to the need placed on us by our judiciary system.

Government Wage Earners that fell back through the budgetary provision, that is based on our submission, while travel and communications increased. Travel and communications mostly covers the transfer of inmates from one Correctional Centre to another and also to attend some of the judiciary proceedings here or whichever correctional institution they need to be transferred to.

Maintenance and Operations increased by $400,000. As you would know that in yesteryears, the Fiji Corrections Service was deprived of the maintenance and operations issues, especially in our payment of bills. Also, if I am correct, some of these include maintenance of our offices and correctional institutions’ operations and maintenance.

Purchase of goods also increased from $600,000 due to the capacity of inmates, ration that we purchase for them and also their needs, including toiletries, in order to maintain all these inmates inside as they are Government assets also.

Operating Grants and Transfers, this is our PSG and I believe Lusi can explain more on PSGs.

MS. L. LULUI.- The PSG money is actually the stage gratuity. It is the special stages that the inmates have. There are only three stages; the first stage is $2 a month and $4 if they proceed to the second stage, and $6 is the third stage. Mostly, it is provided upon the discharge of the inmates whereby they take that money with them. From the beginning it was $13,000, now it moved to $46,000 because of the increase in capacity. Thank you.

MR. J. KULINIDILO.- Now, moving on to our Capital Construction, it also increased to $2.7 million and most of these constructions are new buildings and they are being constructed in the Western Division - the Lautoka Remand Centre; Lautoka Women’s Facility which is the second women facility, the first is in Suva; and it is all included in that $3 million.

Purchases also increased by $2 million. We noted that in 2013, nothing was provided for purchases but in 2014, $2 million was the provision. This was the purchase of office equipment.

We move on to 15.3 - Appropriation Statement.

HON. A.M. RADRODRO.- Just a clarification on a few aligned items there. Capital purchase highlighted there 27 specialised vehicles, what kind of vehicles are these specialised vehicles? Also on the CCTV, can you just explain to us how this CCTV is operating, is it operational around all around the …

MR. J. KULINIDILO.- Yes, Sir, the specialised vehicles are vehicles with security specifications that escort vehicles.

With CCTV, we have covered all the correctional institutions throughout Fiji and all other areas where inmates are working, especially in farms, et cetera.

HON. A.M. RADRODRO.- Were proper processes and procedures practiced to purchase those CCTV?

MR. J. KULINIDILO.- Yes, Sir, we follow the processes and procedure for purchasing.

If we can move on to 15.3 - Appropriation Statement; just to note that $35 million was the provision. We actually spent $31 million and the appropriation that was unutilised which was $4 million was mostly from our SEG 8 – Construction, which has the bulk of the unutilised portion and which added up $2 million of the total budget that was unutilised.

15.4 - Trust Account Statement of Receipts and Payments; in 2014, we had a total receipt of $265,000 compared to the $126,000 collected in 2013, and payments also increased. This is the prisoners’ cash I am referring to, $188,000 compared to the $37,000 that was paid in 2013, with a closing balance of $283,581. Payments increased from 2013 was due to the number of inmates who were discharged and they were paid their cash which was the main reason for that increase.

15.5 - Trading and Manufacturing Account; in 2014, all figures increased from the 2013 figures. Can Lusiana explain more on this increment from 2013 to 2014?

(Inaudible)

MR. J. KULINIDILO.- From what we gathered in 2013, the TMA had been revived for the sole purpose of inmates’ rehabilitation. In 2014, it was extended to seven SBUs for TMA and that is why all the increases have come in, namely; they have engaged in poultry, piggery, tailor, joinery, vegetables and crops. Those are the main SBUs that were revived from TMA that had made an increase in 2014.

DEPUTY CHAIRPERSON.- So those were the operations which you have in all the Correctional Centres or there are some specific…

MR. J. KULINIDILO.- Sir, on TMAs only in the Southern Division which is in Naboro.

HON. A.M. RADRODRO.- Just a supplementary question to your TMA in 15.4, there is an item – direct labour cost, is this relating to inmate costs or it is outside labour costs?

MS. L. LULUI.- Most of the inmate costs, I believe, is $2 a day and when they are released, they also take that additional to the PSG. That is their commercial allowance when they work as part of the rehabilitation programme.

DEPUTY CHAIRPERSON.- So, the commercial allowance is based upon what, the current labour rate?

MS. L. LULUI.- No, it is similar to the special stage rate, so it is under the discretion of the Commissioner.

MR. J. KULINIDILO.- Part B - Audit Findings. The first part of the Audit Findings is 15.6 – Overdrawn Trust Fund Account. We can see on Page 11 that the Audit opinion was based from that $458,918. The auditors came up with the balance showing that it should be $471,000. So, we have amended that in our books and we made reconciliation as at December 2014.

