**VERBATIM NOTES OF THE PUBLIC ACCOUNTS COMMITTEE MEETING HELD IN THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON THURSDAY 9TH MARCH, 2017, AT 1.48 P.M.**

**Interviewee: Department of Immigration**

In Attendance:

1. Mr. Mr. Nemani Vuniwaqa - Director
2. Ms. Litia Saumaka - Principal Admin. Secretary
3. Ms. Rasieli Rabukawaqa - Acting Management Passport and Citizenship
4. Mr. Karuto Tugaga - Senior Accounts Officer

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MR. CHAIRMAN.- Honourable Members, we are now ready to take on today’s presentation and today, we have the Department of Immigration before us headed by the Director, Mr. Nemani Vuniwaqa, Ms. Litia Saumaka, Ms. Rasieli Rabukawaqa and Mr. Karuto Tugaga. I welcome you ladies and gentlemen to this meeting.

We are also are assisted today by the Office of the Auditor-General, who are on your right and on your left are Officials from the Ministry of Economy. I welcome you all once again, on behalf of the Committee. So without taking further time, I will now request you to make a brief introduction before you can move to the actual audit findings. Thank you, Sir.

MR. N. VUNIWAQA.- Thank you, the Chairman and Honourable Members of the Public Accounts Committee, representatives from the Office of the Auditor-General and the Ministry of Economy as already alluded to by the Chairman. We are here representing the Department of Immigration and sitting as the Director. With me as already stated by the Chairman, are the representatives of the Department.

(Introduction of Team members)

I would like to thank the Committee for inviting us to be here today to stand before you to respond to the queries that is before us this afternoon. Thank you.

MR. CHAIRMAN.-Honourable Members, we have had the introduction of the officers of the Department of Immigration. We have the written submission prepared and bound by the Department itself. There are a number of clarifications there but we will go straight into the questions that the Committee has, Sir, and the team. Honourable Members would also have some questions.

If you have a copy of the Auditor-General’s Report with you, you can turn to your section – Department of Immigration. The first issue that arises there is your accounts of 2014. One officer resigned without giving a 30 days’ notice in lieu and then it was revealed that his salary was still being paid, an amount of $3,275.58 was paid even though he had resigned. Of that amount $1,300 has been recovered at that time and $1,975.58 was outstanding. I would like to hear from the Department on how that was allowed to happen and has that money being recovered now?

MR. N. VUNIWAQA.- Mr.Chairman, in the first case whereby the said officer, if I mention the name, is Mere Lorima she has resigned from the Department. She did not give the 30 days’ notice as stipulated in the General Orders when she tendered her resignation on Friday, 29th August, 2014.

After tendering in her resignation on that particular Friday, the very next Monday she did not turn up for work.

Just for your information, Mr. Chairman and Honourable Members, this particular officer had reached the age of 55 and she was re-contracted to continue her service. That was even before she was re-contracted, there were discussions for her to be re-contracted, she agreed because of her expertise but it was during this time when she was re-contracted that she resigned straight after, and therefore, left the Service.

As stated by the Chairman, there was money owed to the Government. After she left, she went on to find employment with the University of the South Pacific and that was how we managed to go back to her and to persuade that she still owes money to Government because of the fact that she did not follow the procedure. We managed to recover a total of $1,300 and $1,900 is still outstanding.

The Management Team has already discussed ways to recover this amount, Mr. Chairman. We are working on identifying where her current workplace is right now. Like I said, she has already reached the age of 55 but she is finding employment elsewhere. The most drastic measure that we might take is taking steps to include her name in the controversial list in case she might try to leave the country. Those are the steps we have taken thus far, Mr. Chairman.

MR. CHAIRMAN.- Thank you, Director. In respect of that particular case you have taken steps and I believe that you are still attempting to recover the money. Has some steps being taken to avoid a similar situation repeating itself involving another staff?

MR. N. VUNIWAQA.- Yes, Mr. Chairman, we put in place measures in order to have this matter controlled if a similar case may arise in the future.

MR. CHAIRMAN.- The other officer that is involved there is EDP 92593 and it says here, I quote:

“The officer (EDP 92593) was overpaid $650 during the period of acting appointment. The officer was appointed to act as Assistant Accounts Officer from 8/8/14 to 7/11/14 and regraded from clerical officer to Immigration Inspector effective from 22/09/14 at the existing salary thus allowing the officer to receive the acting allowance of $975 from pay 16 to pay 19. The audit noted that the officer was paid $16,251.84, thus the overpayment of $650.”

Has that matter been resolved?

MR. N. VUNIWAQA.- Mr. Chairman, we are in the process of recovering that amount. The officer is still with the Department, and we will recover the amount that has been overpaid to her.

MR. CHAIRMAN.- The other follow-up question would be, is the Department taking steps that similar errors do not occur in the future?

MR. N. VUNIWAQA.- Yes, Sir.

MR. CHAIRMAN.- Honourable Members, any questions thus far before we move to the second part?

HON. RATU S.V. NANOVO.- Mr. Chairman, still on that overpayment, now they seems to be concentrating on trying to recover that money from the officer who was overpaid. What action have they taken against the officer who made that wrong payment, may be from the accounting personnel? Who did that payment? What action have they taken against that officer?

MR. N. VUNIWAQA.- Mr. Chairman and Honourable Member, thank you for the question. No action has been taken against the officer and since the question is directed on what actions will be taken, we will ensure that we will take further action against the officer and investigation will be conducted.

MR. CHAIRMAN.- That will prevent the repetition of similar errors.

Can we move on to the next part?

HON. A.M. RADRODRO.- *Bula vinaka*, Director, and the team; on the question of recovery, can the Director just inform the Committee what is the in-house process in terms of recovery of such overpayments?

MR. N. VUNIWAQA.- Mr. Chairman, I will have the Senior Accounts Officer from the Department to address the Committee regarding our response.

MR. K. TUGAGA.- Thank you, Mr. Chairman, we normally recover from the officer’s salary within the year. So within the year, there are 26 pays and we can recover a percentage of that from the person’s salary so as not to cause any destruction to the officer’s daily living, we will recover from salary.

MR. CHAIRMAN.- If they are in employment, probably it is easier to recover but if they have left the employment then you will have to go the extra mile, like the USP case. You have to go and check the staff out at USP. Does that satisfy your question, Honourable Member?

HON. A.M. RADRODRO.- I noted the responses given by the Immigration Department but what I am merely trying to get out of the responses is; what is the actual in-house process or the procedures in place that the Department usually follow to collect overpayment? I know it is collection of 26 pays but what is the in-house policies and procedures and whether in this particular case, that has been exhausted?

MR. K. TUGAGA.- Sir, the procedure that we took was, we called her, we e-mailed her and we even approached her but in terms of processes or procedures, the standard procedure, I believe, there is none.

MR. CHAIRMAN.- Sir, I could not get the last part, internal standard procedures?

MR. K. TUGAGA.- In terms of standard procedures, I believe, we have none.

MR. CHAIRMAN.- You do not have any?

MR. K. TUGAGA.- No, Mr. Chairman.

HON. RATU S. NANOVO.- On that, Mr. Chairman, can we ask the Ministry of Economy as to what should be the normal procedure when those kind of incidents happen, what would you do to recover that?

MOE REP.- Mr. Chairman, yes, for any overpayment of salaries, the Department would initiate the recoveries. We would come in, in as far as if there are any surcharges to be involved or if they are still in employment. They would feed the next input which the Salary Section would activate from their salaries, if they are still in employment.

HON. RATU S.V. NANOVO.- Mr. Chairman, we have heard from them that they have made arrangements to deduct salary as long as that does not really affect their day to day take-home-pay, et cetera. Do you also take the employee’s years of employment into account to ensure that the amount that you are going to recover within the time when she is still employed rather than all of a sudden she retires and yet, there is still money to be paid? Do you also take the age into account?

