**PUBLIC ACCOUNTS COMMITTEE**

**[Verbatim Report of Meeting]**

**HELD IN THE**

**COMMITTEE ROOM (EAST WING)**

**ON**

**TUESDAY, 2ND MAY, 2017**

**VERBATIM NOTES OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON TUESDAY, 2ND MAY, 2017 AT 9.42 A.M.**

**Interviewee/Submittee: Ministry of Lands and Mineral Resources**

In Attendance:

1. Mr. Malakai Finau - Permanent Secretary (PS), Land and Mineral Resources
2. Mr. Timoci Samisoni - Manager Finance

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MR. CHAIRMAN.- Honourable Members, members of the public and the media, we are now ready to take on our first submission for today and for that purpose, we have the Ministry for Lands and Mineral Resources today represented by the Permanent Secretary, Mr. Malakai Finau, who is with us and those who were with me in the Standing Committee on Justice, Law and Human Resources Committee would remember him, during our trip to the mines. We also have the Manager, Finance, Mr. Timoci Samisoni before us.

Mr. Samisoni and Mr. Finau, we welcome you to this Committee and as you are aware, we are doing this important work for the Government and Parliament of scrutinising the public expenditure, especially those moneys that are allocated in the Budget, with their respective SEGs.

To assist us in that purpose, today we have the Office of the Auditor-General (OAG) with us, Abele Saunivalu, Acting Director; and Senior Auditor, Ashika. Also from the Ministry for Economy (MOE) on your left is Lanieta Senibulu, Principal Internal Auditor; and Mr. Mohammed Rahat, Senior Accounts Officer, FMIS respectively.

You are probably aware of the Honourable Members that we have.

(Introduction of Honourable Members)

We will be going through your Accounts of 2014 first and 2015, but I will now invite you to make your presentation and if there are any other issues, we will ask questions as we go along. We will go section by section so that we can clarify the issues as we go along.

MR. M. FINAU.- Thank you, Mr. Chairman, Honourable Members of the Committee and colleagues, I think before you, we had submitted our written submission, so we will take it from there as we go along.

In 2014, I think the question put to us, Part A: Financial Statements, is to provide general comments on 31.1 - Audit Opinion. 31.2 - Statement of Receipts Expenditure, 31.3 - Appropriation Statement and 31.4 - Statement of Losses.

Our response is on the column on the right. With regard to 31.1 - Audit Opinion, we would like to acknowledge the opinion of the OAG that we have an unqualified audit report, which means that we have presented our affairs fairly and we have complied with the general Accounting principles and requirements and that it is transparent and thorough as well. However, the Ministry considers that improvements are still needed in some aspects of the accounting process with compliance.

31.2 - Statement of Receipts and Expenditure; we mentioned that 2014, we have considered as the most successful year in terms of revenue collection in which we collected $20.1 million. The increase was due to the measures that we have put in place by the Ministry to collect revenue, including some staffing changes and putting in place some specialised teams to go out and collect and remind the lessees.

Also, we had public consultations held around the country, at the top of Page 2.

MR. CHAIRMAN.- Just one question PS, in terms of Receipts and Expenditure 2014, the top two rows there - Table 31.1, Land and Property Rent, you had an increase from $12 million to $13 million from 2013 to 2014, just understand, is that the lease rent?

MR. M. FINAU.- Yes.

MR. CHAIRMAN.- Just after that, “rental of quarters”, there is only $370,958 for rental of quarters, what is that for? Which quarters are those?

MR. M. FINAU.- We used to administer the rental for quarters but now it has been transferred to the MOE.

MR. CHAIRMAN.- That quarters is the ones that civil servants stay in?

MR. M. FINAU.- Government quarters, yes.

MR. CHAIRMAN.- That was a very small sum of $370,000, very minimal, it was only for?

MR. M. FINAU.- We used to administer it but no longer now.

MR. CHAIRMAN.- Because it has been transferred.

MR. M. FINAU.- Yes.

MR. CHAIRMAN.- Please go ahead, I just want a clarification.

HON. RATU S.V. NANOVO.- When that was transferred to the MOE, why was this also not transferred with that? Where did this one come from?

MR. T. TIMOCI.- Mr. Chairman, to answer your question, these are some of the payments that used to come through the Ministry when it was administering the quarters. It normally comes directly through the deductions from the officers but the Ministry has stopped accepting the payments because it has been administered by the Public Service Commission before it moved to MOE.

MR. CHAIRMAN.- This is basically in 2015 because there is no receipt in 2015 so probably that issue is resolved now.

MR. M. FINAU.- 31.3 - Appropriation Statement; the Ministry incurred expenditure totalling $24.3 million against a revised budget of $32.7 million, resulting in the savings of $8.4 million. Most projects were carried out within the budget allocated and we did not overspend.

HON. A.M. RADRODRO.- Sir, just a supplementary question to the PS regarding the projects; I note that the reasons for the increase in expenditures was largely due to capital expenditures. Can you just inform and advise the Committee what sort of capital projects was the Lands Department involved in, resulting in this huge increase of fees of 174 percent, the Capital Projects from 1.4, 31.1; from 1.488 to 4.588, that is on the capital construction. Maybe, the PS can give us the details later on the capital projects that were undertaken by the Ministry of Lands.

MR. M. FINAU. - I think one in particular was a purchase, we had purchased a new drilling rig and it costs about $2.6million. It was budgeted in 2014 and I think that contributed to the huge increase but apart from that, we conducted the normal capital projects, for example, groundwater investigations, mineral investigations project for the Mineral Resources Department and development of State land. We also develop land for the MSG on Queen Elizabeth Drive. So, those were some of the capital projects that we were involved in.

HON. RATU S.V. NANOVO.- In Table 31.1, Mr. Chairman, the total revenue raised by the Ministry in 2014 shows that they have got the potential to rake this money in. What was the problem in the previous years that you were not able to rake in this kind of revenue and hope that the revenue from 2015 onwards will keep on going up rather than the opposite? Can we be advised of what was the main cause?

MR. M. FINAU.- Thank you Honourable Members, in previous years we just relied on the lease documents and lease conditions in which tenants and the lessees were supposed to pay without demand. But then in later years, the revenue collection was low, so then we decided to have a dedicated team, especially in trying to collect rents, a taskforce sort of team. Also, we made visits to centres around the country.

HON. RATU S.V. NANOVO. - Is that still continuing in 2015 and 2016?

MR. M. FINAU. - Yes, it is continuing because we have also been allocated a budget of about $200,000 and that is for the collection of the rental areas for our dedicated team.

MR. CHAIRMAN.- So, PS if I am getting it right, there was a lot of rent arrears because there was no dedicated team to collect them and now there is a team and the collection has improved but there are still some arrears, I believe.

MR. M. FINAU. - That is correct, Sir.

MR. CHAIRMAN.- There are some people who actually migrate, abandon the land and they go away and how do you recoup? It is not an audit issue but it is just for my general information.

MR. M. FINAU.- Yes, there are some cases of absent tenants. There were also issues with our internal information system and I think it will come up later as well, where expired leases were still charged rental and that contributed to the arrears. But we have improved our system to only charge active leases rather than all the expired leases. So, those are some of the measures that we have taken.

MR. CHAIRMAN.- Just a comment on that part, ITLTB is pretty prompt in this area. They issue their statements in January and June and if you do not pay within those six weeks, then you still get a notice served. Is that a process that Ministry of Lands also uses?

MR. M. FINAU. - Yes, we are also using those measures.

MR. CHAIRMAN. - It is not an audit issue, please go ahead.

MR. M. FINAU. - 31.4 - Statement of Losses; there was a short lodgement of revenue, we just made good during the year. The case was investigated by FICAC and taken to court in the same year. The contract of the officer responsible for the short lodgement had been terminated, however the decision is still pending in court todate.

(Inaudible)

MR. M. FINAU.- A short lodgement of $300, the cashier did not deposit the $300.

MR. CHAIRMAN. - Someone kept the money instead of depositing it?

MR. M. FINAU.- That is right, yes.

MR. CHAIRMAN.- So that officer was disciplined?

MR. M. FINAU. - Yes, the officer’s contract was not renewed when FICAC decided to prosecute him.

MR. CHAIRMAN. - That is probably more stringent and better method. We found some Ministries where no action was taken so it gives them more room for abuse but I think that is the better option.

HON. A.M. RADRODRO.- Mr. Chairman, just on this particular incident, what is the disciplinary process that the Ministry has to follow, I am referring to the disciplinary process of the Ministry, whether it has been exhausted regarding situations like this?

MR. M. FINAU. - Yes, in this case we did investigate, the investigation was conducted and then it was reported to FICAC in which they came and did the investigation. The officer then decided to repay when it was found that there was $300 short in lodgment. It was made good that the officer then decided to repay. But then her contract was coming to an end so we decided not to renew based on her performance assessment that was also taken into account but by then the proceedings by FICAC had already taken its course and we could not interfere. So that is why the decision is still pending in court.

HON. RATU S.V. NANOVO. - Mr. Chairman, where was her immediate superior when this thing happened?

MR. M. FINAU. - This happened in the office in Lautoka, the supervisor had been recalled to Suva.

HON. RATU S.V. NANOVO.- Why can he not also be disciplined? Because of his laxity that happened, he should be checking that daily.

MR. M. FINAU.- That is the sort of disciplinary measure that we took on the officer which is to transfer him back to Suva to be under the Manager Finance, to be under more closer scrutiny. So, we decided to change the supervisor and also the officer’s contract was not renewed.

MR. CHAIRMAN.- So, the position is under control now?

MR. M. FINAU.- Yes, in transferring the officer as a form of penalty.

MR. CHAIRMAN.- I hope he does not do the same here.

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

MR. M. FINAU.- The officer was on acting appointment when we sent him to Lautoka but the acting has been rescinded and he has been called back to his old position in Suva.

HON. A.M. RADRODRO. - Mr. Chairman, compared to what happened to the subordinate staff.

MR. CHAIRMAN. - No, but the issue here has to be clarified into, the supporting staff, there was a part or act of deliberateness and the supervisor officer, there was a part of laxity, so there is negligence and recklessness. Actually, law demarcates that you cannot punish both for the same offence. He was the other guy. The supporting staff was a deliberate act and here the supervisor was for mismanagement of probably short, his laxity in supervision. It is an internal matter.

HON. RATU S.V. NANOVO.- Based on that, I think this superior officer has been lacking in checking that for some time, that is why that thing happened. If he had been on his toes all the time, surely that would not have happened.

MR. CHAIRMAN.- That is the only loss that was reported - $300 loss. Was there any other loss reported on that officer?