15.7 – Anomalies in the Drawings Account; this is what we term as slow sweep. When transactions are already processed in the FMIS system and yet is presented in the bank in the next operational day. For us, this was due to the closing of accounts and this is beyond our control. We are just complying with the Ministry’s directive that all payments should be processed in the last day because whatever that goes to the bank through FT, we just send them and it depends on them when they are going to debit our account in order to fully complete the transaction that we have processed.

15.8 – Non-Reconciliation of Prisoners Cash Trust; there was a variance that was highlighted by the auditors amounting to $70,990. We have checked our reconciliation and we have journalised this figure and the journal copies on Page 16 which is included in the $83,000.

15.9 - Management of Trading and Manufacturing Activities; the auditor raised that firstly, there was lack of accountability in the system at TMA enterprise and since had concurred with the Audit opinion due to the manual process that TMA is still tagging on to. After a month, then whatever that is done manually is being loaded into the system so that the system is updated at the Ministry of Economy for them to view our reconciliation as we submit it to them.

Secondly, the lack of accounting background with our personnel and we also concurred with that because most of our officers are only used to correctional duties and they are not equipped with accounting knowledge in order to handle TMA because TMA is a semi-commercial based business for Government and involves some business knowledge and that is where we lack.

The third is the lack of standard operating procedures that we have. This, we have rectified this issue by drafting our Standing Operating Procedures for the collection of revenue or sales and also for the purchasing of items, the need for input production for TMA.

15.10 - Unauthorised Losses recorded in the Statement of Losses; we have already covered this in 15.1 and 15.3, the three losses that were made; loss of assets in Taveuni, ticketing and the Board of Survey Report.

15.11 - Incomplete Capital Works and Purchases; for this issue, capital projects has 50 percent documentation and 50 percent the actual work on the ground. The 50 percent documentation consists of drawings, vetting of drawings, tender process, awarding of contracts and also vetting of contracts before they are awarded. That was the cost of incomplete capital works.

We had requested the Ministry of Finance for an extra $2 million in order to cover, especially for the Lautoka Remand Centre, that incomplete capital works and was addressed by the Ministry of Finance by provisioning an extra $2 million as highlighted in red on page 19, giving us $3 million. The additional $2 million is included in that $3 million. To-date, I believe this project has been completed because this project was also forecasted to be in phase stages; phase 1 is the drawing and vetting of documentation and phase 2 is the initial construction. But because Government operates in one accounting period, we should also observe that period even though we have processes in place for capital projects.

15.12 – Un-authorised Transfer of Funds; we concur that there was unauthorised transfer of funds from the capital SEG to one of our revolving accounts. The reason was that, the project started in December but 1st December, 2014 was the last accounting period. From the 1st to that last period, all documentation and rating of the project was ongoing through the Office of the Solicitor-General and also the engineering consultations.

When that occurred, we had already signed the contract agreement with the contractor to pay him after December, so the funds was moved to this RFA and you can see that the first payment of $244,000 was done. The $108,000 and $136,000 was moved to RFA but as alluded by the Auditor, it was an abuse of office and there was a risk of fraud in trying to move those funds or whatever the risk element is. But we paid out that amount to the contractor without defrauding that amount or whatever element that was assumed by the Auditors just to safeguard, observe and honour the contract that we had signed with the contractors because if we did not pay the amount, I think the situation would had gone worse and that we could have violated the contract with the contractor. That is why we moved the funds so that on behalf of Government, we should honour the contract that we had signed.

That is all for this presentation.

DEPUTY CHAIRPERSON.- But the works were completed by the contractor?

MR. J. KULINIDILO.- Yes, Sir, the works was completed.

DEPUTY CHAIRPERSON.- I have one question, out of interest, perhaps I can get confirmation from the Officials from the Ministry of Economy; there were certain letters of request sent to the Ministry and I think Officials from the Fiji Corrections Service said that no response was forthcoming, some important letters. One example is 15.1.2 – Prisoners Cash Trust Fund. Any comment on that why there was no response from the Ministry to the entity?

MOE REP.- Thank you, Mr. Chairman. That has just been brought to our attention now, so if we can please be provided with the relevant documentations so that we can follow-up with ….

DEPUTY CHAIRPERSON.- I think documentations have been provided, it is just a matter of no response. If we can get some update from the Ministry of Economy.

MR. J. KULINIDILO.- Sir, I believe you are referring to 15.1.3?

DEPUTY CHAIRPERSON- Yes, I am referring to all those correspondences to the Ministry of Economy whereby you had mentioned that no response came till to-date and some of the correspondences was rather important ones, like 15.1.3 where you said that you had submitted a write-off report to the Ministry of Economy but till to-date, there were no write-off approvals. One examples is as such.

I think there were other instances as well whereby you had written to the Ministry of Economy but no responses came from them in regards to certain pertinent issues. So if the Committee could have some comments or if not, then the Ministry of Economy can come back to us, of course, liaising with your Permanent Secretary or someone there in- charge in that regard.

MOE REP.- Thank you, Sir. We will provide the Committee and the Secretariat on the update of these requests and responses.

