**PUBLIC ACCOUNTS COMMITTEE**

**[Verbatim Report of Meeting]**

**HELD IN THE**

**COMMITTEE ROOM (EAST WING)**

**ON**

**WEDNESDAY, 19TH APRIL, 2017**

**VERBATIM NOTES OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON WEDNESDAY, 19TH APRIL 2017 AT 9.28 A.M.**

**Submittee: Ministry of Education**

In Attendance

1. Mr. Iowane Tiko - Permanent Secretary
2. Mr. Viliame Kuboutawa - Principal Education Officer
3. Mr. Donish Lal - Manager, Finance
4. Mr. David Ali - Executive Support

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MR. CHAIRMAN.- Good morning, Honourable Members, members of the public, the media and secretariat. We have the team from the Ministry of Education again today, headed by the Permanent Secretary for Education, Mr. Iowane Tiko; Principal Education Officer, Mr. Viliame Kuboutawa; Director, Finance, Mr. Donish Lal; and Executive Support, Mr. David Ali.

They are here to help us in our continuation of deliberation on the Ministry of Education’s accounts. I welcome the Team again here and we will now take the issues as they appear on Item 21.10 - Loss of Taxpayers Funds. Further on, we have also (as usual) to our assistance, the Officers from the Ministry of Economy (MOE) and the Officer from the Office of the Auditor-General (OAG).

Would you like to make introductory remarks before we start the proceedings?

MR. I. TIKO.- Thank you, Mr. Chairman and Honourable Members of the Committee. We take this opportunity to greet you again and hopefully, you could keep tag on where we were the last time. We are reluctant, we have gone through 2014 (if we are right).

MR. CHAIRMAN.- Yes.

MR. I. TIKO.- And if there are any questions that have come up from the last time we were here, we should be in a position to answer those questions for you today but if not then, Mr. Chairman, we would be happy if we could proceed on to the items regarding the 2015 Audit Report.

MR. CHAIRMAN.- Thank you, PS, we will be starting from 21.10 - Loss of Taxpayers Funds. Honourable Aseri Radrodro will be the one leading the questions on this one.

We had completed up to 21.9 - No Board of Survey for Drawings Account.

MR. I. TIKO.- Mr. Chairman, going through the 2015 Audit Report, we are pleased to inform this Committee and its Honourable Members that up on the slide is the Audit Opinion. In 2014, the Ministry of Education was issued a qualified audit report due to incomplete Board of Survey as the correctness of the statement of losses submitted to the Ministry could not be verified at that time.

The Board of Survey, Mr. Chairman and Honourable Members of the Committee, was only conducted through district offices and sections and Head Office whereby13 Government Schools did not submit their Annual Board of Survey Reports.

(We should be on the 2015 Report, there is a mixup on the slides here, if you could just bear with us.)

Mr. Chairman and Honourable Members of the Committee, Part A - Financial Statements for 2015.

21.1 - Audit Opinion is on the slides; an unqualified audit opinion which shows great progress from 2014, as the Ministry managed to improve a lot of its processes and tightened its procedures.

21.2 - Statement of Receipts and Expenditures; the Statement of Receipts shows that the Ministry was able to generate more revenue in 2015 compared to 2014, and I think we have clarified the reasons for those; 24 percent increase was the result of the introduction of the CCF centres. The Ministry also incurred an increase of 27 percent in its expenditure, as a result of the re-introduction of the examinations and the free textbooks initiative.

21.3 - Appropriations Statement; the Ministry of Education, Mr. Chairman and Honourable Members of the Committee, incurred expenditures totalling $398 million in 2015. Again, it is a revised budget of $401 million, resulting in a savings of $3.2 million. 21.4 - Statement of Losses; the Ministry had incurred loss of items worth $17,100 due to the theft, and items worth $81,142 were written off after the Board of Survey.

Part B – Audit Findings; 21.5 - Stale Cheques appearing in Un-Presented Cheque Listing; the review of the Ministry’s unpresented cheque listing revealed that stale cheques worth $153,216 were still appearing in the unpresented cheque listing as at 31/12/15. The stale cheques listed in the audited report, Mr. Chairman and Honourable Members of the Committee, was cleared via JV 253/12/15 20066 covering transactions from January to May. This JV was prepared on 12th February, backdated to December 2016.