(Inaudible)

MR. CHAIRMAN.- It is a one-off incident so we cannot say that this has been happening unless that is mentioned somewhere else that this was the number of incidents that accumulated into that $300. The PS has explained that part.

MR. M. FINAU. - Yes, that is the only incident in 2014.

MR. CHAIRMAN. - We will wait for the 2015 Report to see if there is any other, then we can come back to him. Yes, PS, we can go to the next one.

MR. M. FINAU. - Maybe we will deal with the 2015 later, because there is a similar issue in 2015.

MR. CHAIRMAN. - So, the problem is there.

MR. M. FINAU. - But from a different officer.

MR. CHAIRMAN.- Same supervisor or different supervisor?

MR. M. FINAU. - Different supervisor but a bigger amount.

MR. CHAIRMAN. - So, he is right on that, it is a recurring problem and we will come back to that in a while.

MR. M. FINAU. - Part B: Audit Findings; 31.5 – Anomalies in the Receipting and Recording of Revenue; I think we had talked about this, it is just that we have taken appropriate measures internally to address the issues highlighted by the Auditors, and continue pursuing approaches in processes and procedures.

31.6 - Administration of Accountable Advance, the Ministry had also taken on board the recommendations of the Auditors and pursued appropriate measures in ensuring that the administration of accountable advance is fully complied with.

MR. CHAIRMAN.- PS, these anomalies in reporting and recording of revenues, that is under control, as you say?

MR. M. FINAU.- The accountable advance?

MR. CHAIRMAN.- We are on Part B? 31.5.

MR. M. FINAU.- What I had mentioned is that, the Ministry is taking appropriate approaches internally to address the issues highlighted by the Auditors.

MR. CHAIRMAN.- The amount that was collected is $61 million? We are on 31.5. They are saying that the Auditor noted that there was weak in general controls over the receipting process. The question is, the receipting process is now up to date?

The things actually noted in the report was that the incorrect posting of reference numbers. It says, I quote:

“The procedures followed in the receipting of land lease payments include the following:

* An official receipting is manually issued to lessees when lease payments are received by the cashier.
* Once receipted, the amount is then entered into the CLLS to update the lessee’s account. The manual receipt numbers are used as the reference numbers in the CLLS.
* The receipts are then sent to the Accounts Section to be entered into the FMIS general ledger through the Accounts Receivable module.
* The manual receipt numbers used by the Department in 2014 had six digits only.

The audit noted that errors were made when receipt numbers were used as reference to update the CLLS. All receipts used in 2014 had six (6) digits; however there were entries in CLLS that either had less or more than six (6) digits as references. Therefore, the audit was not able to trace the entries in CLLS to the respective manual receipts to ascertain the correctness of the transactions posted in the CLLS.”

There must be a staff error here, I think, someone has punched in the wrong numbers and that actually is an issue that has been brought to us a lot, that we have paid our rent but the arrears is still showing and then we are charged interest. Probably, that is the problem there. Can you give some explanation on that, what was the actual problem?

MR. T. SAMISONI.- Thank you, Mr. Chairman. The major issue here is when staff are punching in the receipts numbers into the system. That CLLS is the Crown land lease system. That is where they continue to make errors or they must have been deliberate in doing that. So what has been done now is the system has been set in such a way that it only accepts the six digit that is on the receipt, so not more than that and not less than that. So if they are punching in less, the system will flag in that, that is not the full six digits. So if it is more, the system will not possibly recognise it because it is only six digits.

MR. CHAIRMAN.- If it is more or less, the system will accept it but if they punch the wrong digit, then someone else’s account could be updated? If I paid my rent and my numbers is just one different from Honourable Radrodro’s, you punch his number my money will go into his account?

MR. T. SAMISONI.- The practice right now after the issue that has been raised, once at the end of the day after the revenue collection, copies of the receipts plus the lodgement forms, a copy is also sent to one of the dedicated officers - the Senior Accounts Officer and he is the one who is going to be checking. That was never done before so these are some of the measures that have been put in place to ensure and check that whatever has been put into the system and what is there because of the incidents that we had in 2014and 2015.

MR. CHAIRMAN.- My worry is, that amount of $61 million that is the Government revenue that has to be accounted properly, but I am glad that you have put in some system. Probably I will discuss that in another forum, where people had lodged their complaints with us that they had paid their rent, they have got the receipts but the system is not updated so probably they punched in the wrong section somewhere. I will forward it to you anyway.

MR. M. FINAU.- Hopefully not.

HON. A.M. RADRODRO.- Mr. Chairman, just a supplementary question to this $61 million is quite a big amount and that was from 2010.

MR. CHAIRMAN.- That was a five-year term, I think. It says, “For the past five years, the Department of Lands collected $61 million.

HON. A.M. RADRODRO.- It is the revenue collected?

MR. CHAIRMAN.- Yes.

MR. M. FINAU.- That is the revenue.

HON. A.M. RADRODRO.- Would you be able to provide us details of the Crown land details that you have that are given out for lease? Would you be able to provide that to the Committee at a later date?

MR. CHAIRMAN.- What was the question?

HON. A.M. RADRODRO.- The total number of State crown land that are given out for leases?

MR. M. FINAU.- Yes, we can.

HON. RATU S.V. NANONO.- Mr. Chairman, I think by now the Ministry should know how much revenue they should collect in one year based on all the leases that was given out. Out of that when they collect this amount, they will also know how much is still outstanding. When you go into the next year, you know what is in arrears and how much you should be collecting. That is what we should be knowing.

MR. CHAIRMAN.- Yes, but the other problem is that, leases expire not on yearly basis but some expire mid-year, some expired at the end of the year, so we should consistently updated to know how the leases have fallen off. But, PS, we do not want that in writing because it is not an audit issue but the total blocks of land or properties that have been leased out to various entities. You might have a total database in your system; which leases are current, which are going to expire and which are in arrears, those are all with you?

MR. M. FINAU.- Yes, we do in our Land Information System.

MR. CHAIRMAN.- There is a huge volume there, about 30,000 or 40,000 leases.

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

MR. CHAIRMAN.- Yes.

HON. RATU S.V. NANOVO.- In any one year, at least, alright, we target 80 percent or 85 percent to collect all these amount. That is what they should be doing, that is what we normally do in the bank – the Arrears Section.

MR. CHAIRMAN.- There might be some bad debts but there has to be minimal.

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

HON. A.M. RADRODRO.- Another question to PS, what is your estimated annual rental collection for the Crown land leases?

MR. M. FINAU.- About $15 million to $16 million would be a good….

HON. A.M. RADRODRO.- So far from this table, you are only collecting far short than the $16 million?

MR. M. FINAU.- Yes.

HON. A.M. RADRODRO.- So what happens to that?

MR. M. FINAU.- But that is the target, we would like to set up our target higher than what is actually collected.

MR. CHAIRMAN.- Yes, it is not a big difference but it is problematic, from $12 million even to $13 million then…

HON. A.M. RADRODRO.- What do you do in cases of those that you do not collect?

MR. M. FINAU.- We try to exhaust by doing this but it depends also on what the tenants can give. They cannot give something that they do not have, sometimes because of the problem with some industries like agricultural industry, but we also go after the top defaulters, like the top 20 for the companies that have the ability to pay. Not all the tenants that we come across have the ability to pay, some are more capable than others. For the more capable, we would like to aggressively go after them.

MR. CHAIRMAN.- There are some cases where the actual expenses and recovering that money is more than what you will actually recover at the end of the day. What happens is that, for example, in some cane leases, the farmer stops planting, five years the land is barren and the lease is accumulating. So if the Department of Lands tries to forfeit the lease and re-enters institutes the proceeding, the actual case will cost you $10,000 and if the amount you are ready to get $560. I know, I have done those cases, so that is probably the area where you do not invest, you probably get it where you get the returns.

MR. M. FINAU.- Yes.

HON. A.M. RADRODRO.- Mr. Chairman, just in cases where you short collect, where you do not collect the full amount or where there is a dispute, does the Ministry continue the exercise of write-off?

MR. M. FINAU.- No.

HON. A.M. RADRODRO.- You do not do the write off?

MR. M. FINAU.- Unless, we are directed. The revenue is not our authority, it is with the MOE.

HON. A.M. RADRODRO.- I think the last interview that we had undertaken, the Ministry was undertaking the exercise of writing off arrears of revenue for the Ministry.

MR. M. FINAU.- We give some discount, in some years we waiver some interest and that was what was done.

MR. CHAIRMAN.- Yes, they are in a very good position. The Ministry of Lands do not have to write-off because it is their property. The land belongs to them so is someone does not pay them, it is basically an automatic caveat on the land. Even after 20 years you will get it, either you sell it, auction it or whatever. But the question is, if someone is not paying and has escaped the jurisdiction, do you write that land off or just take the lease back and give it to someone else?

MR. M. FINAU.- In our experiences, there has been no write-off. Even though, we waive the interest from time to time, sometimes just the interest but the rent is there.

31.6 - Administration of Accountable Advance; there were some issues with the Accountable Advance that we had but the Ministry had taken on board the recommendations of the Auditors, “pursued appropriate measures in ensuring that the accountable advance is administered properly”. Any questions on the Accountable Advance?

HON. RATU S.V. NANOVO.- Still on that, Mr. Chairman, I think we have seen that this issue has been a recurring one for all the Ministries, not just for the Ministry of Lands, the slackness of the superiors to check whether the Accountable Advance has been paid on time. It is the laxity on their part. If that is the case, then the superior should also be disciplined within the seven days given for him/her to collect. If he/she is slack, then he/she should also be part of the disciplinary action.

MR. M. FINAU.- Thank you, Honourable Member, for 2014, we had a high number that was not advanced before the end of the year because we continued work towards as near to the end of the year as possible. There were a lot of requests for our officers to conduct work in the field and that is the reason, but it was then collected in the next year.

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

MR. M. FINAU.- Yes, that is correct. Also, at a time for our field officers, for some reason they also would like to work in the field towards Christmas and New Year season so that they could get some extra money, that is probably the push.

HON. RATU S.V. NANOVO.- But then when they return to the office, ….

MR. M. FINAU.- Yes, the same as us.

MR. CHAIRMAN.- That is an area where we have received a lot of concerns from the public as well, that the field officers go down. You said there were…., they will spend more time and do better work for you, survey your land properly, et cetera. I mean, I am not making any implication on the Ministry yet, but this is the complaint that we receive sometimes. Have some systems been in place, like Honourable Nanovo was pointing out, is there a certain return time and the officers should come back and report?