MR. N. VUNIWAQA.- Honourable Member, that is to be considered because we do not want to be faced with the same problem that we had already encountered. That needs to be seriously considered that we recover all the overpayment within when they are still in Service.

MR. CHAIRMAN.- On that point, the notation from the Auditor-General’s Office is that, and I quote:

“Non-timely cessation of salary indicates inadequate controls over payroll. As such overpayment accumulates resulting in loss of taxpayers’ funds.”

So that is what we are interested in. We hope that the recommendation is taken on board and stringent methods are imposed and applied, so that these things are not repeated, and that will save loss to tax-payers’ funds.

HON. A.M. RADRODRO.- Mr. Chairman, just a question to the Auditor-General; we note your recommendation but have you communicated this recommendation to the Department of Immigration on how your recommendation will work to address this shortfall?

AUDIT REP.- Honourable Member, the normal practice for the OAG is to communicate the recommendations to the auditee and the Auditor-General also goes further to obtain the written comments from the audittee. So the recommendation has been communicated to the audittee.

I just want to add on to the discussion that has been going on earlier on, the terms and conditions of the contract also includes that a 30 days’ notice has to be given prior to any resignation. So as soon as the resignation is tendered, the accounts personnel should act promptly to notify the Ministry of Economy to cease the pay which should not be applicable to the staff after resignation.

MR. CHAIRMAN.- Hence, your recommendation which says, and I quote:

“The senior accounts officer should ensure that salaries of the officers leaving the public service are ceased ….”

So the Senior Accounts Officer should write to the Ministry of Economy and tell them that that person has tendered his resignation, the salary should stop.

AUDIT REP.- That is right.

MR. CHAIRMAN.- Can that be taken on board, Senior Accounts Officer?

MR. K. TUGAGA.- Yes, Mr. Chairman.

MR. CHAIRMAN.- Can we move to 6.11 – Loss of Funds Due to Late Notification to Airline Company. It says, I quote:

“The audit noted that the Department incurred losses totalling $2,187 for a cancelled trip for the Principal Assistant Secretary (PAS). The cost include the airline ticket and visa costs to enter New Zealand and no reason was provided for cancellation of the trip.”

That is provided in Table 6.9 of the Report. Can you give some explanation on that, Director? What actually happened?

MR. N. VUNIWAQA.- Mr Chairman, just as a background, this trip was to send officers to New Zealand. There were a total of three officers at the eleventh hour due to some issues within the Department, the Director made the decision to withdraw one of the officers. It was a Management decision at that particular time which resulted in the planning process, the issue of flexibility was an issue at that particular time because we had to get a new ticket and tried to get refunds from those authorities or the airline, was a challenge because of the decision made by the Director, it resulted in the loss that was incurred. Like I said, the decision was made in haste, however, the Department takes into consideration the recommendation that has been put in place and we ensure to strengthen proper controls and likewise, to plan ahead in order to avoid future occurrences of the same issue.

MR. CHAIRMAN.- Director, that will be suitable because the OAG notes that, had the cancelation been made 48 hours prior, two days earlier, that money could have been refunded by the airline company. Perhaps in future, any such decision, I mean, there are circumstances that are beyond anyone’s control. We have had a case yesterday, someone passed away on a trip, so they had to accompany the remains back and that caused some late cancellation. That is beyond control but in future if decisions that we make could be earlier, then that loss could have been prevented. Any questions, Honourable Members?

HON. B. SINGH.- Mr. Chairman, are you still doing business with the same airline company?

MR. CHAIRMAN.- Travel agent, I think.

MR. N. VUNIWAQA.- Thank you for the question Honourable Member. No, we are not doing business with the same company.

MR. CHAIRMAN.- Perhaps, the new companies are more manageable in circumstances like this.

HON. H.R.T. POLITINI.- I believe most in the travel industry, if it is a last minute cancelation, there is a zero refund. That is how it works.

MR. CHAIRMAN.- That is across the board.

HON. H.R.T. POLITINI.- Yes, across the board, just coming from the tourism angle. It is beyond their control.

MR. CHAIRMAN.- Cancelation part is the one that is important.

Can we now move onto 6.12 - Provisional Tax not Deducted. OAG notes that, and I quote:

“The Department of Immigration engaged a contractor in 2014 for the renovation of Nadi Office. The audit noted that the Department failed to deduct the provisional tax of 15% from the gross amount as the company failed to submit certificate of exemption. Refer to Table 6.10 for details of payments made to the contractor.

Failure to deduct provisional tax is a breach of income tax regulation whereby the government is being deprived from needed revenue.”

The recommendation was, I quote:

“The Senior Accounts Officer should ensure that proper tax deduction is made at source in accordance to Income Tax Regulation before payment is released to the contractors who are not exempted from tax.”

Can we hear from the Senior Accounts Officer on this matter?

MR. K. TUGAGA.- Mr Chairman, the Officer in Charge then assumed that this provision applied only to expatriates and because the contractor was just a small local carpenter, she did not think that this provision would apply to him. But after doing the payment, we realised that we were supposed to deduct 15 percent from the total cost of the contract.

We had contacted the contractor to pay the $3000, the provisional tax and just because he is just a small contractor he had used up all the money. So we could not come up with the payment again and we asked if he could do it in instalments but then the arrangement was not honoured until today.

MR. CHAIRMAN.- So the contractor benefited from 15 percent more, the provisional tax that was supposed to be paid to the Government. So has that tax being paid by Immigration?

MR. K. TUGAGA.- The tax, I believe, has still not been paid, it is still outstanding because we had paid it all to the contractor.

MR. CHAIRMAN.- So the contractor benefited more. He should have benefited only 85 percent but he took 15 percent more. You have made attempts but it has not been recovered yet?

MR. K. TUGAGA.- Yes.

MR. CHAIRMAN.- Has there been any system in place now to ensure that this thing is not repeated?

MR. K. TUGAGA.- From this experience, we will now know that the provisional tax also applies to locals.

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

HON. RATU S.V. NANOVO.- In cases like this, the officer should be expected to know this. When this has been done, was there any disciplinary action been taken against the officer concerned or her immediate superior?

MR. N. VUNIWAQA.- No disciplinary action has been taken but we now consider the issue that has been raised and we will conduct necessary procedures that need to be done.

MR. CHAIRMAN.- Ministry for Economy, has any directive been given across to all Ministries on provisional tax deductions, if that is in your jurisdiction?

MOE REP.- Mr. Chairman, in terms of the engagements between the Ministries and the contractors themselves, that is the dealing that happens on their side. We will only come to know about it if there is a need to open a new account in the FMIS so that deductions can be made.

MR. CHAIRMAN.- My question was not on this particular case but has Ministry of Economy advised or is it in your jurisdiction to advice all Ministries that when you engage contractors, please ensure that you deduct the 15 percent tax?

MOE REP.- Yes, the advice has been given.

MR. CHAIRMAN.- Has that been done recently?

MOE REP.- Yes.

MR. CHAIRMAN.- That issue has been an error made, there was an oversight as accepted by the Department. However, Ministry of Economy has confirmed that directive has been given and I hope that this thing is not repeated. Any questions in that regard, Honourable Members?

HON. A. M. RADRODRO.- Mr. Chairman, just a question to the Auditor-General’s Office, you picked out two payments regarding this particular contract, project of the renovation of Nadi Office. Are those the only two that provisional tax was not deducted?

AUDIT REP.- Normally, the audit scope is on a sample basis. So the two transactions that were picked, that is stated in the Report is based on a sample. There may be more scope for contract payments on which the withholding tax was not deducted since we do not carry out 100 percent payments testing. So there is a scope for more errors in respect to withholding tax.