The MOE was handling the Drawings Reconciliation and the JV was to be punched by MOE. The Ministry of Education is now ensuring that all stale cheques, Mr. Chairman and Honourable Members of the Committee, are cleared on time. For your information, Mr. Chairman and Honourable Members of the Committee, the above issue has been resolved and necessary adjustments have been made.

21.6 – Write Off; Mr. Chairman, the Ministry would like to inform this Committee that the write-off was for the previous years. These were debits that were sitting in respective Operating Trust Allocations and were transferred to SAG 560600 in order for the funding process to commence in the Trust Allocations. This write-off, Mr. Chairman, was approved by the MOE and all necessary documentation had been completed.

21.7 - Understatement of Expenditure in the Financial Statements; the Ministry is making efforts to ensure compliance towards expenditure in regards to RFA. The Ministry would also like to highlight that examinations that were implemented in 2015 however, these expenses were not budgeted for in that financial year.

In 2015, only $300,000 was allocated for printing of examination papers whereas $1.6 million was specified in 2016. Therefore, the Ministry had to use the RFA to cater for the expenditures, Mr. Chairman and Honourable Members of the Committee. The Ministry had to go ahead with the printing of examination papers as it was one of those important Government initiatives at the time.

The Ministry would also like to highlight that $200,814.17 was brought forward from 2014 and the balance in 2015 was $574,006.80 which accumulated to $1.1 million. The Ministry would like to inform the Honourable Members of the Committee that the above has been resolved through proper budget planning and submissions. The Ministry is now able to facilitate for such expenses as has been budgeted for, and sufficient funds are provided by the Government to cater for the expenses.

21.8 - Over Expenditure; the audit noted that the Ministry of Education had overspent in its SEGs 1 and 2. The Ministry would like to inform this Committee that the over-expenditures are due to the payment of allowances, such as the Location Allowance as per the General Orders. It is the Ministry’s commitment to pay the Location Allowance and the budget given for 2015 was not sufficient to cater for all the allowances.

The budget for 2015 was $600,000 whereas for 2016, the Ministry was given a budget of $5.3 million for us to just understand the background of a certain amount of money used in this commitment, Mr. Chairman. Moreover, the budget for 2015 was insufficient to meet the expenditure and the Ministry had incurred over-expenditure due to these allowances.

Furthermore, Mr. Chairman and Members of the Committee, the Ministry is now able to cater for the above expenditure as Category 2. The Location Allowance was increased and this ensures that all allowances are catered for through their budgetary provisions.

21.9 - No Board of Survey (BOS) for Drawings Account; the Audit noted that the Ministry failed to carry out Board of Surveys on Drawings Account cheques as at 31/12/15. The Ministry would like to inform the Committee that that BOS has been done for 2016 onwards and that we will ensure compliance in the future.

21.10- Loss of Taxpayer’s Funds; the Audit noted that moneys totalling $34,847.36 was reported to have been lost by the Ministry as at 31/12/2015. The Ministry would like to inform this Committee that the loss reports had been sent to the MOE’s Recovery Team and the Ministry of Education will only initiate recovery once the MOE provides the deduction authority. Follow-ups have been done with the Recovery Unit, we have also filled police reports and the police is still investigating in some of the stated matters. The Ministry will only initiate recovery once approval is granted by the MOE, Mr. Chairman and Honourable Members of the Committee.

For the cases of RKS and Natabua High School, the bursars have both been terminated and under police investigations and one of them was charged.

21.11 - Tender not Called for Procurement Exceeding $50,000; the Ministry failed to call for tenders, even though the value of goods and services procured exceeded $50,000. The Ministry went through the tender process for 2016 and the tender documents are also available with the Ministry for verification.

For printing of textbooks, a Tender Waiver Approval was given by the Ministry of Finance, Mr. Chairman and Honourable Members of the Committee. However, the procurement of the boats did not occur at the same time due to the timing of the request for boats coming in, especially from our maritime and rural schools which was taking a lot of time. For this reason, it was sufficient to procure boats on a three-quote basis. As of 2016, procurement for the Ministry has been centralised and correct procedures are being followed.

21.12 - Misposting of VAT; the Audit review of the expenditure revealed that the Ministry posted VAT inclusive expenditure into FMIS General Ledger. The VAT Expenditure was not charged. The Ministry will ensure compliance in future, Mr. Chairman and Honourable Members of the Committee, and ensure that correct allocations are used for postings.

