

VERBATIM NOTES OF MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD IN THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON WEDNESDAY 8TH NOVEMBER, 2017 AT 9.24 A.M.

Submittee : Department of Information and Communication

In Attendance

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|----|-------------------------|---|----------------------------|
| 1) | Ms. Sangeeta Chand | - | Chief Executive Officer |
| 2) | Ms. Karishma Kaushal | - | Principal Accounts Officer |
| 3) | Mr. Shivash Prasad | - | DC |
| 4) | Ms. Praveen Lata Prasad | - | Administrator General |

Submittee : Ministry of Justice

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| 1) | Ms Sangeeta Chand | - | Administrator General |
| 2) | Ms Ashika Chand | - | Principal Accounts Officer |

Submittee : Department of Information, Technology & Computing Services

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|----|-----------------------|---|-------------------------|
| 1) | Mr Nisar Ali | - | Manager |
| 2) | Mr Ponijese Bainivalu | - | Procurement Manager |
| 3) | Ms Mere Vuli | - | Senior Accounts Officer |
| 4) | Ms Joana Suraki | - | SAO |

Office of the Solicitor General

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| 1) | Mr. Sharvada Sharma | - | Solicitor-General & Acting Permanent Secretary for Information & Communication |
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MR. CHAIRMAN.- Good morning everyone, members of the media, the public and Honourable Members. I welcome you to today's session.

Today, we have the Solicitor General who is also the Permanent Secretary for Justice, Communication and ITC before us, and they are here on our invitation to present the final segment of the 2015 Auditor Generals Accounts Audit and represent three ministries, Ministry for Justice, Department of Information and the Department of Information, Technology and Computing Services. Once again thank you Solicitor General and your team which comprises of yourself, Ms. Sangeeta Chand and Ms. Karishma Kaushal, Principal Accounts Officer, Mr. Shivash Prasad, DC; Department of ITC, I understand will join us later. We will start with Ministry for Justice.

MR. S. SHARMA.- Thank you, Mr. Chair, if you permit and with your indulgence could I perhaps start with Department of Information and Communication which is Section 16?

MR. CHAIRMAN.- Yes, of course, any order will do.

MR. S. SHARMA.- Sir, Ministry of Justice is outside, and if you insist on Ministry for Justice being first I can always call them back in.

MR. CHAIRMAN.- No, it is alright.

MR. S. SHARMA.- Thank you, Sir. Mr. Chair, with your leave, I will very quickly address this honourable Parliamentary Committee on the Department of Information and Justice, I forgot to say good morning to all of you so good morning for the record.

Mr. Chair, if I go through the Auditor General's Report for the Department of Information and Communication you will note that largely everything is in order and there is only one audit finding and that is to do with the Telecommunications Trust Fund on which revenue is deducted directly by the Commerce Commission.

MR. CHAIRMAN.- The amount of \$15.186 million.

MR. S. SHARMA.- That is correct, yes. If I may go directly to the audit findings, Mr. Chair and Honourable Members, at 16.5, the Auditor General have raised the issue that there is no coordination of receipts by the receipting agencies on behalf of the ministry so that would be the Commerce Commission. The way this operates is that there is a termination charge with respect to every international call and that is collected by the service providers and then it is remitted into the Telecommunications Trust Fund. The Auditor General had raised the issue of the fact that there should be more liaison with respect to monthly remittances as well as having a usage policy guideline finalised for the trust fund.

Mr. Chair, this is of course the finding from the 2015 accounts. Since then reconciliations are being carried out and there has been much closer liaison with the Commerce Commission. If you look at our bundle of documents that was submitted with our letter dated 7th November, Mr Chair, you will note that the Commerce Commission has written a letter and given us an outline of the remittances. The issue by the OAG perhaps the OAG did not sight all those receipts that were being issued by the ministry so we have also provided that and we are quite happy to also provide the original et cetera to the Office of the Auditor General.

With respect to the usage of the trust fund, Mr. Chair and honourable Members, you will know that in May 2016 the Telecommunications Trust Fund Regulations were in fact gazetted, this is in accordance with the law and provides for the usage of the trust fund. Can I perhaps digress a little bit from this trust fund which is to do with Telecommunications and IT Infrastructure Development that is being used in many places. I will ask the Director to give me the number of telecentres, we have telecentres in the most remote localities throughout the schools. These remote primary schools and secondary schools to be precise 28 telecentres are being funded by this telecommunications fund. This fund enables those telecommunication centres to be up and running, we have purchased modern computers, set up a lab, we have the staff and the internet connection, and you can imagine some of the remote places having access to IT internet is a bit of a challenge but we even managed to do that in every single one of those centres. Even in all the remote centres we have school students who have access to an up-to-date IT lab which has internet facilities.

The great thing about these telecentres, honourable Members and Mr. Chair is that in the afternoons and in the weekends the members of the surrounding villages and settlements are also able to use those telecentres. They may have a son in the British Army and they could use Skype or any other IT portal to speak to them, they could send emails and of course educate themselves, they could read BBC.com or Fiji Government online documents, Facebook et cetera; that access is now provided.

MR. CHAIRMAN.- The expense for these centres is borne out of this trust account?

MR. S. SHARMA.- Every single penny that is spent in every single telecentre is being funded from this fund. The second aspect of this fund ...

HON. A.M. RADRODRO.- PS, you mentioned the expenses is it a set up cost or set up and operational cost?

MR. S. SHARMA.- Set up and ongoing cost. Monthly we have to pay for the internet charges, we also have a security personnel there. In this way we have engaged members from that locality for example.

MR. CHAIRMAN.- Give me an example of a remote location.

MR. S. SHARMA.- There is a village in Kadavu for example, from that locality we have a person who is responsible for the maintenance as we cannot send someone from Suva from Department of Communication to manage it on a daily basis so we have someone from that locality who is employed by us, we pay his wages and salaries. All her wages and salaries, the internet connection is ongoing as well. Set up is actually of course a fixed cost so that is involving computers, the modems, sometimes printers and scanners as well, and the ongoing cost of course is the regular overheads that we have. All of that is paid out of this fund and I think it is an important service that the Fijian Government is providing, it is about making even the remotest part of our country accessible to the digital age, the digital environment, I think it is an important progress of development. The issues that have been raised by the Auditor General have all in fact been addressed going forward, and in fact it was addressed sometime back as well.

The other important aspect of the Telecommunications Development Fund is the digital television project, Mr. Chair and honourable Members. Sir, you must have heard of *walesi* which is a wholly-owned Government Company that has been established to set up digital television. At the moment if you have a television you get an antenna and you scroll through VHF, UHF, LHF in most places you get various smoky picture, the quality is not good, the audio is quite appalling, this one is digital television. We are getting state of the art modern tower complex set up in 1817 localities, we are having satellite connection to every single place in Fiji.

MR. CHAIRMAN.- Currently which areas are covered by the *walesi* network?

MR. S. SHARMA.- At the moment it is being trialled in Suva quite successfully, from Korovou to Pacific Harbour, it is also on trial in Nadi, at Sabeto hill and it covers a good part of the locality on both sides of Sabeto. As we speak, we are installing towers and transmitters which is state of the art in places like Monasavu, in the interior of Sigatoka, in Bua, which is Uluvuya, Delailabasa, Savusavu, there are many places in Savusavu that never even had access to analogue television.

The target is that we will put towers in as many places as possible to give terrestrial access and everywhere else where there is no access, the classic example will be Rotuma we will have satellite, we will buy satellite space, we will stream all the free to air channels via satellite, so the person in Rotuma can just buy a set-up box and watch for the first time all the free to air television channels in Fiji. The same applies to Lau and Kadavu. The project is of course going in another permanent solution which is a containerised solution, it is the state of the art, and it is what is being used in New Zealand at the moment. It has solar panels, rechargeable battery which is zinc-bromine battery. Zinc-bromine battery which is normally your solar batteries have a life time of four to five years, this one is a new technology which can last us twenty years.

In some places for example you must have seen Vodafone towers and FEA towers, Honourable Radrodro of course will be well versed with this from the engineering perspective, you would have to go and refill diesel on almost a weekly basis to those towers to get the transmitters and

the generators running. With this technology with the solar and the rechargeable battery solution, I have been told by the technical team that you do not have to refill the diesel at those transmitters for like once in every six months even four to six months. So there is huge savings on the use of fossil fuel and it ties in quite beautifully with our push for renewable energy, our commitment to climate change, our commitment to reducing fuel emissions, carbon emissions. We have sourced a solution that is environment-friendly and more importantly a solution that has access to every single corner of Fiji. In most cases throughout Fiji you will have terrestrial access through a simple antenna. In every other place and all the maritime islands you will still have access through a normal antenna or a small satellite dish but you will have complete 100 percent access and that is the target.

MR. CHAIRMAN.- It all comes under this same Ministry of Communication and is all funded.

MR. S. SHARMA.- It does come under not so much Ministry of Information, Ministry of Communications, Mr. Chairman.

HON. A. O'CONNOR.- Mr. Chairman, if I may just ask a question SG, going back to the telecentres is that the one at TFL, they are totally different?

MR. S. SHARMA.- This is totally a Ministry of Communication government initiative to setup, I think the Honourable Minister for Communications did address Parliament on this as well some time back. This is a government initiative and as we speak we have been given the mandate, I think we have some funding to even go to other areas because there could be many other remote areas, perhaps we are in Keiyasi and you could very easily put two or three in Keiyasi because of the distance, so that is important.

HON. A.D. O'CONNOR.- The other question I wanted to raise Mr. Chairman, with this new system coming on board is this part of the telephone networks as well that the ministry is looking at the whole of government?

MR. S. SHARMA.- Apologies Mr. Chairman and honourable Member is this to do with the television.

HON. A.D. O'CONNOR.- No, the telephone systems, radio telephone and all dial-ins, et cetera.

MR. S. SHARMA.- The Easytell and some of those initiatives are by the corporate sector by TFL and Vodafone and others. The telecentres are providing internet access to the remotest areas, but having said that perhaps if I will state that one of the initiatives of Government is to make sure that you have mobile access in areas where they are currently not covered. For example in the remote areas, you might have 2G-network which is good enough for SMS and Voice but maybe not so good for data, but at least it is something. One of the things that we have announced and we have got is this universal access programme and we have funding for that so for example if there is no tower in the interior somewhere in Naqali that has no access and none of the telecast want to go there because it is just not economically viable for them to set up a tower, government has allocated funding to put a tower on the condition that everyone shares, so it is a shared network. That project has sort of come in very handy with the *walesi* project which is a television project because they use the same tower.

MR. CHAIRMAN.- The same tower is used by *walesi*?

MR. S. SHARMA.- Yes indeed.

MR. CHAIRMAN.- *Walesi* as well provides for internet.

MR. S. SHARMA.- Yes, the whole purpose is that we will have environment-friendly towers and I wish to also highlight that these towers are Category 5 cyclone proof. Our transmitter size, our container size can withstand winds with upto 320 kilometres per hour so that is as strong as it gets.

MR. CHAIRMAN.- Which means that it is cheaper, instead of having three towers by three telecom providers you have one tower, one leasing arrangement and one section of the land is used.

MR. S. SHARMA.- Yes because they are all microwave links, transmitter links so in the larger areas we have got plans to have 18 main towers so they are the big transmitters, they are the big streamers as it were, then for example you would have seen in Suva, you will have towers in Vatuwaqa, you will have small towers in Samabula and all over the place. Those are not towers *per se* they are link sites so they just link and bring the data speed of course, make it faster but our focus is to have those larger towers for transmission purposes in as many areas as possible and to make as many areas of Fiji accessible to this as possible.

Once we install the *Walesi* towers, Savusavu is a good example, if we install a big tower there which is a containerised solution which has solar and of course all the environmental-friendly initiatives there, then that tower by all means should be, we will open it up for all the telecast to be able to use it. It is all about sharing infrastructure. At the moment what we are doing is that we are in the push to have television access throughout Fiji whilst our permanent solution is being rolled out we are installing transmitters as well to existing towers which belongs to TFL, Fintel, FBC, Fiji TV, Vodafone, Digicel, so it is all about shared infrastructure. You should not have to build separate towers and suddenly on a mountain you see ten poles, one will do if you can share the infrastructure. That is the approach Mr. Chairman. I have addressed the issue raised by the Auditor General and in fact for the Department of Information and Communication, in fact that was the only issue so Mr. Chairman, if there is no further question I would propose to move to Ministry of Justice.

MR. CHAIRMAN.- Honourable Members any questions?

HON. A.M. RADRODRO.- Mr. Chairman, just a question SG. Thank you for the explanations given in terms of your responses provided by the Commerce Commission, they had highlighted for 2015 about \$6 million was receipted but what is recorded in the table 16.3 is about \$15 million; what is the variance there?

MR. CHAIRMAN.- You mean the total receipts is for \$15,186 million but this totalling here is \$6 million. Is that your question?

MR. S. SHARMA.- Thank you for that question Honourable Member, the ICT levy that is in the letter by Commerce Commission is only for 2015 and if you look at the responses that we have provided in our letter the total revenue in the account was \$15 million so that would have obviously accumulated.

AUDIT REP.- Thank you Mr. Chairman, the explanation I think the Department has provided on the first page, the \$15 million includes the adjustments of \$7 million plus the \$6 million breakdown provided by the Commerce Commission and there were some direct deposits made into the account of the department, so that total comes to \$15 million.

MR. CHAIRMAN.- Adjustment?

HON. A.M. RADRODRO.- This adjustment of \$7 million

AUDIT REP.- This fund was not posted in the FMIS there was a surplus fund in the bank which was not accounted for, it was not posted in the FMIS but the money was in the bank. It was taken into account in 2015, adjustments was done by the Ministry of Economy.

MR. S. SHARMA.- What essentially has happened is that now once the Auditor General raised these issues the trust fund is now actually linked with the FMIS system. All receipts are automatically done, linked with Commerce Commission, Ministry of Communication as well as Ministry of Economy and the Banks, so now it is linked. From 2012 to 2014 there was money going directly into the bank but the account was not being updated. I thank the Auditor General for picking that up.

Essentially, what has happened is that we have had all these funds in the trust account which of course in terms of accounting is all up-to-date but of course the most important thing is that everything is in fact accounted for and there is no variance which is untoward, and I am happy to say of course and reiterate that these funds are now being used for the Fijian people, especially the ones in the remote areas.

MR. CHAIRMAN.- Do we understand that going forward after 2015, every receipt in the trust account is now automatically going on FMIS and there will not be a need to adjust or the OAG will not be able to pick that up again?

MR. S. SHARMA. - In fact the testimony to that Mr Chairman is that if you look at the Auditor-General's report for 2016, there are no issues.

HON. A.M. RADRODRO.- Mr Chairman, just a question on this. I think the Auditor-General has raised a valid point here in terms of coordination, so what role does Commerce Commission play in this whole exercise and why do they have to do the receipting instead of just bringing it straight to the relevant departments?

MR. S. SHARMA.- I will invite the Director of Communication to assess but very briefly the Commerce Commission is the one that sets the levy.

MR. CHAIRMAN.- Okay.

MR. S. SHARMA.- Yes they are the ones because it is dealing with monopolies, they are the ones who set the levy which is the termination rate, how many cents per call comes to this fund, I think it is for three cents.

MR. S. PRASAD.- It is six cents on every dollar of an incoming international call.

MR. CHAIRMAN.- Every dollar of an incoming international call goes to this trust fund?

MR. S. SHARMA.- Yes. Initially when it was set up of course one expects teething issues but what is of most importance is that every single penny is accounted for.

HON. A.M. RADRODRO.- What was there before this set-up was made?

MR. S. SHARMA.- Before there was no levy, so there was no trust fund. This happened if you recall honourable Member when the telecom sector was deregulated. For a long, long time as you know a monopoly by a particular telecommunications provider. Initially for landlines it was, I suppose it still is Telecommunications Fiji Limited, then for the mobile for a long, long time it was

Vodafone. Now through the World Bank initiative one of the most important things is that you breakdown monopolies to bring better service to the customers and as a result of that through a lot of negotiations, the telecommunications sector was deregulated, round about 2008 and 2009, which of course led to the introduction of more players so you have Ink Mobile that came and then Digicel came on board as well.

One of the other things that has happened of course is that very quickly these telecoms went into data services, so they are competing with each other to improve the service. The 2G very quickly became 3G and 3G became 4G and then 4G+ and I think they are now on the verge of trialling 5G which is from what I have heard is supersonic speeding in terms of 900MB per second. But that is being trialled by the international agencies, international regulators, so we do not envisage it to be fully installed immediately, but I think the good thing is that it is not for us, for the Government, it is for the companies in competition with each other to uplift their game and to bring better technologies and thereby attract more consumers.

MR. CHAIRMAN.- SG, I have a general question, in the past when you did not have this trust fund and that levy was not deducted by Commerce Commission for telecom providers, what resources did you have or what source of funding did you have to set-up this Walesi system, these towers and these ITC centres around the country in the villages?

MR. S. SHARMA.- We had nothing. All we would have, of course telecentres was out of the question, Walesi Digital television was out of the question, we had nothing coming in from the telecoms for development purposes, for the social responsibility side of things to give something back so that Government can then take these services to the remotest part of Fiji.

When we set-up a telecentre for example, Udu Point is not an area which is of marketable interest for the telecoms, there may be just a few houses and that is not an area of commercial interest for them. At the end of the day a company will think along commercial lines. What this law does quite beautifully and in fact a good number of Fijians are benefiting from this is that it automatically deducts a percentage, amount of six cents from every international call so that money drop-by-drop you fill the drum so we now have that money to be able to use in these projects and make ITC and of course digital television more accessible to the Fijian people.

We are of course setting up permanent towers for Walesi in Taveuni, I am talking about the maritime areas, apart from Viti Levu and Vanua Levu, the three islands that we are talking about is Taveuni, Kadavu and Levuka. Kadavu is of course sitting on its own but Taveuni should be able to give access to some of those islands around Taveuni as well as a bit of this side of Natewa Bay. Then you have Levuka of course, if you put in Levuka you should be able to cater for a good number of those islands in the Lomaiviti Group.

MR. CHAIRMAN.- I understand the consumer contribution is very minimal in terms of set up of these towers, it is all coming out from this trust account which is from these service providers levy?

MR. S. SHARMA.- It is free digital television so all that the consumer does is that they buy a box for \$70, it is a set-up box.

MR. CHAIRMAN.- Just like the Sky television decoder?

MR. S. SHARMA.- Yes, smaller than that, and it comes with its own remote and all you need to do is just set-up a UHF antenna which is \$30 to \$40 around \$45, that is all you need to do. Most of the houses already have antennas and all you need to do is to buy that box. You can use that on

even the oldest of television, you know those CRT television the ones with boxes so they only have the AV input, well before the days of HDMI cables, that is also capable for it. It is a huge development. What this means is that for example, in a settlement or in a village where you have this old television, you do not have to suddenly run off to Courts or MH to buy a LED or LCD screen, you can use that television and still watch all the television stations, so Fiji TV, Fiji TV 2, FBC, FBC+ and I think they are also launching FBC2 very soon, Mai TV, there is also Hope channel which is a Christian channel and also the Parliament channel.

Those are the current six or seven channels and we are of course in talks with other free service providers to put content. If we for example, a news channel, let us say ABC+ or ABC news, Aljazeera or BBC, can you imagine the knowledge that goes out to people, the young kids who are in the remote areas watching BBC so they are up-to-date on BBC or any other news channel. They would be up-to-date with general knowledge, some of these news channels have beautiful programmes about history as well. It is all about empowering and that is where the focus is for these funds.

MR. CHAIRMAN.- All these television service providers Fiji TV , Mai TV, FBC et cetera, they do not contribute or they do not have to link anywhere, it is just their own channel is streamed through these boxes?

MR. S. SHARMA.- At the moment what they do Mr. Chairman is that they have their own towers, they have their own infrastructure and they have an entire engineering department and they will have to make sure that every tower operates, they have to do all of that.

Now that infrastructure is going to be done by Walesi for every television provider, so they have huge savings in terms of the hardware as it were. They do not have to go and change the transmitter in Delaikoro in Labasa for example, or Uluivuya; they do not have to run up and fill the diesel to these generators every week or every second week, the Walesi will be doing all of that. We provide the infrastructure and they provide the service. We do not have any control of what they put, whether they put Shortland Street or any other programme that is up to them. We are just the platform provider. For example, tomorrow someone decides to have a new channel, HBO or something, as long as they pay a fee to *Walesi* they can stream that on our platform throughout Fiji and every single remote island via satellite which is also going to be operated and funded for by *Walesi*.

MR. CHAIRMAN.- Very interesting.

HON. A.M. RADRODRO.- Mr. Chair, just a question to SG, you mentioned this already, how many telecenters are already in Fiji right now?

MR. S. SHARMA.- 28 and growing, and we have identified some more.

HON. A.M. RADRODRO.- That is where all the computers have been issued and all those things?

MR. S. PRASAD.- There are 28 sites at the moment and these sites predominantly they set up as 80 centres so computers fully capable for minimum 3G internet speeds so they can communicate via Skype and video broadcast as well if they need to. There is also capabilities for printing so there is free printing available to the population, scanning services, sometimes they need to come to Suva for example to do some administrative work they find it very easy to scan documents and send it across, to print forms.

HON. A.M. RADRODRO.- Set up for these telecenters are they mostly in schools?

MR. S. PRASAD.- They are mostly in schools.

HON. A.M. RADRODRO.- The next question is the telecentres operations. Most of the time the centres have been opened but did not operate until sometime later. How do you ensure that there is monitoring....

MR. S. SHARMA.- I do not think that is correct, Honourable Member, but perhaps I will ask the Director to explain.

MR. S. PRASAD.- At the moment when a telecenter is activated it has connections and it is available for use from that point.

MR. S. SHARMA.- We have to ensure that it continues to operate.

HON. A.M. RADRODRO.- Computers have been issued to schools which will later become telecenters, say in Waidina and also in Naitasiri, after that it has not been operating for a while.

MR. S. PRASAD.- Honourable Member, the department has a programme where every two weeks we get timesheets submitted to us for usage. At the same time we are also informed if there is any hardware issues or connectivity issues with any of the equipment, so we schedule maintenance runs, and where possible we try to fix on sites, we have a pool of computers that we take with us to replace the ones that we bring back and although we have placed these in school labs these are kept separate from the computers that normally belong to the school just for the purpose of maintaining and it becomes a bit easier to maintain because you know with the visibility on ownership is clear.

MR. S. SHARMA.- We do that, we manage it, and we operate it and the reason why we do it is because it is firstly not the schools of course the students use it during the day but most importantly we want the members of the public to use it after hours.

HON. A.M. RADRODRO.- It is like a 24 hours service or just a school hours service?

MR. S. PRASAD.- No, during the day it is for the schools and for the community our requirement is at least a minimum of 33 hours in a week but this is spread across the days. Typical operation hours would be from 5 o'clock to 9 o'clock or 8 o'clock. In areas where there is an issue with transportation for example there is not much demand for them to close earlier but then they bulk up on the weekends. For Saturday they might open at 8'clock in the morning and run all the way across to 4 o'clock or 6 o'clock in the afternoon.

HON. A.M. RADRODRO.- Where things are not operating as you would like it to be, how do they report that back?

HON. S. PRASAD.- They communicate back to us, every two weeks they submit the timesheets but if there is a case of emergency they basically call the ministry or they can just...

HON. A.M. RADRODRO.- You just rely on your people there, what if they are submitting different reports according to what is actually on the ground?

MR. S. PRASAD.- At the moment the way it works is when we have this timesheet coming in it is verified by the school principal as well and we have a security guard that we employ. Basically, there are three areas from where the reporting has to come through. For example if the volunteer says

that the telecenters was open for 33 hours this month that is confirmed by the security and also signed by the principal.

MR. S. SHARMA.- Sir, if any computer is not functioning the moment we are alerted we make sure that we have a team to fix it and if there are any outstanding issues with respect to that telecenter or any others in that locality has to be addressed, that is the service that we are providing.