MR. CHAIRMAN.- So you are saying, there is scope for more errors, so this thing can be repeated? How to fix it, if you are doing a sample test, the ones you do you can catch those ones, but some might escape the net because you are not testing everyone.

AUDIT REP.- Because there are so many transactions that happen during the year. So during our internal control testing, what we normally do is to ensure that proper controls are in existence to ensure that the things that are supposed to be done are done appropriately. So in line with that, we determine a sample size that we think that it is appropriate to base our conclusion.

Then from that testing, we note from our findings that these two particular cases were the ones on which the provisional tax were not withhold. But having said that, the provisional tax is not applicable to all the payments that has been made so having said, that there is a scope for errors but those errors would only occur if the payment is for a contract, not for all the payments.

MR. CHAIRMAN.- I hope that the Ministry of Economy’s directive is given to all Ministries so probably, this will reduce the chances of such errors. Honourable Singh, any question in that regard?

HON. B. SINGH.- Yes, Mr. Chairman, just an observation I would like to make. It is one of the requirements that before a contract is being signed by any Ministry, the contractor must submit the Compliance Certificate because I think that was overlooked by the Department which they failed to ask for a Compliance Certificate.

MR. CHAIRMAN.- Is it a Compliance or Exemption Certificate?

HON. B. SINGH.- It is an Exemption Certificate. And it is a prerequisite requirements….

MR. CHAIRMAN.- Before a contract is signed the Compliance Certificate has to be viewed by the person responsible, perhaps the Senior Accounts Officer. Is that a practice now or has there been a practice before?

MR. K. TUGAGA.- Yes, that is still the practice now. However, we did not ask for the Exemption Certificate, but upon asking later, the carpenter did not have any Exemption Certificate.

MR. CHAIRMAN.- Can we ensure that, that is now, at least, practiced?

MR. K. TUGAGA.- Yes, Sir.

MR. CHAIRMAN.- Honourable Radrodro, your question?

HON. A.M. RADRODRO.- Mr. Chairman, just a question to the Ministry of Economy and the Director for Immigration, can you just advise us what is the total amount of this renovation work that was carried out, just for information? If you have it you can give it, otherwise you can give it later.

MR. K. TUGAGA.- Honourable Member, I believe the total cost was $21,400. My apologies, the Department had bought safe house which is a double-storey house and the renovation was to renovate the house and the cost was $21,000.

MR. CHAIRMAN.- We can now move to 6.13 - Damage/Loss of Passports and Poor Maintenance/Storage Records. Here we have found two issues Director, the first is that a lot of passports are being damaged probably due to human error, such as placing the passports incorrectly in the machines, incorrect typing and from other human errors that have caused damage to the passports. But the other glaring problem that we see here is the case of missing passports.

It was also been noted by the OAG that, if I may read, I quote:

“The audit also noted security failure on the first and second floor rear office entrances of the building. People of different nationalities gain allowable entries easily into the office facilities and at times past through the conference room and accounts section where cabinets, files are located along the walkway.”

The OAG further notes, and I quote:

“There is lack of security in the office in restricting unauthorised entrance from the back door and a general failure to maintain official documents securely and properly indicating the non-recognition of government records as a valuable resource and source of evidence for official transactions.”

The two things we noted here is first, the damage to passports through handling errors and second, passports going missing from your storage. Can we have some explanation on this Director?

MR. N. VUNIWAQA.- Mr. Chairman, before I address the recommendations or the comments that have already been stated here, first, I refer to the questions that you have raised which was described on the issues raised by the OAG.

As for the doors and security issues, we have put in place control measures, that is, internal instructions for doors to be closed at all times. We have security locks on our doors whereby only staff members with cards can enter the office but at certain times when there are queries from members of the public or when there are foreign nationals coming into the office inquiring on some Immigration issues and wanting to have straightforward responses at that very time, the doors are opened for them to enter. But due to some negligence and when doors are not closed behind them when they enter, that is when this is cited.

However, after we have received the citing and findings we have put in place control measures and, that is, via internal circulars for staff so that we have the doors close at all times. Even up until today, Mr. Chairman, we have found out that this has been followed but we do not have video surveillance right now to pinpoint which particular Officer had opened the door. Some just open the door, come out of my office so when I asked as to who opened the door, no one will…

MR. CHAIRMAN.- Own up?

MR. N. VUNIWAQA.- Yes, so we proceed further to counselling, putting warning letters and have already started doing that.

As for the missing passports, in coming up with our responses where we have found that the recommendations did not really pinpoint on the missing passports. But in my discussions with the Management Team, I advised them that in my recent trip to the passport manufacturers, ORBITEC Technologies in November, 2015 when I went to meet with the company, I accused them for giving us less passports, that are now considered missing passports.

MR. CHAIRMAN.- Or they gave you lesser number of passports?

MR. N. VUNIWAQA.- To send this message out that there are missing passports from the Department of Immigration, I am sure we will be having a lot of serious questions raised and serious allegations that passports are being issued somewhere else. Coming from technical experts, in order for that particular book to be printed and to be in accordance with what is stipulated in the ICAO Regulations, it needs a proper machine. I am not saying that a proper machine is not around in Fiji, and to say that missing passports coming up to hundreds, there will be an assumption that these passports are issued to hundreds of foreigners who do not deserve to be issued with that book.

When I discussed this issue with the company, they raised the fact that the contract of the company with the country, that is, Fiji they want to have it intact. They would not be supplying books or a number of books that we consider as missing. We have agreed as the Management Team that when the books did arrive, initially we did not have the procedures in place to ensure that we account the proper number of books in a particular box.

We have done our checks and we have affirmed the company’s confirmation that they supply the number of books that we had requested, they managed to explain to us how it can be identified that there is a missing book to print. The missing books were identified that when we were bringing out the passports, the particular books from the box. In a box it has 100 books and the serial numbers are in order whereby it will be from 001 to the last number which would be 100. I am just giving out an example.

Take for an example, in the printing of that particular batch, two books in the serials between 45 and 46 were damaged during the printing, there would be more ink. They will remove those books and then there may be another two books between 70 and 80. In a total of 100 books, there will be four books that will be deduced as missing but it was not missing, Mr. Chairman and Honourable Members. They took me to the factory and showed me. So what happens is, for them because the machine has been synchronised to give the series of numbers. After they had printed the 100, they would not go back to reprint the two or the four because it will mean a lot of work for them. Instead, they will give four extra books and the numbers that have been damaged will be crossed off as part of their stock but from us, they will give four extra books and the numbers will continue.

MR. CHAIRMAN.- Alright.

MR. N. VUNIWAQA.- That is how they give the books, but over the years since when we entered into contract with the new supplier in 2013 onwards, there were no procedures in place for us when we receive the books, count them but we just went and brought the box, start pulling out the books and then later on when we received an application and we assigned a passport number to that particular application, then we found out that 44 was missing. Then the next book that we pulled out from the box would be 47, so two numbers were missing. That is when we started to come up with an allegation that there were two missing books. Then from the 70 onwards, then we found out that two more books were missing.

MR. CHAIRMAN.- Right.

MR. N. VUNIWAQA.- Later on, we did not even realised that at the end of the 100 in the batch, there were four more books included in that box.

MR. CHAIRMAN.- If I understand correctly, if the box, for example, Box No.1, 2, 3 and 4 damaged, then the box still have the 100 books but the number will end at 104 because there will be four new numbers issued to those books.

MR. N. VUNIWAQA.- That is right, Mr. Chairman.

MR. CHAIRMAN.- There will be no repetition of one again, it will start from 5 and end to 104.

MR. N. VUNIWAQA.- That is right.

MR. CHAIRMAN.- Alright.

MR. N. VUNIWAQA.- That is how we came up with all the boxes that we received there will be four or five books that would be missing.

MR. CHAIRMAN.- Numbers considered missing.