21.13 - Outstanding Retirement of Accountable Advance; Mr. Chairman and Honourable Members of the Committee, the Audit noted that accountable advances were not retired within seven days of the completion of travel by the respective officers. Accountable advances totalling $881,459.43 were yet to be retired.

The Ministry is strictly monitoring the accountable advance retirement and clearance, Mr. Chairman and Honourable Members of the Committee. Salary deductions are being implemented for those staff who do not submit their acquittals on time.

21.14 - Under-Utilisation of Capital Expenditure Budget; the delays are due to the contributions of other stakeholders in the implementation of the projects. The Ministry will ensure compliance in the future.

21.15 - No Reconciliation for the Supply of Free Milk; the Audit noted that respective schools failed to submit the delivery dockets to the Ministry confirming the quantity of milk supplied by the supplier. Proper and timely reconciliations are done for the supply of free milk and weekly updates are sent to the Director Finance.

21.16 - Non Payment of Quarters Rent; the Audit noted that the occupants of the government quarters at Government secondary schools failed to pay rent. The Ministry is getting the recoveries done for those staff that did not pay the rents and will initiate salary deductions as we proceed.

Item 21.17 - Failure to Submit Audited Accounts - Cultural Agencies; the Audit noted that Fiji Museum and Fiji Arts Council failed to provide the latest Audit Financial Statements to the Ministry. For your information, Mr. Chairman and Honourable Members of the Committee, the Fiji Museum is currently working on the audit for 2010 to 2012 and will provide the Reports once finalised. The Fiji Arts Council has not provided any feedback on this and the Ministry will liaise with the OAG for assistance.

21.18 - Tenders not called for Maintenance and Upgading of Works; awareness training has been provided to the school Heads and Management and as you could hear this morning, Mr. Chairman and Honourable Members of the Committee, the launching of our latest reviewed Financial Management Handbook will assist our school Managements Heads in doing their audit on time and in a professional manner that is acceptable to auditing standards within the nation. The internal audit team has also an oversight on FEG utilisation.

21.19 - Overdrawn Cost on Trust Account; the Audit noted that schools made payments outside the Trust Fund rules and regulations without the approval of the Permanent Secretary for Education. The Ministry has managed to resolve the issue as new signatories were elected and staff were warned not to use the Trust Fund Account for operations, Mr. Chairman.

21.20 - Payment of Board of Governors Allowance; the Audit findings show that FEG was not utilised for the sole purpose of teaching and learning. The Ministry has informed schools not to use FEG to pay for the above allowance as of 2016. These allowances are not being paid from FEG anymore.

21.21 - Unsubstantial Expenditure; the Audit noted that payment vouchers worth $68,289.78 made from FEG in 2015 were missing. Thus, Audit was not able to determine the authenticity of the payments made.

The Ministry would like to inform this auspicious Committee, Mr. Chairman, that the vouchers were available for verification in the school, that all accounting records are well-kept.

21.22 - Incomplete Capital Projects; Nasinu Town Council had stopped the work as the contractor failed to provide the excavation plan. The details of that incomplete capital projects are within the Auditor-General’s Report.

21.23 - Anomalies in Maintenance and Upgrading Project; the Ministry would like to inform this Committee that the Ministry will ensure compliance in the future.

Mr. Chairman and Honourable Members of the Committee that completes items for clarification on the 2015 Budget. The Ministry is ready to answer questions or queries from Honourable Members of the Committee this morning.

MR. CHAIRMAN.- Thank you very much, PS, for your submissions which have been noted. They are well-detailed and explanatory in terms of the queries that we had in terms of the Report.

I will now handover to Honourable Radrodro to ask questions that are pertinent to the issues.

HON. A.M. RADRODRO.- Mr. Chairman, I will just start with 21.2 - Statement of Receipts and Expenditures. We note that there is an increase in revenue and as highlighted by the Auditor-General and also in your presentation, that the increase is mainly due to recovery of student fees from the Technical College, from 2015. Can you just inform this Committee on how this recovery exercise in terms of fees for Technical College operates? Is TELS operating it or is it paid by the students alone?

MR. D. LAL.- The Technical College has both sponsored as well as private students. Those who are sponsored through TELS, TELS pays for that directly to the Ministry and for private students, they have to pay themselves to the Ministry. The fees are according to the Programme, so we have got a complete list of programmes and the fees on our website which we will be able to provide to you.

HON. A.M. RADRODRO.- Your second reason for the increase was due to the request for recounts, rechecks and are they for students’ examinations?