DEPUTY CHAIRPERSON.- What concerns the Committee is the amount, a very highly substantive amount. For example, in 15.1.3, we are looking at a write-off amount of $150,000. Was that the estimated loss of assets destroyed by the fire and it said $265,207 worth of items was also included in the statement of losses?

The amounts are quite substantive and from the Committee’s point of view, we would like to request if some feedback be given. According to Fiji Corrections Service as it stands, there has not been any confirmation for write–off, so if we could get some comments on that.

Honourable Members, are there any other questions?

HON. A.M. RADRODRO.- Deputy Chairperson, on that particular issue of $45,000, is this the only option available to the Fiji Corrections Service where you have to write off or is there another option where you can collect the funds from relevant officers and you pursue that other option?

MR. J. KULINIDILO.- Yes, that could be one of the option. There are two other options:

1. The ticket can be utilised for any other purpose, apart from the conference itself or any event that is held overseas; or
2. could be negotiated with another Ministry official, who might be taking that route to America to utilise that ticket so that they reimburse us the money that we had spent on the ticket but unfortunately, most of the officers who travelled then were senior officers and I think only one is still left in the Ministry.

HON. A.M. RADRODRO.- Why was the refund not being made from the tickets?

MR. J. KULINIDILO.- We will take that in due consideration and we can get back to you with the answers.

DEPUTY CHAIRPERSON.- Sir, still in 15.6 - Overdrawn trust fund accounts, as per the audited reports. The comment that came from the OAG were as follows, and I quote:

“Lack of control over trust fund account is evident which resulted in the above anomalies.”

The anomalies were mentioned in the table of overdrawn trust fund accounts. There were certain recommendations as recommended by the OAG.

The Management comments which were comments from your entity was, and I quote:

“The FCS agrees with the recommendations and will in future ensure that proper controls are put in place in the management of the Trust Fund Operation. Further, monthly reconciliations will be more stringent particularly for large outstanding balances.”

If the Committee could be enlightened if this is being strictly followed now, the monthly reconciliation, is it being strictly followed?

MR. J. KULINIDILO.- Yes, currently we are strictly following our reconciliation because this particular fund requires a close monitoring, at present it is all manual, from the ground to the office.

MS. L. LULUI.- Sir, just to add, the fund is for the prisoners trust. In Cap 86, the commissioner has the right to hold the fund when an inmate has been convicted. The money that comes with him goes into that fund. The inmates’ commercial wages are also put into that fund, as well as money from job placements, art gallery that you have seen and from sugarcane.

Some of the funds, as you will see, the accounting head might not have elaborated to the auditors but when they go out, they bring up 100 percent of the fund and 60 percent goes to the inmate and 40 percent goes back, that is deposited into the account. Part of that fund must have been in discrepancy, the anomaly there regarding the fund was that the 40 percent was taken back to return to Government, it was not clarified during that the time of the audit.

DEPUTY CHAIRPERSON.- Alright. Recently, we heard over the news that one of the painting was sold in China for a reasonable amount. How does the transaction of that works?

MS. L. LULUI.- Yes. We have not only sold one, we have sold more than one because the High Commissioner to China comes back with the money and we write him a receipt for that purchase. He takes it back to the person who purchased the painting and we bank the money into that prisoner’s trust which is with Westpac.

DEPUTY CHAIRPERSON.- It goes back in the trust fund?

MS. L. LULUI.- Yes, that money, and when that inmate is discharged he takes his portion and the other 40 percent goes back to Government.

DEPUTY CHAIRPERSON.- So, international sales basically have the same …

MS. L. LULUI.- Yes, actually the Commissioner paid in Fijian dollars, it was sold in the Fijian dollar value.

DEPUTY CHAIRPERSON.- Alright. Honourable Members, any other questions?

(There were no other questions from Honourable Members)

On behalf of the Committee, I thank the Officials from the Fiji Corrections Service. I know that you have a mammoth task ahead of you in regards to your whole operations and financial transactions.

Over the years, we have noticed that the Fiji Corrections Service has diversified a lot in terms of financial transactions, new types of ventures are being put in place whereby prisoners are involved and nonetheless, this has increased your responsibilities within the entity, so on behalf of the Committee, I wish to acknowledge all your presence in this meeting. We were not only provided with answers but we were substantiated with the invoices and documents as well that you have highlighted in your reports which is quite sufficient for us to be satisfied that everything is in order. Thank you once again for all your good and hard work and wish you and your team all the best in the future endeavours yet to come.

Do you have any final comments before we conclude this session?

MR. J. KULINIDILO.- Deputy Chairperson and Honourable Members, on behalf of the Commissioner, I take this opportunity to thank the Public Accounts Committee and Officials from OAG and the Ministry of Economy. We are trying our best to improve in the way we do our administrative and financial transactions. Everything are now in place and we are moving forward to ensure that nothing of this sort will come back to this office. Thank you, Sir.

DEPUTY CHAIRPERSON.- Thank you.

The Committee adjourned at 11.56 a.m.