MR. N. VUNIWAQA.- Yes, not really missing. They are giving the right number of books.

MR. CHAIRMAN.- Physically, there will be 100 anyway.

MR. N. VUNIWAQA.- Physically, there will be 100.

MR. CHAIRMAN.- And the numbers will be different. The notation here says, I quote:

A total of 85 books were damaged and a total of 285 blank passport books are missing.”

Are you saying that this is not the case because only the numbers were missing?

MR. N. VUNIWAQA.- I respect the findings from the OAG, but I would like to state here, Mr. Chairman and Honourable Members, that the missing books are not really missing books.

MR. CHAIRMAN.- Alright.

MR. N. VUNIWAQA.- We have the books that are there but the damaged books, yes, we have damaged books.

MR. CHAIRMAN.- OAG, any comments on that? There has been a thorough explanation by the Director, I would like to hear from you.

AUDIT REP.- Thank you, Mr. Chairman. Thank you, Director, for your detailed explanation. After considering the explanation from the Director, we would like to go back to the issue that we had raised and we would like to satisfy ourselves as well, to ensure that the explanation that is provided by you is correct. So what we probably would require is the procedures to be in place to ensure that when these passports come in, there is compliance checks carried out to ensure that the passports that to come in come in the right order with the right numbers, and if the numbers are not there then a report is made on why those books did not come in, whether they are damaged or whatever happened with the books, is equally stated. So, if those controls are put in place, then the Auditor-General will be happy to accept the explanation.

MR. CHAIRMAN.- Yes, that will be in line with the report here that section 63(1)(b) of the Finance instructions actually require that there should be a report on that.

MR. N. VUNIWAQA.- Thank you, Mr. Chairman. I understand that, that is in line with writing a report. I have also considered the issues that are raised by the OAG, we have already started discussions on how we are going to ensure that we physically check the books, not just pulling out the box and start opening it and going straight to assigning a book number on a book to a particular application, but to first of all physically check the books and the numbers that are there.

MR. CHAIRMAN.- Alright.

MR. N. VUNIWAQA.- Those are the issues, and we will put in place an SOP when doing so.

HON. H.R.T. POLITINI.- Mr. Chairman, through you, just to the Director, now that you have clarified missing passports, is there some sort of communication between the passport manufacturer and your Department when they are sending this batch of passports, that certain amount of passports are damaged in that concern or do you just open it up and find out that they are damaged?

MR. N. VUNIWAQA.- I thank the question from the Honourable Member. In my visit to them in 2015, we have managed to discuss the way forward and that is, in their invoice, for them to give us the numbers that are damaged and also replacement numbers. That is to be in all the different boxes, the numbers that are missing from that box, in that series, and the replacement passports. That has been a way forward since after that meeting.

MR. CHAIRMAN.- Thank you. Any further question on that Members? Honourable Nanovo?

HON. RATU S.V. NANOVO.- Still on that, Mr. Chairman, can we just ask the OAG as to which source document they quoted, from where they identified these 285 blank passport books missing? Where did you get that information from?

AUDIT REP (2).- Thank you, Honourable Member. We looked at the order that was made and the actual amount that was received. If we look at the issues and the comments that they provided in the first place, that there was a shortage in the number of passports that was there at that time of the audit. So, the explanation from myself, I acknowledge the explanation, but it is supplementary comments to their initial comments that was in the report.

HON. RATU S.V. NANOVO.- With the explanation now been given by the Director, are you satisfied with that?

AUDIT REP.- We have to go back and check to confirm the explanation that is given by the Director.

MR. CHAIRMAN.- Please, have that confirmed because by the time we are writing our report, we will need that information to supplement.

AUDIT REP.- Mr. Chairman, this is for 2014. We believe we cannot go back because the passports were already issued.

MR. CHAIRMAN.- Alright. Perhaps, you can review the books if you are mandated to do that, the source documents that you looked at, to come up with this report. You can have a relook at that. The Director is going to answer that part, and then we will take your question.

MR. K. TUGAGA.- Mr. Chairman, if I may, I believe the numbers that the OAG got was from the allocation register, the books that we have. But it is quite a mammoth task to conduct a physical check on the books itself which we have it in a strong room. With the issue of opening a box to check all the books, take for example, the latest one that we received was 70,000 books. If we were to open all the boxes, the security issue would be there, that some of these books will go walking, therefore, we opened only the boxes that we are going to issue. It is in the register because the numbers are there but it is not allocated to someone.

MR. CHAIRMAN.- When we see the passport book, we have that number that is given to us as a citizen. Is there any other particular number that only you know of which comes from a particular batch they can trace it?

MR. K. TUGAGA.- Thank you for that question, Mr. Chairman, not that I know of right now, but I can go back and research if there is any other numbers that is in place and advise the Committee formally.

MR. CHAIRMAN.- Yes, may be just a further security check that can be there. You had a question Honourable Radrodro.

HON. A.M. RADRODRO.- Mr. Chairman; just a question to Director, how do you address this kind of missing books and damaged passports? Do you have internal procedures in-house, internal audit that does this regular verification? Also, does the Ministry of Economy conduct internal audit exercises with the Department of Immigration and how often does it do that?

MOE REP.- Honourable Member, the last audit that we conducted for the Department of Immigration was in the second quarter of 2016. Also, we had the exit audit meeting for that two months ago.

We will be conducting a follow up, to ensure that our recommendations have been implemented by the Department.

MR. N. VUNIWAQA.- Mr. Chairman, as in our response to address the issue, the department has made efforts to reduce damaged books, talking about damage books and not the missing one. I would say, non-missing books to me is a non-issue but with the damaged books, we have conducted the following:

1. We have conducted an investigation to identify the responsible officers.
2. We have already conducted an investigation, a copy of the investigation report that we conducted way back in 2012 to 2014 is available.
3. We have counselled officers who were responsible for the damage.
4. We have even made internal transfer within the Department. In trying to find the solution to this issue, we have encountered a number of issues, like officers who may have some stress tend to conduct the same mistake.
5. The importance of doing the right thing at the right time is very important but every now and then, we receive a request to replace a book and then the question would be, why? We found out that just a typing error or in laminating the biodata page, they tore the laminar. So those are the kinds of issues that we encounter, and for those who continue to fault, we have done internal transfer. We have encouraged the managers to put records into file and that is, to have warning letters to officers.
6. Continuous reminders at our management meeting right to the management level downwards so that everyone knows what we are talking about.
7. Also our continuous monitoring through the issuance of internal circulars.
8. We have even placed an instruction, ‘restriction notice’ to everyone in the typing room. I have assigned a room and even restricted them from items because we have found out that they would be listening to music and also working. Those are some sort of distractions because it used to be the norm. We have put instructions in place. So we have found out that in doing so, the number of damaged books have reduced, even though we are talking about 2014, it has reduced even right to last year.

We would love to report no damaged books in a year but human error will always be there. We are coming up with avenues, control measures in order control this, but it has really been reduced just from 2013 to 2014. The reduction was about 63 percent and would like to state here that even with that number, it has reduced over the years until 2016.

MR. CHAIRMAN.- That means the implementing of that new check and balance system guidelines, you have managed to curb the problem.

MR. N. VUNIWAQA.- That is correct, Sir.

HON. A.M. RADRODRO.- Thank you, Director, for that information. Just a question in regards to the proper administration and issuance of passport. How many outlets or do you have more than one outlet that give out passports apart from the head office?

MR. CHAIRMAN.- You mean the printing? The printing happens only in one outlet, or despatch?

HON. A.M. RADRODRO.- Yes, that is what I am trying to get the Director to confirm whether you can only issue from the headquarters or you also issue from other outlets outside of Fiji.