MR. D. LAL.- Yes, Sir, those are recounts and rechecks for examination.

HON. A.M. RADRODRO.- Of those recounts and rechecks?

MR. I. TIKO.- Mr. Chairman, the success rate on those recounts and rechecks stand at a very low percentage but was due to the fact that most students were not aware that that service was provided to them at that level. Once the awareness was done, it had a dramatic result on the responses from students and also changed the percentage of that to come up to about 80 percent success rate.

HON. A.M. RADRODRO.- Mr. Chairman, moving on to the expenditures, the increase in expenditures by $21 million in 2015 was due to the recruitment of a number of teachers. What is the actual number of teachers who are currently employed by the Ministry and is this the number of teachers from ECE right up to secondary school or is it just the portion of the school system?

MR. D. LAL.- Mr. Chairman, the ECE teachers do not fall within our payroll, they are not considered as part of the establishment. So from Primary up to Secondary level, we have more than 12,000 teachers but if you want the exact number, we will be able to generate that for you.

HON. H.R.T. POLITINI.- Mr. Chairman, just backing up on the question raised by the Honourable Radrodro, I think initially when FEG was introduced, it was for primary and secondary but I believe now it is down to kindergarten.

MR. D. LAL.- Currently, the ECE is $50 per term per child for Year 5s.

HON. H.R.T. POLITINI.- Which comes under FEG?

MR. D. LAL.- Yes, Sir, separate grants for them.

HON. H.R.T. POLITINI.- Are the teachers not paid out of that grant?

MR. D. LAL.- The ECE teachers are paid through a separate allocation salary grant (Teachers ECE Salary Grant). From 2016-2017, we had a $6.8 million budget for that.

In 2015, there was a salary grant of about $3.6 million but during that time, the Ministry would pay 40 percent of the salary and the school management was supposed to pay the remaining FNPF contribution as well.

HON. A.M. RADRODRO.- On 21.4 - Statement of Losses, what is the reason for this? There were thefts and some were written-off. Do you have the breakdown/details of those items that were written-off?

MR. D. LAL.- Yes, Sir, we have got a complete list of items that were written-off, most of those were IT equipment that were written-off due to it being obsolete.

HON. A.M. RADRODRO.- Can we be given the list? Is it all including the schools or just the Ministry?

MR. D. LAL.- Mostly the Ministry.

HON. A.M. RADRODRO.- 21.5 - Stale Cheques; this has been an ongoing issue in terms of the Ministry and also across Government agencies. Why are there still unpresented cheques at the end of the year? Looking at the list, some are dated back to the beginning of the year and at the end of the year, they are still unpresented? Are these EFT payments or just physical cheques?

MR. D. LAL.- Sir, these are mostly cheque mode of payments that are not being presented, mostly relating to travel and allowances to teachers who travel mostly to remote and rural schools.

The honesty is really on the holder of the cheque or bearer to present it within the six months as during that six months period, it is still a bill that can be cashed or presented as cheque at any time. So we were only able to get it through the accounting process, to remove from our reconciliations all those but really, the honesty is on the bearer of the cheque to present it before the six month period.

HON. A.M. RADRODRO.- This is an ongoing issue from 2014 and 2015, and the reasons being provided is that, because of the bearer of the cheque so how have you tried to improve this process going forward?

MR. I. TIKO.- Mr. Chairman, we had stated that the Ministry of Education is now ensuring that all stale cheques are cleared on time. We have taken precautionary measures by asking all our teachers to state their bank accounts and we use that mode of payment into their bank accounts in Suva. Even when we started, teachers were still very slack, so to say, in opening up a bank account.

The reasons they bring was that, it included a lot of documentation but we have reminded them that there will come a time when we will stop issuing cheques manually from the Ministry because there is a system to be utilised both, safe in terms of security, of getting those cheques into other people’s hand.

For your information, Mr. Chairman and Honourable Members of the Committee, cheques within the Ministry still disappear from our Accounts Section but the good news is, we have managed to bring down the percentage and we have tracked the offenders.

There are teachers from rural and maritime schools who will be waiting for their allowances when someone in Headquarters would write a letter of authority to get the cheque out of the Accounts Section. In the last three cases we have had, we have thrown them all to FICAC. These are some of the reasons why we have been putting our teachers on the receiving end of some of these `uncalled for’ actions within the Ministry. But as I have said, Mr. Chairman and Honourable Members of the Committee, we have put in stringent measures this time around and just force all our teachers in rural schools and maritime areas to get bank accounts in Suva.