MR. M. FINAU.- Yes, and to make good on the advance, but if they do not, then we do not give them advance the next time until they pay back or even in cases where we do direct deduction from their salary if they can.

HON. A.M. RADRODRO.- Mr. Chairman, the recommendation of the Auditor-General noting the comments by the Ministry, that they have taken appropriate measures in accordance with the Auditor-General. The first recommendation says, “Records pertaining to the administration and management of accountable advances should be adequately maintained, updated and provided.” Have you attended to this?

MR. T. SAMISONI.- Sir, now all the districts are up-to-date in terms of accountable advance.

HON. A.M. RADRODRO.- And the second recommendation; “Monitoring of accountable advances should be effectively performed…”

MR. T. SAMISONI.- That is correct, as explained by the Permanent Secretary, we have a system in place internally to address that, especially now. Before we normally issue the full amount but now the internal policy is, we issue 50 percent of what actually they are supposed to have and when they come back, then they are able to claim the balance of whatever they are supposed to get. So those are some of the internal measures that have been put in place to address some of the issues that have been highlighted by the Auditors in terms of the administration of accountable advance.

DEPUTY CHAIRPERSON.- Sir, you can continue. Apologies for Mr. Chairman, I think, he just went out to.

MR. M. FINAU.- 31.7 - Anomalies in the Main Trust Fund Accounts; the Ministry had pursued the appropriate action in ensuring that the issues highlighted have been rectified and addressed, as you see the three bulletpoints there, I quote:

* + “The Ministry should comply with the procedures relating to the preparation of reconciliation…
  + Reconciliation of all underline accounts should be performed monthly, properly checked and certified on time.
  + Variances noted between the cashbook, reconciliation statements and the FMIS general ledger…”

31.8 - Other Prior Year Recurring Issues; the Ministry has also taken appropriate measures to address the prior years’ recurring issues highlighted by the Auditors in terms of the collection of arrears of revenue but this is still a greater challenge for the Ministry as we continue to pursue appropriate measures to address these issues. As raised previously, still one of the challenges is the collection of the arrears of revenue.

Deputy Chairperson and Honourable Members, that is the end of the 2014 Report. Any other questions pertaining to the 2014 Report?

DEPUTY CHAIRPERSON.- PS, you can continue and then after your submission when you finish, then we can ask supplementary questions. You can take us through your 2015 Report now.

MR. M. FINAU.- Thank you, Mr. Chairman.

Part A: Financial Statements, 33.1 – Audit Opinion; as similar to 2014, it was an unqualified Audit Report which means that we have presented our records fairly and we have complied with generally accepted accounting principles and statutory requirements which are transparent and thorough and has not hidden the important facts.

As we had mentioned earlier as well, we still need improvements in some aspects of the accounting process within our compliance and we will ensure that all audit issues highlighted and related anomalies are eliminated and prevented from recurring in the future.

33.2 - Statements of Receipts and Expenditure; the Ministry collected $15.1 million in 2015, a decrease from $4.98 million compared to the previous year of 2014, even though the Ministry had taken vigorous measures to collect arrears due to Government. The Ministry had offered an incentive of waiver of interest to all the lessees in the first six months of the year and that was extended for another two months. The increase in the number of expired leases also contributed to the decrease.

The total expenditure increased compared to the previous year which was largely due to increase in capital expenditure by 13 percent which was the result of the increased number of projects executed during the year.

33.3 - Appropriation Statement; the Ministry incurred expenditure totalling $25.4 million against the revised budget of $33 million, resulting in a savings of $7.6 million. Most projects were carried out within the budget allocated which contributed to that savings.

33.4 - Statement of Losses; there was misappropriation of revenue of $129,602.22 was recorded in 2015. This was a bigger increase, as compared to the $300 that we discussed in 2014. An internal investigation was conducted internally by the Finance Section in the first week of October to authenticate the loss and an officer was suspended with effect from 14th October, 2015. A Ministerial Investigation team was appointed to further investigate and collate relevant information pertaining to the loss.

An initial loss notification was lodged with Fiji Police on 13th October, 2015. The Fiji Police Force investigated the matter and the officer implicated was then taken to court and sentenced to prison.

HON. RATU S.V. NANOVO. - That actually happened here, Deputy Chairperson?

MR. T. SAMISONI. - Thank you, Sir. In this case the Ministry usually issue Receipt Books to the revenue collectors and normally issued to them in bulk. This misappropriation was done by one of the revenue collectors. What she did was, she was using the normal receipts that were supposed to be issued in sequence and also at the same time, she was using some receipts from the back which are not supposed to be used.

She was using those receipts and was collecting revenue, she was also updating every record, but the moneys were not deposited into the Consolidated Fund account. That was the case and then when she requested for new sets of receipts, then we found out that she had not used some of those receipts. So when we went and conducted our verification, we found out that those receipt books are missing from her record. And at the same time too, the team carried out an investigation internally. Then we managed to visit some of the lessees who had complained that they had paid but there was no update. So when we carried out that investigation, we found out that, that was what that was happening. Then we reported the matter to the Permanent Secretary before it was reported to the Police and appropriate action was taken. The officer right now is in prison, she has been taken to task.

MR. CHAIRMAN.- What was the immediate supervisor doing? There must be a chain of command. If someone is doing this and taking money, our understanding is that, we will only come to know about it when you receive a complaint from the lessee because he will have his receipt and the Government will not know that he has paid until it is shown in your books. So, if someone gets a private book, that is the problem. What was the chain of command?

MR. T. SAMISONI.- In actual fact, there was no revenue collector as our Central/Eastern Division so she was moved from the Headquarters to address the issue of all our lessees coming to only one place to do payments. So while we have moved her and at the same also we have moved the lot of those receipts for her to use, that is where the incident happened. We tried to assist the public for them to come to the city area to do payment, unfortunately this incident happened.

MR. CHAIRMAN. - Where is this?

MR. T. SAMISAMI. - The Central/Eastern Division, the Raojibhai Patel Divisional Office here in Suva.

MR. CHAIRMAN.- It is a bit worrying, is it not? The trend is a problem because the lessee pays the money, they are satisfied that they have paid, Government does not receive the revenue, someone else pockets it, then a few years later the notice is sent down to the lessee that he is in arrears, plus interest. That is the major complaint that I have actually received and there is a table for non-reconciliation as well.

HON. RATU S.V. NANOVO. - Just on that, I just want to relay to the Committee this morning on how we do this in the bank. Normally, there is a supervisor and he/she will issue you with a field receipt book. When you come back you give it straight back to him/her with all the money collected on that day, check with all the receipt books. So this comes back to the laxity on the supervisor again. If that was done, surely it would not happen.

(Inaudible)

HON. RATU S.V. NANOVO. - Still, there must be a supervisor to check her.

MR. CHAIRMAN. - (inaudible)

HON. RATU S.V. NANOVO.- No, mostly it is someone above her who will keep all those receipts and doing the checking.

MR. T. SAMISONI.- Mr. Chairman, that is the current process we are doing because of that incident. I mean, those are the processes that were supposed to be followed all throughout but just during that time when we moved her and to be based there, that is when that incident happened but we are adhering to those processes, checking before and after. Those are the processes that we are following.

MR. CHAIRMAN.- Just for the knowledge of the Committee, in 2016 and 2017 has that occurred again? Have you come across any incident like that?

MR. M. FINAU. - It better not.

MR. CHAIRMAN.- I just heard in the news this morning about those six PWD people who have been charged, they have also been charged for some similar mismanagement of office, et cetera, so this lady here is also in prison?

MR. T. SAMISONI. - Yes.

MR. M. FINAU.- Just a question to Honourable Nanovo, this reconciliation is done daily?

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

MR. M. FINAU.- It is noted, thank you for the advice.

HON. A.M. RADRODRO.- The staff and officers, are they required to do their banking daily too from their respective areas of work?

MR. T. SAMISONI. – Yes, they should.

HON. A.M. RADRODRO. - And they are doing that currently?

MR. CHAIRMAN.- Just a follow up on that, PS, the lessees had paid the money but the money went into this lady’s hands, have their accounts been updated?

MR. T. SAMISONI.- That is correct.

MR. CHAIRMAN.- Because they have to produce the receipts.

MR. T. SAMISONI. - Yes. All their accounts had been updated because they have given the money. That has been verified and we have confirmed because they have got the original copies of those receipts.

MR. CHAIRMAN. - It is just a loss for the Department that that happened.

MR. T. SAMISONI.- Yes, that is the loss for the Department.

(Inaudible)

MR. T. SAMISONI.- That is something that the Ministry still have because we cannot recover that money now because the officer had been dealt with and she is currently serving her sentence but probably, that is something that is going to be considered for a write-off.

MR. CHAIRMAN.- But then it will not give a true picture of the arrears because it might not be there. Arrears is actually an asset, they are your debtors, but if they have paid but the money was swindled off, then they are not your assets anymore. So probably, your revenue pool will be smaller.

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

MR. CHAIRMAN. – Yes. There is no attempt to surcharge because she was already terminated, was it? No surcharge or get the money from her somehow?

MR. M. FINAU.- Because she was suspended immediately after they found out what she was doing?

MR. CHAIRMAN. - Without pay?

MR. M. FINAU. - Yes.

MR. CHAIRMAN.- Well, that is an act of dishonesty, you cannot keep on employing her and letting her or any similar person destroy the records.

HON. A.M. RADRODRO.- There is a big variances in how disciplinary measures are being handed out. In some Ministries, they keep people so that they can allow the staff to repay the full amount.

MR. CHAIRMAN.- But only in the cases of negligence. In the cases of theft and embezzlement, you cannot keep the staff. What they will do is, they will wipe out the records.

HON. A.M. RADRODRO.- The instances here, I note that the licences in your Table 33.1, has reduced from 142,058 to 49,366. Can you just explain to us what these licences are for?

MR. CHAIRMAN. - Where? Which volume?

HON. A.M. RADRODRO. - On volume 4.

MR. CHAIRMAN. - We have gone through 2015 already.

HON. A.M. RADRODRO. - We are going through 2015 now.

MR. M. FINAU.- This one relates to the prospecting licences for the mineral prospecting licence. I think there was a high number in 2014 which resulted in that big figure and then there was a reduction in numbers in 2015.

(Inaudible)

MR. M. FINAU.- Yes, there was a reduction as well. I think it is related to the reduction in the licence.

HON. A.M. RADRODRO. - And the Miscellaneous Revenue, what was that related to?

MR. T. SAMISONI.- Thank you, Honourable Member.

Miscellaneous revenue includes all the revenue that the Ministry collects and it does not come under any of those classifications that are there. There are some fees, such as when officers are being surcharged, recovery of salaries when they do not come to work and we have to do some recoveries from their pay and there are a lot of cases. We can provide the breakdown but this consists of fees that do not come under those other classifications. That is why we bulk them together in the Miscellaneous.

Gravel extraction comes under licence too.

MR. CHAIRMAN.- One question, PS, how many physical officers do you have around the country? Suva Central, Labasa and …

MR. M. FINAU.- Our Ministry is about 400 staff for the two Departments - Lands and Mineral Resources.

MR. CHAIRMAN.- Where are the main centres that they are based in? In the West or in Suva?

MR. M. FINAU.- West, in Lautoka, Labasa and Suva. We have the Headquarters and Raojibhai Patel Street Divisional Office.

MR. CHAIRMAN.- There are two in Suva? So there are a total of four officers that actually receive revenue? They physically go and pay money, collect licence and they all report to the central authority here at Headquarters?

MR. M. FINAU.- Yes.

MR. CHAIRMAN.- The Principal Accounts Officer is based here?

MR. M. FINAU.- Yes.

MR. CHAIRMAN.- What level of Accounts Officer is there in the Western Office or in the North?

MR. T. SAMISONI.- In the three Divisions, we now have the Assistant Accounts Officers who heads the Division in terms of finance. Then they also have their Clerical Officers who normally do the clerical work and also revenue collection.

MR. CHAIRMAN.- So there will be one officer, there will be a supervisor and officer or senior or junior?

MR. T. SAMISONI.- The Clerical Officer is a junior officer and the Assistant Accounts Officer is the senior officer there in the Division.

MR. CHAIRMAN.- So there are two people who can monitor payments there?

MR. T. SAMISONI.- That is correct.

MR. CHAIRMAN.- You receive monthly reports here in Headquarters or daily reports?

MR. T. SAMISONI.- In terms of revenue, they are giving us the update daily and that is the practice now. Then we have our Senior Officers at Headquarters who are given the report because they have to update the financial management form system daily in terms of revenue that has been collected.

In terms of procurement, it is on a monthly basis. They look after the procurement based on the authority that has been delegated by PS to the Divisional Heads. In terms of payment, that is all undertaken at the Ministry’s Headquarters.

MR. CHAIRMAN.- And the reconciliation of receipts with payments, that is done on a monthly basis as well?

MR. T. SAMISONI.- Yes, that is correct.

MR. CHAIRMAN.- At the Centres itself or at the Headquarters?

MR. T. SAMISONI.- With the Ministry level, it is done at the Headquarters and at the Divisions, they do it daily and they are also providing their update to the Accounts Officer who is responsible for revenue.

MR. CHAIRMAN.- You have a total of 400 staff?

MR. M. FINAU.- Establishment, yes.

HON. A.M. RADRODRO.- Mr. Chairman, before I ask a question on expenditures, what is that stamp duty revenue and why has it reduced from $130,000 to $35,000?

MR. T. SAMISONI.- Thank you. Before, the Ministry was collecting the stamp duty for Government in terms of all stamp duties relating to the leases of land but now it comes under the administration of Fiji Revenue and Customs and Authority (FRCA). But initially the Ministry has been collecting those but now it is all under FRCA.

MR. CHAIRMAN.- All the stamp duties on respective lease documents are now paid to FRCA?

MR. T. SAMISONI.- Yes.

MR. CHAIRMAN.- Previously, it was paid to the Department of Lands and you would collect and remit it to Government?

MR. T. SAMISONI.- Yes.

MR. CHAIRMAN.- That is why the reduction now because FRCA does that now. That practice has changed now. It is a safer system too because you will not give consent until they have paid their stamp duty, is it not? The lease document has to have the Commissioner’s stamp first before you issue the consent?

MR. M. FINAU.- And it will not be registered as well, unless they pay.

MR. CHAIRMAN.- It is a tighter system to control the leakages. What was happening before, Honourable Member, was that you would go and issue a lease so it was upon the lessee whether they pay their stamp duty or not and sometimes it just remained unpaid. But now their system, they will not issue the consent to even court cases until you pay the stamp duty of the documents. So the revenue stream has increased. Please, can we move on?

HON. A.M. RADRODRO.- Just on the appropriation statement, you mentioned that you currently have 400 odd staff. In your experience, PS, I note there is a lot of savings under SEGs 1 and 2, is the Ministry fully staffed or resourced with its staffing capacity or there is need for more, especially the line of work in the respective two Departments that you have?

MR. M. FINAU.- For the current work that we have, it is about right but recently we have been getting an increasing amount of requests. But that exercise is currently in progress at the moment, the Job Evaluation Exercise and we are really trying to assess, so perhaps I cannot answer that at this stage. After we have done our Job Evaluation exercise which is currently in progress, then I can.

HON. A.M. RADRODRO.- There are some concerns about the availability of land surveyors and geologists within the Department. Do you have enough?

MR. M. FINAU.- In terms of specialised staff like that, I think we have a shortage of numbers - shortage of qualified surveyors, registered valuers, geologists, mining engineers and the specialise field of engineering geologists, groundwater specialists. But then again, we are dependent on the training that is offered overseas. If students are willing to take up these courses, it is challenging. Our core profession of surveyors and geologists, it is very physically demanding and probably part of the reasons why it is not appealing to the younger generation. We do not work in the office, most of our work is on the field.

MR. CHAIRMAN.- People want to work in the air-conditioned offices but not on the field. Geologists, I understand, they have to go in the underground mine.

PS, can I take you back to Table 33.2 - Statement of Receipts and Expenditure, there is a comment there on the following page that, I quote:

“Total revenue decreased by $4.98 million or 25% in 2015 compared to 2014 even though the Ministry had taken vigorous measures to collect the arrears due to Government. The increase in number of expired leases contributed to the decrease.”

We have heard a lot of concerns from the public as well that it takes a lot of time for State leases to be renewed. So that renewal period when the leases expired and not renewed, you do not collect rent for that, that becomes a loss to the Government. What steps have you been taking to ensure that leases are renewed as quickly as possible so that those arrears can be collected quickly?

MR. M. FINAU.- At the moment, we are conducting that exercise right away by our special teams, dedicated teams, we are giving overtime for people to work on renewals which are coming up like big numbers whereas before it used to be just normal run-of- the-mill normal working hours.

We have also received a lot of complaints on the renewals and that is one of the biggest challenges that we are facing at the moment. Renewal of leases and new lease registrations, so we are just addressing it through those measures at the moment.

MR. CHAIRMAN.- I understand from the cases that I have done, mostly the renewal is a problem when the actual lessee has willed it to someone, given to someone, had gone overseas or had died, so the people who are actually on the land are there illegally. So it is hard to trace who is the person who should be given the lease. Is that one of the problems?

MR. M. FINAU.- Yes, it is one of the challenges we are facing. For example, for the renewals that we have done, we have categorised, the straightforward cases in which there are no complexities. Then we have what we called the estates, the ones which have estate issues, those are the difficult ones that ….

MR. CHAIRMAN.- There some people who have breached of lease conditions so you have to apply the penal rent on that.

MR. M. FINAU.- That is correct, that is done where it is appropriate.

MR. CHAIRMAN.- So those were some of the reasons why leases are not renewed in time and that actually causes a shortfall in revenue as well.

MR. M. FINAU.- That is corect.

MR. CHAIRMAN.- Another general question, PS, if someone is occupying the land, they have not been given a renewal yet but they have occupied fir for 10 to 12 years. So when you issue the lease, do you backdate it to the time of their occupation and then charge them rental or is it on the date when the document is signed or backdate it to recover that portion of that?

MR. M. FINAU.- Legally, it is from the date when we issue the lease. If it is backdated, then there are some sort of rent to be paid for that period of time but it depends on the date that we issue that.

MR. CHAIRMAN.- In some cases, people have actually stayed on the land, they have benefited from the land but they have not paid the rent to the Government so we have lost that money.

MR. M. FINAU.- That is correct.

MR. CHAIRMAN.- It does not show as arrears at the time of renewal, premium payment, et cetera?

MR. M. FINAU.- The arrears will only show once we register the lease and have an account with us.

MR. CHAIRMAN.- Alright. That is the problem, I think.

MR. M. FINAU.- Yes, it is. It is sort of a challenging area for us.

MR. CHAIRMAN.- That was a general question. It is not an Audit issue but that is something that has come up a lot of times and probably an amendment to the State Lands Act could solve that problem. There is land occupation and people have lived their entire lifetime on land they have not leased.

HON. A.M. RADRODRO.- A question to my earlier one on the specialised skill staff, PS, could you just inform the Committee what is the Ministry doing in terms of addressing this problem? I am just looking at the amount of savings that you have, addressing this problem and is there a number that the Ministry will have to have in terms of the specialised skills?

MR. M. FINAU.- For example, for the surveyors and the valuers, that is like the core technical professions for the Lands Department. There are staff within whom we are encouraging that they should go for registration. We are also accepting students from the University who have done the relevant training which are offered locally - BA Land Management from USP and other Universities in Fiji and then there is a Diploma in Surveying from the FNU. We are putting pressure on them to go for registration for surveyors, so that is the internal measures that we are following.

For Mineral Resources in terms of mining engineers, geologists and earth scientists, the profession we are accepting as interns and attachees, graduates in Environmental Science from USP and hopefully with some practical training that they have, then we can bring them up to speed so that they could practice as geologists and other earth scientists. Also, we encourage them to apply for overseas scholarships because the challenge is here. For example, at the Mineral Resources Department, most of the core professions are not offered locally, like degrees. They have to go abroad for training, so getting graduates from USP where they spend one, two or three years with us and then we encourage them to apply. So that is the measure that we are taking, apart from head-hunting there are also students who are currently studying.

33.4 - Statement of Losses; I think we have already covered the $129,000 - Misappropriation. The staff involved has been gaoled, an accountant. The smaller amount was in 2014 ($300).

HON. MEMBER.- The same officer?

MR. M. FINAU.- No, different.

HON. RATU S.V. NANOVO.- In the Statement of Losses, Mr. Chairman, there is a write-off of $6,834.10 and Lands Trust Cash of $32,049.98 in 2015. Can we be advised as to how these had come about?

MR. T. SAMISONI.- Mr. Chairman, on those two amounts of $6,834.10 and $32,049.98, this was due to some mispostings – misallocations that have been used previously in the Ministry and that has captured those two figures. What the Ministry did, we have rectified that and those are the figures that had been identified need to be written-off.

In actual fact, it was just that the amounts were recorded in the wrong allocations and then they were sitting there for quite some time now for a number of years. Then during the rectification when the payment was done, different allocation was used but the debit was sitting on different allocations so that was the only reason why they have to be written-off.

MR. CHAIRMAN.- Was it a human error, posting by staff?

MR. T. SAMISONI.- Yes, Sir.

MR. CHAIRMAN.- So any action or any training taken by the staff?

MR. T. SAMISONI.- This was being carried forward from the previous years. There was a lot of change of hands and the team that is there right now, we are just responsible for ensuring that that is rectified and then we have to clear those amounts, otherwise it will continue to be sitting there until the next 10 years or so.

MR. CHAIRMAN.- Just a question, in some banks and in some private institutions, when a particular staff logs on the computer to receive payments or to post documents, they have their little signature automatically inserted. So in the whole journal, you will know which part is done by which particular staff because as soon as you log in your computer, you have a separate code entered there. Is that a system that you are using or you plan to use?

MR. T. SAMISONI.- The system that the Ministry is using is just the normal Financial Management Information System (FMIS).

MR. CHAIRMAN.- You cannot identify which staff? He is the expert in the FMIS, may be the first thing he needs to fix.

MOE REP.- We have that feature in FMIS. If any person logs in into the FMIS and does any posting in the system, it will say, “Alright, this was done by that person and on what date.” The date will also come up.

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

MOE REP.- Normally, if a posting is done in a Ministry, of course, the posting is checked by the respective supervisors.

HON. RATU S.V. NANOVO.- Has that been done?

MR. T. SAMISONI.- Currently, yes, that is the current process now. If there is any issue, we normally go back and verify but most of these records were manual records and were moved into the system, like it was just posted or the records were posted but it was not ….

MR. CHAIRMAN.- There was no way to verify which staff had manually entered it?

MR. T. SAMISONI.- Yes. So that will be very hard for us to do now because it was done manually but now in the system, that is being used, that can be done.

MR. CHAIRMAN.- Can you pinpoint to the staff who actually posted it now?

MR. T. SAMISONI.- Yes, that is right.

MR. CHAIRMAN.- It is a good idea.

HON. RATU S.V. NANOVO.- …in FDB, normally all those sections are there - the person is compiling, the one who checks it and who approves it, you will all have to put your signatures there even though it is done manually. Those corrective checking systems are always there. That to me is not an excuse.

MR. T. SAMISONI.- Yes, Sir, we have those manual records but as I have mentioned earlier, Sir, most of those officers who were there, have gone. When we moved in, most of those very senior officers have already retired way back in 2010, 2011 and the years after. These are the records from 2010 and onwards.

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

MR. T. SAMISONI.- Yes, that is correct.

MR. CHAIRMAN.- The new PS is also quick in fixing it now so

HON. A.M. RADRODRO.- Mr. Chairman, the issue that has been raised here is the unverifiable details of those accounts, that is the issue. They could not identify the details. It is easy to say that we can write it off but the details of the $6,000 and this $32,000 is what the Auditor-General has been highlighting, that there is no specific detail. It could be relating to what you are saying but there is no guarantee that what you are saying is true. It can also be relating to some other things, if there are no details of this write-off. Is that not the case, OAG?

AUDIT REP.- Yes, Mr. Chairman, the write-off here was approved by the Ministry of Finance and that is why we are highlighting it too because there were no documents to support the initial postings that were made.

MR. M. FINAU.- Part B: Annual Financial Statement Audit Findings. 33.5 - Anomalies in Trust Fund Account.

MR. CHAIRMAN.- Have you done that?

MR. M. FINAU.- Yes, I think we have done that. I think we also have done the 33.7 - Rental Being Charged on Expired Leases. We have done 33.8 – Arrears of Revenue and 33.9 - Anomalies in the Underline Accounts Reconciliation, I think we have also discussed that.

33.10 - Accountable Advance.

MR. CHAIRMAN.- Before we start on that, PS, Honourable Members, I suggest that we adjourn for refreshments and then 15 minutes later, we will start from there.

The Committee adjourned at 11.51 a.m.

The Committee resumed at 11.18 a.m.

MR. CHAIRMAN.- Thank you once again, team from Ministry of Lands and Mineral Resources and Honourable Members. We can start the proceedings and continue from where we left.

MR. M. FINAU. - 33.10 – Accountable Advance; all relevant processes relating to the administration of accountable advance had been pursued and complied with.

33.11 - Stamp duty; I think we have discussed that.

33.12 - Write-off of Government Assets; we have discussed this as well.

Part C: Regularity Audit Findings. 33.13 – Administration of Extensions and Contracts; the Ministry has pursued appropriate internal approach, ensuring that the administration and extensions of contracts of all staff are well managed. Efforts to ensure that officers acting and temporary extensions are inputted on time and guided by the Ministry quarterly planner which depicts timelines for submission of performance assessments for extensions. These are the necessary processes implemented by the Ministry to ensure qualitative assessment for the extension of acting or temporary appointments. It allows for a two weeks’ submission to Accounts prior to expiry of acting or temporary appointments.

Our Corporate Services Division is also actively pursuing, in collaboration with the Ministry’s System Support Unit a pop-up message of alert to officers, and corresponding Corporate Services Division Desk Officer of expiry dates of all appointments. This will assist in the early facilitation of the above with due process.

The Ministry continues to update the internal databases, Human Resources Information System which records staff information.

33.14 – Salary and Wages Reconciliation not prepared on Time; all salaries and wages reconciliations are now prepared and submitted as scheduled.

33.15 - Anomalies in Procurement and Payment Processes; 33.15.1 - Insufficient Supporting Documents; the Ministry has pursued appropriate approach to address the issue of payment checklist is now in place to ensure that proper checking and verification is carried before processing payments.

33.15.2 - Splitting of Cost; the Ministry had taken appropriate measures to address the issue from recurring in future. A Procurement Unit has been established within the Finance Section, who is responsible and provides guidance for procurements in the Ministry that are executed through requests for quotations and request for tender.

33.15.3 - Anomalies in the Payment of Rates of Crown Land – Municipal Council Allocation: 1-333-1-79101-040612; payments were made after the discount period.

33.15.3.2 - Difference between Audit and Lands Calculation of the Rates Payable; the Ministry had pursued appropriate approach to address the issue highlighted. Consultations has been pursued with relevant Municipal Authorities and MOE in addressing this issue. The verifications and reconciliations of rates charged and rates payable are normally carried out by the Valuation Division before the Schedules are submitted to the Finance Section to facilitate payment.

33.16 - Anomalies in the Receipting and Recording of Revenue - CLLS; I think we had already discussed this, the incorrect posting of reference numbers. I think we did answer questions that was asked in the previous session.

33.17 - Accounting for Revenue received through Housing Authority of Fiji and Post Fiji Limited; the Ministry has taken appropriate approach in ensuring that all payments received from both, Post Fiji Limited and Housing Authority, are receipted and updated in the CLSS with immediate effect. Part of the Ministry restructure is to have an Assistant Accounts Officer and a Revenue Officer appointed at Central/Eastern Division Office and part of their duties is ensuring the swift update of payments into CLLS. So, that is part of our discussion prior to the break, to ensure the regular updating of payments from tenants and lessees so that it is also reflected in the CLLS.

33.18 - Recording Keeping - Survey of Mahogany; as you probably are aware, the survey of mahogany plantation of the Fiji Hardwood Corporation is being conducted by the surveyors of the Ministry. So, that is what it is related to, the survey of the mahogany. So, the relevant Divisions in the Ministry dealing with the survey are taking responsibility of safeguarding and keeping the records relevant to the survey being conducted.

33.19 - Legislation governing Lands Department; I think we also discussed the need to probably review some of the Acts, so the Ministry is targeting to revise the State Lands Act and the Development of the Valuation Act in the next financial year, depending on the provision of budgetary allocation in the next financial year. The above includes the Surveyors Act which is currently being pursued by the Ministry, and the Surveyors’ Registration Board. We do not have a Valuation Act at the moment so we are looking to develop one in the next financial year, subject to budgetary allocation.

33.30 - Crown Land Lease System (CLLS); I think we did discuss this in some detail in the previous session. This is the Land Information System that we have, which records the leases, renewals, renewal dates, expiry dates and also the payment of the leases. So, I would not go into that again, unless you have further questions.

Department of Mineral Resources: 33.21 – Incorrect Payments of Salary; the Ministry has pursued appropriate action in rectifying the issue in place.

33.22 - Salary Reconciliation Not Prepared on Time; the Ministry has now prepared and submitted as scheduled.

33.23 - Purchase Orders not Received; the Ministry has pursued appropriate approach to address the issue through a payment checklist which is now in place to ensure that proper checking and verification is carried out before processing payments.

33.24 - Insufficient Supporting Documents; the Ministry has pursued appropriate approach to address the issue through a verification process, to ensure all approvals are obtained prior to claims being processed.

That is the end of our submission and we stand by for any further questions from the Honourable Members. Thank you.

MR. CHAIRMAN.- Honourable Members, that was the submission and I thank the PS and the Principal Accounts Officer. Are there any questions?

HON. A.M. RADRODRO.- Just on one topic, 33.18 - Survey of Mahogany. PS, we note the comments you made regarding the surveys that need to be undertaken by the Ministry regarding mahogany plantations around the country - 204 Landowning Units, 58,860 hectares and 105 leases. Has the Ministry been able to complete this exercise?

MR. M. FINAU.- Thank you, Honourable Member. Not all, but we can provide the status of where we are to the Committee if so required. I think we have almost completed the Galoa Plantation and the Naboutini Plantation. We have completed some forests in the Nukurua area in Tailevu, but not all.

As I said, this is one of the physically challenging part of surveyors that they actually go out. In most of the cases at the moment, they are so deep inside from Nukurua they just have what they called a fly camp. In field work, it is unheard of these days but this is how deep from any sort of village, that is easier for them to just sleep out in the night and then wake up the next morning and continue the survey work.

HON. A.M. RADRODRO.- The conduct of this survey, do you need to physically go there?

MR. T. SAMISONI.- Yes.

HON. A.M. RADRODRO.- Are you using any technology to assist with surveying?

MR. M. FINAU.- Yes, the unmanned aerial vehicle or drone because of the forest cover. It is really difficult, you really have to go to the ground to actually survey because on the ground, they also have the traditional land boundary markings. Because of the canopy of the forest, it cannot be picked from the drone and besides that, we do not have a drone as well.

HON. A.M. RADRODRO.- The resource limitation in capacity in terms of availability of surveyors fulltime or is it also…

MR. T. SAMISONI.- The physical terrain that would be a big challenge.

MR. CHAIRMAN.- I think the area is so large that you might need a lot of staff. I mean, you have to prioritise the areas too, you cannot just do it in one go with the 58,000 hectares, it is a large area.

HON. A.M. RADRODRO.- Is there any time plan that you have set to complete this survey exercise?

MR. M. FINAU.- Yes, there is a timeline, we can also submit it later because I think the timeline originally set was supposed to be for 10 years and that was supposed to be more than 10 years ago, but due to issues, for example, when we come across land boundary disputes, then it can seriously hold up the survey. In some cases at the moment where we have disputes, the landowners disputing the boundaries with the Fiji Hardwood Corporation Limited and then it involves stakeholders, then we have to go back to iTaukei Land Affairs. They have to come and then our surveyors try to search for the traditional land markings or *bulibulis*. Because they are old, sometimes it is difficult to locate them. So this is part of delaying the survey but then again, we probably need more resources, more qualified registered surveyors as well.

MR. CHAIRMAN.- Thank you, PS.

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

MR. M. FINAU.- Originally, it was outsourced to the private companies but they could not do it, so that is why we were asked to step in. Fiji Hardwood Corporation Ltd was supposed to engage the private surveyors but I think when they did their assessment and analysis prior to doing that, then they realised that, so that is why the Ministry was asked many years ago.

MR. CHAIRMAN.- The cost factor of getting the private surveyors is also a problem, to get them in to survey a piece of land will cost more than the resources it contains.

(Inaudible)

MR. M. FINAU.- Yes, it can assist but the GIS, as I said, some of these places are so inland that we need what we called control points before you can actually then use the GIS. We do that, we have the control surveyors, so in those cases they just advance, even before the proper survey of the mahogany so we need to set up some control points. The control points are, when the survey team comes, they can then work from there to get the elevation, location, et cetera. So, yes, it is quite a challenging work as I had mentioned.

MR. CHAIRMAN.- Thank you, PS, for that explanation. I will take the questions from one side so that it becomes easier for our report writing.

If I may take you to 33.7 - Rental being charged on Expired Leases; as OAG notes there correctly that the lease document is for a period usually and it is supposed to finish on a particular day. How then that there be a case that rent was still being charged on expired leases and it amounted to about $1.043 million in arrears?

MR. M. FINAU.- That is to do with our system as well. As I said, our CCLS is not picking up the date when the leases expired and continuous to charge, but then again it comes down to the staff who actually monitors. I think that is part of the reason why it was not picked up. And also the delay in our renewal system because of the huge backlog of work that we are doing. Those are some of the contributing factors to the expired leases, but still it is being charged.

MR. CHAIRMAN.- Is it a problem that still exists or it has been curtailed to some sort?

MR. T. SAMISONI.- Thank you, Mr. Chairman. What the Ministry has done now is, we have removed all the expired leases, and that has been put aside effective from last year. That means all expired leases are now being moved aside, so there is no arrears being charged on this. Right now, we are only working on the active leases, no longer on the expired leases.

MR. CHAIRMAN.- As far as the rents are concerned, you are only following up the current leases?

MR. T. SAMISONI.- Yes.

MR. CHAIRMAN.- While the expired is in a different basket awaiting renewal?

MR. T. SAMISONI.- Yes, that is correct.

MR. CHAIRMAN.- The question that I earlier asked, what about those people who are already living on expired leases, are they paying any sort of money or will they be charged any money for staying there?

MR. T. SAMISONI.- Yes, but we always charged them. When they still stay, we always charge them, but they always do not like pay, even though they are staying there. Once you stay, you have to pay. Some of them then complained that the lease had expired but they had not moved out but they are still staying.

MR. CHAIRMAN.- What usually happens in normal tenancy is, if it was for say, three years tenancy that the lease expires, that they become a monthly tenant, general tenancy but lease is a bit different. Probably, some sort of an incentive could be there for them to, at least, pay something up, otherwise they will keep on staying there and eventually become squatters.

MR. M. FINAU.- That is correct, but some tenants do not mind paying when the renewal is delayed.

MR. CHAIRMAN.- Yes, if they are staying there for free, so they would not mind.

MR. M. FINAU.- That is right, but sometimes for many years and then the amount accumulated to a big sum, that is when they have problems, especially from farming communities or agricultural leases. But that is a challenge so we are working towards keeping within the condition of the lease which is six months before expiry, we are supposed to advise the tenant that the lease will come to an end soon and, I think, may be one year we have to advise them.

MR. CHAIRMAN.- One year before the expiry. *iTaukei* Land has been given five years.

HON. A.M. RADRODRO.- Mr. Chairman, Appendix 33.1, the listing that is shown there, the details of the $1.04 million, there is one account there of $48,000; what kind of lease rental are these - $48,000, $34,000, $21,000, $9,000, $6,000?

MR. CHAIRMAN.- Examples of rent charged and expired leases, they are big amounts too.

MR. M. FINAU.- We can find the details and will provide it to the Committee.

MR. CHAIRMAN.- It would also be probably better to follow this up, whether they have paid or not because it is only a three-year period from 1st July, 2009 to 1st July, 2012, $48,000 was accumulated. It must be some sort of a large estate or island. That is something that the Ministry can check.

The other part is 33.8 - Arrears of Revenue; the bottom part there says, and I quote:

“The audit noted the arrears of revenue for Department of Lands as at 31/12/15 amounting to $26,980,319 included only crown land lease rent. The Department was not able to provide details of arrears for other revenue such as Valuer and Surveyor Registration Fees, Taxi Base Fees/Narere Government Barracks rent and premium.”

Can there be some explanation on the amount there? That amount of $26 million is just for the rent arrears, a big amount but the other arrears - registration fees for the surveyors, et cetera, are not provided for.

MR. M. FINAU.- Yes, because that is done by the Board. The surveyors have a Surveyors’ Registration Board and the valuers also have the Valuers’ Registration Board. They do their own registration, even though staff from the Ministry are members of these Boards.

MR. CHAIRMAN.- That revenue is no longer the Ministry’s revenue, it is the Board’s revenue?

MR. M. FINAU.- It is independent, professional like the Fiji Institute of Accountants.

MR. CHAIRMAN.- OAG notes that as arrears to the Ministry, and I quote:

* “arrears for all types of revenue collected and complied on a timely basis;
* take appropriate steps to vigorously recover long outstanding debts;
* follow up the outstanding debts in accordance with the debt recovery procedures prescribed in the Ministry’s Finance Manual.”

If the responsibility has gone to some other Board, then it is not your arrears any more, it is not a debt.

There was no comments received at that stage. Probably, if you told them at that time, they would have been able to update them but then, some of those arrears were accrued when the responsibility was yours, the Ministry’s. So what happens to that money, will you make an attempt to collect that?

MR. M. FINAU.- For the taxi bases on State land, I think they are supposed to collect it because there are some taxi bases that are still on State land, not land that is vested to Municipal Councils.

MR. CHAIRMAN.- Taxi base fees is paid to the Municipal Councils.

MR. M. FINAU.- Yes, supposed to but then there are some examples, the Reserve. Some Reserve open spaces, some apply to have their taxi bases there, those are the ones that still come in to the State. All taxis in municipalities should be paid to their respective Municipal Councils.

MR. CHAIRMAN.- That revenue is kept by the Municipal Councils or that revenue is forwarded to Ministry of Lands?

MR. M. FINAU.- The land done by the Municipal Council is for the Municipality but only the State land where they pay the rent.

MR. CHAIRMAN.- They pay you the rent?

MR. M. FINAU.- Yes. Where is that zero amount?

MR. CHAIRMAN.- There is a dash there, on Table 33.7.

MR. M. FINAU.- Yes, there is none. In Narere, if follow the road which goes into FNTC and passes SPC and then it goes down, there was a time many many years ago, the Ministry of Lands decided to do some subdivision (that is where the Narere barracks are) and then they developed those barracks and, sort of, were inability to pay. It was done many many years ago but it is like a Housing Authority barracks.

HON. A.M. RADRODRO.- Who is collecting the rent?

MR. M. FINAU.- We are supposed to be collecting it because it is still under State land because that was a subdivision development made by the Ministry of Lands. As I said, it was done many many years ago.

MR. CHAIRMAN.- That subdivision is completed now?

MR. M. FINAU.- There are people living there since it was done.

HON. CHAIRMAN.- Are they actual tenants, lessees?

MR. M. FINAU.- Yes, they are.

MR. CHAIRMAN.- Squatters?

MR. M. FINAU.- No, not squatters. These are proper barracks. As I mentioned, at one time, this was probably 20 years or 30 years ago when the Lands Department decided to also do some Housing Authority barracks to develop some of the State land it has through housing. I think it was stopped because maybe we were advised just to leave it to Housing Authority, et cetera, because it was a one-off.

MR. CHAIRMAN.- Whose is now taking the revenue?

MR. M. FINAU.- There is no collection at the moment, because it is zero.

MR. CHAIRMAN.- It is your development because of your land so probably some people must be living there for free, but I think you should have a check on that.

MR. M. FINAU.- Yes, I think that is the combination of the taxi base arrears but mostly, the taxi base arrears will come here.

MR. CHAIRMAN.- Premium arrears?

MR. M. FINAU.- For any lease, you have the premium and you have the rental.

MR. CHAIRMAN.- At the time of renewal, there is a certain amount of about $2, $3 paid to the State for paper work and all the arrangements. Is that the one?

May be some leases were drawn up but the takers did not take it, that is why they did not pay the arrears.

MR. M. FINAU.- That is correct, yes.

MR. CHAIRMAN.- 33.9 - Anomalies in the Underline Accounts Reconciliation; I think you have explained a bit on that, but are monthly reconciliations being done now?

The comment there says, and I quote:

“Within 3 days of receiving monthly general ledger (probably the Principal Account Officer’s area), audit noted the following anomalies, “Monthly reconciliations for the Department of Lands Operating Trust Fund and Revolving Fund Accounts were not prepared on time…

An amount of $1,317,407 was recorded as VAT from Provisions for Goods & Services under the Operating Trust Fund Account. The balance is this account has always been increasing since it was opened in 2009…”

This balance of VAT reconciliation was not paid to FRCA, it is the liability of the Ministry. So what is happening there? There was some VAT calculated by the Ministry but has not been remitted to FRCA.

MR. T. SAMISONI.- Mr. Chairman, now that the issue has been rectified, all the payments that are done to FRCA are done monthly now. So, those are the things that we have done now, we have taken record and we have facilitated payment accordingly as and when the provisional taxes are being deducted because the companies are not coming back to us on a monthly basis as well. When we deduct and then they are coming back to us following up on the payment that we have made, the amount that we have deducted because they are also cross-checking with FRCA. So, we are putting that into practice now.

MR. CHAIRMAN.- That is paid out of the Revolving Fund Account or Trust Fund Account, it is probably a Trust Fund Account?

MR. T. SAMISONI. - It is for the Trust Fund Account Reconciliation.

MR. CHAIRMAN. - Any questions on that Honourable Members?

(There were no questions asked)

33.10 - Accountable Advance; this is an area where there has been no improvement from 2014, 2015, in fact, we got a bigger problem.

MR. T. SAMISONI. - The issue was highlighted both in 2014 and 2015 but most of the things that were done started in 2016. So most of those issues were addressed from last year and we continue to do that in terms of 2017.

MR. CHAIRMAN. - It was a recurring problem in 2014, 2015 but in 2016 you had implemented those?

MR. T. SAMISONI.- Yes, we started addressing them because most of the issues started off, like the accountable advances, we engaged a lot of project officers, as being alluded to by the PS already. The project officers are mostly the ones who did surveying, they do assist, et cetera, and they go to the field. We give them accountable advances and then the auditors had advised us that they are not supposed to be given the accountable advance because they are project officers and they are engaged annually. So what we did to address that was, we gave it under the Permanent Secretary. We cash the advances and then we distribute it to the staff, but again that was brought up that it is still wrong.

What we have done now is because they are entitled to these advances because they work in the field and then what we have done now is, one of the established officers who is the team leader, is being given the advance and he distributes them to the team. He is the one who is going to be responsible for clearing it. So, that is basically the reason why it has continuously being raised in 2014 and again in 2015.

We are looking at a way forward to address those issues and now we are giving it to the team leaders, who are the established officers and they are the ones who are going to be responsible for the advances.

HON. A.M. RADRODRO. - A supplementary question on the accountable advance, this scenario means they were not cleared because of the absence or the missing supporting documents for clearing the accountable advances. To clear the accountable advances, this amount could not be cleared because there were no supporting documents to clear it with, or what is the situation here?

MR. T. SAMISONI.- Thank you. In actual fact, when they come back like before when they normally take the accountable advances, only the established officers are the ones who fill in the form, and not any other person and that was the difficulty. That is why when they fill in the form and because this is what they are allowed to claim, they fill in the form and what needs to be seen is the approval that was issued by the Permanent Secretary beforehand that needs to be attached to those forms that they fill, even though we have proof that they have gone out to the field. But the thing is, only those approval needs to be attached to the claim forms because the claim forms are only endorsed because we know they had gone to the field and those are the things that were highlighted and needs to be attached, just the approval which is being approved by the Permanent Secretary.

AUDIT REP. - Thank you, Mr. Chairman, for accountable advance, this is an area we will be looking into and taking into consideration the comments by the Ministry, yes, it indeed was a real issue for us because the amount was going up and what we found was that there was no register. What we also raised there is that a register of all the total amount that is outstanding should tie in with the number of people who were given advance. That was not happening so in our new audit year, we will be taking into account the comments given.

MR. CHAIRMAN.- Why is it necessary to have accountable advance? Why the need for advance? In the Parliament system we do not give advance, if there is any trip or anywhere you have to go, lodge your claim and you can claim that back, but in past practice there is no need to trace the staff to give the back the money. Is it an option?

(Inaudible)

MR. CHAIRMAN. - So, the reconciliation must be done within three days of return.

(Inaudible)

MR. T. SAMISONI.- Yes, that is in place now.

HON. A.M. RADRODRO.- Just a question to the MOE, how many times have you done your internal checking with the Department of Lands and how many issues have you highlighted that are noted in this discussion?

MOE REP. - Thank you, Mr. Chairman, the last internal audit that we conducted for the Ministry was in the 2015 financial year. Accountable advance is also an issue that we raised. Similar to the OAGs’ report, we raised the issue of an absence of an advance register, together with the fact that there was no monthly reconciliation.

HON. A.M. RADRODRO. - During your internal audit, that means it has not been actioned when the OAG picked it up?

MOE REP. - It was in the 2015 financial year, around the same time that they were conducting the external audit. So, we have not done any internal audit since.

HON. A.M. RADRODRO. - So during the whole of the financial year of 2015, you just did it in line with the OAG’s timetable?

MOE REP. - It was conducted in early 2016.

HON. A.M. RADRODRO. - Was there an internal audit conducted in the 2015?

MOE REP. - As we had mentioned, the Internal Audit Team work is based on the risk assessment.

HON. A.M. RADRODRO. - This is not a risk in view of your risk assessment?

MOE REP.- We only have eight Audit Teams and four of those Audit Teams are dedicated to the bigger Ministries - the Ministry of Agriculture, Ministry of Transport and Ministry of Health and the other four teams are for the other 30 Ministries.

HON. A.M. RADRODRO. - The MOE also considers conducting regular checking in the other smaller Ministries per se?

MOE REP. - (inaudible)

MR. CHAIRMAN. - It is about $88,000 so it is a worrying amount.

HON. M.M.A. DEAN.- I do understand these reasons for accountable advance, I mean, I was in a similar scenario myself and no officer would want to folk out money from their own pocket and in actuality, go and do the work they had been assigned to do. That is why we need accountable advance, especially going out on the field.

I was just interested to know the plans or proposals you have made to deal with the OAG recommendations, like some solutions, because accountable advance is important, I know. It has to come to the officers, their meal, et cetera. You have said that you used to even attach approval letter from the PS which I feel is good enough but still that has not been accepted. So what are some other methods that you are proposing to deal with that?

MR. T. SAMISONI. - Thank you, Mr. Chairman, there is a part of the process too that has been implemented by MOE in the system we are currently using, the FMIS. Before there used to be two separate accounts, one account that is being charged and one we use when we do the clearance but now we are doing the clearance manually into the system and the system became effective just last year. The retirements are done in the system too. If the officer does not retire, the report comes out and also the recording. Apart from the manual, it is also in the system, so that is an area that has also assisted in addressing this issue of accountable advance.

MR. CHAIRMAN.- 33.12 - Write off of Government Asset Accounts; what the Audit noted was that assets of $38,884 which were not supported by relevant documents were written off by the Ministry of Finance. There were some writing off done without supporting documents, please explain that?

MR. T. SAMISONI.- Thank you, Mr. Chairman. This was the similar response that I gave before, most of those deductions was sitting in something like a misposting, the different accounts. The payments had been facilitated but the charges are still there.

The issue here is because the OAG did not have any records to proof that those are the figures that been sitting there for long so we cannot continue to be putting that in our books, we need to clear it. We have done that, then we passed it to MOE, they had verified and it was approved.

MR. CHAIRMAN.- Is this problem under control now?

MR. T. SAMISONI.- Yes, because that is one of the things that we have now. We have the account numbers and when it is done by the payroll when the deduction comes in, that is the same account numbers that has to be used when we do the payments. So the debit credit goes on then the balance becomes zero all the time when the payments of our payroll is done, et cetera.

HON. A.M. RADRODRO.- Mr. Chairman, on the amount of $170,100.89, what is this adjustment? That is part of the write off.

MR. T. SAMISONI.- Thank you, Mr. Chairman. In trust account some of the projects are being undertaken by the Ministry are being paid from other stakeholders and it is put into trust account. Part of the moneys that are put into trust caters for their overtime and allowances, but when we have to pay them out it has to go through the payroll system. However, such the system does not pick up this trust account and it becomes a unique number to the payroll system. So when the payment is done it is facilitated through the operating account numbers. That means the funds used is not the trust but the budgeted funds that has been allocated. So what we have to do is, we have to offset whatever the money that has been used in the trust.

MR. CHAIRMAN.- As long as it is reconciled properly and there is no loss of money, I think it seems alright but it is still not right to use the budgeted funds for those payments. I know it happens because the funds is there, it is just an accounting thing but what if at some stage, you had paid out from the budgeted funds and you cannot move from here, then it will show as a misuse in your account.

Part C- Regularity Audit Findings. 33.13 - Administration of Extensions and Contracts; I think PS has explained that well.

33.14 – Salary and Wages Reconciliation not Prepared on Time; is that alright now, has the reconciliation been prepared on time now?

MR. T. SAMISONI.- Yes, Sir.

MR. CHAIRMAN.- It says here, I quote: “Audit noted that in a number of cases, there were significant delay in preparation of salary and wages reconciliations.” So wages were paid but the reconciliation were not prepared on time, was it?

MR. T. SAMISONI.- Yes, Mr. Chairman. Now, we have a dedicated officers who are dealing with the reconciliation. Previously, there was a lot of change in hands or a lot of staff turnover, so when we were doing the handover, that was the area but now we have dedicated officers who are dealing with reconciliations.

MR. CHAIRMAN.- Let us take heed of Honourable Ratu Nanovo’s earlier questions to other Ministries, do you have a succession plan there that when a Senior Officer retires, some junior comes in, in that the area? You said that there was a change of hands, change of staff and the process was not used properly, so if the Senior Officer retires, do you have any immediate junior in your Department who comes up and takes the position?

MR. T. SAMISONI.- Thank you, Mr. Chairman. Probably, for the Ministry maybe PS would be able to answer on that but with the Finance, there is a lot of qualified graduates who are coming in and they taking these junior positions and all of a sudden, they just quit and go. We are engaging them and then all of a sudden they got a good offer, they leave. So those are some of the problems and this is very common in Finance, we have a lot of graduates but if they get better offer tomorrow they just leave and we have to try to get someone else. That is something very common in the Finance and the Administration.

MR. CHAIRMAN.- So it is very healthy for the economy too if there is an opportunity elsewhere, it is just the question of filling up, maybe….

(Inaudible)

MR. CHAIRMAN.- Retire where?

(Inaudible)

MR. CHAIRMAN.- The private sector ….people who retire, here they move. People from the Ministries move to the greener pastures, maybe some other Ministries or somewhere.

HON. RATU S.V. NANOVO.- That, Mr. Chairman, also boils down to the people who are doing the interview. When they come for the interview, you must see their qualifications, peg it on to this salary level and see whether these people will be there for long, otherwise you do not recruit them.

MR. CHAIRMAN.- There is a problem, I mean, we cannot really have fixed term contracts in the Civil Service that you must serve here.

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

MR. CHAIRMAN.- They give a one month notice or 14 days’ notice, then they move out. Maybe, do not pay their salary, give it after Christmas so they stay for the whole year. Reconciliations are done on time now.

HON. RATU S.V. NANOVO.- If reconciliation is done on time, at least, you know how much cash you got all the time and how safe you are. If that is not done. This problem will keep on coming up.

MR. CHAIRMAN.- Yes.

33.15 - Anomalies in Procurement and Payment Processes; it says here, I quote:

“Audit review of expenditure records revealed numerous breaches of procurement and payments procedures and other basic internal controls resulting in non-compliance with the Finance Instructions and the procurement regulations of government. These include the following:

* Insufficient supporting documents;
* Splitting of costs; and
* Anomalies in the payment of rates for Crown Land…”

An area we have seen here is that, the Government’s Financial Instructions are not followed by the Ministry and the procurement should have actually got us value for money, maximise our economy and efficiency, promote open and fair competition, promote integrity and achieve accountability. Any sort of cheques and balance place it now to see that Government Financial Instructions are followed?

MR. T. SAMISONI.- Thank you, Mr. Chairman. As has been alluded before by PS, we have a checklist in terms of payments.

In terms of procurement, we have internal processes in place, where we have procurements which is up to the limit of the Permanent Secretary of $50,000, it is called RFQ (Request for Quotations), we call it in this process RFQ. We have a Procurement Team and Unit now within the Ministry so they look after these procurements. They also provide advice to other Divisions or Sections on the need to do procurement and address the issues that have been highlighted. Those are some of the way forward that we have taken up.

In terms of RFQ, we also do the same process that is done with tender. We advertise, there is a committee that sits, they do the verification and everything on the quotations before they submit to PS for his endorsement. Before the decision lies with PS alone but now there is a committee and then they submit. Likewise, the similar process is done with the tender where it has to go through the Government Tender Board. So those are some of the processes that we have internally to address some of the issues that have been highlighted by the Auditors.

MR. CHAIRMAN.- What is noted here is that, the process you had mentioned of having documents, like the purchase orders, contract, invoice, et cetera, it was there but it was not followed. So now, has it been followed? This is 2015, probably we will find something in 2016 as well.

HON. RATU S.V. NANOVO.- If that was not followed, Mr. Chairman, what sort of disciplinary action has been given to those staff involved?

MR. T. SAMISONI.- Thank you, Mr. Chairman. For the previous ones, the purchase order and everything were issued, but it is just the process that was not adhered to. So that is the reason why we have formed a Procurement Unit so that every procurement will go through this Unit. But the officers who were dealing with this work have been moved out from procurement because we now have a special team that looks after procurement.

MR. CHAIRMAN.- The issue that has been highlighted here, as far as meal claims were concerned, people were claiming meal on the form but they were not providing supporting documents for those, so that was the case that was highlighted. But you are saying now, there is a procurement ….

MR. T. SAMISONI.- That was on the procurement but on the meal claims, that is what is required. They need to attach the approvals that have been given because most of the time when they are just given the approval, they just take note of the date and everything else but what is required is those approvals which need to be attached on the form because the form is just the authority itself. Once it is endorsed by the supervisor, you can claim for it. But the thing is, they need to see the evidence, that is what the Auditors need to verify. If it is signed by PS, he is the authority but then they still want to see that there was an initial request that was given and already approved, and it has to be attached with the supporting documents. Those are some of the things that are required.

MR. CHAIRMAN.- The idea here is that, and I quote from the Report: “The Directors, Manager Finance, Senior Accounts Officer or Accounts Officers must not certify a payment as correct unless they are satisfied …”, so they must see that. Now, there is a system there and they will see the form. That is what is happening in our system here in Parliament, they will not approve, they will not pay unless they actually see that physical document, not even photocopies. I think that is the cue that we can use.

MR. T. SAMISONI.- Yes, Mr. Chairman, that is the same practice now.

MR. CHAIRMAN.- 33.15.2 - Splitting of Cost; that is the one where I was a bit worried. It says, and I quote:

“Audit noted that the payments totalling $61,640 to a supplier for hire of helicopter during the survey of Namosi was split into two payments in order to circumvent approval of the Tender Board.”

I think if it is $50,000 or less, at least, he can approve, $50,000 or more, it goes to the Government Tender Board so if there was a need to hire helicopter, it will split in such a way that it became two payments of less than $50,000. Can you explain that, what year was that?

MR. T. SAMISONI.- Mr. Chairman, this was also in 2015. What happened was that, the survey team was surveying the Namosi Province. Most of the areas right in the interior of Namosi, we could not walk or travel by car or even by boat, so they have to go by helicopter to reach right into the interior side of Namosi Province.

There was an approval for the number of times the helicopter had to be hired but when the survey team went out in the field because of the weather condition during that time, it was raining, et cetera, then they contacted the Permanent Secretary directly so he gave his approval for them to be moved from that area, so the helicopter had to go, otherwise the helicopter will not be able to go to that place and bring them back. Giving that approval, he was not aware of the number of trips the helicopter had exceeded.

MR. CHAIRMAN.- The idea here was that, for example, they procurred to do 10 trips but because of the emergency, they did two more trips and that is why.

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

MR. CHAIRMAN.- They did more trips. Probably, you should be more stringent to see the number of trips because the way it was split, they were given $50,000 for those number of trips but $11,640 was given to them may be for the extra number of trips, but it looked like a very convenient way of circumventing the process. So probably more stringent measures could be applied.

HON. S.V. NANOVO.- Was the Permanent Secretary disciplined also?

MR. T. SAMISONI.- Through the former Permanent Secretary, we tried to seek approval from the MOE through the Government Tender Board, to consider the situation that has occurred, when we came to note that the number of trips had exceeded what was initially approved. But then again it was both rejected by the Government Tender Board and the Minister for Economy because there was no initial arrangement. The issue here is that, the company has made the trips and we still have to pay for it. We did put submissions to the Government Tender Board and MOE if can consider the payment.

MR. CHAIRMAN.- The Ministry has noted here that appropriate internal awareness is now being undertaken within the Ministry in ensuring that such events are not repeated in the future.

HON. A.M. RADRODRO.- Just a supplementary question; this is dealing with nature and its unpredictable situation. Did you give that kind of explanation to the Auditor-General during the audit? Because the way it is written here, it is half-informed, not a full explanation like you mentioned there that because of the weather condition, the lives of the workers so they needed to be evacuated back to Suva Office and thus the extra trips, whether this was also explained to the Auditor-General and whether the Auditor-General, taking that into consideration, would change the way you highlighted this audit issue?

MR. T. SAMISONI.- Mr. Chairman and Honourable Members, when the auditors came in, they just look into the correspondence that was there together with the payment. In actual fact, there was a separate submission that was done by the Division responsible. They put an explanation because we also sought explanation from them as to why they contacted the company without liaising with the Finance Team. So that was the explanation they provided and it was also endorsed by the former Permanent Secretary in that regard. But I am not really sure whether they had seen that explanation or but that was something that really eventuated, the reason for the number of trips was exceeded.

MOE REP.- Mr. Chairman, with regards to this issue on splitting of cost, yes, the correspondence that we cited clearly stated that they separated the two payments so as to avoid the Tender Board. With regards to the explanation, I think if we were given the explanation that we are getting now…

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

MOE REP.- Yes, what we cited at that time, may be before the submission was made, but there was a clear evidence of splitting of the cost to avoid the Tender Board.

HON. A.M. RADRODRO.- A question now to the Ministry, going forward, if you encounter such problems again, how would you try to tackle this so there is no repeat of splitting of orders? If you are engaged in a similar arrangement again in the future so that there is no repeat of the audit issue being brought to this Committee again?

MR. T. SAMISONI.- Thank you, Mr. Chairman and Honourable Members, one of the things that we are going to put in place which we are currently doing is, we are looking at the variance, adding the 10 percent to cover for administrative or other costs that might come, the unforeseen costs. That is what the practice we are doing now. A lot of the projects that we are putting through Government Tender Board, we also take into consideration that 10 percent unforeseen costs that might arise.

MR. CHAIRMAN.- I do not have any further questions in that regard. Do any of you Members have any further questions left? I think all the others were sufficiently explained but the floor is open, if there are any final questions. That was the last issue that I had in my mind about the helicopter.

HON. A.M. RADRODRO.- Who is in charge of trying to get the Ministry pay on time as per highlighted on 15.3 - Payments made after the Discount Period?

MR. T. SAMISONI.- In terms of the payments, the rates to be paid is paid to the Municipal Councils. They normally give us a timeline, probably like a month, like the beginning of a calendar year - January and February, that is when they normally give us that incentive of discounts.

On the same note during that month, they also prepare the statements for the Ministry, so when they prepare the statements it must have already taken them two weeks then we receive the statements. Then for finance to make the payment, once they give us the statement it has to be verified by our Valuation Division because Valuation is the Division that deals with all the rates.

Again, they cannot just do it overnight and it is the 12 Municipal Councils throughout Fiji, they have to do that. Once that has been carried out, they will then give us the final listing, the money is under ‘R’ with the MOE, then we have to verify that everything is correct and then we have to submit to MOE for approval for us to get the funds. By the time we get the approval, we have already gone past the one or two months’ timeline that they had given us. Then when we do payment, we have to pay the full amount but right now we have been discussing with them on the way forward so that is their priority. Our Valuation Division has given them as a priority through Director of Lands, first week of the month they have to give us the invoice. We have been meeting, then they do their verification and we also liaised with the Budget Division in the MOE, they have also agreed that within a week they should be able to give us the funds.

In 2016-2017, we have paid on time and we managed to make use of the incentive that they are giving us, all the Municipal Councils. Thank you, Mr. Chairman.

MR. CHAIRMAN. - There are no further issues or questions. I would like to thank the team from Ministry of Lands and Mineral Resources headed by the Permanent Secretary, Mr. Malakai Finau and the Manager Finance, Mr. Timoci Samisoni, for your appearance this morning and afternoon gentlemen. You have assisted us in our deliberations and we will definitely take your written and oral submissions when we do our report.

We hope to see the 2016, probably to have fewer issues. We have some Ministries implemented our recommendations. We had presented the report and they have shown some improvements in the areas and I hope that some of the areas that we have highlighted here can be improved so that the future report can be clearer.

On behalf of the Honourable Members, I thank you very much and wish you well.

MR. M. FINAU. - Thank you very much.

MR. CHAIRPERSON. - Any final comments PS.

MR. M. FINAU. - Well, thank you for your comments which we note and we will try to improve, hopefully in the next year - 2016 and future years. We also note the comments from the bank and probably we should operate more like banks. Thank you very much.

The Committee adjourned at 12.18 p.m.