MR. N. VUNIWAQA.- Mr. Chairman, I thank the Honourable Member for the question. The passports are issued from all the outlets that are there in the country - Savusavu, Labasa in the North, Lautoka and Nadi in the West. It is also issued in Levuka, in the Central Division, likewise here in Suva.

Apart from the respective Embassies, they are also issuing books. Those are the issuing points. Printing of books is only done at the headquarters in Suva. It is printed here and then distributed to the respective stations for the issuance of books.

MR. CHAIRMAN.- So, the application may be made at any of these stations but the printing happens here in Suva, and then you despatch to the respective centres?

MR. N. VUNIWAQA.- Yes, Mr. Chairman.

HON. A.M. RADRODRO.- Mr. Chairman, out of curiosity, so the security of passport, like missing passport is also taken into consideration when outlets are also being used as distribution points, specifically for Embassies? How do you account for that proper counting of issuing of passports from Embassies?

MR. N. VUNIWAQA.- Thank you, Mr. Chairman, a good question. In terms of accountability, we ensure that all the books that are issued to the issuing points are counted or have been assigned to a particular application that has been received. Only those that have been received from the respective Embassies, we ensure that those books are delivered to those Embassies or Missions for them to issue and likewise, for the respective stations. No blank books are issued to these respective issuing points, all the blank books are stationed here in Suva.

HON. A.M. RADRODRO.- Mr. Chairman, just another confirmation, so no passports are being sold? All are being made on applications.

MR. N. VUNIWAQA.- Not at this moment, and it would not happen.

MR. CHAIRMAN.- Your question again, your passports not being sold or something, what was the last question?

(Inaudible)

That was just a question in passing, he has explained it very well. The passports are printed here and then despatched. If an error happens, it has to be here at the headquarters.

Honourable Members, that brings us to the end of the submission. All the queries that we had for the Department of Immigration have been explained to us pretty thoroughly by the Director.

For that, I would like to thank the Director Immigration, Mr. Nemani Vuniwaqa; Ms. Litia Saumaka, Ms. Rasieli Rabukawaqa, Mr. Rabukawaqa and Mr. Tugaga for your appearance this afternoon and for accepting our invitiation. You have helped the Committee in the important work that it is doing, in scrutinising public spending. Your opinions and answers have been well taken into account. We will consider your written and oral submissions while doing our report. Once again, thank you very much.

The Committee adjourned at 2.46 p.m.

The Committee resumed at 3.07 p.m.

**Submittee: Ministry of Employment, Productivity and Industrial Relations**

In Attendance:

1. Ms. Salaseini Daunabuna - Permanent Secretary
2. Mr. Viliame Nauludugua - Senior Accounts Officer
3. Mr. Tomasi Kama - MFO
4. Mr. Atish Kumar - ADLSS
5. Ms. Louise Shackley - Manager Corporate Services
6. Mr. Lui Mario

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MR. CHAIRMAN.- Honourable Members, the secretariat, media and the public, we are now ready to start the second segment of today’s presentation, the second hearing of this afternoon. For that purpose, we have the Ministry for Employment, Productivity and Industrial Relations before us.

(Introduction of Team by Mr. Chairman)

We are also accompanied today by the Office of the Auditor-General (OAG), who is on your right and on your left is the Ministry for Economy’s representatives, who are here to assist the Committee in the deliberations.

As part of a brief background, we have been addressing all the issues that have been raised in respect of Ministries and Departments by the OAG, and your team is part of the investigations that we are doing on behalf of the Government as the assigned task by Parliament to look through the Auditor-General’s Report and to raise any queries that we have with your Department. So without much further ado, I request you to start with your brief presentation before we resolve to the questions. Thank you.

MS. S. DAUNABUNA.- Mr. Chairman and Members of the Public Accounts Committee, I thank you for the opportunity to be able to present from the Ministry of Employment, Productivity and Industrial Relations.

Our team has already been introduced by Mr. Chairman. Briefly, the Ministry of Employment, Productivity and Industrial Relations, our core responsibility is to pursue the attainment of decent employment standards through the promotion of employment opportunities for all Fijians. Further to that, our core responsibilities also deal with development of healthy workers and this is in relation to our Occupational Health and Safety Services.

We also look after fair employment conditions for all workers, the attainment of good faith employment relations and productive workplaces. And these responsibilities are achieved by focussing on developing a modern, restructured and an enabling policy environment that is supported by sound labour laws that are existing in the country, the policies, the different institutions, international best practices and values, and this is underpinned also by tripartite social dialogue and self-regulation.

The Ministry has a total of 11 Units and on the ground, we have about 240 staff altogether. Our officers are all over Fiji, we are based here in Suva as well as in the West and the Northern Division. So our overall mission and vision as a Ministry is to ensure that every Fijian is able to attain decent employment standards and we also put at the forefront in terms of tripartite dialogue with social partners. So it is a threefold process where we are also engaged with the employers and the workers on the ground.

Thank you, Mr. Chairman.

MR. CHAIRMAN.- Thank you, Honourable Members, are there any questions so far on the introductory part of the presentation?

HON. A.M. RADRODRO.- Mr. Chairman, thank you very much, PS, for your introduction on the roles and responsibilities. In terms of achieving your promotion of decent employment standards, I think that is a very huge task that your Ministry has to carry out in terms of monitoring and setting standards to achieve this. Can you just inform the Committee some of the challenges that your Ministry currently faces in terms of this particular role of attainment of decent employment standards?

MS. S. DAUNABUNA.- Thank you, Honourable Member, for the question. In terms of the attainment of decent employment standards, we set the policies in-house, we have a labour compliance standard that does all the inspections on the ground, as well as the awareness that is given to the employers as well as workers. But some of the challenges that are faced on the ground, because there are so many registered employers, there is also the issue that there are some that we are able to cover and some that we may not be able to cover within one financial year. So that is one of the drawbacks in terms of implementation, but that is something that we are working towards in terms of ensuring that we are able to cater for everyone. We are looking at different strategies from year to year but also so that we stay within our budget targets.

HON. A. M. RADRODRO.- The second part on safe working environment and working conditions, regarding employees representation and unions, how does the Ministry engages or ensures that the workers are not compromised in ensuring that they have a better working standard or better representative in terms of their voices to the employer?

MS. S. DAUNABUNA.- Thank you, for the question. In terms of safe working environment and attaining this through a tripartite forum, we have the National Occupational Health and Safety Advisory Board which just sat on 22nd February, 2017. This Board is made of Government members, as well as the employer members and the workers members. So so any issues that workers would want to raise, this is addressed at this Occupational Health and Safety Advisory Board, and that is the Board that has been established by law.

MR. CHAIRMAN.- Honourable Members, that was the introduction. Do you have a question on that?

HON. RATU S.V. NANOVO.- Still on that, Mr. Chairman, on decent employment standards, the minimum wage rate right now is $2.32 per hour for the labourers, how would you peg this decent employment standards to these people and how best you try and increase their wage rate to a level that will be able to take them away from the poverty line? Is there any strategy which you have in place that will be able to address that?

MS. S. DAUNABUNA.- Honourable Member, thank you for the question regarding the National Minimum Wage and any strategy to address issues of poverty that you have highlighted. For the information of the Committee, the Ministry of Employment is now in the process of undertaking a review of the National Minimum Wage, together with the Wages Regulations which cover the 10 sectoral areas in Fiji. In this holistic exercise, it is a nationwide exercise which will culminate with a nationwide public consultation as well. This exercise should be able to take into consideration these issues that you have highlighted.

MR. CHAIRMAN.- That was in respect of brief background, it is not an audit issue.

HON. A. M. RADRODRO.- For the information of the Committee, would you be able to tell us how many registered employers are with you?

MS. S. DAUNABUNA.- Mr. Chairman, if I could just get our Assistant Director Labour to answer that.

MR. A. KUMAR.- Thank you, Honourable Member, for the question. The total employers currently registered with our Ministry is 10,172. We are also conducting our labour compliance inspections to these employers to ensure decent standards is applied.

MR. CHAIRMAN.- Are there employers also who are not registered?

MR. A. KUMAR.- We are continuing our investigations, Mr. Chairman, and inspections to those employers who are not registered and on a daily basis, we register employers. So as at today, we can say that we have got 10,172 employers.

MR. CHAIRMAN.- Some of the benefits of having these employers registered so that you can check if they are complying with the laws?

MR. A. KUMAR.- Yes, Sir, we are checking them to ensure that they comply with the law and we also provide them information in terms of how they can go about having a decent employment and, of course, decent employment contracts with their workers so that there is good faith employment relations within the market.

MR. CHAIRMAN.- Thank you very much. That was a brief background of what the Ministry does and I thank you, PS, for that.

We can now move to the audit queries that have been raised. Part A: Financial Statement and that is from Item 7.1 to Item 7.4, we do not have any marks or any red flags that we wish to highlight, but is there any general questions from the Honourable Members? I have one in that instance but there is an answer/explanation given by the Ministry and that is on page 2, Item 7.2, in respect of Statement of Receipts and Expenditure that states and I quote:

“Statement of receipts and expenditure. The revenue collected by the Ministry of Employment, Productivity and Industrial Relations was basically commissioned from weekly wage earners. The main cause of increase in expenditure in 2014 financial year was due to following reasons.”

Now, if you go to number 2 of that, introduction of National Minimum Wage allocation - $250,000. Can you explain a bit on that? Was that $250,000 expended to pay the National Minimum Wage or was that for awareness purposes?

MS. S. DAUNABUNA.- Can I get my Senior Accounts Officer to answer that question.

MR. V. NAULUDUGUA.- Mr. Chairman, the $250,000 was allocated for staff to implement, check or to verify that the National Minimum Wage is working on the ground. These are the 12 officers’ salary to basically check and verify that National Minimum Wage is running and being implemented on the ground.

HON. A.M. RADRODRO.- An additional question to that, Mr. Chairman, do you have specific industry that you send your 12 officers to, to check the implementation of the National Minimum Wage, specifically the textile industry and the security industry?

MS. S. DAUNABUNA.- Mr. Chairman, in terms of the inspections on the ground, our assistant Director can answer that question.

MR. A. KUMAR.- In terms of the implementation of the National Minimum Wage and the sectoral base minimum wage in Fiji, what we have noticed is that, the 12 inspectors who have been appointed have specifically gone to check the places where the National Minimum Wage has been implemented. For example, one is the car wash area, the areas where there are small businesses and, of course, areas where the workers are employed but they are not covered under the 10 sectoral minimum wage rates. For example, in terms of areas of domestic work sometimes where people are engaged and employed, areas where we can say that workers are employed and the employers are not covered under the Minimum Wage Rate and in terms of sectoral-based wage rate. So this is where the inspectors go and check - the car wash areas, the backyard garage, businesses where the sectoral-based minimum wage is not applied. So these inspectors have actually gone in to inspect those areas.

Then we have also inspectors going in to inspect security industries, the textile industry, the wholesale/retail industries, the road transport industries, the building and civil industries, so we cover a total of 10 sectoral-based minimum wages rate and we also cover the National Minimum Wages rate.

In Fiji, we have to note that we have got the National Minimum Wage Rate that covers areas where the sectoral-based minimum wage do not cover. For example, in terms of the areas where the wholesale/retail sector is, the minimum rate there is $3.04 an hour. In terms of the building and civil sector, the minimum rate is $3.10 an hour. In terms of the manufacturing sector, the minimum rate is $3.15 an hour. The National Minimum Wage covers those areas where the sectoral-based wages rate does not cover, so these inspectors go in and recheck those areas. Thank you, Mr. Chairman.

MR. CHAIRMAN.- Thank you, for that explanation. Similarly at paragraph 7.3.1, bullet point number 2 - Payment of salary of 15 new Workmen’s Compensation Project Officers, 226,893. What is this – Workmen’s Compensation Project Officers?

MS. S. DAUNABUNA.- These project officer posts came up because there was a need at that time in the Ministry to clear the backlog of cases in terms of workers compensation. There were some that were sitting for quite a number of years and the Ministry did not have the capacity at that time to be able to have a quick turnaround on those cases. So these officers were brought in to assist with the clearing of those cases.

They were brought in for that project and in the latest budget, their posts have actually been regularised. So, we have had to advertise and we now have those positions in the Ministry.

MR. CHAIRMAN.- Thank you, PS. Now if we can go to Item 7.5 - Arrears of Revenue. That is the first part that we have marked/flagged and the OAG notes that, and I quote:

“As of 31st December, 2014, the Ministry’s arrears of revenue amounted to $30,343, compared to $46,183 in 2013, a decrease of $15,000 or 34 percent.”

What is that arrears of revenue we are talking about here?

MR. V. NAULUDUGUA.- When OHS Inspectors go out in the field, do the inspection and some of the companies or organisations were not able to pay their due fees, that is the arrears of revenue stated here. Basically, some of the challenges that we face is some of the smaller companies come in and request for an inspection so the officers went and carry out the inspection and after one to two weeks when we follow up for their arrears of revenue, most of them are closed and are not in existence. So at this point in time, Sir, the Ministry’s strategy now is before we go out to inspect those smaller companies they have to pay upfront before an inspection is made.

MR. CHAIRMAN.- This revenue is from the fees for inspection?

MR. V. NAULUDUGUA.- For inspection for OHS.

MR. CHAIRMAN.- So the arrears would occur if you go and inspect and they do it for credit, for example, and they disappear they do not pay.

MR. V. NAULUDUGUA.- Yes, Sir.

MR. CHAIRMAN.- Have you made any attempts to find out these companies, if they were operating under a different name and recover the money??

MR. V. NAULUDUGUA.- In fact, Sir, we were able to recover one of the example I can give is Fiji Development Bank. This was a case in 1996. We wrote to FDB and also AFL but due to our office transfer from the wooden building behind Kadavu House to Civic House, that is where the information was dislocated. We wrote to them, they responded but what they need is the evidence so that they can then pay. So I looked through the files, I was not able to locate this. This was done in 2010, 2011. So basically these arrears of revenue, we have requested the Ministry of Economy for write-off.

MR. CHAIRMAN.- So, two questions that arise from there, you mean that FDB did not pay their fees?

MR. V. NAULUDUGUA.- That was way back in 1996, there was no evidence that FDB paid the fees. In fact, they must have paid but the record that was with us, it does not seem….

MR. CHAIRMAN.- It does not reconcile with it?

MR. V. NAULUDUGUA.- Yes, it does not reconcile.

MS. S. DAUNABUBA.- Mr. Chairman, if I can just add to that, from our records, our arrears of revenue now go back five years. So, we are looking internally at other measures of recovery such as through Small Claims Tribunal because most of these amounts are within the jurisdictional range of the Small Claims Tribunal. Well, that is the other option, then our Compliance Team will have, to have a look at the other options that we can pursue.

MR. CHAIRMAN.- As far as record keeping is concerned, you mentioned that some of your records went missing when you moved to Civic House. Do you keep electronic versions of these records?

MR. V. NAULUDUGUA.- Not at that time, Sir.

MR.CHAIRMAN.- But now you are doing that?

MR. V. NAULUDUGUA.-At this point in time, yes.

MR. CHAIRMAN.- That is the improvement there, probably a lot of people might not be able to escape the net.

HON. A.M. RADRODRO.- Just a question to the Ministry of Economy. Do Do you do the internal audit check-ups and how often do you that in the Ministry of Employment?

MOE REP.- Thank you, Honourable Member. The last audit that we did for the Ministry of Employment was in 2016. We had the audit exit meeting also towards the latter part of 2016, November and December, and our follow-up is due. So we will be doing a follow-up of that, following which a report will be given to the Permanent Secretary on the status of how they have implemented our recommendations. Thank you.

MR. CHAIRMAN.- The other question I have is, this inspection that you do for these companies, what does that involve, for instance, FDB? You do inspection in what sectors/areas?

MS. S. DAUNABUNA.- In terms of recovery or in terms of labour standards?

MR.CHAIRMAN.- The actual inspection itself. They pay a fees for you to go and do inspections.

MS. S. DAUNABUNA.- The OHS, our Manager Field Operations will explain.

MR. T. KAMA.- Thank you, Mr. Chairman. This may be fees related to OHS consultancy in terms of training. This was way back in the 1990s, so it must have been to do with OHS training, fees that was not recovered and also workplace registration.

MR. CHAIRMAN.- Do you still do those inspections upon request?

MR. T. KAMA.- Yes, we still do those, Mr. Chairman.

MR. CHAIRMAN.- So when the request comes from the agency or the department, you go and do the inspection at their cost, but do you do your checks/inspections yourself? Who bears the cost for that?

MR. T. KAMA.- It is a consultancy service, the employer or the requesting party pays for the expenses in terms of the transport, meal and accommodation, if applicable, including the inspection fees. Thank you, Mr. Chairman.

MR. CHAIRMAN.- What I was after that, this OHS inspections are a requirement under the law. If someone is not complying with OHS, then why would they ask for inspection? Do they need to have that renewed at the timeframe of the licence, they need to have the certificate?

MR. T. KAMA.- Mr. Chairman, there are requirements by law under certain provisions, for example, section 29 whereby it says that every year, the workplace must be registered. So there are some requirements under the law that they should comply with. So basically the law is there…

MR. CHAIRMAN.- To have that inspection to have their renewals done.

MR. T. KAMA.- Yes, have their renewals or registration.

MR. CHAIRMAN.- Honourable Politini, your question?

HON. H.R.T. POLITINI.- Mr. Chairman, through you, in terms of workplace safety, do you do a spot check or is it only when you get paid then you go and do a check?

MR. T. KAMA.- Thank you, Honourable Member . We also do spot checks but it is based on risk assessment that we do in terms of high risk areas, and then we target those areas like construction industry or garage or manufacturing industry. So it is also based on the assessment that we do in terms of high risk industries.

HON. H.R.T. POLITINI.- Thank you. I am just a bit sceptical with your OHS checks because I come from Nadi and there are a lot of developments in terms of hotels, but we still see workers working on plain flip flops, ear phones on without safety vest, so that is why I raised the question. Thank you.

MR. CHAIRMAN.- Another question, Honourable Radrodro?

HON. A.M. RADRODRO.- Yes, it is more or less an information question. Can you advise the Committee that out of the 10,172 employers, how many of that have registered with OHS Certificate?

MR. T. KAMA.- Thank you, Mr. Chairman. At the moment, the approximate number is around 500 workplaces because we are currently undergoing the renewal process, the renewal period that all workplaces must register before the end of March.

HON. A.M. RADRODRO.- How many in total have registered, whether it is renewal or currently registered?

MR. T. KAMA.- It would be around the same the number.

HON. A.M. RADRODRO.- How many OHS Certified Officers do you have in the Ministry? Do you also look around for certified officers with other Departments to help you do your work?

MS. S. DAUNABUNA.- Mr. Chairman, if I could just add on to that point, in terms of the registration under OHS, they are registered if they have 20 or more workers. So our registration under OHS would be different from Labour Standards Registration which is why the number is about 500.

MR. CHAIRMAN.- Thank you. Can we now move on to Item 7.6 - Unreconciled Drawing Account. The question that was raised by the OAS was that, I quote:

* “The audit noted a variance of $62,473 between the general ledger (FMIS) and the Ministry’s reconciliation/board of survey for the drawing account.
* The audit noted a variance of $22,967 between the opening balance of (01.01.14) as per Ministry’s January reconciliation and the audited closing balance (31.12.13) for drawings account.”

Can you explain to the Committee why was there a variance from the General Ledger in the Drawing Account?

MR. V. NAULUDUGUA.- Thank you, Sir. In 2013, there was a new format applied by the Ministry of Economy to have a new format for reconciliation of our Drawings Account. Normally the process that we do is we prepare our Drawings Account, we send it to Ministry of Economy, they look at it and they send it back. According to Ministry of Economy, when we sent our reconciliation at the end of the year, they said and it is in Appendix 18 of our submission, that the reconciliation was alright. If the OAG needs any clarification, they could go to the Ministry of Economy to sort out the issue of unreconciled drawings account.

MR. CHAIRMAN.- Unreconciled accounts usually occur because the cash at bank does not tally with the expense or the income. OAG, can you have a look at Item 7.6 and explain what is the main issue there and has it been resolved? On the other page, Page 9 of your Report, says and I quote:

* “The audit noted that the Ministry’s unpresented cheque listing consists of EFT payments totalling $71,673.62 as unpresented.
* Audit noted that one reconciliation was prepared for the month of January to October instead of the monthly reconciliations.
* Audit was provided with the unsigned copies of the reconciliation for the month of January to December by Ministry of Finance.
* Audit noted unsubstantiated balance of $22,967 appearing in January – October and November reconciliation. In December, $23,539 was written off in order to remove the unsubstantiated balance and bring the department’s reconciliation in line with the general ledger (FMIS).”

So because there was an error or probably an anomaly, then $23,539 was written off which is a loss. How did it occur? What was the actual issue there? OAG, the Ministry is not reconciling its account on a monthly basis?

AUDIT REP.- Thank you, Mr. Chairman. This reconciliation issue was an ongoing issue in previous years up until 2014. If you look at the last bulletpoint, there was a write-off. The variance that was carried forward from previous years was approved for write-off by the Ministry of Finance in 2014in order to rectify the variance that was carried forward from previous years.

MR. CHAIRMAN.- So, now that is in order.

AUDIT REP.- Yes, from 2015 and 2016, this reconciled amount was resolved.

MR. CHAIRMAN.- Is the Ministry now doing a monthly reconciliation of the accounts?

MR. V. NAULUDUGUA.- Yes, Sir, at this point in time, we are doing a monthly reconciliation and submitted to Ministry of Economy.

MR. CHAIRMAN.- Ministry of Economy, is the monthly reconciliation now resolving that problem for us where this amount has been carried on until December and then there was a write-off.

MOE REP.- Yes, it has now been resolved.

MR. CHAIRMAN.- Has now been resolved.

MR. CHAIRMAN.- Any Honourable Member have any question on that?

It is a problem that is not unique to your Ministry but we have noted that in in other Ministries as well, one of the major problems is reconciliation of accounts. Yesterday, we saw with the Ministry for Foreign Affairs. If it is not reconciled, then we are not sure of what the ledger should actually as the word says reconcile with what is kept at the bank or with the Ministry’s finances. When the reconciliation does not happen, they were not sure whether the money that is represented there in the ledger is the true picture or not. Now, we understand that it is not done on a monthly basis and the Ministry of Economy has confirmed and has been resolved now. So we hope that it does not appear in the 2015 OAG Report.

MR. CHAIRMAN.- Can we now move on to Item 7.7 - Vehicle Accident- North Pole Rentals. If I may just read the background for Honourable Members, and that is an issue that we have had with some other Ministries as well and no one seems to take responsibility. I quote from the Report:

“A driver involved in an accident may be surcharged if the surcharging authority believes the driver was at fault. The accident report, Police report (if available), Solicitor General’s advice and the Senior Administration Officer’s recommendations will all be taken into consideration by the surcharging authority before any surcharge is imposed. If a surcharge is imposed, the driver shall be informed in writing. The Solicitor General shall also be notified of the surcharge action.

The surcharge amount of 100% recovery of the full cost of repairs or replacement is charged for damage to or loss of government vehicle.

The audit noted that an Officer (EDP No: 93161) – Technical Officer (OHS Compliance Service) was not surcharged for motor vehicle accident which occurred on 14/11/2013. The Ministry paid a sum of $4,500 to North Pole Rentals for the damages to the rented vehicle.”

Can we have some explanation on that, PS?

MS. S. DAUNABUNA.- In terms of this accident, the officer has actually been surcharged and he has been deducting $45 a fortnight so that we can recover the amount that was paid. So, at the moment he owes a balance of about $3,645. We have included that in our submission.

MR. CHAIRMAN.- Alright, he has been surcharged $45 per fortnight?

MS. S. DAUNABUNA.- As per the advice that we then received through the Ministry of Economy and Solicitor-General’s Office.

MR. CHAIRMAN.- That is probably a means test because $45 per fortnight is $90 a month, you multiply that by 12, which comes to $1,080 per year.

HON. A.M. RADRODRO.- Sir, just the question to the PS, thank you for the advice. Was the vehicle insured during the time of the accident?

MS. S. DAUNABUNA.- Not that we are aware of. This vehicle was not insured but it was basically written off. Our Manager Corporate Services might explain on that.

MS. L. SHACKLEY.- Thank you, Mr. Chairman. As per the contract that we made when we took out the rental car, we would have to pay for any damages if we incurred them. So, the damages to repair that rental car was $4,500. So, that is what we paid and that is the surcharge that went to the officer.

MR. CHAIRMAN.- The question, Manager, was when you procure these vehicles, did you check if this rental company actually have any insurance? If they are insured, then only you are required to pay is the access, from my knowledge of the insurance industry. It will say this money for the Government.

MS. L. SHACKLEY.- We do not have that information with us, we may have to find out from the rental company.

HON. A.M. RADRODRO.- My next line of question, why does he have to pay $4,500 when he can only pay the access? Ca you check and verify if that is the case, if is the vehicle is insured?

MS. L. SHACKLEY.- Thank you.

MR. CHAIRMAN.- For future, when you go to the Northern Division, for example, for inspections, when you hire a rental vehicle, do you check with the company if the vehicle is insured or not or any division that is? Because that will actually save a lot of money if some unforeseen accidents do happen. What is the current procedure now, Manager?

MS. L. SHACKLEY.- This was actually one of the activities done at that time but for now, what we do is we just use our own vehicles when we are doing the inspections. So, this was something that had happened at that time but we are trying inhouse to just use our own assets and facilities as best we can.

MR. CHAIRMAN.- Will this employee remain in employment until the recovery is done because if he is near retirement age, he might retire before the recovery is made?

MS. L. SHACKLEY.– He is about in his early 40s.

MR. CHAIRMAN.- We have had a similar case, just a presentation before. By the time the money was recovered, the person had left the employment and disappeared. There is a check system there that if the surcharge is done by the Ministry, you ensure that the person remains in employment.

MS. L. SHACKLEY.- Mr. Chairman, the other option is also through Small Claims Tribunal. Currently, when contracts are up, they are advertised so if the person is not successful to a post, there is always the option of the small Claim Tribunal to be able to recover this amount. And the amount in which we are deducting, we have to be fair to the worker as well. So he is a driver, and his wages so there is a lot of considerations that we make before we put the amount for deductions.

MR. CHAIRMAN.- From the means test, you mean?

MS. L. SHACKLEY.- Yes.

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

HON. B. SINGH.- Mr. Chairman, through you, it was partly being answered by the PS. He would be on a contract for three years and total deduction would be $3,510 on the three-year contract, if we are deducting on the current rate of $45 per fortnight so it is still a short of $990 if he is not engaged again.

MS. S. DAUNABUNA.- Yes, we are fully aware of the circumstances and we have already discussed that we may have to have some options in place in case this person’s contract is up and he does not become successful to the post. Those are all considerations that we have to make internally.

HON. RATU S.V. NANOVO.- Is this a possible write-off case, if that happens?

MS. S. DAUNABUNA.- Well, this being an even that happened in 2014, we still have six years to be able to recover so legally, we still have six years to be able to pursue a claim.

HON. A.M. RADRODRO.- Mr. Chairman, a request to the Ministry, maybe they can advise us on the earlier questions whether the vehicle was registered, and that will prevent all the write-off. If it is insured, why does the employer have to pay $4,500 when it can only pay the access limit and it mostly hovers around $1,000? Can you get back to us and probably the OAG can follow up on this, in the next audit to see that the employee is not unfairly treated because of the oversight of the Ministry.

MR. CHAIRMAN.- Yes, I understand that. Had the insurance part being checked, the employee would have been in for a lesser sum with the excess amount only, but we will await that response before we determine on that issue.

HON. H.R.T. POLITINI.- Mr. Chairman, I am assuming that companies are probably just making money out of the Government because if he has a valid driving licence, insurance will pay the sum and they could just be doing backhander on you of $4,500 whereas the insurance company covers that for sure.

MS. S. DAUNABUNA.- Mr. Chairman, for this follow up information, are we required to provide the same in writing to the Committee?

MR. CHAIRMAN.- Yes, it could be done in writing. It could be emailed to the secretariat and we will address that.

There are no further audit queries, any general questions from Honourable Members before we could round off today’s submissions.

HON. A.M. RADRODRO.- Mr. Chairman, from the table on the Child Labour Unit Trust Fund Account, can the Ministry inform the Committee on the working of this Trust Fund? I saw there is a receipt and there is payment.

MR. V. NAULUDUGUA.- Thank you Sir, basically this Child Labour Account was requested by International Labour Organisation for the monitoring of child labour. In fact, the revenue that was coming in was from ILO. They give the fund, we acquit to them and they can release the fund again. For example, there was one case in Labasa where there was a training session for all the farmers because farmers are using children to work on their farm. So this is where this money is being used to facilitate this training and all the awareness programmes regarding child labour.

HON. A.M. RADRODRO.- Just a request to the PS regarding overseas seasonal worker scheme. There were reports of our people being exploited by overseas contractors overseas. Can you just advise the Committee how has the Ministry addressed this particular scenario and also for the new ones that are currently being engaged overseas through the seasonal worker scheme?

MS. S. DAUNABUNA.- Thank you, Honourable Member, for that query. Regarding our overseas workers, we are actually working very closely with our High Commissions both, in Australia and New Zealand and also here locally. We are having regular consultations also with our counterparts in the Australian High Commission as well as the New Zealand High Commission to ensure that the workers that we send to both, Australia and New Zealand, know of the expectations there in Australia and also in New Zealand.

In fact, the Honourable Minister had just returned from a ministerial visit to all the workers there on the ground and we have also given the workers that we sent across all the contact details in which they can contact not only the High Commission and the offices there on the ground but also the offices here in Suva. So, the lines of communication we have just revamped so that everyone is aware of means in which they can contact anyone at any time if they have any issues on the ground. There was a matter in Australia that is being looked at also with, I think, it is the fair work Ombudsman but that is an issue that will be dealt with through that course.

MR. CHAIRMAN.- Thank you, Honourable Members ,we have come to the end of this presentation. We have looked at all the audit queries and general information that was provided by the Permanent Secretary and the team.

I once again would like to thank the team from the Ministry of Employment, Productivity and Industrial Relations headed by the PS, Ms. Daunabuna, for your presentation this afternoon. You have assisted the Committee in the work that it is doing in scrutinising the public spending on different Ministries and Departments as raised by the OAG’s office, so once again thanks for accepting our invitation and appearing before us this afternoon. Thank you very much.

The Committee adjourned at 3.52 p.m.