HON. A.M. RADRODRO.- PS, do you work closely with other Government agencies because there are other Government agencies who also have the same problem, looking after their customers, so to speak, who are in outlying islands, whether they have been trying to get to the general public by accessing postal services and also they have identified two which do not have these kind of services where they have to travel on a weekly basis. Have you considered with these other Government agencies?

HON. I. TIKO.- On school visits to our maritime island schools, we have a routine schedule that is always followed, Mr. Chairman and Honourable Members of the Committee, for your information. But the fact that we cannot trust anyone behind the counter these days is our greatest risks.

I have just shared with the Honourable Members of the Committee, Mr. Chairman, that we have tried our best to create bank accounts for all our teachers. Guess what, some bank officers rob our teachers out of their bank accounts by promising them, “We are going to TMO your money to the island on fortnightly basis, just give me authority.”

I have had three complaints in the office about cases where authorisation was given to the bank officers, but bank officers withdrew without consent and, sort of, milk the bank account of our officers in the maritime schools. So whichever way we look at it, the best thing we have employed as the Honourable Member of this Committee has stated, we are monitoring all salaries going into bank accounts and the latest discovery we have had with one of our prominent banks is that, they are complaining to us that salaries of teachers coming into the bank accounts are diminishing over the period of time. We have consulted the Deputy Auditor-General to come and assist us in trying to unlock the secrets of these people doing their business within our financial institutions and it is something that is quite a concern for the Ministry as a whole, Mr. Chairman.

HON. A.M. RADRODRO.- Sir, noting all the discrepancies that have been highlighted, does the MOE play a role in terms of trying to address this issue by conducting internal audits? How often do they attend to those processes?

MOE REP.- Mr. Chairman, in the MOE, we have an internal audit team based at the Ministry of Education so in each quarter, we conduct internal audits for different departments of the Ministry.

We would like to say that we are very effective. We have highlighted a number of issues since these reports have been released relating, not only to the salaries of the teachers but the salaries of the officers at the Ministry’s Headquarters.

We also conduct audits around the country. Last year, we conducted an audit of the tertiary technical institutions, the primary schools in the West, as well as this year, we are conducting the audit of the Heritage and Art and the Exams Offices.

In terms of improvement, we also conduct follow-ups, following which we submit a memorandum to the Permanent Secretary, giving him the status of how many recommendations have been implemented from the audit recommendations.

HON. MEMBER.- Do you have any follow-up on that?

MOE REP.- Yes, we do because we have a team there and it is easy for us to follow up on recent audits that we have conducted, so in every quarter we conduct audit exit meetings, and that is when we give him an update of our audit status.

HON. A.M. RADRODRO.- Can that be confirmed by the PS, the follow-ups that they are doing?

MR. I. TIKO.- If we did not have that support from the MOE, Mr. Chairman and Honourable Members of the Committee, we would still be running in circles now. I think now our structure is much clearer as I have stated earlier, Mr. Chairman, it is the monitoring bit that is missing. All that was missing and people took for granted that everyone was following rules and guidelines, not being aware that people within Headquarters could just rob someone in silence and cause the whole family misery. So we have tried to work with the MOE on those internal audits, measures put in place and we have also attended to complaints like the one we got last week.

A teacher from Lavena in Taveuni, Mr. Chairman and Honourable Members of the Committee, was awaiting his $364 Rural Allowance payout. Someone authorised the release of the cheque over the counter in Accounts and we are following that case this week. Those are some of the things we would not have been able to do if we worked on trust alone and expected everyone to be doing their work, so we have used the assistance of our internal audit provided from the MOE. We have also put up stringent measures to take to task, follow up as identified, the corrupt practices regarding our teachers’ allowances in outer islands.

HON. H.R.T. POLITINI.- Sir, probably just supporting the comments made by the Honourable Radrodro, may be make it mandatory that after teacher graduates are given a letter of offer to teach, part of the requirements is to have a bank account. If they do not have a bank account, then their salary would be withheld at the Ministry until one is provided by them and probably, avoid most of the issues that arise, especially with teachers in the maritime region in terms of fraud. Probably, it is just a sideline comment or recommendation.

MR. I. TIKO.- Mr. Chairman, part of the measures that have been taken now is for all pre-requested documentation needed before a full registration of any teacher, we have inserted those requests to be part and parcel of those registration process.

HON. A.M. RADRODRO.- