**PUBLIC ACCOUNTS COMMITTEE**

**[Verbatim Report of Meeting]**

**HELD IN THE**

**COMMITTEE ROOM (EAST WING)**

**ON**

**WEDNESDAY, 15TH MARCH, 2017**

**VERBATIM NOTES OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS MEETING HELD IN THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON WEDNESDAY 15TH MARCH, 2017 AT 9.26 A.M.**

**Interviewee: Judicial Department**

In Attendance

* 1. Ms. Shannan Toutou - Chief Administrative Officer
  2. Mr. Yohan Liyanage - Chief Registrar
  3. Ms. Vasundra Kamini Ram - Manager Finance
  4. Mr. George Chand - Manager Assets

Office of the Auditor-General

* 1. Mr. Dineshwar Prasad - Acting Director of Audit
  2. Mr. Abele Saunivalu - Audit Manager

Ministry of Economy

* 1. Mr. Atin - Asset Manager
  2. Mr. Rahat - Senior Accounts Officer
  3. Ms. Lanieta - Principal Accountant

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MR. CHAIRMAN.- Good morning, Honourable Members, members of the Secretariat and the media, and the public who are watching us; I welcome you to this session of the Public Accounts Committee (PAC). Today, we have our first presentation and that is from one of the most important arm of governance, the third arm of governance, that is, the Judiciary. We cannot overemphasise the importance of this section of governance.

(Introduction – Officials from Judicial Department)

I welcome you, ladies and gentlemen, especially the Chief Registrar, Sir, for you presence before this Committee this morning.

As you are aware, we are doing an important task on behalf of the Government and Parliament of Fiji. We have been assigned the Auditor-General’s Report to scrutinise and to ask any pertinent questions that may arise from those Reports, especially in respect of Government expenditure, the expenditure of public money. To assist us in this purpose, we have on your left the officers from the Ministry of Economy, who are assisting the Committee throughout and also on your right, we have the officials from the Office of the Auditor-General (OAG), who will go through us as we have any questions as they arise. For today’s purpose, we have Honourable Radrodro who will be leading the questions and other Honourable Members will join in. We have reserved the most pertinent questions to the end of the submissions and I now request you, Sir, to commence with your presentation.

MR. Y. LIYANAGE.- Thank you, Mr. Chairman. Honourable Members, a very good morning to all of you and thank you for the opportunity for us to come here this morning and also to present whatever the comments that we have from our side with regards to this Auditor-General’s Report that was published in 2014.

Mr. Chairman, as you had requested, the background information will be the first topic. As you are all aware, our Constitution is very clear under Chapter 5, the functions of the Judiciary. We have also provided our written response to all these queries and I believe we have despatched those copies yesterday evening.

In this case, I do not think that I should take you through the Constitutional provisions because it is going to take long. If I take you through the organisational structure and total number of staff, we have 741 staff, that is, the Judicial Department support services. Out of that, 662 are confirmed positions and 74 are Government Wage Earners positions and also five project positions that are under Fine Enforcement Unit. We also have the Judicial Officers; our establishment is 25 Judges, three Masters and 35 Magistrates, that is the Judiciary. We have the Honourable Chief Justice, the Chief Registrar who is myself, and also the Chief Magistrates, the three positions on top of this establishment.

HON. A.M. RADRODRO.- Mr. Chairman, just on the staff number that you had just highlighted - 25 Judges, three Masters and 35 Magistrates and you also mentioned about the three what, including yourself?

MR. Y. LIYANAGE.- That is the Honourable Chief Justice, Chief Registrar and the Chief Magistrates, that is an addition to the establishment.

Mr. Chairman, I will take you through the updates on the capital projects. We have given that in our submission on page 5, we have explained the major capital projects that are currently ongoing, they are the:

1. Lautoka High Court extension and new High Court for Lautoka. The present update is, we have already appointed a lead consultant for this project and the lead consultant had few issues with some variations. So we had to go back to the Government tender board to get this approval for the variations. Now that we had finally got through, and this project is monitored by the Construction Implementation Unit (CIU) under the Ministry of Economy.
2. Construction of new Nasinu Court House. The lead consultancy has been awarded and the lead consultant is currently getting their technical expertise and the design work done for this new Nasinu Court House. We are planning to have four new Magistrates Courts in Nasinu because Nasinu is a big jurisdiction and also we have all the traffic cases in Nasinu. Due to the large number of cases and also the population, currently we have two Magistrates there but we have plans to increase that number to four in order to cater for the future needs.
3. Ba Magistrates Court, construction of relocation of Ba Magistrates Court because we have a problem with the current location. It is flooding almost every time we get rain in the West; therefore, we need relocation. We have identified a land for this and…

HON. A.M. RADRODRO.- Mr. Chairman, just a clarification to the Chief Registrar, which audit issue point are you referring to?

MR. Y. LIYANAGE.- I am still on the update on capital projects, the general questions.

HON. A.M. RADRODRO.- Thank you.

MR. Y. LIYANAGE.- So we have decided to relocate the Ba Magistrates Court. That is ongoing and we are planning to work with CIU on the tender of this project and other related matters.

Rural and small town court houses, we have recently extended the Taveuni Court House few weeks ago by the Honourable Prime Minister. Also we are now planning to refurbish Levuka Court House which is a heritage building and we will be restructuring that heritage building.

We have completed the Vunidawa Court House in 2014. Under the upgrading of existing court complexes, I had explained what we have done so far, Rakiraki Court House, the Government Building, Lautoka certain upgrades, Nadi Court, Nasinu current existing Court and also the cyclone repairs that we have done for all these court houses. I hope there is no other question with regards to our ongoing capital projects.

MR. CHAIRMAN.- Honourable Members, do you have any questions? I think he is pretty clear enough, so there are now questions, Mr. Liyanage.

MR. Y. LIYANAGE.- Thank you, Mr. Chairman.

I will move on to Part A: Financial Statement. On 10.1 - Audit Opinion; I will be coming back to this under 10.6 – Unreconciled Main Trust Bank Account and also the arrears of revenue.

If I take the Honourable Members to 10.2 –Statement of Receipts and Expenditure, revenue decreased as less people came forward to pay their fines, thus the arrears also increased on the other hand. The Auditor-General had noted the total expenditure increased by 30 percent in 2014, compared to 2013. That is mostly due to the appointment of Judicial Officers and also court support staff to the vacant positions that resulted in an increase in the PE vote. Previously, we had three Appeal Court Judges and three sittings for the Appeal Court and in 2014; we have increased that to four sittings per year. So these increases resulted in additional expenditure.

Also capital expenditure had increased due to some projects, that is, the lead consultancy that we had awarded to Lautoka High Court upgrading and the Government building renovations that we had. We had the clock tower repairs as well during that time, and we had installed a new generator for the Government Buildings. So these are the reasons for the increase in expenditure.

MR. CHAIRMAN.- The clock tower, you mean, the one that is on that building and the generator is outside the building?

MR. Y. LIYANAGE.- That is correct. The generator is catering for the whole of Government Buildings, including Parliament, and the clock tower, yes. If I could briefly explain the clock tower repairs, we have managed to find out the mother company in England, so that is how we got those repairs done. Even currently, we are finding a few issues with the clock and that is being taken care of at the moment.

HON. A.M. RADRODRO.- CR, just a question on your Statement of Receipts and Expenditure, with your audit findings of increase in expenditures, apart from the other normal expenditures I note special expenditures increased from $683,000 to $1.08 million, what specifically is this allocation for?

AUDIT REP.- Thank you for the question, Honourable Member. OAG requests if we can come back to the Committee on the details of what is made up of special expenditure.

MR. CHAIRMAN.- Thank you. Maybe the CR is aware what the special expenditure part is?

MR. Y. LIYANAGE.- The special expenditure is mostly because of some expenditure that was incurred under the Legal Practitioners Unit (LPU) and also Fine Enforcement Unit. Under the LPU, we had receiverships during that period so when you appoint a receiver, we have expenses for those receivers, so that was how that had gone up.

HON. RATU S.V. NANOVO.- Mr. Chairman, still on 10.2, we noted that your total revenue in 2013 and 2014 is just hovering about $3.8 million to $3.9 million and yet, you are incurring expenditures of $21million to $27 million, knowing very well that you would not be able to meet up with your commitments. Why did you keep on increasing your commitment when the income that you are getting in not sufficient to meet up with all your commitments?

MR. CHAIRMAN.- Honourable Member, are you referring to the total expenditure compared to the total revenue? I think the CR had explained about the Judges recruitment and the Magistrates but I believe, there is also a Government grant to the Judiciary in that respect. So it is not only their revenue, it is also a Government allocation that goes to them.

MR. Y. LIYANAGE.- It is a Government allocation, that is increased, Honourable Member.

MR. CHAIRMAN.- In the Budget, we see that there is a special allocation to the Judiciary, that is what totals that.

HON. A. M. RADRODRO.- Mr. Chairman, just another point in terms of your revenue collection, the Auditor-General mentioned that the decrease was due to the decrease in court fines. Can you just inform the Committee how did the court fines decreased, that led to this movement?

MR. Y. LIYANAGE.- Decrease can take place due to various reasons. One reason is, decrease in imposing court fines. The other reason is a decrease in executing these fines. If people do not come forward to make these payments even after the fines are being imposed by the Magistrates, then there will be a decrease. I will later come on to the Fine Enforcement Unit during arrears of revenue topic, how we try to collect these outstanding fines and the measures that we have taken from the Judicial Officers’ side as well as the support staff side, to overcome this problem.

MR. CHAIRMAN.- CR, if there is an overall decrease in crime, that means fewer offenders, would that also reflect in lesser fines?

MR. Y. LIYANAGE.- That also can be a reason where the Magistrates or the Judicial Officers where they do not have to impose fines, the number of offenders.

I will now move on to 10.3 - Appropriation Statement; we had mentioned the unutilised amounts that were mainly due to PE vote and we had savings because in 2014, some of our Judicial Officers were not appointed. We had a lot of vacancies during that period that resulted to this amount of unutilised funds in the PE vote and also in the capital constructions. There was allocation for the Lautoka High Court but we only managed to get the lead consultancy award during that period so because of that, we had savings in the Lautoka and also Ba Magistrates Court.

Finally, these moneys were redeployed under the decision that was taken by Cabinet at that time. Any question on this, Honourable Members?

(There were no questions)

10.4 - Statement of Losses; it is very clear on the OAG Report that we have two cases that caused this amount. Both these cases were under police investigation at that time. Both matters are still before their respective Magistrates. They are still ongoing cases, and that is the update on this Item.

MR. CHAIRMAN.- Just one question on that, CR, I mean, without touching on the case because the matter is before the court, staff embezzlement, what moneys were embezzled, is it the fine or the court fees that was collected in those centres? This happened over a period of time, are there any mechanisms now to arrest that mischief?

MR. Y. LIYANGE.- Mostly those are court fines. We have procedures in place, that is, when you collect revenue you need to bank that revenue on the same day before 4 o’clock. If you have a valid reason, then the officer has to inform the Manager Finance for the reason on why the officer cannot bank it on the same day. So, those are the measures that we have taken. After these incidents, we have implemented another procedure where the Manager Finance and her team, having spot checks in these areas. So, that is another way of getting these issues addressed.

MR. CHAIRMAN.- When you say spot checks, the Manager Finance, I believe, is based in Suva.

MR. Y. LIYANGE.- Yes, that is correct, Mr. Chairman.

MR. CHAIRMAN.- So, if there is an incident, for example, in Ba Magistrates Court, I mean, the spot check would be that he has to physically be present there to check.

MR. Y. LIYANGE.- That is correct. We are sending Manager Finance for those spot checks, as well as now the Deputy Registrars. They do their spot checks in the Divisions, unannounced spot checks. They go and check the cash register and see the actual money that they have collected, so these measures are there in place now.

MR. CHAIRMAN.- Thank you.

MR. Y. LIYANGE.- Thank you, Mr. Chairman.

HON. RATU S.V. NANOVO.- Still on that Mr. Chairman, just a question, why did the embezzlement that took place in Navua was not directed to FICAC because in many cases like this, you direct the case straight to FICAC?

MR. Y. LIYANGE. There is no particular reason for that, Honourable Member. We had reported the matter to the Police as the Police also have the same powers to investigate into criminal offences. So that is why we have reported that matter to the Police.

HON. A.M. RADRODRO.- Just a question to the Ministry of Economy. I note that the CR mentioned about spot checks by Manager Finance to address this kind of issues being repeated. In the Ministry of Economy Internal Audit Team, can you advise whether your team had also conducted internal audit checks on the Department?

MOE REP.- This quarter, the 3rd Quarter 2016-2017 financial year, we have an audit team currently based at the Judicial Department, currently carrying out an internal audit.

Also in addition to your query that you had raised on the spot checks, there is also revenue collection chart that the Manager Finance maintains. This is to monitor the daily lodgements done around the centres.

HON. RATU S.V. NANOVO.- …(inaudible) in 2014, during this report period?

MOE REP.- Thank you, Honourable Member, the last audit that we carried out for the Ministry would have been in 2013. We are now carrying out the audit for this quarter which is from February, 2016 to January, 2017, so we are unable to comment on the 2014 period.

HON. A.M. RADRODRO.- Mr. Chairman, just a supplementary question to that; your audit team is based in Suva but this incident had been happening outside of Suva. How do you carry out your internal checks, apart from the spot checks in the Courts outside of the Suva Head Office?

MOE REP.- The District Courts are supposed to be sending monthly reports to the Manager Finance, so from those reports we monitor their compliance levels.

HON. A.M. RADRODRO.- Can you also do the checks, apart from the spot checks by the Manager Finance? Is that part of your internal audit?

MOE REP.- If there is a need for us, if we see that there are some controls lacking, then we …

(Inaudible)

MOE REP.- Thank you, your comments are noted and we will look into that.

MR. CHAIRMAN.- Because the other question that arises from that is, in 2013, you did an internal audit and after that, this incident happened. So that means there were something lacking in 2013 which you did not pick up, but now the next one is due in 2017.

MOE REP.- This year.

MR. CHAIRMAN.- Yes, there is a huge lapse, four years lapse from 2013 to 2017, when you do your internal audit so things can happen between the four years. Can that be noted?

(Inaudible)

MR. CHAIRMAN.- For just a revenue, that is loss for Government. I mean, the person could be prosecuted and sentenced to imprisonment, and that money is lost.

HON. RATU S.V. NANOVO.- Still on that, Mr. Chairman, maybe this money came to surface in 2014 but the work towards that may have started right from 2013. Why was that not detected?

….. (inaudible) to respective Court Officers, noting the process that has been going on and seeing that the amount differs every month, they should have noticed that there was something wrong in there.

MOE REP.- Thank you, Honourable Member, your comments are noted and we will take that into account.

MR. CHAIRMAN.- Thank you, CR, we can move on to the next one.

MR. Y. LIYANGE. –Thank you, Mr. Chairman.

The next point is 10.5 - Trust Fund Account Statement of Receipts and Payments. In the Auditor-General’s Report, no irregularity was noted. If there are any questions, I would like to answer, and if you do not have any questions, I can move on to the next Item.

(There were no questions)

10.6 - Unreconciled Main Trust Bank Account; if you draw your attention to Table 10.4, we have the breakdown there. Most of those monies, because of one adjustment that was done, the OAG had picked that up and stated the reason why it is reflecting in the reconciliation.

In the last paragraph of that audit report on Page 5, Mr. Chairman, $784,000 adjustment, there had been one adjustment by the Ministry of Finance. The reason why it is still reflecting on this reconciliation is that, it was the book entry. The OAG had already mentioned that the book entry was made without the cash deposit to the Trust Account, so that was the reason why it is still appearing in that reconciliation. Other than that, the bank errors, we are working with the banks to minimise those errors.

The direct deposits are mainly the maintenance moneys that are coming from various parties to the court in maintenance section. When a company commits to make a direct bank deposit to the Department, we find it very hard to verify that information as to who is depositing that money, so that verification takes time.

MR. CHAIRMAN.- Alright.

MR. Y. LIYANAGE.- So, because of that, it is appearing in the reconciliation.

MR. CHAIRMAN.- Just on that point, a general question, when a party pays maintenance to your Department, is that the maintenance you are talking about, the child maintenance, et cetera?

MR. Y. LIYANAGE.- Yes, that is correct.

MR. CHAIRMAN.- But which account is that kept in, is that kept in the Trust Account or in the annual Operating Account?

MR. Y. LIYANAGE.- That is for the Trust Account.

HON. RATU S.V. NANOVO.- On that, Mr. Chairman, do they not do the reconciliation on that on the very next month, once you get the bank statement?

MR. Y. LIYANAGE.- I am sorry, Honourable Member.

HON. RATU S.V. NANOVO.- If you want to check whether payment has been done, normally you will get your bank statement on the second month of that month, so do you not go through that bank statement to ensure that all those payments that should be done into that account has been done?

MR. Y. LIYANAGE.- We have that information but it is coming as a general information, if I could mention, Mr. Chairman and Honourable Members, I can provide copies of the sample. Here it says, for example, Government of Fiji Agriculture - $45, so we have that information. However, what we do not have is the corresponding information, who made this payment and to whom this payment is going to. So without knowing that, it takes time so for the verification, it has to go back to the court and get verified, and then deposit that money into that particular person’s account.

MR. CHAIRMAN.- In the banks, CR, what they do is, if there is a narration given, then it is quite exact, they can move it to the particular account. If there is no narration given, then that money is moved to something called suspend account, and once the party verifies, then it moves out. Is there a system or is it possible to a system like that to ease your job?

MR. Y. LIYANAGE.- I think part of the narration is there, Mr. Chairman, we know where it is coming from, what we do not know is which party is going to receive this money. So, that link is missing and for that link, we need verification again through the courts.

MR. CHAIRMAN.- For instance, if someone is paying a maintenance, they will obviously put a file number there. So should that number be put on the narration, will that make your work easy?

MR. Y. LIYANAGE.- I Apologise, Mr. Chairman, we are not getting that information from the payments or through the persons who are going to make these payments, but we have that information from the court side. So that is where we try to match and verify, before we make these payments.

MR. CHAIRMAN.- Understood.

HON. RATU S.V. NANOVO.- Still on that, Mr. Chairman, do you know the total amount that you should be collecting under that heading in any one month? And if a month statement comes in and you are not able to collect all that, that should give you a signal that full payment is not coming in so you should start looking into the person who is not doing the payment?

MR. Y. LIYANAGE.- Honourable Member, no, it is not possible because there is no fixed amount that we should collect. It all depends according to the court orders. There can be a maintenance order for a few weeks, interim orders, permanent orders, it varies. So, because of that, we cannot have a fixed figure and work according to that fixed figure.

HON. A.M. RADRODRO.- Mr. Chairman, just an additional question to that, this amount of $784,000 is quite a huge amount to be written-off, and for the Auditor-General and the Department to consider as just a book entry, that is not acceptable when we have to understand that it just does not appear there. There must be some linkages in terms of payment, as you had highlighted.

The question that I would like to ask is; how did these payments came through, are they coming through your Office or a third party – the general public making payments directly through the bank, that is making it hard for the Department to reconcile the details? The payments went through the court system and the court system could not identify the respective accounts for them to go to or the general public making payments straight to the bank accounts?

(Inaudible)

MR. Y. LIYANAGE.- Yes, Honourable Member, if I could draw your attention to Table 10.4, the direct deposits that I had just mentioned is only $9,000.

HON. A.M. RADRODRO.- (inaudible)

MR. Y. LIYANAGE.- Yes, that is where we do this exercise for verification and make these payments. But out of this $783,222, it was caused due to this adjustment that was made. The adjustment was for $784,000.

MR. CHAIRMAN.- Adjustment, meaning that, that money appeared in the books but it was not….

MR. Y. LIYANAGE.- Yes, that adjustment took place, Mr. Chairman, during 2009. Previously, these trust moneys were kept under the Ministry of Economy. In 2009, the Ministry of Economy which was the Ministry of Finance then, gave a directive that each Department can maintain their own Trust Account. That was when we started our own Trust Account but even during that period, we had this difference. So we have already requested this money from the Ministry of Economy to make that payment into our account in order to balance the account.

MR. CHAIRMAN.- So that money was not lost, it was just in someone else’s account.

MR. Y. LIYANAGE.- Exactly, Mr. Chairman.

MR. CHAIRMAN.- Thank you. We have another 30 minutes on this submission, Honourable Members, so maybe we can limit our questions so that the CR can explain all the other details.

MR. Y. LIYANAGE.- Mr. Chairman, I will move on to 10.7 - Arrears of Revenue. This is mainly due court fines and we do agree that it is an increase. The reason is because, when the court system imposes fines, now the Magistrates have a practice of having a review date after 14 days. So the review date is imposed by the Magistrate in order to see whether this fine had been paid or not.

During the review date, what we have experienced is that, some people come before the court and make the payment and they produce the receipts to say that they had made that payment. However, some default in their payment. Normally, the Magistrates impose in default period of prison term. Then only, this will become a committal warrant, so when it becomes a committal warrant, it is the Police’s duty to execute those committal warrants. So what we are doing from the Judicial Department’s side is, we provide transport to the police officers together with our officers, to execute those fines. That is what we call the Fine Enforcement Unit. It is a project, we only started here in Suva and it has given a lot of good positive results. So now, we have implemented the same without the expected officers by using the current court officers, we have extended it to the other Divisions like the Western and the Northern Divisions, to collect these outstanding fines.

MR. CHAIRMAN.- If someone is fined $100 and he does not pay in the review period, the Magistrate has no other alternative but to sentence him to prison, so you will lose that $100. He goes to prison and then eats into the resources of the Prison Department, but that $100, the enforcement, transport provided by the Police and everything, are a loss to you?