HON. A.M. RADRODRO.- The audit issue about this non-performance of reconciliation. Why has this non-performance of reconciliation been allowed to occur from the period of its inception until when the OAG highlighted it?

HON. S. SHARMA.- Honourable Member, what probably is important to note is that these issues were not highlighted in any of the previous Auditor General's Report.

HON. A.M. RADRODRO.- Even before its highlighted it is in the finance manual of the department and at least reconciliation should be done.

HON. S. SHARMA.- The moment it was highlighted, Honourable Member we made sure that all these matters are addressed. If it of course have been highlighted in 2012 that there is an audit issue with respect to this trust fund whether by the Auditor General or by the Ministry of Economy we would have immediately addressed this. Essentially it operated as a trust fund because it was separate from FMIS but what has of course happened now without any loss of any single penny everything is now in accordance with the guidance of the Auditor General and the Ministry of Economy. I am happy to say that every single matter that was not highlighted in 2015 and only in 2015 and not before has now been addressed, and in 2016 I have been informed by my accounts team that there is absolutely no issues highlighted by the Auditor General or Finance with respect to the trust fund.

HON. A.M. RADRODRO.- The issue regarding the non-performance of reconciliation is the accuracy of the figures that have been deposited into the account. I think that is the important issue and whether the department took any actions against the people who were not carrying out the reconciliation?

MR. S. SHARMA.- What we have done in the Commerce Commission, honourable Member, is to make sure that every single amount that was deposited, the reconciliation is undertaken and every single amount has been ticked off and we have provided of course as you will know copies of the receipts and everything. Given the fact that the matter has been addressed we have not taken any action directly but I do not think I have the authority to take action against Commerce Commission as it were.

HON. A.M. RADRODRO.- Audit Report is regarding the department.

MR. S. SHARMA.- Sure, yes.

HON. A.M. RADRODRO.- Was any action taken against the staff in that department for not doing their reconciliation at that time until it has been highlighted by the auditors?

MR. S. SHARMA.- I have also been informed honourable Member that the Ministry of Communication was in fact with the Department of Information and Communications in 2015, before that I understand it was with Ministry of Justice and then Ministry of Public Enterprise. I am not sure in looking at these funds whether the Auditor General in 2015 looked at Ministry of Public Enterprises you know checked with them as well as with Ministry of Justice. Ministries and

departments do move around and sometimes it is difficult to trace documentation with respect to other portfolios where it has previously been positioned, but having said that honourable Member, what is of course quite important is that it has been addressed.

HON. A.M. RADRODRO- Thank you for that reassurance SG. That also brings the point where the work of the Ministry of Finance the internal audit team even before it is highlighted by the Auditor General whether the internal audit department should alert the respective ministries and department's heads in terms of the non-performance of reconciliation. Has the ministry conducted any internal audit in the department during the period under audit?

MINISTRY OF ECONOMY REP.- We conducted some audits, but we somehow did not come across this issue.

MR. CHAIRMAN.- Sir, where is that in the department financial manual?

AUDIT REP.- Honourable Member, Section 14.2.1, Departments Financial Manual 2013.

HON. A.M. RADRODRO.- It is good that the department has made an improvement going forward. SG, just a question, is this different from the TAF?

MR. S. SHARMA.- The Telecommunications Authority of Fiji, yes. Telecommunications Authority of Fiji is a regulator, they are not the revenue collector as it were. It was independently given to the Commerce Commission to set the levy because they deal with monopolistic positions situations. Telecommunications Authority of Fiji is totally separate.

MR. CHAIRMAN.- Another point noted SG in Part B – 16.5, the department does not have a policy guideline on the usage of the trust funds.

MR. S. SHARMA.- That is the regulation Mr. Chairman. The regulation have now in fact been gazetted so that has taken care of it, I think an e-copy was given to the Auditor General but given that it was 2016, the regulations were made in 2016, this is a 2015 report, I guess they were entitled to raise this at that time but that is not an issue in terms of usage policy because it is now regulated by law.

MR. CHAIRMAN.- The main thing is that there was no request for write off after reconciliation...

MR. S. SHARMA.- None at all. No write-offs, no discrepancies, nothing untoward, there were of course reconciliation issues but that is just about accounting so accounting was all done, every single penny has been accounted for and there is no issues whatsoever with respect to this fund and the Auditor General has confirmed that the 2016 Report also confirms that and my focus of course is to make sure that this fund is now used for the service of the Fijian people especially those in the remote areas.

MR. CHAIRMAN.- That is what I noted this is probably the only department that did not have a pending reconciliation issue that required a write-off at the end of the day and they put in no single cent....

MR. S. SHARMA.- The Office of the Auditor General had no issues whatsoever.

MR. CHAIRMAN.- Alright, I mean one of the few probably.

MR. S. SHARMA.- Yes

HON. A.M. RADRODRO.- SG, where is the Commerce Commission letter to the telecom operators, there is no INKK mobile on that listing from the Telecom operators, only Digicel, Vodafone, Telecom.

MR. S. SHARMA.- Honourable Member, INKK is a virtual operator on the Vodafone's platform so the termination of course happens on the Vodafone's platform which is why you will probably note Vodafone pays the most.

MR. S. SHARMA.- Voice Net IP...

MR. S. PRASAD.- Honourable Member Voice Net IP is a sell-off service to the Telecom so they provide interconnection services, they do not provide services to end customers but their major customers are the telecoms themselves but by virtue of the levy any service provider is charged that levy so they fall under that scope.

MR. S. SHARMA.- Now that the Honourable Member has referred me to this table, I note that out of all the telecoms Vodafone paid in 2015 at least over \$4 million to the telecommunications fund for things such as telecentres and *walesi* et cetera. That is the single biggest contributor to the telecommunication fund which is Vodafone \$4 million, and that is the termination rate of six cents; I guess it is all about usage.

MR. CHAIRMAN.- If there is no further questions I would like to thank the PS Communication, Mr. Sharvada Sharma, Ms. Ashika Chand, Principal Accounts Officer and Mr. Shivnesh Prasad, DC for that part of the presentation and we will definitely take your submissions and your written submission into consideration for our report.

MR. S. SHARMA.- Thank you Mr. Chairman. With your permission may I now move to cover Ministry of Justice which is section 15. If you could give me a minute Mr. Chairman, I will call in the relevant personnel from Ministry of Justice.

MR. CHAIRMAN.- We will have a short break

The Committee adjourned at 10.13 a.m.

The Committee resumed at 10.15 a.m.

Submittee - Ministry of Justice

In Attendance

Mr. Sharvada Sharma – PS for Ministry for Justice

Ms. Sangeeta Chand – Administrator General

Ms. Ashika Chand – Principal Accounts Officer

MR. CHAIRMAN.- Thank you very much for that extra information Mr. SG. We can now move to the Ministry for Justice Audit opinion and for that I again welcome you as the PS of Ministry for Justice, Administer General Ms. Sangeeta Chand and Ms. Ashika Chand, Principal Accounts Officer. Thank you very much let us now move to Ministry for Justice – Section 15 and please SG take us through the audit opinion and then we will ask questions as they arise.

MR. S. SHARMA.- Thank you Mr. Chairman. We have addressed every issue that is there Mr. Chairman and Honourable Members on Ministry of Justice, in fact there are few issues but all of those issues have in fact been addressed and with your permission I will move straight to audit findings. One of the fund issues is that the Trust Fund Account were not disclosed in the Financial Statement.

MR. CHAIRMAN.- In fact that was one of the reasons why OAG issued a qualified opinion.

MR. S. SHARMA.- Precisely, and in 2015 just like telecommunication development fund, there were a few trust accounts managed separately from FMIS and the Ministry of Economy can confirm that, but now once these matters were in fact highlighted we have addressed these matters and they are now linked to FMIS, so the receipting and the payment of money is all now centralized and that is quite an important development because that also brings in the accountability with respect to these matters.

Very quickly Mr. Chairman, no board of survey was done, that was something that was highlighted by the Auditor General, yes the board of survey was done but the report was presented in 2016 so it is perhaps for that reason the Auditor General did not pick that up, but we have a copy of that report and I think that has been appended to in our letter.

MR. CHAIRMAN.- OAG, can you confirm that the board of survey was done and the report was submitted to you eventually?

MR. S. SHARMA.- It is dated June 2016.

OAG REP.- Thank you Mr. Chairman, during the time of the audit it was not submitted, was submitted after we had completed our General Report to Parliament.

MR. CHAIRMAN.- SG, why would not it be done before the OAG compiles its report?

MR. S. SHARMA.- There were delays Mr. Chairman and I think there were certain issues with respect to the new format of presentation. Mr. Chairman, I do not want to make excuses with respect to delays if there is a delay there is a delay. However, the point is it is done and that is the most important thing. I think it is quite important and we thank the Auditor General for highlighting that because as the Permanent Secretary it is my responsibility to make sure that these matters are attended to but of course we have staff, we now have a very new Principal Accounts Officer who is very switched on as it were. The point is it has been done, it was done soon thereafter and there are no issues with respect to the report *per se*.

With respect to the issue of cash cheques, with respect to creditors in liquidation matters sometimes cash cheques were what was required but now we have essentially ceased the practice of issuing cash cheques for the creditors. It is a non-negotiable cheque and I think in most cases where there is a direct bank deposit we can also facilitate that because now it is part of FMIS, but the most important thing is that there are certain cases where cash cheques have to be issued.

The only exception I think at this stage that we do allow for is like for companies that have in fact been wound up there are employees who need to be paid their wages and they used to receive those wages in their pay packet and it used to be cash. A construction company for example Honourable Members that does get wound up they were pretty much receiving in a pay packet which is actually in bank notes. That has to be done but we are trying to minimize that, but it is a point

taken we have now drastically minimized the issuance of cash cheques and the great thing about that it is now part of FMIS, the printing of cheques is now linked to the system as it were.

MR. CHAIRMAN.- In terms of un-presented cheques 15.6, SG, what are some of the cheques written from this Ministry, what are they written for, is it some sort of payment you make to certain people, usually the cheques are presented within six months?

MR. S. SHARMA.- Usually they have to be presented within six months, Mr Chair, but sometimes when you have creditors, whether it is in respect to bankruptcy or liquidation, we issue the cheques and sometimes those cheques are not picked up or those cheques are picked up but they are not deposited because the creditor is itself a company and the creditor itself has got into liquidations sometimes. We have had cases where directors have absconded. If the cheque is written there is no one to pick or present the cheque so those are some of the matters unfortunately in liquidation, bankruptcy, and these matters do arise. We have creditors who do not show up themselves, we have company directors who abscond.

MR. CHAIRMAN.- Are these funds then held in a particular trust by your office?

MR. S. SHARMA.- Yes, it used to be held in a separate trust fund but going forward what we have done is that we have linked it to FMIS. It is a trust fund that is positioned with FMIS based on discussions we have had. As you know there was a person who attempted to steal from these funds and that person was very quickly apprehended, and dare I say it was not something that was picked up by the Auditor General because that small amount of money taken out was happening from 2007, 2008, it was never picked up by the Auditor General or the Ministry of Finance's internal audit. It was picked up by the Administrator General, Ms Sangeeta Chand.

MR. CHAIRMAN.- I understand this person is in prison now?

MR. S. SHARMA. - That person is in prison, he got 14 years I think. But the most important thing is that we have tallied everything and going forward it is now linked to the FMIS. Once the person was charged of course very quickly, with all due respect to the others, very quickly these matters were highlighted, but the point is at that time when we needed the Auditor General to pick these things immediately, they were not done.

MR. CHAIRMAN.- Any attempts been made to recoup these funds under the proceeds of crime from this person?

MR. S. SHARMA.- That is not something that is our responsibility, that would be a responsibility of the prosecuting authority which should be FICAC in this case. I am yet to get an update from them as to what steps they have taken post-conviction.

HON. A. RADRODRO.- With due respect to the comments that you made regarding Auditor General, I think the Ministry should work very closely with the Ministry of Finance internal audit team. Do you have an internal audit team, because the Auditor General comes in annually, but the internal audit team needs to come frequent?

MR. S. SHARMA.- Honourable Member, I do not dispute that at all. There needs to be regular and spontaneous internal audits and if that had happened in 2007, 2008 and 2009 when this thing started, perhaps it would have been nipped at that time. But having said that what is more important from an accounting perspective is that we do take stock off any anomalies that have been highlighted by the Auditor General and things such as non-presentation of cheques et cetera and these matters are addressed promptly. I am quite happy to announce that these matters have in fact been addressed

and as I understand from the 2016 report there are very limited issues. What is most important is that when the Auditor General highlights these issues in the subsequent report these matters should not be recurring.

HON. A. RADRODRO.- Do you have internal audit department or internal audit team within your department? Do you think that you should need one?

MS. A. CHAND.- We do not have any internal audit team in our Ministry but we have the Ministry of Economy coming in to audit our accounts, that is the only internal audit we have within the Government.

MR. E. DOVIBUA.- Sir, there are lot of Ministries for us to audit and there is only a couple of auditors and the best we could do is to rotate from Ministry to Ministry and go on a three year cycle. If the expenditures being allocated to a particular Ministry is high and there is a lot of negative audit issues being raised by the Auditor General in previous years, then we will focus our attention on assisting those Ministries. In this case this Ministry of Justice, we have not seen that level of issues to be very high as what other Ministries were getting.

MR. CHAIRMAN.- Well at least you are saying that they were able to intervene at the right time and arrest this situation, thank you for that, otherwise that person would have been taking the money out.

MR. S. SHARMA.- Mr. Chairman, I also take the point raised by Mr. Dovibua, the onus is on ministries and departments to make sure that these things are done. You need to have regular checks, it does not have to be a separate auditor wearing his hat and coming in and saying that I am doing the audit. The audit needs to happen from within.

MR. CHAIRMAN.- From within, yes.

MR. S. SHARMA.- The good thing is that we have now set up the system. When you have accounts which operate outside of FMIS in a trust fund or some sort of fund, you have this likelihood of these things happening, but when these funds are linked to FMIS there are various checks that happen in the system automatically, so the important thing is that it is now part of FMIS and we have not seen any issues after that as it were.

MR. CHAIRMAN.- This kind of person I understand was in the Ministry since 2007 as you mentioned?

MR. S. SHARMA.- He was there from before.

MR. CHAIRMAN.- But he was involved in these transactions since 2007.

MR. S. SHARMA.- I stand to be corrected on the exact date, I think it was round about 2007, 2008 and 2009.

MR. CHAIRMAN.- What sort of system do you suggest is FMIS sufficient or do you need another system internally to arrest these kind of situations much earlier before it escalates?

MS. A. CHAND.- Mr Chair, we are actually negotiating with certain vendors to get an internal database where we can have individual accounts for the debtors as well as the number of creditors and we can keep on updating their accounts whenever they pay money. But we also have the FMIS system where we would be posting all the transactions that would take place but it will not

record the individual debtors account but all the posting would be done in the FMIS system. We are in the process of getting our internal database.

MR. CHAIRMAN.- This particular person was writing cheques to himself or a friend and then cashing it which allowed the money to be swindled, how would that situation be arrested in the future?

MS. A. CHAND.- What the accounts is doing is whenever we ask that the payment be made to the creditor, we ask for the actual file that is the bankruptcy or the liquidation file, so we can see all the proof of debts, we can see the list of all the creditors, the creditors come to our office to uplift their cheques, we take their Identification Card and then we release the cheques.

MR. CHAIRMAN.- Some system is being implemented for this kind of situations?

MR. S. SHARMA.- Most importantly the file will have the court orders.

MR. CHAIRMAN.- Court Orders, yes.

MR. S. SHARMA.- Liquidation orders will have the proof of who are the creditors, who have submitted their names et cetera and the amounts, so based on that then of course funds can be dispersed. There is also liquidator's fee which is then adjusted from that.

Mr. Chairman, may I move to some of the other matters I think I have addressed the liquidation account from official receiver.

Absence of Standing Operating Procedures in Ministries that has now been updated. We have had a standard operating procedure and I think that was shared with the Auditor General but standing operating procedures are not written in stone, they should of course be regularly reviewed and updated and we have done that.

MR. CHAIRMAN.- The Standard Operating Procedures, is that uniform across the Ministries or this is tailor-made?

MR. S. SHARMA.- Different Ministries have their own SOPs, the Department of Births, Deaths and Marriages, for example, the Registry, they will have standard operating procedures with respect to recording deaths or defaults, the Companies Office will have their standard SOPs. It is easier for companies and titles because they have their Act to go back to, the Companies Act for Companies Office and the Land Transfer Act for Titles Office, but of course from that you have to have SOPs as to how are searches done et cetera, that has now been updated. We are continuously on the improvement as it were, and that does not mean that once we have improved then we just completely going to stop improving, there are always new issues that are highlighted and those new issues have to be addressed and if SOPs needs to be amended we will amend them and continue to improve them.

Significant number of vacant positions, Mr Chairman, I am happy to announce that in 2015, there may have been substantial vacancies. Almost all these positions have now been substantively filled and more importantly they have all been substantively filled with increased remuneration following the job evaluation exercise. The people who have been recruited are in fact recruited with higher remunerations.

Junior officers acting on senior positions - We have completely cut out acting appointments given the fact that these positions are now substantively filled following advertisement and a competitive open merit system assessment.

Appointment of TRCO - Obviously TRCO are appointed when there is an urgency, and for the digitisation project they were not TRCO they were project officers who were required to digitise large amount of titles records. They are now of course required to produce police clearance et cetera, medical certificates, and a large number of these positions have in fact been advertised and they have just two days ago following necessary approvals, I appointed 28 staff in the Birth, Death and Marriage (BDM) Registry.

As you know, Mr. Chair and I think I had announced and informed the Committee on the last occasion that I was here that BDM Registries were going Fiji wide, we now have offices in Korovou, Levuka, Nabouwalu, Taveuni and Savusavu. Before we only had offices in Suva, Lautoka, Labasa and we opened Nausori and Navua as well. Why should a person from the interior of Navua come all the way down to Suva or from the interior of Keiyasi and go all the way to Lautoka to register their child?

MR. CHAIRMAN.- I noticed from Table 15.1, that there is an increase in revenue of \$172,000 and a decrease in expenditure by \$120,000 due to the opening of this additional BDM offices. How would that eventuate?

MR. S. SHARMA.- Essentially, it is all about providing access so when we have more offices the service is of course delivered to the doorstep as it were and as such the revenue increases, but what is more important is that more parents are now very promptly registering their children, death certificates are being issued for probate matters, marriage certificates are done even though there is obviously nothing wrong with having defacto relationship but now they are able to solemnise their partnerships and have registrations, so that does bring in revenue.

All of them are in real time. We have data IT connections, we have state of the art printers so it is not an easy exercise honourable Members to open new offices all over the country. I also ask perhaps the Administrator General to identify some of the new offices that we are working on just for the record and for the information of the Committee.

MS. S. CHAND.- We currently working on Tavua, Keiyasi, Vunidawa and Lakeba office. In another two weeks we will finish the renovation works for the Keiyasi office and we have just completed the renovation work for Vunisea office. In another three weeks we will be officially opening the Vunisea office.

MR. CHAIRMAN.- You mentioned Lakeba?

MR. S. SHARMA.- Yes.

MR. CHAIRMAN.- When an entry is made in Lakeba is it immediately registered here at the head office or in the main system?

MR. S. SHARMA.- Yes, we have been working on that and we had given an undertaking to our honourable Minister that we want to because the drive essentially has been from Government.

The honourable Prime Minister and the honourable Minister for Justice have been pushing us that we need to take the service out to the people. Something simple, why should a person from Vunisea, Kadavu come all the way to Suva to register a child or to register the death of a family

member, that service will now be provided in Vunisea. The offices that we have will also have a marriage room and they can get married in Vunisea and stay in Vunisea, they can get married in Lakeba or they can get married in Keiyasi. It is all about taking the service out to the people.

MR. CHAIRMAN.- In my other Committee I heard of instances where a lot of marriages do not register 20 years later or a lot of births were not registered, so these are some of the services that will probably minimise that problem.

MR. S. SHARMA.- Precisely, so for the first time ever we will have an online real time registration facility in remote areas in Lakeba, Levuka, Taveuni, Keiyasi and remote interior, Kadavu of course, Vunidawa as well. These services are being taken to the people and perhaps that is the reason why revenue has gone up.

Mr. Chair, very quickly if I may address the issue of TRCO. What we have done is we have now recruited quite a lot of staff because they are being trained as we speak, Mr. Chair, so they can now be posted to all these offices as they are just about to be open. We have work going on multi-facets, we have the contractors who are finishing off all the work, we have the IT site that is already working and at the same time we have already recruited the staff who will be posted in Vunidawa, Lakeba or Keiyasi and all these remote areas everything is happening at once.

MR. CHAIRMAN.- These officers will be TRCOs?

MR. S. SHARMA.- No, substantive, they have been properly appointed.

MR. CHAIRMAN.- The system of the TRCO is abolished?

MR. S. SHARMA.- There is no need unless there is an urgency so it is now quite rare because we have project officers for a certain project they are not temporary as such, but TRCO has been eliminated because why have TRCO when I can advertise a vacancy and very quickly under the Open Merit System appoint a best person for the job.

MR. CHAIRMAN.- There was something raised by the Minister for Justice also in Parliament that what used to happen was that senior officers would get their family and relatives as TRCO in a department, they would be there for some time and suddenly appointed to a substantive position without much training or qualification.

MR. S. SHARMA.- That unfortunately used to happen in other ministries. What we have now is something that has never happened in Ministry of Justice or any ministries under my portfolio as it were. We have made sure that appointments are only made on merit. If you have to appoint the TRCO the best place to go is the National Employment Centre, they have a long list of people with qualifications and they can give you a list and you still interview them. You still interview TRCOs even if it is a short interview and then you appoint because of the urgency of the need of having someone on the job or on the deck as it were, but what should happen is very, very promptly thereafter the position should be advertised, there should be an open merit assessment and someone should be appointed. I am happy to announce Mr. Chair and honourable Members that vacancies are being filled quite rapidly and this practice of having TRCOs has been minimised as much as we can.

MR. CHAIRMAN.- Would you be able to elaborate a bit for information purpose this open merit system and how does it operate?

MR. S. SHARMA.- Open merit system is a new guideline that has been issued by the Civil Service Reform Management Unit. The position has to be advertised, all applicants have to be

thoroughly assessed, and whoever short listed are then called for interview. The most important thing is you cannot have interview panel members from within the ministry, you will have someone independent from outside the ministry. That is also quite an important check in terms of ensuring that we have processes that ensure that the best candidates is selected.

MR. CHAIRMAN.- We had for instance in a ministry not under you but in another ministry where a person has a Diploma in Tourism and Hospitality and was a Principal Account Officer of that ministry, we noted there were lots of problems. Is open merit system supposed to address this type of situation?

MR. S. SHARMA.- Absolutely, it is really the best person for the job, most qualified, most experienced and most meritorious candidate. Open Merit System essentially means the most meritorious candidate for the job. Before in the civil service what used to happen and that is why I should emphasise the word “open merit”, before it would be “close merit” system whereby the position was advertised but the culture was such for example if it is a Senior Admin Officer position that is advertised the culture was such in the civil service that only a serving civil servant, an existing civil servant should get promoted from Admin Officer to Senior Admin Officer. But why should someone who is extremely qualified and perhaps working in UN, Vinod Patel or any other company for that matter Price Waterhouse Coopers and private sector, why should a private sector person not be allowed to apply and be considered for a position in Government? Government should only recruit at the lower base level and these people then just keep getting promoting to senior positions, why should it be that way? Why can I not recruit someone from the private sector even at the senior position?

Just to give an example of what I have done with the Solicitor General’s Office, I have just appointed someone who is a state solicitor and someone you will know, Honourable Chair, one of the most eminent barristers in Fiji. She decided to leave the private practice, we decided to advertise the position she applied and under the Open Merit system she was by far the best candidate. She has appeared in the Supreme Court, she has a very high regard of fellow practitioners as well as members of the judiciary as well as government lawyers, so why should I not appoint someone from the private sector if that person is the best person for the job?

MR. CHAIRMAN.- In the “closed system” that would not have been possible?

MR. S. SHARMA.- It was a closed merit system.

MR. CHAIRMAN.- Before it was a family affair.

MR. S. SHARMA.- You could say that, multifaceted, it was a family affair where people were appointing TRCOs their family members, and at the same time it was a family affair in the sense that civil service as a family they will say the promotion is only for us, and no one from outside should apply or get the job. Why not?

HON. A.M. RADRODRO.- When you get the best person for the job you will have to compensate accordingly. Is that within the PSC guideline or did you go outside the PSC regulated salary level?

MR. S. SHARMA.- You have to compensate the person for the best job, at the end of the day the Constitution does provide that authority to the Permanent Secretary to determine the terms and conditions. If I would appoint a Queens Counsel from Australia or New Zealand to work in my office as an employee, I would have to make sure that person is adequately remunerated, otherwise how would I be able to attract that person to my office? If you look at the salary bands now they are

quite wide and there are fewer bands which is in fact a good system, so it gives the authority to the Permanent Secretary to select the best person. I may appoint a clerical officer who has masters in physics or masters in commerce, so why should I give that person \$14,000, there may be someone coming with a diploma...

HON. A.M. RADRODRO.- Inaudible

MR. S. SHARMA.- It was there before and it was practiced as well as the policy. Well, it is an open merit system because it is mandated by the Constitution so any policy that government adopts at the end of the day has to be in line with the open merit recruitment system because it is a Constitutional requirement. Now the good thing is if I have appointed someone or the Permanent Secretary has appointed someone and that person is unsuccessful for example he or she is not satisfied with my decision they can also appeal and that appeal can be heard very swiftly, that is quite an important redress I think.

MR. CHAIRMAN.- Take an example if honourable Radrodro fails to get elected in the next elections and he applies for an Auditor position there will be no political side to it, he will be assessed the same as all the other candidates.

MR. S. SHARMA.- Open merit recruitment system Mr. Chairman, I assure you that Honourable Radrodro is not a family member, not my family member.

MR. CHAIRMAN.- Let us move to the next one we will come back to the pertinent question if there are any.

MR. S. SHARMA.- I think there was a missing receipt book which was not advertised, a simple matter but thanks for highlighting that we have advertised that.

Non-renewal of money lenders license very briefly Mr. Chairman, the issue is we have a register of people who apply and register as money lenders but if someone does not renew their license then obviously their license is not renewed. When we publish the list of money lenders we publish only those names which are in fact registered as money lenders.

MR. CHAIRMAN.- I think we have skipped one....

MR. S. SHARMA.- Non-compliance with service agreement, my apologies Mr. Chairman.

MR. CHAIRMAN.- Item 15.13.

MR. S. SHARMA.- Apologies for that Mr. Chairman, I will address that very quickly, this is to do with Post Fiji. As you know Mr Chairman there are many postal agencies and post offices like Vanuabalavu, Rotuma, and they also have their own infrastructure, so what we had done few years back was to also enable them to be able to do birth certificate, marriage certificate and death certificate extracts. They do not do any new registration, of course they do not do marriage ceremonies what they do is they do extracts. They access our database and all they do is they print, they do not have the authority to change our database for obvious reasons.

There have been some issues with respect to non-compliance in terms of the remittances, we have addressed that and I think we have also ensured that the Post Fiji remits that revenue that they collect, they take a share and they give us the base amount and now they are doing it within one to two weeks. Of course they are based in remote areas so sometimes the accounting does take a little bit of time but this non-compliance at that time it was probably an oversight by Post Fiji but it is

something that has been addressed and what is most important is it has not resulted in any single penny going astray, everything is accounted for.

MR. CHAIRMAN.- In the areas where you now have BDM offices where they did not use to have before, will these Post Office/Postal agencies still be provided with this?

MR. S. SHARMA.- Absolutely

MR. CHAIRMAN.- It will still continue

MR. S. SHARMA.- Absolutely we want to have this services available, we might have an office in Keiyasi somewhere and the postal agency might be five villages away, so let them operate as well, they could do extracts. Like for example in Suva, we have our big office in Suva quite efficient now and the post offices throughout Suva still can do extracts because that of course eliminates the long queues in our office. I am also happy to announce Mr. Chairman that the queues in our office are the thing of the past we have state of the art autocue system, we have television so people watch their *television* programmes whilst they are waiting, I think the turnaround time is about a few minutes now. I found out the other day and called our Administrator General and said, how come there are so many people still sitting in the Births, Deaths and Marriages office during lunch time and the Administrator General told me that none of them are there to extract birth certificates, they are there to watch that TV programme that happens on *FBC*, I said let us continue providing that service.

However, Mr. Chairman if I may very quickly move on, the missing receipt book has been addressed.

HON. A.M. RADRODRO.- Just on the service provider, I think the Suva Post Office at many times it is also giving problems in the provision of printing of birth certificates.

MR. S. SHARMA.- Sometimes honourable Member when the ITC system is down, if our system is down at BDM of course they would not be able to access but what is important is that the moment any postal agency/post office system is down it is immediately escalated to HQ our office and we immediately liaise with ITC. BDM database is one database that needs to be 'on' at all times because people need to extract marriage and birth certificates, especially during let us say opening of schools just before the school terms those times we used to have long queues at the ground floor of Suvavou House. However, last year and this year I have noticed that those queues have in fact largely disappeared because we have opened our office in Nausori so they do not have to come all the way to Suva, we have also opened our office in Navua. In that way the service is taken to the doorstep as you said Mr. Chairman.

HON. A.M. RADRODRO.- Another question as mentioned by the Auditor General is the certificate pages issued. The ministry should keep a proper record of total number of certificates, pages issued, numbers used, and numbers unused by the service provider for a year. The ministry did not maintain records of the total number of certificates paid and issued.

MR. S. SHARMA.- Thank you Honourable Member, the certificates are just a piece of paper and they purchase that directly from the Government Printer which is authorised, and essentially what we do is we now have audits of that and any spoilt papers are returned back to us, that matter is now addressed.

HON. A.M. RADRODRO.- In addition the ministry used a total of 75,000 blank certificates for the service provided in 2015 and the service provided remitted revenue for 80,953 certificates.

MR. S. SHARMA.- Yes, a discrepancy, we facilitate the request so I guess to cut the bureaucracy they should be able to get it directly.

HON. A.M. RADRODRO.- How do you account for the spoilt papers?

MR. S. SHARMA.- Spoilt papers, records are taken at a number of levels, firstly the Government Printer because all these certificates are sequentially numbered so we have records from Government Printers and we have records from Post Fiji coming in as well if there are any anomalies in terms of spoilt papers. Sometimes the certificates get stuck in the printer and does not print so that certificate is spoilt so that is recorded and you know that data is now provided to us.

Non-submission of annual returns by certain companies, Chair if I may move to 15.16?

MR. CHAIRMAN.- I had a question on 15.14, missing receipt book. The OAG picked up that it is a high risk area when a receipt book goes missing and it is not advertised, the public is not informed of the missing receipt book, and he suggested that appropriate disciplinary action should be taken against those responsible. What was the issue there and was any action taken against those that were involved in that missing receipt book?

MR. S. SHARMA.- Yes the Senior Accountant who was of course in charge of this his contract was not renewed.

MR. CHAIRMAN.- But that missing receipt book did not cause any problems?

MR. S. SHARMA.- No, none whatsoever; this is at the Government Service Centre. You will see just opposite TFL building there is an old Government Service Centre, on Saturdays we also provide service there in terms of birth certificates and all that. There was a receipt book, and I assure you Chair that it was in fact advertised in the *Fiji Sun* and nothing untoward came out of that. It has been advertised and we have recorded it for the purpose and it was not used for any higher risk thing that the Auditor-General sort of alerted us to but I think it is important that when these kind of receipt books do get missing....

HON. A.M. RADRODRO.- The receipt book went missing but what happened to the cash?

MR. S. SHARMA.- Essentially, if you have an unused receipt book and if it goes missing there is no cash.

MR. CHAIRMAN.- It was an unused receipt book?

MR. S. SHARMA.- Yes. If you have a receipt book and receipts were issued there is cash, and it has to be accounted for because there is a system and you would have entered, you would have printed birth certificates and those records have to be tallied, so it has to be reconciled and it is a case of no single cent missing.

15.16 – Non submission of annual returns by companies. Sir, this was in 2015 and 2016 a new Companies Act has come into force and most companies have now updated their records by lodging previous year's returns. Under the new Act, companies are no longer required to submit annual returns but they have different financial reporting requirements. I think the matter is put to rest.

Poor record keeping by the Official Receivers Office, I think we have addressed that in terms of the debtors account and all that and the Administrator General also highlighted we are getting a system that will record debtor's accounts as well as individual names of creditors. All in all honourable Chair and Members of the Public Accounts Committee, with respect to Ministry of Justice we have largely no issues. Minor issues that were highlighted have been addressed and where there was any criminal activity we have addressed that. The missing receipt book we have sent the officer home, we cannot have these kind of laxities but what is important is to know that we have addressed all these issues and there has not been any loss of Government money.

MR. CHAIRMAN.- Any questions Honourable Members?

HON. A.M. RADRODRO.- Chair just a question to the SG your supporting responses, the reconciliation at the back, official receiver bankruptcy reconciliation. Just out of curiosity you highlighted there some receipts were not shown on bank certificate statements, receipts from February 2013, April...?

MR. S. SHARMA.- I will get my accountant to address that.

HON. A.M. RADRODRO.- Some receipts you highlighted there were not shown on bank statements.

MS. A. CHAND.- Honourable Member, are you referring to the bank credits not on cash book?

HON. A.M. RADRODRO.- Yes.

MS. A. CHAND.- This is when the cash is directly deposited into the bank account and it is not updated in our cash book unless it is confirmed by the bank.

HON. A.M. RADRODRO.- Receipts not credited in bank statements, that means you have receipted but ...

MS. A. CHAND.- What happens in this case is some of the debtors who cannot come to our office for payment, they directly deposit into our bank account.

HON. A.M. RADRODRO.- No this is a receipt by the Department if I am reading it correctly, but it has not been deposited in the bank so not reflected in the bank statement.

MR. S. SHARMA.- Essentially, with the manual system you bound to get that where you have a receipt, you have issued a receipt number you have the money and there is no issue of money missing. You have the money and it has not been reflected in the bank statement, that money has not been deposited as it were at the end of the day.

HON. A.M. RADRODRO.- From way back as 2013?

MR. S. SHARMA.- Correct, so this is 2013 to 2017. The most important thing is that we have highlighted this to show that when we do reconciliation, if there is anything that is not receipted then a question mark has to be raised and we need to find out why that was not deposited in our bank. These are cheques that we received, if we have not deposited it needs to be deposited, it is about \$4500, and sometimes what happens is that if it is deposited perhaps a few days later than it does not show in the bank statements, but honourable Member, that is a point we had made earlier. If you are not linked with FMIS these issues arise. When we do have a system of course the accounts will show

it immediately so it is easier that way, and now we are doing it. Sometimes if you look at our Labasa Office, a receipt was issued but not credited by the bank, so obviously it would have been done a little bit later, but what is important for us is we try to ensure that revenue is receipted daily. In this case it is not so much revenue, it is trust fund because a debtor may have come and paid the debt of the company, we collect that and then we have to pay the creditors. We are not talking about Government funds.

HON. A.M. RADRODRO.- We know about the reconciliation but as long as you understand why are these not deposited on time.

MR. S. SHARMA.- If you look at the reconciliation statement, if our reconciliation statement immediately identifies these issues then we have to make sure that we immediately go to the bank, go to the respective office and every single penny has to be traced, and that is the most important thing.

MR. CHAIRMAN.- On 15.15 SG, non-renewal of moneylenders license. The question in that regard, what the OAG noted was that a significant number of money lenders did not renew their money lenders license every year for the past three years, however the Ministry did not take any action to verify whether these money lenders ceased to operate or were operating illegally. The question is there any way to trace whether a moneylender has not renewed his license and he keeps operating in some remote areas, and also moneylenders who do not have license.

MR. S. SHARMA.- It is a bit like LTA issuing driving license, if the driving license expires and the person continues to drive that person has to be caught by a law enforcement agency. The Ministry of Justice registers moneylenders, so if a person applies for a moneylending license we register that person, issue them with a certificate and annually we publish a list of registered moneylenders.

For example if a particular moneylender decides not to renew his license, if he was a moneylender in 2014 but decides not to renew his money lender license in 2015, his name will no longer be on the moneylenders register, but if that person continues to operate then he is committing an offence for operating without a license, and it is a matter of the law enforcement agencies of course taking action. If there is a case that is reported to our office to say that this person is operating as a moneylender but we find out that that person is not registered on our register then obviously we will immediately have that reported to the police. The same goes for things like liquor licenses, hotel licenses that we administer or other license as well.

MR. CHAIRMAN.- Is there any other questions remaining for the Ministry of Justice?

I would like to thank the Solicitor General, Ms. Sangeeta Chand, and Ms. Ashika Chand for your appearance and for enlightening the Committee on this aspect. Honourable Members, we will take a 15 minutes break for tea and coffee and after that we will continue with the last remaining entity and that will complete our work for 2015.

The Committee adjourned at 11.00 a.m.

The Committee resumed at 11.17 a.m.

Submittee: Department of ITC

In Attendance:

- | | | |
|---------------------------|---|---------------------|
| a) Mr. Sharvada Sharma | - | Solicitor General |
| b) Mr. Nisar Ali | - | Manager ITC |
| c) Mr. Ponijese Bainimoli | - | Procurement Manager |
| d) Ms. Joana Suraki | - | SAO |
| e) Ms. Mere Vuli | - | SAO |
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MR. CHAIRMAN.- Thank you Honourable Members, let us now start the second segment of today's programme, we will be looking at the accounts of the Department of Information and Technology and Computing Services. Again we have Mr. Sharvada Sharma, Solicitor General, and the Head of the Department, Mr. Nisar Ali, Ms. Mere Vuli, Mr Ponijese and Ms Joana. We will take the submissions from the Department now then will come back to any questions that we have as we go along.

MR. S. SHARMA.- Thank you, Mr. Chair and honourable Members. The Department of Information, Technology and Computing Services like other ministries and departments we have submitted our write-up with respect to the issues that have been highlighted by the Auditor General. The Auditor General's Report is an unqualified Audit Report so there are no issues as a result of which the report would have been qualified, it is an unqualified report. Mr Chair and Honourable Members, can I very quickly go to the audit findings.

The first issue that has been raised honourable Chair and Members is that funds with respect to ICT upgrades were in fact unutilised, it is not so much an issue of misappropriation or anything untoward, it is about the Government had allocated funding which has not in fact been utilised, the fact that they have been savings in various allocations.

Table 16A.5, honourable Chair, with respect to these different ministries and departments perhaps what I wish to highlight is that the projects are in fact identified by the ministries and departments themselves and the allocation is made based on submissions that they have made to Parliament and to Ministry of Economy. The ITC itself is not involved in the planning of these project as such or procurement of funding for that matter, but what ITC does is that to make sure that when the ministries and departments are able to and have their act together to be able to utilise these funding and that is where ITC comes in.

MR. CHAIRMAN.- When you talk about upgrade of ICT system is that what is noted down here, Table 16A.3, systems involving Labour, Health, Justice, Fisheries, Agriculture, Lands and Integrated Labour Market Information System. These are the systems captured in that amount on trust fund?

MR. S. SHARMA.- Yes, that is correct. Essentially, \$3 million was allocated and only \$244,000 was utilised and largely our explanation on Page 4 of our write-up does provide the reasons why the Ministry of Employment did not utilise the funding. This was for ISO certification but obviously there were delays with respect to them procuring the vendor, getting the contract signed et cetera. In the end they were able to agree to have the services provided at \$224,000. You will note from the 2016 accounts, Mr. Chair, that even though \$1 million was allocated and what they used was sufficient for their purposes there was savings and in the 2016 allocation only \$100,000 was allocated to them. All in all savings for budget and for government. Just because there is a budget of \$1 million it does not mean that every single penny has to be spend. If there is savings then why not? Sometimes allocation is made based on projections because it is the budget, at the end of the

day it is really a budget estimate and sometimes more often than not you will find that you are able to use or achieve what you wanted to achieve with less funds so there is savings in that regard.

MR. CHAIRMAN.- Are the savings made because the work was not done or done at a cheaper price or partially?

MR. S. SHARMA.- Combination of both, Mr. Chair. Sometimes the work is not done because the ministries and departments have not been able to get their act together as it were in terms of the procurement, sometimes funding is allocated but that project is then redeployed or something like that. There are various reasons why there is savings in Government and savings is not necessarily a bad thing.

Similarly with respect to purchase of warehouse management systems this was of course for Ministry for Health. ITC had discussions, we have done site visits et cetera, management system and Ministry of Health essentially has to get back to us with respect to the tenders and procurement et cetera and once that happens of course then allocations you know funding can be sourced for that. IT purchase for Ministry for Health \$400,000 was allocated and in fact \$400,000 was in fact used; this is for cabling, UPS, CWM cabling et cetera.

Digitisation for BDM allocation of \$1 million, I think we will address that later on because it was highlighted as a separate matter but essentially funding was used for purchase of scanners. A digitisation project is quite a tedious labour intensive task because you can easily develop a software but what will that software, what data will that software have? With respect to BDM, titles and companies the data that needs to go in the system is records so whether it is an individual easement, whether it is a caveat, whether it is a title, land title....

MR. CHAIRMAN.- Land title, leases, mortgages et cetera.

MR. S. SHARMA. All of that have to be meticulously scanned and some of these documents are from the 1800s. They will have to be scanned the land titles, land sales happened I do not know when 1800s and there were land titles issued in those years, they also have titles.

MR. CHAIRMAN.- All these documents are scanned and kept on a database where consumers or people can access.

MR. S. SHARMA.- Would be able to access?

MR. CHAIRMAN.- Yes.

MR. S. SHARMA.- The software will enable you to access but if that data is not in the software, if the database is not there, what will the software give you? You will type in CT156 as a Certificate of Title, and if it is not scanned it will not be there. There are literally millions of documents that have to be scanned. It is not just a title, in every title there might be a mortgage, there might be a transfer, there might be a discharge of a mortgage, all those dealings have to be registered. That is a laborious task which Administrator General has been painstakingly attending to as part of the digitisation project. When I was addressing Ministry of Justice's accounts remember I had mentioned about the digitisation project and how we have hired project officers.

MR. CHAIRMAN.- Yes.

MR. S. SHARMA.- They have been hired precisely for that purpose, part of this funding that was allocated by Government is for the digitisation project, what ITC did was upon request of

Ministry of Justice they were able to purchase state of the art scanners which allows you to scan these documents at slightly a much faster rate, and that has enabled our work to go on and at the same time, money had to be reallocated from this allocation for the purpose of a storage capacity. When you scan all these millions of documents you have to store them somewhere and these documents are quite large files because they are old files and Mr. Chairman you will know that some of them were in the A3 size paper before, bigger documents that was your title, now everything comes in A4 size paper. The regulations were changed I believe in 2007 or 2008 and as a result of which now the documents are being standardised.

The other major issue with respect to digitisation Mr. Chairman, is the Deposited Plans. Deposited Plans for any subdivision and there are literally hundreds and thousands of those and would be about the size of the table that you are sitting on Mr. Chairman because that has all the lots. When people subdivide land they have all those lots with all the easements et cetera that have to be recorded, those also have to be scanned because if you are looking at a title, if you go to a computer and look for a title you would want to look at where exactly is this lot, and have to go on a deposited plan which has been approved by Department of Lands, approved by Ministry of Town and Country Planning and approved by the relevant municipalities for example Suva City Council. Once all of that is done then the deposited plan is deposited and approved by the Registrar of Titles only then will you be able to get a certificate of title for the individual lot, which is how simple it is. Conveyancing maybe simple enough but for us to take all those records from many, many, years back and to have them digitised is actually a long drawn process to say politely.

MR. CHAIRMAN. - Where does ICT come in this process?

MR. S. SHARMA.- There are two stages Mr. Chairman, one is of course the software and secondly the software is basically the skeleton which allows you to access something but at the back end of that software is your data. You could go to an ATM that has a software but when you press a certain amount it needs to access the data which the bank has which is your bank balance for example, so without that data the software is basically a skeleton.

HON. A. O'CONNOR.- Mr. Chairman if I can just ask while we are talking about the backup equipment, would some of the ministries still have in particular Registrar the micro fiche or micro-film this was another mode of data saving?

MR. S. SHARMA.- Honourable Member, not for the Titles / Company office. It was all paper documents, it was files so company X, Y, Z the Company office will have a file and it has all those documents. It was never converted into microfiche, micro film or whatever it is called. The Department I know that did have a lot of information on microfiche or micro-film is Ministry of Information and National Archives. What is important is that those old data in that old technology has to be converted and it does take time. But not for the BDM and Companies and Titles office it was never into microfilms.

The upgrade of ITC infrastructure for Ministry of Fisheries once again Mr. Chairman \$600,000 was allocated, about \$300,000, \$270,000 was used. Whatever projects they were ready for those projects, vendors were obviously procured at a cheaper price and that has obviously resulted in savings. The same goes with the Ministry of Agriculture they have spent some money and there are some savings, as well as for Ministry of Lands, I think they had an allocation of \$150,000 for Geospatial Information System and that had an allocation of \$150,000, I think about \$140,000 was used so there was savings.

MR. CHAIRMAN.- What actually is that Geospatial Information System?

MR. N. ALI.- Sir, what that means is for example the Ministry of Lands have this software so you embed in that software the land that you have, whoever owns that land so that is one level that you can go to, but it has many more users then just for the Lands Department. For example Ministry of Health could take a layer and plot on the Geospatial Information System where the hospitals, the health centres and the rest of it, likewise the Police Department can do that, there are so many users. I think the first way is to make sure that you plot the lands and everything properly and then you could build on that, so that basically in a nutshell what the explanation is about.

MR. CHAIRMAN.- Is it like the GIS or GPS system used by iTLTB?

MR. N. ALI.- Some mapping programme, yes Vanua something and is moving to this new platform.

MR. CHAIRMAN.- Alright we can move on.

MR. S. SHARMA.- Thank you Mr. Chairman, essentially that is the savings which has been identified by the Auditor General, and I do not have particularly an issue with respect to that as long as the Ministries and Departments have identified the projects that they need to spend money and that has been spent. If they have not been able to get their act together then obviously ITC cannot assist but ITC needs to ensure that it is value for money.

HON. A.M. RADRODRO.- Mr. Chairman, just a question to SG regarding this unutilised capital project funds. At what point does ITC department liaise with the respective ministries and departments to commence this sort of capital projects? I am just taking note of your explanation regarding the ISO certification projects and your very last comment was that by the time when things are done the funds are no longer available so we missed the opportunity needed at that time. What time do you correlate and try to ensure that things are properly planned out and funds are disbursed according to what you have?

MR. N. ALI.- Thank you Mr. Chairman, what we do is that once a ministry has a requirement then they put it to us because if it is to do with ICT it comes to ITC Steering Committee then we will address those projects. I think what has happened now is that we are nipping it in the bud is that when ministries are making proposals to the Budget Committee then anything in relation to ICT is then vetted by us moving onwards so that we get involved from day 1. Prior to that what used to happen is the ministry to determine the budget and then if it is ICT then it would be moved to us and then we will do the processing, call the tenders and the rest and then be involved in the project.

All the time what happens is the scoping of the works is not done properly and there are shortfalls, it does not actually meet the requirement of the ministry and that is where we come in and try and help them and address the issues that we think needs to be addressed, then what also happens is that most of the time the ministries and departments are dependent on the vendors to advice and sometimes they do the scope of work and the rest and at times there is a conflict on behalf of the vendors and we say, 'listen we have the expertise you come to us there is no dependence on vendors because they need to be impartial when it comes to tendering.' Once the tender happens then we get involved with them, do the evaluation and then kick off the project. The respective ministries and departments are still the business owners and we are just trying to help them.