MR. Y. LIYANAGE.- Exactly, I do agree Mr. Chairman, but that is the process. When we have a defaulter, there is no other option but to commit him to prison.

HON. A. M. RADRODRO.- Just a question, CR, on the amount of these fines and I notice the increasing trend over a period of six years. Would you be able to highlight to us in percentage-wise, how much of these is related to traffic fines?

MR. Y. LIYANAGE.- I apologise, Honourable Member, I do not have the exact statistics right now, but we are collecting those statistics. It is with us in the Fine Enforcement Unit, if I could be permitted to provide it later on?

MR. CHAIRMAN.- Yes, of course, because that is a new question.

HON. A. M. RADRODRO.- Because I note your response is mostly relating to LTA Traffic Infringement Notices (TINs).

MR. Y. LIYANAGE.- That is right.

HON. A. M. RADRODRO.- When motor vehicles are fined along the highway and they reside in Suva or Lautoka, they have to make payments and they are directed back to where they are booked, so if they are booked in Navua, they have to go back to Navua. Has the Department considered those logistical challenges and how it has tried to improve when especially when they are based in Suva but while driving along the highway, they are booked and they are told to go and make the payment in their respective courts?

MR. CHAIRMAN.- Just on that one, Honourable Member, there is a procedure. We can go to the Court in your jurisdiction and they will send an order as a request to Suva Court, they will send the order back and then finally you will pay it in your jurisdiction.

MR. Y. LIYANAGE.- Thank you Mr. Chairman. That is in place. Now, we direct the passenger to pay that fine in any court.

(Inaudible)

MR. Y. LIYANAGE.- They only have to take their traffic TIN receipt and then they will make the verification through the Courts and once it is verified, the person can make that payment from wherever he is at that point.

HON. A.M. RADRODRO.- (Inaudible)

MR. Y. LIYANAGE.- No, they only have to wait for that time and after that we can….

HON. A.M. RADRODRO.- (Inaudible)

MR. CHAIRMAN.- Yes.

MR. Y. LIYANAGE.- Respective Magistrates Court.

Also, we have tried a pilot project with LTA in 2013, it is still ongoing, that is, to verify most of those traffic TINs with their LTA database. So now, we have the authority to view the LTA database. Also from our end, we verify whether these traffic TINs had been paid to the LTA during that 21 days’ period.

MR. CHAIRMAN.- Of course, that is a good response, so we can move on to the next one.

MR. Y. LIYANAGE.- Mr. Chairman, on 10.8 - Delay in Taking Disciplinary Action; in our response on page 9, I have provided all the updates and all these cases that had been noted by the Auditor-General had been completed and I have given the results of those cases.

MR. CHAIRMAN.- On that issue, CR, it is noted here that during that period of suspension, all entitlements to salary and benefits of the person is also suspended. But if they are found not guilty, is there a back pay to cover for that suspension period?

MR. Y. LIYANAGE.- Yes, Mr. Chairman, we have the Judicial Services Commission now and we have implemented disciplinary process on how they are entitled to a quantum of salary and after three months they get the full salary. So, we have a task that before the three months, we have to finish their disciplinary matters. So that is how we now operate and once they get acquitted by the tribunal, they get all their entitlements and also the back pay.

MR. CHAIRMAN.- There is also another issue here, someone is put on half pay and the period of suspension is for a year, he is gaining money without providing any labour to the Department, so that is the issue actually in most of the Ministries. Maybe, the earlier the investigation is concluded, the better it is for the entire Government.

MR. Y. LIYANAGE.- I do agree, Mr. Chairman, and also now we have a separate tribunal for the Judicial Department workers. Previously, we were under Public Service Disciplinary Tribunal. So in the interim, that interim period caused a lot of delay in these disciplinary matters. Now we have a tribunal member, who is a sitting Magistrate where they present their case and they get speedy results for their disciplinary matters.

Mr. Chairman, if I could move to the last item 10.9 – Anomalies in Capital Construction Works; under the first point the Auditor-General had noted that we have not sought an approval for the variation that was provided for the Lautoka High Court complex. Unfortunately, we had this document but the Auditor-General, I think, has noted this. We have got the Ministry of Economy approval on 29th July, 2015 for this geo-tech variation, and that document is available.

(Inaudible)

MR. Y. LIYANAGE.- That is correct.

(Inaudible)

MR. Y. LIYANAGE.- Yes, Honourable Members. I think during the audit, the Auditor-General’s team audited our assets but I think in this matter, somehow they did not check that against the accounts. So accounts had that variation approval before they made that payment, so that is how I think that was picked.

(Inaudible)

MR. Y. LIYANAGE.- We have a copy of that, yes.

AUDIT REP.- Mr. Chairman, if I can just comment on this issue, the issue on the lack of approval for the variation, the Audit notes that the letter for approval for variation was done on 29th July, 2015 whereas the audit is for 2014. So we would like to go back to look into that variation.

(Inaudible)

AUDIT REP.- Yes, so we would like to verify that comment from CR.

MR. CHAIRMAN.- The question that also arises there, and maybe the Ministry of Economy can answer that, if you see the Auditor-General’s Report right on the top of page 12 of this Report, it is saying there, and I quote:

“Waiver of the tender process was granted by the Acting Minister of Finance for the renovation and relocation works of Parliament to Government Building, at a total cost of $1,985,023.42 VIP (inclusive of 20% contingency).”

So what are the processes of waiving a tender process, especially when it involves a large amount? Can the Ministry of Economy come back to us on that? I am not saying it is regular but what I want to know is what was the process?

MOE REP.- The waiving of tenders rests solely with the Minister of Finance.

MR. CHAIRMAN.- Alright, there is a policy there, because we had looked at the Ministry of Foreign Affairs whose tender process was waived for the St. Stephen’s building.

You can go ahead, Sir.

MR. Y. LIYANAGE.- Mr. Chairman, thank you. The next point is the renovation works that we had to carry out before Parliament moved in.

Mr. Chairman, we had a very short period, less than three months, to relocate altogether five Magistrates Courts, Magistrates Court Registry, the Judicial Department’s Library and some other services to different locations. Where we are sitting now, previously was the Magistrates Court Registry, this area. So, we had a very short timeframe to make all these movements so that was the reason why we requested for a tender waiver in this process because we did not want to disrupt the judicial process. As a result we had to move these five court rooms to the wooden buildings outside and if you had seen those buildings inside now, there are courts functioning with all facilities, video and audio recording facilities as well.

So, when we make these changes, obviously there can be variations. However, according to the amount that was approved by the Honourable Minister, all payments we made within that limit that was approved under the tender waiver.

HON. A.M. RADRODRO.- Just a question to the CR, the amount that you spent, that was on the current building?

MR. Y. LIYANAGE.- We had spent the amount on various places, that is, on the current buildings and also we had to relocate the library into Government Building front side, that wing facing the Holiday Inn. So we had spent this money in various places, and the generator also came under this allocation.

HON. M.M.A. DEAN.- Mr. Chairman, through you, of course, just a point of clarification; why does some amount show VIP and some VEP, what is the underlying reason behind that? Some payments say VIP and some payments VEP, what is the reason?

MR. Y. LIYANAGE.- Thank you, Honourable Member. For the overseas payments, we had to purchase the generator from overseas and we do not pay VAT for those payments, so that is the difference.

MR. CHAIRMAN.- Thank you.

HON. M.M.A. DEAN.- It says here on the next page, Western Builders Limited was paid a total of $1.2 million, VEP in 2014, which is $1.4 million VIP, what does that relate to? I believe that is a payment to one construction company, and probably buying of overseas equipment is not taxed. So, what is the underlying reason behind that?

MR. CHAIRMAN.- Western Builders is a local company.

HON. M.M.A. DEAN.- Yes.

MR. CHAIRMAN.-Where are you reading from?

HON. M.M.A. DEAN.- Page 10. Page 9 is alright, they said that they have bought the equipment but on Page 10, the construction company was paid $1.2 million VEP and $1.4 million VIP.

MR. Y. LIYANAGE.- Honourable Member, it is a same thing, $1.2 million is VEP and $1.4 million is VIP amount.

HON. M.M.A. DEAN.- What sort of payment was this then because I believe that is a construction company? As you said, VEP is for the purchase of equipment so did they also purchase equipment?

MR. Y. LIYANAGE.- The final payment that we have paid was inclusive of VAT.

HON. M.M.A. DEAN.- Inclusive of VAT, thank you.

MR. Y. LIYANAGE.- I apologise, Honourable Member.

(Inaudible)

MR. Y. LIYANAGE.- That is correct, for all renovation works that we have carried during that period, it is only for the Government Building.

HON. A.M. RADRODRO.- Mr. Chairman, just on this capital works construction, I noted the Government Building renovation that was done here, but there were also works done on the renovation of the old Parliament to shift the Judicial Department there. What is the progress on those renovation works and your plans to relocate?

MR. Y. LIYANAGE.- Honourable Member, thank you. We have been informed by the Construction Implementation Unit (CIU) that the lead consultancy for the renovation works has been approved for the Veiuto Complex. So, the plans, we have drawn it from outside as well.

What we are planning to do is to move some of our court rooms, if I can mention, the current Parliament Chamber was our Supreme Court and also our Ceremonial Court. Previously, when we used to have admissions ceremonies, we had that facility but it is no longer there. So, now we are planning to move those facilities to Veiuto, but currently we are managing with the existing court houses whenever we have any admission ceremonies. So, that is where we are right now. I am sure that probably in the next few months, we should be able to start construction work in Veiuto.

MR. CHAIRMAN.- That was for the last part.

MR. Y. LIYANAGE.- Thank you, Mr. Chairman. There is a last portion of this submission, that is, the Auditor-General had noted that there is a retention decrease to five percent. Mr. Chairman, all payments were done according to the Director Buildings and Government Architects payment certificates.

Also, we have our assets team looking after these projects. Once they approve and once we are satisfied with whatever works they have carried out, then we make these payments. This five percent decrease is also due to that, due to the certificate that we have received. Also, we have requested from the DBGA then to explain as to why it was reduced from 10 percent to five percent, but we are yet to receive a response from him. So, that is where we are at this point.

MR. CHAIRMAN.- So, CR, what is the current detention period? Does it vary contract by contract? I mean, the length of time that you can retain the final payment to discover any defects in buildings.

MR. Y. LIYANAGE.- Mr. Chairman, you are talking about the defect liability period?

MR. CHAIRMAN.- Yes.

MR. G. CHAND.- Honourable Members, it depends on the contract and what comes from the Ministry of Works. So, the shorter contract period is six months and for longer contracts for bigger value of work, it is much more, it is a year.

MR. CHAIRMAN.- To the next question, in the defect notification period when you hold the money, the final payment, do you keep that as a liability or as an asset in your accounts?

MR. Y. LIYANAGE.- Mr. Chairman, we put it in our Trust Account and we keep that money in our trust.

MR. CHAIRMAN.- If there is a discovery of any defect, then the contractor does the repair work and that money is then released from the Trust Account?

MR. Y. LIYANAGE.- Yes.

HON. A.M. RADRODRO.- Mr. Chairman, I just refer to Table 10.3: Trust Fund Account Statement of Receipts and Payments for 2014. The Auditor-General has highlighted that there was an increase in the balance because of the decrease in payments from the Judiciary Trust, Maintenance Fund and Sundries Fund. Is it a separate account compared to your Consolidated Fund Account?

MR. Y. LIYANAGE.- Trust Fund is separated from the Consolidated Fund. For the Trust Fund we normally keep these monies. These monies are coming from the court cases. Whenever there is a payment by the parties, that is where we keep that money in our Trust Fund Account because that money belongs to some party or some persons, so that is why it is kept in a separate trust account.

HON. A.M. RADRODRO.- The Legal Practitioners Unit Fund, what is that for?

MR. Y. LIYANAGE.- That is mainly used for the receiverships that we carry out.

HON. A.M. RADRODRO.- And the Maintenance Fund?

MR. Y. LIYANAGE.- Maintenance Fund is the maintenance money that we are getting through the courts.

MR. CHAIRMAN.- A general question, CR, what we noted in 2014 is a lot of staff suspension and disciplinary actions related to misappropriation of funds, one officer assisted an accused person in preparing mitigation document, someone manipulated a sick sheet, also one officer was sexually harassing his co- workers, so have these incidents reduced after your implementation of the spot checks and internal audits?

MR. Y. LIYANAGE.- Mr. Chairman, I am not in a position to make a general comment but we have been having these awareness programmes for all our staff. We have policies, we have asked all our senior court offices to talk to their respective staff about the policies that are in place. That is how we try to reduce the number of these cases, but still from various parts we get these types of complaints. So, whenever we get a complaint, we investigate and if it is a financial or misappropriation, we report the matter to other stakeholders, like Police and FICAC and we take action.

MR. CHAIRMAN.- Why I asked that question, Sir, was generally, from this Committee’s perspective if someone has misappropriated funds from the courts, it is a direct loss to the Government revenue. Secondly, if someone is suspended pending investigation on half pay or full pay or without pay, we lose the man hours there. Then if someone is reinstated after not working for three to six months, then we have to pay back that money for the three or six months that he was not at work. All those will cause a loss to the Consolidated Fund. So, what we encourage the Judiciary, as you have said, you have put in ways and means to curtail this problem, if it could be more stringent in this regard to save this leakage here.

MR. Y. LIYANAGE.- Yes. Mr. Chairman, on the same note, we have increased our spots checks. Previously, we did not have our number of Deputy Registrars in those Divisions, but now we have filled those positions and they are carrying out their spot checks, so that is how we are trying to minimise these misappropriations and other irregularities.

MR. CHAIRMAN.- Thank you, CR. There being no other questions from Honourable Members, are there any final comments, CR, before we close our meeting.

MR. Y. LIYANAGE.- That is all, Mr. Chairman. From the Judicial Departments’ point of view, I thank you, Mr. Chairman and also Honourable Members, for giving us this time to come and explain whatever the notes that had been noted by the Auditor-General. I thank you very much.

MR. CHAIRMAN.- Thank you very much. Once gain on behalf of the Committee, thank you for your thorough submission. You have actually explained almost all the things that were highlighted by the OAG, and the Committee will definitely consider your written and oral submissions in our report. Once again, thank you for your time.

The Committee interview adjourned at 10.30 a.m.

The Committee resumed at 10.51 a.m.

**Interviewee: Parliament of the Republic of Fiji**

In attendance

* 1. Ms. Viniana Namosimalua - Secretary-General to Parliament
  2. Ms. Jeannette Emberson - Deputy Secretary-General
  3. Ms. Atelaite Rokosuka - Director Corporate Services
  4. Ms. Miriama Vereivalu - Manager Finance
  5. Mr. Sarwesh Narayan - Senior Accounts Officer

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MR. CHAIRMAN.- Honourable Members, members of the secretariat, media, staff and the public; we are now ready to take our second submission for this morning and, that is, the Parliament of Fiji which I am sure you are all aware.

(Introduction of Parliament Team)

They are here to assist the Committee in the important function that we are doing on behalf of Parliament and the Government and, that is, to scrutinise public spending. We have heard from various entities throughout this month whereby we are scrutinising the Government Ministries and Departments and your presence here, Madam Secretary-General (SG) and your staff is to assist us in the important work we are doing, to scrutinise public spending.

(Introduction of Ministry of Economy and OAG Officials)

Without taking further time, we will now allow you to make your submission. Honourable Members, this is your opportune time to show Madam SG why it is important to have the Public Accounts Committee (PAC) and why we take sessions at that length of time that we do. Thank you.

MS. V. NAMOSIMALUA.- Mr. Chairman of the Public Accounts Committee, thank you for the opportunity to sit before you and to present some information that you needed clarification on, on our audit for 2014. It feels a bit awkward sitting on the other side of the table and to think about those unlimited questions today and not like in the Chambers where you can only ask certain questions, and even more so with the supplementary questions.

I want to begin by giving you some background to Parliament, not so much talking about the roles, that would be in your notes and you might want to spend some time looking at that while I am going through this presentation but I want to give you some background of where we come in in terms of 2014.

In terms of the initial setup, from the outset, we wish to provide information on the setup of the Parliament Office in 2014 and it is critical because it provides background details to the issues that you were seeking clarification on.

The Parliament office and its accompanying budget in 2014 from January to September, was administered by the Office of the Attorney-General. So all processes pertaining to the renovation works and infrastructure upgrading was approved by the Office of the Solicitor-General.

From the period after Election in September, the Parliament Office was administered and supported by the Office of the Honourable Speaker and the Office of the Secretary General to Parliament. The role includes providing and sustaining Honourable Members of Parliament with professional parliamentary support and advisory services to enable efficiency and effectiveness in the Parliament’s constitutional functions.

The role of the Parliament Office is guided by the following key legislative and policy framework, the:

* Constitution of the Republic of Fiji;
* Parliamentary Remunerations Act 2014;
* Standing Orders of the Parliament of the Republic of Fiji; and
* other relevant policies and guidelines.

In terms of the staffing and organisational structure, the approved Staff Establishment for the Parliament Secretariat in 2014 was 95, that was, 73 Established Staff and 22 Unestablished (GWEs) Staff. We also received an approved staff establishment of 13 - 10 Established Staff and 3 Unestablished Staff for the Government Office and Opposition Office. In total, the approved Staff Establishment in 2014 was 108.

From January to December, 2014, there were only 31 staff on the ground, and you might appreciate that when Parliament dissolved, most of the staff were redeployed to the Office of the Prime Minister, the SFCCO Unit as you might as you might recall, and other Ministries as well. The whole range of services for the Government was executed through two divisions and seven functional units.

Under the Legislative Processes Division, we had the:

1. Committees Unit;
2. Hansard Services;
3. Civic Education and Media Relations; and
4. Inter Parliamentary Relations Unit.

Under the Corporate Services Division, we had the:

1. Human Resources Administration;
2. Finance Unit; and
3. Information Technology Unit.

In terms of update on capital projects, the refurbishment of offices for the new Parliament was the major capital project for 2014. This included renovation works to the following:

* Package 1 was the new Hansard Office, and that also had the media, the IT Unit and a refurbishment of the toilet area.
* Package 2, we had the new Library, the Small Committee Room and the Government Office.
* Package 3, we had the Administration and Accounts Offices Units, the Big Committee which we are in right now, and the Opposition Office.

All payments for the above projects were paid out by 31st December, 2014.

Moving on to the OAG’s Report, in terms of Part A: Financial Statements, on 11.1 – Audit Opinion; the audit of the 2014 accounts of the Parliament Office resulted in the issuance of an unqualified audit report which provides a good indication of how the approved budget was managed by the Finance Team at that time.

On 11.2 - Statement of Receipts and Expenditures; our total expenditure increased by $4,082,365 or 398 percent in 2014, compared to 2013. The major expenditures giving rise to this increase included the following:

* This was to do with the Opening of Parliament and other related expenses;
* the ICT infrastructure upgrading; and
* Induction Training for Members of Parliament.

That is, to name a few of those expenditures.

On 11.3 - Appropriation Statement; the Parliament Office incurred expenditures, totalling $5,108,271 in 2014, against the revised budget of $7,069,960.

On Part B: Audit Findings, 11.4 - Capital Expenditure and Renovation of Parliament; the Parliament Office noted the audit issue and its supportive recommendation. In 2014, the Department requested an additional provision of $4.25 million in addition to the $500,000 appropriation for the refurbishment and renovation of the new Parliament Government Buildings, and the total estimated cost of the project, $7.71 million, was not budgetted for. So the Ministry of Finance released $3.71 million and credited that Department SLG84 account, and the Office utilise $3.474 million and sent the acquittals to the Ministry of Finance.

The Parliament Office did not reflect that expenditure in the Agency Financial Statement (AFS) as it presumed that it would appear in the Ministry of Finance Statement of Accounts. However, we were then advised by the Office of the Auditor-General (OAG) that even though the expenses was budgeted and paid by the Ministry of Finance’s Head 50 - Miscellaneous vote, it will not appear in the Department’s Statement of Payment, but it must be declared in the AFS under notes on significant variations.

So the Parliament Office had assured in its response to the OAG that it will ensure to disclose any other expenditure incurred and paid for by the Ministry of Finance or any other institutions or donor funding institutions in the future. We also noted the process of depository of donor funding which comes through the Overseas Development Assistance (ODA) Unit of the Budget Division of the Ministry of Finance.

On 11.4 - Anomalies in Capital Works; you have brought our attention to this, the Parliament Office noted the audit issue and the recommendation by the OAG.

The installation of the Dura Sound Won-Door was approved by the Office of the Solicitor General on 3rd September, 2015 which was the Office in Authority at the time of approval.

The Office of the Secretary-General to Parliament had assured in its response to ensure that it will strictly follow the policies and regulations in place pertaining to procurement of goods and services above the approved limit of $50,000.

11.6 – Anomalies in Parliament Renovation Works; the Parliament Office noted the audit issue and the recommendations in terms of this issue. The three contractors engaged were approved by the Office of the Solicitor-General to provide consultancy services during the refurbishment and renovations of the new Parliament in October, 2014. These were the three contractors, and they were as follows:

1. Irwin Alsop Pacific Limited Building, the Design Consultancy;
2. Design 821020 Limited for Architectural Consultancy; and
3. Ditronics for Security Access and CCTV.

Those consultants were engaged to assess the renovation works undertaken to allow MOIT to issue the Certificate of Completion.

The tender process, in our response to that, may have been overlooked due to the urgency and the circumstances then to complete the renovation works within the limited timeframe. So, the Secretary-General to Parliament in her response has assured to ensure that regulations and policies are in place and to be strictly followed in the future dealings pertaining to capital projects in Parliament.

11.7 - Follow up on Recovery of Funds Paid for Incomplete Renovation Works; the Parliament Office noted the audit issue and the OAG’s recommendation. I think it is important to note that the Office of the Solicitor-General has filed a case in 2014 against the contractor. So as the matter is before the court, the Parliament Office will await the court’s decision before proceeding further on the matter or having any further discussions on this particular matter.

In conclusion, may we just say that the Parliament Office notes the Audit recommendations and ensures that it will ensure to put in place process improvements and mechanisms as we are doing now, to curb such issues from recurring in future Audit Reports.

Thank you very much, Mr. Chairman and Honourable Members of the Committee.

MR. CHAIRMAN.- Thank you very much, Madam SG and the Team for your presentation. I believe Honourable Members have some questions as well as we go along. I have a few on the background. In the audit issue, you mentioned the two Dura Sound Won-Door. Where are those two installed? What is that actually?

(Inaudible)

MR. CHAIRMAN.- Is it a partition?

MS. V. NAMOSIMALUA.- It is like a partition.

MR. CHAIRMAN.- So, it is noted that these doors were not part of the initial construction plan but was approved later at a cost of $425,325.96. Why was it is not part of the initial construction plan?

MS. V. NAMOSIMALUA.- I can only say that it probably came about as a requirement. Later when it was realised that the room was pretty big and that it could be halved, and it could be used for other purposes.

MR. CHAIRMAN.– Alright.

HON. A.M. RADRODRO.- A supplementary question on this particular issue, to SG, why this one?

MR. CHAIRMAN.- She said that.

HON. A.M. RADRODRO.- Because it costs about $125,000. Is there any other better option?

MS. V. NAMOSIMALUA.- I wish we had the answers to those questions because we were not here when that decision was taken. But I suppose it was for a very good reason that these doors were selected. Perhaps, members of my team would have some answers which I am not privy to.

MR. CHAIRMAN.- Anyone from the Finance Section can answer that? It is not about why the doors, was there an alternative to have any door apart from this one?

MS. V. NAMOSIMALUA.- I have just got advised that this door is supposed to be sound proof. So, whatever you are discussing here cannot be heard outside there. That is why I suppose that is the very good reason to have that door.

MR. CHAIRMAN.- Sometimes we do have complaints from the other side that they hear our proceedings.

MS. V. NAMOSIMALUA.- Unless you are shouting, Honourable Members.

HON. RATU S.V. NANOVO.- Was there a tender process? Did you put it out on tender?

MS. V. NAMOSIMALUA.- That was one of the audit findings that it was just the decision that was taken because of the urgency and requirement needed at that time.

MR. CHAIRMAN.- Honourable Member, there is an expression given here that because of the urgency but generally, Madam, what is the current procurement procedure that you employ when giving may be a contract for capital works? Under what amount is Parliament authorised to continue and start the work and over what amount do they need - three tenders, et cetera, and document procedure?

MS. V. NAMOSIMALUA.– The required amount for the Permanent Secretary or Secretary-General to Parliament is over $50,000, that it needs to be tendered.

MR. CHAIRMAN.- Alright, anything below $50,000, you can procure without the tenders.

MS. V. NAMOSIMALUA.–Yes. Mr. Chairman.

MR. CHAIRMAN.- Honourable Members, anything in that regard?

HON. RATU S.V. NANOVO.- Mr. Chairman, two doors like this that costs us $125,000, there are so many unanswered questions to be answered.

(Inaudible)

MR. CHAIRMAN.- We note that Parliament building construction commenced way before 2014 and until about October 2014, most of the expenses here are mostly renovation, capital works, et cetera. The actual expenses incurred for other purposes are not reflected here, probably in the future report but most of the questions are centred on renovation and repair works to the building. As we had heard earlier, this building used to be the Magistrates Court Registry and it was refurbished.

So, in those days, Madam SG, the expenses that you incurred in terms of procuring renovation/constructions works that was done by the Solicitor-General’s Office?

MS. V. NAMOSIMALUA.- Mr. Chairman, everything concerning finances had to be approved by the Solicitor-General’s Office.

MR. CHAIRMAN.- Is that still the position now?

MS. V. NAMOSIMALUA.- No, it is not. It was at that time because there was no Parliament.

HON. M.M.A. DEAN.- Madam SG, just a policy advice, I think you will be in the best position to advise us on this. The report we are discussing here is unqualified audit report. We did receive a letter from the Parliament Office that the Committee is only supposed to discuss the reports which are qualified. We have that letter with our secretariat so I just wanted your advice on this matter. What does Parliament say about discussing audited reports, is it specifically only the qualified reports or the unqualified reports as well?

MR. CHAIRMAN.- Honourable Member, that question is more specific to the Chairpersons and Speakers meeting, it is not an audit query, so she cannot answer that in this meeting. On whether to discuss a qualified or unqualified report, that is more a question to another forum. I do not think we can allow that question to be asked because she is not in a position to answer them. Is that not the case?

MS. V. NAMOSIMALUA.- I would just like to say that I cannot provide you advice on that but as the PAC, you have the right to ask us questions because we are unqualified. Even in the unqualified reports, there were some issues that you were seeking to get answers from, so that is why we are here.

HON. A.M. RADRODRO.- Thank you, Mr. Chairman. Before I ask this question, that is why I sent a note whether we need to declare our interest in this particular interview, especially when we are dealing with ……

MR. CHAIRMAN.- There is something known as notorious facts, like it is know that this Committee comprises of a of Parliament, so you do not have to declare interest if it is fact.

HON. A.M. RADRODRO.- Just on 11.2 - Statement of Receipts and Expenditures, Madam SG, you have a revenue there of meagre amount. What kind of revenue is this and why is it being receipted by Parliament Office?

MS. V. NAMOSIMALUA.- For that question, I will just ask our Manager Finance to provide you with some details, if you wish.

MS. M. VEREIVALU.- Thank you, Honourable Member. The revenue that we normally receive is clearances of accountable advance, funds that are returned after a local trip that has been undertaken by the secretariat or by Members of Parliament. So, money that is returned is receipted back to revenue.

MR. CHAIRMAN.- The amount there in Table 11.1, 2013 - $152 and 2014, it increased to $1,793. In 2013, Parliament was not operating so what was that State revenue for?

MS. V. NAMOSIMALUA.- Would you just repeat your question, please?

(Question repeated by Mr. Chairman)

MS. M. VEREIVALU.- Thank you, Mr. Chairman. The State revenue or agency revenue are funds that are normally receipted back to the allocation of stale cheques, cheques that are stale for more than six months, it is receipted back to allocations. State cheque of more than six months, if they are within the current year, they go back to the Expenditure allocation. If they are for the previous year, it goes to OPR previous years, to cover for the previous years.

MR. CHAIRMAN.- So it is like an expense that was not utilised.

HON. RATU S.V. NANOVO.- I would like to draw our attention again to this Dura Sound Won-Door, the cost of which is $125,000. The recommendation from OAG is for Parliament Office to recover the overpayment from the contractor. Can we be advised whether the payment was overpaid or has that been recovered?

AUDIT REP.- Mr. Chairman, through you, we have looked through our workings on this. I think at that time, there were two invoices that were part of the supporting documents. There was an invoice directly from the supplier which is Won-Door and there was an invoice from Fortech. I think the contract was between Parliament and Fortech, and not Parliament and Won-Door. I think Fortech was the purchaser from Won-Door, so the $28,000 is basically not an overpayment. That was probably the fee for Fortech, but this was something that was not explained during the audit but we managed to get additional information on this after the 2014 audit.

In addition to that, Mr. Chairman, I would just like to probably make a correction to the Management comments for Parliament Office comments, the date that the Solicitor-General approved the purchase, I believe it was supposed to be 2014 and not 2015. The Management comments that came to us from Parliament were for 2014. So if that was 2014, then there would not be an additional issue that the approval was made after the purchase. So, we would like to make a correction on that, Mr. Chairman.

MR. CHAIRMAN.- The date should read 3rd September, 2014?

AUDIT REP.- Yes, 2014 and not 2015.

HON. A.M. RADRODRO.- You have got the documents?

AUDIT REP.- I have the documents and I also have the documents from the Parliament Office. They had actually stated ‘2015’ which should have been ‘2014’. Thank you, Mr. Chairman.

MR. CHAIRMAN.- I think that is well noted because the supply was …

HON. RATU S.V. NANOVO.- If that is the case, Mr. Chairman, the actual cost will now be increased by another $20,000 - $125,000 plus that $20,000 fee.

AUDIT REP.- The $28,000 is built into the $125,000. The $125,000 is the invoice from Fortech and the invoice from Won-Door is less by $28,000 - $28,814. So, we believe that that would probably be the fees for Fortech as the purchaser.

MR. CHAIRMAN.- The contractor, Fortech, purchased that door directly from Won-Door and that $28,000, is it an addition to $125,325?

AUDIT REP.- Mr. Chairman, it is built into $125,000, so it is part of the $125,000 as mentioned in the report.

MR. CHAIRMAN.- So, the door actually would have cost lesser.

HON. A.M. RADRODRO.- (Inaudible)

AUDIT REP.- By $28,000 because that is the invoice from Won-Door.

MR. CHAIRMAN.- I think that is the general course of business. The contractor, like Parliament would not have directly purchased the door directly, they would have given it to the contractor. The contractor made that amount of $28,814, so should Parliament recover that overpayment from the contractor, that is a recommendation.

AUDIT REP.- I believe that recommendation is redundant because we have now established that the invoice from Fortech is $125,325. So, the deal was between Parliament and Fortech, not directly to Won-Door.

MR. CHAIRMAN.- Can you please provide us that document so that we can amend this?

AUDIT REP.- We will do that, Mr. Chairman. Thank you.

MR. CHAIRMAN.- On Table 11.4, there are details of contractors without Tender Board approval. Just underneath that Table, there is a note that reads, and I quote:

“Audit further noted that no written contract or agreement was executed between the Parliament office and some of the contractors that were engaged in the renovation works.”

That seems a bit serious to me that whoever contracted those contractors, there should have been a written contract. Is there any explanation on that?

MS. V. NAMOSIMALUA.- I really would not be in a position to provide any information on the reasons why there was no contract between those parties.

MR. CHAIRMAN.- At that time, was the matter handled by the Solicitor-General’s Office?

MS. V. NAMOSIMALUA.- Yes, it was.

MR. CHAIRMAN.- Secretariat can that question be raised with the Solicitor-General’s Office, a separate notation, not in the meeting that we are having today? We have noted from the audit of other entities that, that was one of the prime reasons of losses that we have incurred. Either the procurement process was not followed or a tender process was waived or there was no written contract. So that is probably one of the red spots that we have. We will ask that question to the Solicitor-General’s Office.

Honourable Members, is there anything else in that regard so far?

HON. M.M.A. DEAN.- Mr. Chairman, 11.7, the third bulletpoint on the Recommendations, it says; “ Officers found negligent should be disciplined”. Which officers are you referring to?

AUDIT REP.- Mr. Chairman, through you, those who were involved in this renovation works. This was 2012, so this is a follow up from the 2012 Audit. What we normally do is follow up on issues that have not been resolved, so this issue is still outstanding todate.

HON. M.M.A. DEAN.- So the comment from Parliament was that, the case is before the courts. How about these officials then?

MS. V. NAMOSIMALUA.- Mr. Chairman, could I just ask, as requested before because the matter is before the courts, if this could be laid to rest right now because we cannot comment any further on this issue.

MR. CHAIRMAN.- The elements before the court, we cannot discuss.

HON. M.M.A. DEAN.- Apart from the contractors, it also must be including those officers who were involved.

MR. CHAIRMAN.- In any disciplinary procedure, the officers who are involved in that matter and the reasons merits of their case is before the court, we cannot discuss that. However, for general issues, like what I am going to ask now in 11.7 - Follow up on Recovery of Funds Paid for Incomplete Renovation Works whereby there were payments made for incomplete renovation works; is that the matter also before the court?

MS. V. NAMOSIMALUA.- Everything regarding that issue is before the court, so we cannot say anything before you.

MR. CHAIRMAN.- OAG, the general process? If the section is before the court, can your audit team actually look into it?

AUDIT REP.- It was initially brought up and highlighted in the 2012 Audit Report, so it is just presented again in the Report to state that, that issue has not been resolved todate at that time. As Madam SG, had mentioned, this is 2017 and it is still before the court.

MR. CHAIRMAN.- Because the comment from the Parliament Office was that, the Solicitor-General had filed a case against the contractor and Parliament awaits the court’s decision before proceeding with the recommendations. So, yes, I think that explains, so 11.1 issues are before the court and pending the outcome of the court, Parliament may take action. Any matters apart from 11.7?

HON. A. M. RADRODRO.- Mr. Chairman, 11.3 - Appropriation Statement, we note the responsibilities of Parliament and Parliament Secretariat. However, they have highlighted a clean Audit Report and also a savings of $1.9 million on their expenditures. This is a good sign and also can be a questionable sign in terms of the work carried out by Parliament.

We had a revised budget of $7 million but you are only able to expend $5 million. Is there any reason why do you have to save that much, close to $2 million in terms of what you have been budgetted for and what you have actually spent?

MS. M. VEREIVALU.- Thank you, Honourable Member. The budget that was given in 2014 was supposedly given for the establishment of the new Parliament. Since Parliament started in September, so we were able to spend that huge amount between September and December. That is the reason we had to return $1.9 million back to the Ministry of Economy.

MR. CHAIRMAN.- Was there a specific purpose for that budget? Was it just for capital works or is it for the entire running of the Parliament?

MS. M. VEREIVALU.- It was specifically operating allocation.

HON. A. M. RADRODRO.- In your SEG 1, you had a revised budget of $1.7 million but you actually spent only $986,000. Did you over-budget or was there not enough staff, or what is the reason for the saving in SEG 1?

MS. A. ROKOSUKA.- Honourable Member, the savings in SEG 1 arose because the approved staff establishment at that time was 108, however staff on the ground at the time of opening of Parliament was only 31, as Madam SG had indicated already.

MR. CHAIRMAN.- So the savings were because of small number of staff?

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

HON. A. M. RADRODRO.- And the major savings in SEG 4 and SEG 7?

MS. M. VEREIVALU.- Honourable Member, the savings in SEG 7 was savings for the sitting allowance, the allowance that is normally given to Members of Parliament because it was only utilised from September until December.

MR. CHAIRMAN.- There was no Committees at that time, Committees were formed in January, 2015.

MS. M. VEREIVALU.- SEG 4 is savings from maintenance and operations because at the beginning of the year, we were not utilising the full budget until September to December. Most of the savings was from the beginning of the year.

HON. RATU S.V. NANOVO.- Still on that, what about SEGs 8 and 9?

MS. M. VEREIVALU.- …(inaudible) $500,000 that was given for capital project and in SEG 9, that was capital purchase. The $424,000 was given for the purchase of fixed assets (furniture) for the new Parliament and that was also used in addition to the $500,000 for the capital project in 2014.

HON. A. M. RADRODRO.- On 11.4 - Capital expenditure and Renovation of Parliament; the response was that $7.71 million was given by the Ministry of Finance. Who was the contractor in this exercise?

MS. M. VEREIVALU.- Honourable Member, the two major contractors in this refurbishment was Fortech Construction and Western Builders, and there were other subsidiary contractors.

MR. CHAIRMAN.- Honourable Members, there being no further questions, we can now bring this session to an end.

I would like to thank the team from Parliament for your attendance this morning. You have assisted the Committee in this important task it is doing in scrutinising Government and public expenditure. On behalf of the Committee, I thank you, and we will definitely consider your written and oral submissions in our report.

The Committee adjourned at 11.30 a.m.

The Committee resumed at 11:50 a.m.

**Submittee: Ministry of Information**

In attendance:

1. Mr. Sharvada Sharma – Solicitor-General/Permanent Secretary

2. Ms. Krishma Kaushal – Senior Accounts Officer

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MR. CHAIRMAN.- Honourable Members, members of the secretariat, media, staff and the public; we are now going to start our third submission for this morning. For that purpose, we have before us the Solicitor-General (SG), Mr. Sharvada Sharma, who is also the Permanent Secretary for Information; Ms. Krishma Kaushal, the Senior Accounts Officer.

MR. S. SHARMA.- I apologise, Mr. Chairman, if you permit, I have got the Ministry of Justice and the ITC outside. Once we deal with the Ministry of Information, then I can call in the other teams.

MR. CHAIRMAN.- I understand that you are doing all three today?

MR. S. SHARMA.- All three, yes. Thank you for allowing us to do that.

MR. CHAIRMAN.- Thank you, Solicitor-General, once again for appearing for this Committee.

(Introduction of MOE and OAG Officials)

So without affecting your time, we will let you make your first submission which, I believe, is the Ministry for Information. Honourable Members, we have three submissions before you from the:

1. Ministry for Communications;
2. ITC; and
3. Ministry of Justice.

We are looking at the Ministry of Communications first.

MR. S. SHARMA.- Thank you, Mr. Chairman. Thank you, for allowing all the three Ministries that fall under my responsibility to be heard together before this Committee. The first one is the Ministry of Information, as it was at that time but now it is called the Ministry of Communications with the Department of Information. And thereafter, I have got the team ready from Ministry of Justice and Anti- Corruption, as well as the ITC Department which is a separate submission.

Mr. Chairman, and Honourable Members, I will very quickly go to the presentation from Ministry of Information. Once again, there are hardly any issues highlighted by the Auditor-General. In our presentation, the hard copy that we have provided to this Committee, we have provided the background information with respect to the Ministry of Information. There are also functions of the Ministry and I do not need to perhaps, read that out. I am hoping that, that can be taken as read. We have a total establishment of 89 staff, so all those information is also provided.

With respect to the OAG Report itself, the Ministry received an unqualified audit opinion; namely, that all revenue and expenditure had all been properly accounted for so the report is unqualified. There is just one audit issue which was highlighted in the audit findings and that was with respect to a staff who had resigned from the Ministry. He resigned immediately so he did not give his notice period and in that case, he was required to pay 30 days’ salary. I think it amounts to about $1,900.

The Auditor-General’s recommendation was that, we should ensure that we recover this amount ($1,900) and I want to update this Committee, through you, Mr. Chairman that the Ministry has taken steps to recover that because it is $1,900 and it does not fall within the jurisdiction of the court. So the Ministry had, in fact, filed a claim in the Small Claims Tribunal and the Small Claims Tribunal has, in fact, made an order and copies of that is attached in the report.

The Small Claims Tribunal has made as order that this person pay the amount. If this person still has not paid the amount, what we will now be doing, Mr. Chairman, is that we will be seeking enforcement of this through the Magistracy and if need be, then filing insolvency proceedings against this person. It is just a small amount and if this person were to present himself to the Ministry to say that he will enter into some form of a partial payment arrangement going forward, we will be happy to accommodate that but this person has been non-responsive over the years, but we intend to take that action now that we have got an order from the Small Claims Tribunal.

With respect to other matters, Mr. Chairman, I think that is all.

HON. A.M. RADRODRO.- Mr. Chairman, I have a clarification on this particular issue. Is the person here or….

MR. S. SHARMA.- Well, the Ministry has taken steps to locate this person. I am not aware if this person is here but it does not matter because in the Magistrates Court if this person cannot be located, we will go for substituted service. So, there are provisions in the Magistrates Court rule to allow for substituted service and then we can enforce that. There are also things like, Absconding Debtor warrants and all those things that we can enforce, so the enforcement mechanisms are there.

HON. A.M. RADRODRO.- This process that you will take through the court system, will that allow recovery?

MR. S. SHARMA.- It allows recovery and depending on how we plead because now this will have to be done by the Attorney-General’s Office because it goes to the Magistrates Court, it allows recovery of not just the amount but also any costs that the Ministry will have to incur in recovering this amount, the court costs.

HON. A.M. RADRODRO.- Can you just briefly highlight if the person is not here, what action will you take to recover?

MR. S. SHARMA.- Well, there are tracing that we can do, for example, assets, et cetera. We can involve the Financial Intelligence Unit with respect to bank accounts, et cetera, so all those ambits are there.

MR. CHAIRMAN.- Thank you, SG, for that answer. In fact, we also noted from some other Ministries that this seems to be a recurring problem where staff resigned without giving 30 days’ notice. I understand it is beyond your control if someone just gives the notice, leaves and does not turn up to work on a particular day. Is this a normal procedure for a staff to leave without giving notice for him/her to refer to the 30 days?

MR. S. SHARMA.- There are some staff who do leave at the drop of a hat. There are staff who come in the morning and say, “Here is my resignation, this resignation is with the immediate effect and I am leaving.” Some of the staff are responsible enough to pay the 30 days’ notice. There are exceptional cases where the Permanent Secretary has the authority to waive the notice period and that is allowed under the General Orders.

However, in this case that did not happen. I mean, for example, if someone is a terminal patient and has to immediately go and be admitted, the Permanent Secretary, of course, can waive that 30 days’ notice period and we have done that in the past. But in this case, the one that we are talking about there was no such waiver, so the Auditor-General is correct in the sense that there is an amount outstanding to the State which should be recovered.

There are, of course, many small amounts such as this which are owing to the State, and sometimes recovery can be a challenge, like the Honourable Radrodro said. Sometimes, it is very difficult to locate the person and sometimes when you do locate the person, that person does not have a penny to pay to the State, so those cases sometimes have to be written off, unfortunately, but that is just the way it is, it is not something new. It is something that has happened. There are court fines, for example, for which people cannot pay and the Judiciary sometimes has to write it off. It is just a nature of this, I suppose.

MR. CHAIRMAN.- Honourable Members, that was the single audit query in terms of the Ministry of Information and Communications. Is there any further question?

HON. M.M.A DEAN.- Yes. I can see with the supplemented document this officer has found work in the European Union. So, has the current employer been contacted?

MR. S. SHARMA.- I do not think at this stage that has taken place, Honourable Member, because at this stage what we have got is an order against this person in the Small Claims Tribunal. So what needs to be done now is for the Ministry to take a step. Normally, it is not the employer that will be approached, unless there is a garnishee order that you take it out from the salary, and that is always not very easy to obtain from the courts. You really have to go after the person rather than the employer.

HON. A.M. RADRODRO. – I take it that that person has been notified?

MR. S. SHARMA.- Yes, many times.

MR. CHAIRMAN.- Even the order would be a result of the proceedings being served on him, so he would have had the notification.

MR. S. SHARMA.- But I want to assure this Committee they will take all steps necessary to recover and sometimes it is unfortunate that the amount of costs we incur in recovering an amount is more than the amount that you recover.

MR. CHAIRMAN.- But then it sends the right message to other….

MR. S. SHARMA. – It does, it is very important, and you have rightly said, Mr. Chairman, that sometimes it is the message that needs to go out, and from an accounting perspective it is something that we need to close.

HON. A.M. RADRODRO.- Mr. Chairman, just on 17.2 - Statement on Receipts and Expenditure. I note that on revenue side of things, you only collected library fines of $2,100 in 2013, and in 2014 you did not collect any fines. Is there a reason why there were no fines?

MR. S. SHARMA.- Yes. In 2014, the Library Services Department was transferred from Ministry of Information to Ministry of Education, so it would probably come in their reports.

HON. A.M. RADRODRO.- In 17.3 - Appropriation Statement; you had a very good audit report or an unqualified opinion, but in your actual expenditure as compared to your budget, you had underspent.

MR. S. SHARMA.- Yes.

HON. A.M. RADRODRO.- As a result, you had a savings or you did not utilise close to $800,000, $794,000 to be exact. Looking at the details, you had some savings in some of the SEGs. Why was the Ministry saving money in terms of what it actually budgeted for? It could mean a lot of things, hence the services of the Ministry could not also be fully utilised so that can be one way to interpret it. So, what is the reason why there was savings as compared to your budget allocation?

MR. S. SHARMA.- That is a good point, Honourable Radrodro, and I will explain that. If you look at Established Staff, there is a savings of a larger amount which is $333,000. That was because all the positions were not filled. If there are vacancies and it is also the case with the one I presented last week for the Office of the Attorney-General, if the Ministry of Economy gives you a budget for all the establishments and it is invariably almost always the case that all the positions are not filled, and if that is the case then there will always be a savings in SEG 1. That is the large amount.

The other large amount. We have made savings in some of the other incidentals, but the other large amount is with respect to Purchase of Goods and Services and the savings was with the respect to the special productions for *Back in Time* which started after the 2014 Elections, so it started in October onwards. In some of the productions we made savings, we had a budgetary allocation for publishing of the souvenir books, et cetera, on behalf of Government, that did not happen.

The expenditure that was also reduced was with respect to the archiving of materials through digitisation with National Archives, that was underspent because there was not much need to spend that money at that time. We managed to continue with the existing work equipment with respect to TV materials and computers, et cetera, so even though there was an allocation, we managed to save that allocation and return that money to Government. So, just because there is an allocation, it does not mean that we have to spend, if there is savings that a Ministry can work within then, of course that is a good thing, I think.

HON. A.M. RADRODRO.- The response that you have established positions of 38 male and 34 female and there was 17 vacant positions, are those positions being taken up?

MR. S. SHARMA.- Yes, we did, in fact, two weeks ago, some of those positions had been taken up in 2015 and 2016 but there is a turnover like all other Ministries when you have specialised positions. People leave for the private sector, likewise the NGOs, international organisations, et cetera. Just like that person who we are trying to recover money from, he has joined the European Union, so people leave and the challenge for us is to continuously advertise and have those vacancies filled again.

We had recently advertised a number of them about 10, I think, and those vacancies are in the process of being filled. So, let me assure this Committee that the vacancies do not, in anyway, affect the work that we do but nonetheless, we will try to fill those vacancies so that we have as many hands on deck as we can.

HON. A.M. RADRODRO.- As part of your revenue collection, apart from library fines, does the Ministry collect any other revenue on behalf of Government?

MR. S. SHARMA.- There are DVD sales, for example, for *Back in Time*, there are services that we provide in terms of selling of brochures, pamphlets, et cetera, we have certain revenues that come in, for example, in 2014 there was an increase (if you notice) of $25,000 in revenue because that was donations that the Government officially received for the Pacific Media Conference which was allocated to the Ministry of Information, and that happened quite successfully.

HON. A.M. RADRODRO.- Just on the side of broadcasting, does the Ministry of Information give out licences for broadcasting?

MR. S. SHARMA.- No, that is Communications. Ministry of Information just does the news and the TV production, you have *Back in Time*, I think you have got, *Nation’s Business*, as well as making sure, for example, that if His Excellency were to be giving a national address, Ministry of Information needs to make sure that it is properly recorded, all the equipment and everything are provided, so that is the Ministry of Information side of things. In terms of licencing of media organisations and broadcasters, that comes under Telecommunications.

HON. A.M. RADRODRO.- Just specifically, which side of telecommunication?

MR. S. SHARMA.- All of it.

HON. A.M. RADRODRO.- We asked the Department of Telecommunications here and they said their licences are being issued by the Ministry of Information.

MR. S. SHARMA.- No, it is not the Ministry of Information. I think it is important that I clarify this. In 2014, when you had the OAG Report, it was to do with the Ministry of Information because there was a Ministry of Information. After 2014, what we have now is called the Ministry of Communications and you had probably seen that in your 2015, 2016 Auditor-General’s Report.

Ministry of Communications has three Departments; one is the Department of Information so it is no longer Ministry of Information; the Department of Communications and, of course, the Department of Information Technology and Computing Services. The Department of Communications is a separate department that is responsible for licencing mobile phone operators and television stations. All those licences are issued through the Telecommunications Promulgation which comes under the Department of Communications.

MR. CHAIRMAN.- If there are no further questions in this area, we can now move to your next submission.

MR. S. SHARMA. - Thank you, Mr. Chairman. If you give a minute’s break, I will call in the Ministry of Justice staff as well.

The Interviewed concluded at12.07 p.m.

The Committee resumed at 12.08 p.m.

**Submittee: Ministry of Justice**

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MR. CHAIRMAN.- Honourable Members, we now have the Ministry for Justice. You can now make your submission.

MR. S. SHARMA.- Thank you, Mr. Chairman and Honourable Members, once again for Ministry the of Justice, we have provided a detailed written report. In terms of the organisation structure and the number of staff, all the details are in the report and I will not regurgitate that. However, there are two audit issues again for the Ministry of Justice and if I may, Mr. Chairman, I will go straight to that.

On Part B: Audit Findings, 14.5 - Board of Survey not Conducted; a Board of Survey was, in fact, conducted, Mr. Chairman, inspections were done and the report was finalised in October 2015, a copy of that is annexed to the bundle of documents that we had provided. The dates as to when the Board of Survey was, in fact, conducted is contained in our letter to the Public Accounts Committee, Paragraphs 20 to 22 of our letter.

The Asset Disposal Form that normally follows as a result of a board of survey was, in fact, completed in 2015, so that was undertaken. If I may very quickly move to the next issue….

MR. CHAIRMAN.- Just a suggestion on that point, SG, the question from the Office of the Auditor-General. You mentioned that the Board of Survey was not conducted but there is no information that it was conducted.

MR. S. SHARMA.- I think there is a miscommunication on this and with all due respect to the Auditor-General, I noted from the report there were no comments received from the Ministry. So maybe that is the reason. If the Ministry had provided the comments in 2014 and 2015, then perhaps the Auditor-General would have removed that from the Report because it was just something that was picked up and I think it was incumbent on the Ministry to highlight the Auditor-General that, in fact, it was taken and provided particulars.

MR. CHAIRMAN.- Alright.

MR. S. SHARMA.- I do not want to speak for them.

MS. K. KAUSHAL.- Thank you, SG, and Honourable Members. I think it is the timing issue here. When we audited probably, we did not save the Board of Survey Report but I have seen the annexures now and probably, it looks alright and signed well. So, they get resolved and for our 2016 Audit, we have also noted that the Board of Survey had been done.

MR. CHAIRMAN.- Alright. That issue is now resolved.

MR. S. SHARMA.- I think it was more to do with the timing issues, Sir, but that has been addressed.

MR. CHAIRMAN.- Alright.

MR. S. SHARMA.- Mr. Chairman, if I may move to the next matter with respect to the Ministry of Justice on 14.6 – Anomalies in Telecommunications Development Trust Fund Account; that was to do with a variance and was perhaps, something that should not have been there. Really there is no money missing or anything or it was just that the account and what was there in the bank account, the records did not tally.

The Auditor-General has rightfully picked that. The reconciliation was done and every single penny has been accounted for and that reconciliation is contained, so the variance was reconciled in 2015 and I thank the Auditor-General for highlighting that because sometimes that is, like sitting in the part of Accounts Department in doing reconciliations, and that has in fact happened.

So, in 2015, a variance reconciliation was done and that it has been resolved and a copy of that reconciliation is contained in the appendices to our report.

MR. CHAIRMAN.- So, the total amount of $12,089,982.29 that existed, should not be posted …..

MR. S. SHARMA.- The issue is really what was in the bank account which is where all the licensees put the money and what was in the account in the Ministry was not reconciled which it should have been done. It is a simple case of ticking the boxes.

MR. CHAIRMAN.- So, that has been done now?

MR. S. SHARMA.- That has been done and annexures are, in fact, provided.

Mr. Chairman, on 14.7 - Unreconciled Drawings Account with the Ministry of Justice itself. The recommendations from the Auditor-General was, and I quote:

“The Accounting Head should reconcile its monthly Drawings Account reconciliation with the FMIS balances and any variances noted should be investigated and adjusted accordingly.”

Mr. Chairman, we have provided particulars at Appendix 8 and as mentioned in Paragraph 26 of our letter, that there was no variance of $54,000, between FMIS and our bank account, there was no variance and it is something to do with the misinterpretation regarding the monthly reconciliation which was overlooked and not raised.

Perhaps, I should acknowledge the fact that the Ministry in 2014 and 2015 did not provide those particulars to Auditor-General, otherwise they would have accepted that reconciliation, but there was no variance. So, there is no issue of whatsoever of any funds going astray.

MR.CHAIRMAN.- So OAG, the explanation by SG is that, $54,346.76 is just an issue of the reconciliation of 2015 and was not communicated to you. Can you confirm that?

AUDIT REP.- Thank you, Mr. Chairman. The reconciliation annexed at Appendix 8, is matching with the reconciliation for Department but FMIS ledger in our report is $384,038.49. So, if the Ministry can confirm that this matches with the FMIS?

MR. S. SHARMA.- Yes, it does. We have done that, Mr. Chairman, and the reconciliation has been taken care of. We can provide those details to the Auditor-General.

AUDIT REP.- Mr. Chairman, we will go back and check with our General Ledger and confirm to the Committee.

MR. CHAIRMAN.- Please, check that one. We have had issues in other Ministries as well. When there is a change from the normal accounting or FMIS, a lot of variance happens, is there any particular reason for that? The two system do not match.

MR. S. SHARMA.- If I may, I think the challenge is making sure that there are monthly reconciliations, together with Ministry of Finance’s assistance. In cases where there is a lapse, it is not as if moneys have gone missing, it is just that the books have not been updated and which is why there is a need to reconcile on a monthly basis.

MR. CHAIRMAN.- But you have enough staff in the section to do monthly reconciliations?

MR. S. SHARMA.- We do, sometimes we have people who do leave the office and sometimes these things get left, but is not something that is happening anymore. I think it is being addressed.

MR. CHAIRMAN.- Honourable Members, any question in that regard?

HON. RATU S.V. NANOVO.- My question is to the Ministry of Finance, do they take internal audit checks for the Ministry in regards to that, to ensure that things are in line all the time?

MOE REP.- Thank you, Mr. Chairman. Honourable Member, we conduct internal audit for the Ministry. Once we know that there are anomalies or non-compliance with the Finance Manual, we request our FMIS officers to conduct training for the respective Ministries.

MR. S. SHARMA.- Training is important as well because Accounts Officers who have just started also need to be aware or how to do reconciliations on the software.

MR. CHAIRMAN.- That is resolved, we can move to the next one.

MR. S. SHARMA. –Thank you, Mr. Chairman.

On 14.8 – Continuous Re-engagement of Officer and Absence of a Succession Plan the person we are talking about here was Mr. Avi Ram. He has been in the Ministry’s Companies Office for many, many years and he is the person who had a lot of institutional knowledge. We had a Deputy Registrar, Marica, who unfortunately passed away, so there was a gap. Just because there is a gap, it does not mean that I should immediately appoint the person who was below, maybe a Clerical Officer, to a more responsible position, if that person does not have the merit.

I was not satisfied at that time that there was someone who could immediately takeover the position upon the 55 years of age of Mr Avi Ram. So, the Permanent Secretary under the rules has that authority to extend where there is a need. Even though this maybe a Senior Admin Officer position, it is more specialised, it is to do with the Companies Office.

May I also add , Mr Chairman, you will be fully aware of this, that this was round about the time when massive consultations were being undertaken for the new Companies Bill, which was one of the first Bills that was tabled in Parliament in 2014. So the preparatory work leading up to the Bill being tabled, as well as massive consultations that were being undertaken after the Bill was tabled in Parliament. So we needed someone to continue, someone who had that institutional knowledge, and that really is the reason. But given that the Auditor-General has picked this up, we wish to update this Committee by saying that now that the Companies Act is fully enforced and is being implemented, we have had an understudy and that person has now taken over. So, Mr. Avi Ram is no more in the Companies Office.

MR. CHAIRMAN.- Alright. SG, this re-engagement of an officer in the absence of another officer to replace him, is it a common practice?

MR. S. SHARMA.- Not a common practice. In most common cadre, you would not have re-engagements but there are certain common cadre positions which have special responsibilities, like the Official Receiver, the Registrar of Companies and Registrar of Titles, for example. So what we have done this year and last year was that, we have made these positions into legal positions, the person should be legally qualified.

There are so much legalities involved as you know, Mr. Chairman, especially in the Title Office, Companies Office, the Official Receiver, so now that these positions are specialised, it makes it easier for me to appoint people who have not just the institutional knowledge but also the legal knowledge because a lot of it is about interpretation and applications of law in particular, in the Titles Office, for example, the Registrar has to decide whether to accept or not accept a caveat. That requires an interpretation of law.

If you have a Senior Admin Officer who comes through the Civil Service cadre, that person may or may not know the rules of the game. In most cases, invariably you have wrongful decisions been made. We do not want that to happen so going forward, because we had made these positions into legally qualified positions and through the Administrator-General, who is also a very senior legally qualified person, we have identified people for these positions. So, this matter really is a non-issue, Mr. Avi Ram is not there anymore, but he was needed at that time and we had to re-engage him.

MR. CHAIRMAN.- That point is well explained, Sir, because in the event there is an unqualified person in that area and if there is a judgment, if someone takes an action against the Government or the Department, then it hits the public purse, anyway.

MR. S. SHARMA.- Indeed.

MR. CHAIRMAN. – So, it might be prudent to have someone who is going to save that area for us.

MR. S. SHARMA. – I will indeed say this on record, I am indeed it quite grateful for Mr. Avi Ram to have availed himself beyond the age of 55 because at that time, really there was no one else around to have done that, especially in the lead up to the new Companies Bill.

MR. CHAIRMAN. – Honourable Members, any question on that area?

MR. S. SHARMA.- Mr. Chairman, 14.9 - Fees and Charges; with respect to the Companies Office, it is really a non-issue now, Mr. Chairman, because the Chapter 247 of the Companies Act was repealed, as the Honourable Member who was part of this Committee know that in 2015, and a new Companies Act has now has been promulgated and enacted by His Excellency. The new fees have, in fact, increased under the new Companies Law and a copy of the new fees is attached to our bundle of documents.

So, Mr. Chairman, the fees have increased. In 2014, the Auditor-General was perhaps, correct to say that the fees was not sufficient but really, it is not an issue anymore because the law has been updated and the new fees are now enforced.

MR. CHAIRMAN.– Honourable Members, any question regarding that?

So, there is a new fee structure and the new Companies Act that has superseded this recommendation, and I quote:

“The Registrar of Companies should ensure that fees and charges are regularly reviewed to sustainable or equitable levels.”

So that has been done by the new Companies Act. Thank you, Solicitor General for that area of the submission.

MR. S. SHARMA.- Thank you, Mr. Chairman.

MR. CHAIRMAN.- Thank you, Ms. Chand, for your presence.

MR. S. SHARMA.- Mr. Chairman, if you can allow, I will just quickly invite the ITC Department to come in so that we can address the last matter.

MR. CHAIRMAN.- Of course.

**Submittee: ITC Services**

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MR. CHAIRMAN.- Thank you once again, Honourable Members. We are now ready to take on the fourth submission from the Solicitor-General, that is, on Section 16 of the OAG Report - Information, Technology and Computing Services. We have the team from the ITC here, together with the Solicitor from AG’s Office.

MR. S. SHARMA.- We have a bundle that has been circulated which is our response. Before beginning, Mr. Chairman, profusely apologise to you for getting the spelling of your name wrong, the covering page for the record, if that can be corrected.

MR. CHAIRMAN.- I did not notice that.

MR. S. SHARMA. – Mr. Chairman, with respect to the ITC, it is fairly straightforward and there are, in fact, no audit findings. I had boasted last week that the Attorney-General’s pages in the OAG’s Report for the AG’s Office was the lowest in the list but, in fact, the ITC takes the cake, there are no audit issues identified for the ITC Department.

Having said that, Mr. Chairman, in our brief, we have provided explanations for general information for this Committee. So, in terms of our functions, we all know what ITC does. The organisation structure, the number of vacancies, et cetera, that is contained in that, as well as the update of capital projects that were being undertaken. Explanations for all the receipts, revenue and expenditures and any variations therein, as well as the appropriation statements.

With respect to the ITC Department, Mr. Chairman, there are no issues that had been picked up by the Auditor-General and I will be happy to take any questions, if there are any for the ITC Department because I do not need to address any issues from the Auditor-General with respect to ITC Department.

MR. CHAIRMAN.- Thank you, I was advised earlier from Opposition that ITC was not totally fully operational in 2014. That is probably why it reflects …..

MR. S. SHARMA. –That is absolutely not correct. The ITC has always been operational. I know I was receiving emails and browsing the internet in 2014, it is the service that ITC provides. ITC, of course, also manages the FMIS system for the Ministry of Economy, so if ITC was not operational, then a lot of things would have ground to a halt.

MR. CHAIRMAN.- Any further question, Honourable Members, in that regard on Table 16.1?

HON. A.M. RADRODRO.- Mr. Chairman, on 16.2 - Statement of Receipts and Expenditure. The Table that you have there, you had mentioned right at the bottom the increasing expenditures that was due to personal expenditure attributed to consultancy payments to the Yalamanchili for the deployment of Government ITC. Can you just highlight the Committee on what is this particular project?

MR. S. SHARMA.- So, in that, there are a number of projects with respect to software development, digitisation of a number of Ministries and Departments and their softwares. The payment was for the engagement of Yalamanchili for the provision of those services, as well the management of ITC, I am told. So, that was the reason why the expenditure increased, Honourable Member.

HON. A.M. RADRODRO.- I hope that the appointment of Yalamanchili into this project was done in a proper…

MR. W. ALI.- Absolutely! There were no issues with respect to that the Auditor-General has picked out or Ministry of Economy has picked out, everything has got a proper paper trail and it is all above ….

MR. CHAIRMAN. That was not an audit issue, anyway. Had it been, it would have been already here.

MR. S. SHARMA.- No, the Auditor-General have looked at those documents, anyway. In fact, all had been provided to the Auditor-General for the Auditor-General to drive into those matters and identify if there was anything untoward but there were no issues whatsoever on that front.

MR. CHAIRMAN. –Any further questions or queries, Honourable Members.

HON. M.M.A. DEAN.- Just adding on to the question you asked earlier, I think Mr. Chairman was referring to the location, the ICT Centre that was being …..

MR. CHAIRMAN.- Just before the discussion began, we were informed that we will be having a discussion, so probably it was not operating that time.

MR. S. SHARMA.- That building at Victoria Parade, that building used to be where ITC was, the St. Stephens Building. Just because that building is now not occupied, it does not mean ITC was not operating. ITC moved in 2014 to the Data Centre up at Berkeley Crescent, just past the President’s house.

MR. CHAIRMAN.- That building itself has some issues in another Ministry’s Report.

MR. S. SHARMA.- Yes, I can imagine, but that is not something for ITC to comment on but we moved out of there. There were OHS issues as to why it moved and just remember it is just by the sea. So, if there is a tsunami, they will lose all your service and everything that ITC is hosting. So, that is why it is up the hill now and it is something that is quality control, checks have all been undertaken, so it is state-of-the-art in terms of data management and data centre.

MR. CHAIRMAN.- Yes, a safer location as well.

MR. S. SHARMA.- Yes.

MR. CHAIRMAN.- Honourable Members, since there are no further questions, I would like to thank the Solicitor-General and his team - Mr. Ali and Ms. Baravilala for your appearance here this afternoon. Thank you, Solicitor-General, for your three presentations which help the Committee’s work. We will definitely consider your written and oral submissions in our report.

MR. S. SHARMA.- Thank you, Mr. Chairman.

The Committee adjourned at 12.30 p.m.