MR. S. SHARMA.- One of the other things perhaps just to supplement that is Ministry of Economy I know if there is unutilised funding and as the weeks and the months go by Ministry of Economy obviously has the checks and balances because I know certainly for my Ministry, AGs Office we have had funding and sometimes these funding are utilised in the third or fourth quarter because that is just the nature of how it works. Like for example I have an allocation for subscription

renewals for my library books like in law reports or Halsbury, it is just that I cannot spend that money in the first quarter because the renewal is only in the last quarter.

My Principal Accountant gets that notification from Ministry of Economy to say this is unspent, and why it is unspent? It should be spent and we have to provide an explanation, 'It is going to happen at this time', and if the reason is not good enough then obviously we have to answer to Ministry of Economy as to the delay. I think the important thing is that if funds are allocated they should be utilised but it is not a case of whatever is allocated must be spent down to the last cent, if there is savings well and good it is the taxpayer's money. Ministry of Economy also assists us in that regard and with the IT projects, ITC also does that.

HON. A.M. RADRODRO.- Thank you just a supplementary to the explanation. What we have noted in your explanation here, say for ISO you start work in May and this is way down after the budget period and also for Ministry of Health, we have four months, six months, this seems to be like within the budget period which obviously will take longer to implement. How does especially the need for these ITC requirements, need for this software probably, at which point does the Department liaise with the respective Ministries and Departments to ensure all these things are addressed? As soon as the funds are allocated you get to utilise them rather than when the funds are allocated then have to wait to undertake all these process again which is definitely going to take a year or longer?

MR. S. SHARMA.- I totally agree with you. I think it is in an ideal situation, as soon as the budget is awarded the Ministries should come and talk to us and say listen these are the projects that we have, but if for some reason they do not come to us and they hold on

MR. N. ALI.- I would not know why the Ministries do not want to push these projects especially if it is related to ITC because it is going to improve productivity, availability of the information and the rest of it so they need to ensure that they come to us and say listen we are ready with the project. At times, what happens is that they have a project but they do not have the budget for the people the project team to handle those projects. The budget has been approved but not the staffing and all, so those are issues that I am not privy to but internal to the Ministries and Departments, but when it comes to us we make sure that we follow the procedure and try and get things done as soon as possible. Often it is left to the last minute by the Ministries and Departments.

HON. A.M. RADRODRO.- This ISO projects has it been done?

MR. N. ALI.- Yes, that was by Labour.

The Ministry of Health, yes their project was done and I think we allocated \$400,000 that was for their PC's and other information system that they wanted, that money was released to them. Apparently, what happens is that if there is an allocation to a Ministry or Department, some of the money is kept with the ITC then we have control over it and then we say this is the process, we follow up and say listen you need to tell us what your requirement is and where is your project paper so that we can proceed with those, I think maybe Economy would explain better. If we have two, three Ministries money is sitting with us then one RIE is pending the Ministry of Economy will say listen you clear that RIE before you start with the other projects. Those are some of the difficulties we face at ITC, we want to run projects in parallel but unfortunately we get bogged down with some of the procedures.

MR. CHAIRMAN.- You wanted to add something?

MR. S. SHARMA.- I was just going to say Mr. Chair that the point raised by Honourable Radrodro is quite pertinent in the sense that if Ministries and Departments have been allocated funding they ought to make sure that the project happens. For example the ISO certification that is a good thing and that is a Government initiative, so that vision needs to be realised. There may be issues with respect to delays with respect to procurement, bureaucracy et cetera but those matters need to be overcome so that the vision is realised, and if it can be done in less and allocation is possible so much the better and that is where ITC comes in, but I think the ball on most occasions is really in the Ministries and Departments court.

HON. A.M. RADRODRO.- Inaudible.

MR. CHAIRMAN.- Implementation of those projects.

MR.S. SHARMA.- The respective Ministry would go to Ministry of Economy and make submissions, but now as the Manager was saying ITC has an input, it is all about value for money.

MR. CHAIRMAN.- It is like the digitisation process, if the Ministry is not ready to scan the documents and have it ready, ITC cannot go and assist them.

MR. S. SHARMA.- Ministries and Departments all have to work in tandem. What I was going to say was that ministries and departments have their KPI's, they have their plans, they have their deliverables and if they do not deliver then it is not so much ITC saying okay we had allocated this much money for you and you have not spent it; it is really the respective Permanent Secretaries who will need to be able to answer to say why did I not deliver this KPI.

MR. CHAIRMAN.- It is reflected in their contracts as well.

MR. S. SHARMA.- It is in their contracts and the good thing is now Public Service Commission as the employer has a monitoring system to say that you had agreed to do a, b and c and why are you not doing it? Therefore that has an effect on their performance and performance assessment et cetera.

Chair, with that may I very quickly move on to the second matter which is 16A.6, this is to do with the digitisation of the Registrar of Titles / Companies, and I guess I have addressed that already. That is work in progress, we have been attending to many things. We have had to divert funds to establish a storage capacity because of the large amount of data that is being accumulated digitally. We are on top of that.

Capital budgets not utilised by ITC – Most of the issues are of course in relation to project management for example with respect to National Switch and Fiji Pay, Chair you will recall that the Bills were just passed this year. Even though the funding was allocated in 2015 obviously the legal regulations came into force much later.

MR. CHAIRMAN.- The legal framework is only available now.

MR. S. SHARMA.- Yes indeed. The allocation was made in 2015, the money was not wasted, the money was saved, and when the legal mechanisms were put in place now obviously it can be utilised and I think we have got funding for that as well, for this current budget.

Chair, if I may very quickly move on to 16 A.8 and that is to do with the public private partnership with the service provider and software provider. With respect to information that the Auditor-General has asked for, I can confirm Chair that all of that has in fact been provided. It was

provided after this audit report was done, but all of that data and all the information is with the Auditor-General as well as with the Ministry of Finance.

Lack of documents to substantiate payment, Chair, I think that has in fact been addressed, we have all the documentation with respect to the payments.

MR. CHAIRMAN.- Just before that SG under 16 A.8 they are saying that the OAG is saying that the software provider, the Head was terminated in 2014 and therefore they could not ascertain how the project was supposed to be undertaken.

MR. S. SHARMA.- What happened was that there was a head agreement based on mutual agreement between the parties and it was revoked and a new service software agreement was signed. Based on that if you recall the service providers developing software and that has an annual allocation or payment as it was, so it is not about software development it is also about software maintenance.

Lack of documents to substantiate payment, Chair, in fact we have provided all the documentation.

MR. CHAIRMAN.- OAG, can you confirm the documents are with you?

MR. S. SHARMA.- I think it was provided after this 2015 report.

MR. N. KUMAR.- Chair I have to come back to you on this after verifying at the office.

MR. S. SHARMA.- If the Auditor-General has any issues with respect to documents not being provided, if there is any particular documents that they are after and it is not with them, we would be happy to provide that. It is only fair that they have access to all that so that they can do a fair reporting of our accounts.

MR. CHAIRMAN. - Generally when these documents are provided how will you address that in a report, you will address it to the Public Accounts or we do a supplementary?

MR. N. ALI. - Yes we will address to you formerly, Sir.

HON. A.M. RADRODRO. - Who is the service provider Solicitor-General?

MR. S. SHARMA. – *Yalamanchali Solutions*, Honourable Member.

Non-compliance with the software agreement I think the one that was highlighted was the indemnity insurance cover. The indemnity insurance cover is annual it is like your motor vehicle insurance. Perhaps a copy was not provided but I have a copy in my hand for the confirmation of the insurance from one of the world's reputable insurance brokers. We will provide all that information.

The software providers, if there is any issue of non-compliance Mr. Chairman, rest assured we will have that raised in accordance with the contract and if there are any matters arising we will have that addressed.

Anomalies in Incidental Payments to ITC Management - The relevant supporting documents were in fact provided, Mr. Chairman with respect to all of these expenditure. The Auditor General's recommendation is that all supporting documents are maintained; those documents are in fact

maintained and have been made available. I think it is probably the matter of timing when this report came, I am quite positive that these matters are not regurgitated in 2016 report Mr. Chairman.

MR. CHAIRMAN.- SG, as you know 16A, 8.4, Anomalies and Incidental, the fee is in US dollars that is US\$250,000, that is a bit different from all the other payments which are in Fijian dollars, so what is the reason for the payment in US dollars, is that a term of contract?

MR. S. SHARMA. - I think essentially what the agreement provides. Mostly when you have agreements with overseas companies the common denominator which most companies use is US dollars. For our accounts purposes we obviously have to convert it based on the prevailing currency rate and that is always done, Mr. Chairman.

HON. A.M. RADRODRO. - Just on that particular issue the part of the audit finding was the approval by the ITC Steering Committee regarding the expenditures that are incidental expenses paid to the service provider. How was this addressed, how was this formalised in terms of the authorisation?

MR. S. SHARMA. - The authorisation at the end of the day is the agreement, Honourable Member, so if the agreement provides for certain incidentals and travels to be paid, say if they sent software experts down to do the nuts and bolts in Ministry of iTaukei Affairs or IT or Justice, then obviously those matters have to be provided. I think what was important for the Auditor General was to ensure that all documentations are kept, and we assure you Mr. Chairman that these documents are maintained.

HON. A.M. RADRODRO. - This particular issue that I am asking is particularly the authorisation, prior approval of the Steering Committee, that is on Table 16, 8.5, totalling \$56,000, the auditors have highlighted that prior approval could not be ascertained regarding these particular expenses.

MR. S. SHARMA. - Yes, I think the reason why they could not ascertain if prior approval was obtained is because the documentations which did reach the Auditor General at that time, they could not ascertain that because they did not sight those documents.

HON. A.M. RADRODRO. – Prior approval was obtained by the Steering Committee?

MR. S. SHARMA. - Exactly.

HON. A.M. RADRODRO. –Can we just get an update follow-up on this particular one?

MR. S. SHARMA. – Sir, if I may very quickly move on to the last matter which is follow up on audit issues of the previous year. I think the only issue is with respect to our procurement policy. Mr. Chairman we confirm that whilst a formal ITC procurement policy at this stage is still being finalised and is being reviewed, it is being legally vetted by the SG's office and that should happen very soon.

We wish to confirm to this Committee that the ITC Department is in fact guided by the Procurement Regulations and all requests for ITC goods and services are submitted to the Steering Committee for their endorsement as is required in the Act, and the procurement process that is used is a sound policy which says that any procurement which exceeds \$50,000 must be tendered out, must be procured through normal tender process. We have outlined for this Honourable Committee the process which the Department follows in terms of procurement, the advertisements, the tender box, the usual recommendations by evaluation committees and so forth. Any procurements below

obviously have to have the necessary quotations and essentially that is the procurement policy of Government under the regulations. Largely or almost entirely it is following the procurement policy that you have in Government, but there is a separate policy that the ITC Steering Committee is developing on its own.

MR. CHAIRMAN.- Is there a separate procurement policy, a hard copy available in the Department?

MR. S. SHARMA. - There is a draft which they have referred for legal clearance with the SG's office. Once that is done Mr. Chairman, we hope that will be finalised and probably adopted by the Steering Committee very quickly.

MR. CHAIRMAN. – What is the current policy that is being used?

MR. S. SHARMA. - As I have highlighted Mr. Chairman, the most important thing in any procurement is transparency and good governance. Essentially what they are doing is that they have linked it to the good governance policies and rules which are existing in the Fiji Procurement Regulations of 2010 which requires a tender process, requires independent validation by an Evaluation Committee, requires anything below \$50,000 to have certain quotations et cetera. All those processes are followed and the Auditor General will obviously note from the documents that we have supplied that all those processes were in fact followed, any procurement for more than \$50,000, there was a separate tender called. You will note in the papers the tenders do go out.

In terms of transparency and good governance, there is already a sound policy in practice that is being adopted by the ITC Department. What the Auditor General has said is that they want to see a document called procurement policy, that is being finalised Mr. Chairman. But rest assured that all the benchmarks of transparency, good governance and value for money in terms of procurement is being followed.

MR. N. ALI.- If I may Mr. Chairman, add to what the SG has said, we are the only department that implemented the e-tendering portal so there is no longer any tender boxes available, we are using a tender link application which is then totally transparent and no one sees, its virtual. There is a time for opening and closing of tenders, even if you are a minute late, it will close you off. Those are virtual keys that are issued and then once they open the tenders then they give it to us, this is done by the Steering Committee. This is one of the first implementations in the Government moving away from the traditional envelope and boxes to e-tender.

MR. CHAIRMAN. – If they e-mail the tenders to you, who accesses this?

MR. N. ALI.– The Secretary of the Steering Committee. They have the keys, we do not have anything. Once the tenders close then the provider provides the keys to whoever is the custodian, they download all the documents, print it and give it to us. We are not involved in anyway, it is just the Steering Committee that is involved.

MR. CHAIRMAN. – No one will be able to see the amount?

MR. N. ALI. - Absolutely No, no one sees anything. Even the secretary does not see anything, it is only when the tender closes that the virtual keys are provided then she downloads those documents, prints it and then gives it to us. This is another reason why there has been some delays because of the e-tendering and we need to customise the policy because it is moving away from the traditional tender boxes to more of e-tendering so the process which we are doing has to be put in that policy as well.

MR. S. SHARMA. - I think e-tendering obviously Mr. Chairman, is the way to go because we have heard some funny stories of our tender box. In Ministry of Economy at 4pm the clock strikes 4pm but there are bidders who are trying to sneak into the office and try to put it in and sometimes you have massive arguments when they say look 4pm is the clock on the wall, and over here it says 3.59pm, and they say your clock is wrong, this is what they say sometimes.

MR. CHAIRMAN. - We have heard funnier stories where some staffs do not

MR. S. SHARMA.- Incidentally, Chair I just want to point out that clock is also wrong.

(Laughter)

MR. CHAIRMAN.- We have also heard instances not in your department but some other departments that tender amounts were known to staff and they revealed it to the bidders and they would up or down their tenders.

MR. N. ALI.- Absolutely this is what we overcome because what we have done is that even if the Ministries and Departments is below \$50,000 we asked them “you do not get quotes, you use our portal, you ask the guys to tender and it will come to us.” That cuts out that human intervention of saying “I have one quote from this, this is the price, you quote below this and we will give it to you” if it is related to ICT equipment and things we are in-charge.

MR. CHAIRMAN.- Hope that is implemented in town and city councils as well?

HON. A.M. RADRODRO.- Sir, just a question. (Inaudible)

MR. N. ALI- We have trialled it and we have not got the licenses, for FPO if they are interested once we negotiate we will say that there will be other Ministries. We know FPO was one of the major ones and we have the license, it is only for them to say yes and they can...

MR. S. SHARMA.- I think this is really the way to go Honourable Member, and if ITC can do as part of their policy then I see no reason why it cannot apply Government wide.

HON. A.M. RADRODRO.- It has not been adopted by Government Ministries and Departments?

MR. S. SHARMA.- No, Government Ministries still follow that procurement regulation Honourable Member which is tender box and is sitting somewhere in Ministry of Economy and which everyone tries to rush to by 4pm.m on Friday or something.

HON. A.M. RADRODRO.- They have an interesting suggestion E-tendering. Currently, when you tender there are some sort of deposit that comes with it, so how do you accommodate that situation?

MR. S. SHARMA.- No, we do not, if they upload the documents then they try to pay \$50.

MR. N. ALI.- The deposit is not for that bid Honourable Member, the deposit is when the tender opens and you want all that documentation, the designs because you need to look at it and quote, then you come and procure and you pay \$50 or whatever it is and that document is yours.

MR. S. SHARMA.- But with the application they download it from the system and they do not have to pay, we do not have to print but any guy coming over can say “listen I want these documents can you print it and give it to us” there is a charge for it.

MR. N. ALI.- They making it paperless.

HON. A.M. RADRODRO.- The private public partnership there is a purpose for each engagement. As the projected intention and objective of this engagement achieved in terms of engagement of this software provider, revolutionise the process and products using information technology platforms in Fiji.

MR. S. SHARMA.- I think it is a work in progress, I will get the IT Manager to also add but there have been software developments which have taken place like Titles for example, the work is in progress, you identify fields. It is constant interaction with the technical people because they have to design something which is what we want and sometimes there is a lot of changes. At the end of the day even after having done all of that you agreed alright, this is the phase of that software and when you click on this icon it will show you that. What is most important is the back end data which you have to collate, so it is work in progress.

MR. N. ALI.- Honourable Member, just to answer your question when you look at iTaukei Affairs the VKB digitisation is completed, once we have done that then the Ministry was aware as to how many people that are above 100 years. If it was manual records they would not be able to find out but because we have done that and they are able to see even the demographics, number of people, the age group and all those information is available. Had it not been done they would not be aware, I think it is about 2,800 people who are showing as over 100 years, and it is a good way of cleaning up the records. The direct cleansing needs to take place.

The other problems that we had for example Registrar of Companies the application was developed, the digitisation has to happen but in between the company laws changed, so the whole thing had to be redone because it needed to meet the new company laws, the fields, the forms and what not. It is work in progress and what needs to happen is that the bulk of the work is in terms of getting the information and getting the digitisation in order and once that information is available there are two parts of the application, one is the software and second, is the digitisation. Once the records are available in digitisation the software can pull any information that you want. As SG has mentioned it is quite a task to get all those things. There is a process that needs to happen, you need to scan the document, upload, and index and catalogue it. A person will go out and quality assurance check ensuring that the processes had been followed, the document that is uploaded is correct, check and then it is there.

HON. A.M. RADRODRO.- The private public partnership agreement that was initially signed on 28th September, 2012 was subsequently terminated on 24th April, 2014 and then there is another new software agreement on 24th April, 2014. How many agreements are there?

MR. N. ALI.- Just two agreements, software agreement.

HON. A.M. RADRODRO.- There is one on 2014 that was signed and another one?

MR. N. ALI.- I think that was superseded. There is one agreement and then there was a list of other agreements, they just have two agreements, one is software the ...

MR. S. SHARMA.- What happens in legal term one was a head agreement, so head agreement generally is like at macro level, Honourable Members, once things of course started developing then you do a more detailed software agreement, so that over takes the previous one.

HON. A.M. RADRODRO.- The other issues that has been highlighted by the Auditor-General is that the commencement date, completion date in terms of each software, with these development projects there is none stated in the agreement. Why is there such a project without any completion and starting date?

MR. N. ALI.- What happens honourable Member is that once the Ministry gives the requirement this is the requirement from the Ministry to develop for example the BDM application, the software provider meets with the Departments, they do a business requirement document to

ensure that whatever the Ministry wants is all captured in the application, that is done, signed off and then the application development happens. Once that happens and passed onto the Ministry they need to make sure that one is the application and the other one is digitisation, once the digitisation is complete the application can then pick. It is like for example those applications has been delivered but the data has not been input. As soon as that data is input, and that is not something that ITC or the service provide is responsible for, each and every Ministry is then responsible to ensure that data is uploaded onto the system.

HON. A.M. RADRODRO.- SG, in terms of this follow-up of this agreement the monitoring, how do you monitor such projects with agreements which does not have any starting completion date?

MR. S. SHARMA.- The agreements obviously will have a starting date and a commencement date once the Ministry and the service provider together with ITC agree upon. But at the end of the day sometimes what happens as the Manager was saying is that sometimes you do not fathom the amount of data that is to go in. The software provider will say “alright, I have developed the software you wanted, it is here” that is very easy, but for us as Government Ministries and Departments we need to make sure that software serves the purpose in terms of the data that goes at the back end, and that is where you will always have delays and sometimes you might have to redesign. For example with the land you may have covered it but there might be an easier way of looking at dealing for example as supposed to the original title, so the good thing about this sort of a software agreement is that it provides for you to fine tune and improve whilst you are still developing it.

The software person will say “Look, this is Microsoft Office here, I am not going to change anything you leave with it and we cannot change anything”. But when you have your own custom-made then you can pull them back and say “I want this thing changed, I want it to be better, I want it to look better, I want it to operate better” so that is the advantage of having that.

MR. CHAIRMAN.- It also eliminates a lot of litigation too if it comes to that, there is also disagreements about the agreement a lot of litigation might also arise from there.

MR. S. SHARMA.- We have not had any contractual issues per se, there may be compliance issues that we say “alright service provider please I am not happy with this particular technical person, maybe he does not understand, get somebody else” or “I want this person, I want five of you because I only have one week to work on it.” Those day-to-day issues we have to address, but the good thing is that these matters are being addressed.

MR. CHAIRMAN.- I have just two short questions Solicitor General, that is table 16 (a) point 1 – Statement of receipts and expenditure for 2015, under expenditure, there is an entry special expenditures which has gone down from \$1.7 million to \$1.6 million, what kind of expenditures are those, what does this actually involve?

MR. N. ALI- Sir, I think with ITC, previously we used to have a complement of 110 staff, at the moment we are operating on about 50 percent capacity. What we are trying to do is make sure that we make our staff multi-skilled and trained in the different areas, and we are also vulnerable to the private sector because once our people are trained they are snatched away. We try and keep training people we are trying to do our best because it is very difficult to get well qualified and trained people. ITC is a place where we train people and they leave for better conditions, they are marketable; and that is one of the reasons our expenditure has come down. Nonetheless, we are trying to fill positions and you would have seen the papers recently, there are a lot of positions that we have advertised and we have started the recruiting process already. We have just done a restructure, probably a review of the ITC Data Centre and the staff position description and job description. It is only because we are following the old model and things have changed, as you know IT forever

evolves, technology is dynamic and we must make sure that we have the right people to address those issues and to help us with what we are trying to achieve for ITC and Government as a whole.

MR. CHAIRMAN.- Special expenditure involves training expenses?

MR. N. ALI- The other one is that special projects one, what we do is that this special expenditure if we get this service provider to provide any of the services that we want other than its professional fees and things, then that comes in.

MR. CHAIRMAN.- Secondly, mentioned on Table 16 a (2) Appropriation of 2015, entry number 7, Special Expenditures, budget estimate \$2million, revised budget is \$2million and actual expenditure. Is that the same one?

MR. N. ALI- Yes, Sir that is correct.

MR. S. SHARMA.- It went down from 2014 to 2015.

MR. CHAIRMAN.- Yes.

HON. A.M. RADRODRO.- Just a question again to SG regarding the payments made to the software provider. The auditors have highlighted there are two agreements as we mentioned, is the same payment still made on those two agreements or is there different payment?

MR. CHAIRMAN.- One agreement has superseded the other one.

MR. S. SHARMA.- One is superseded, one is terminated. Payment is made on one agreement.

MR. N. ALI.- One is software development, one is professional fees.

HON. A.M. RADRODRO.- I have not finished my question, the question is whether the same fees are applicable to the new agreement or is it a revised fee?

MR. N. ALI.- It is the same.

HON. A.M. RADRODRO.- Same \$US125,000?

MR. N. ALI.- One is the management and software, the software development is \$USD500,000 per annum.

HON. A.M. RADRODRO.- US Dollars?

MR. N. ALI.- The other one is management of ITC which is \$USD 250,000 per annum.

HON. A.M. RADRODRO.- US dollars?

MR. S. SHARMA.- Yes.

MR. CHAIRMAN.- Any questions? If that is the case I would like to thank once again the team from ITC with the Permanent Secretary Mr Sharma, Joana Suraki, Mr Nisar Ali, Manager, Ponijese Bainimoli and Mere Vuli for your attendance this afternoon before the Public Accounts Committee. Thank you Permanent Secretary for Justice and Solicitor General for your attendance,

you helped us in now finally completing our 2015 Volume. We have 2016 left for you which we will organise on another day.

MR. S. SHARMA.- Very well Mr. Chairman.

MR. CHAIRMAN.- Any final comments SG before we close?

MR. S. SHARMA.- Mr Chairman, I just want to thank you. I think it was a very fruitful discussion and I am happy that the Committee has acknowledged some of the work that we are doing whether it is telecentres or digitisation or digital television that is all very important work in taking the service to the people. On a lighter note, with respect to telecentres, I think the Director Communications mentioned that we also have printers in all these places and scanners. The paper in the printers is also provided by the Department so it is a case of taking boxes and boxes of paper and providing that to the people so that they can print whatever they want.

MR. CHAIRMAN.- Thank you very much.

The Committee Interview adjourned at 12.05 p.m.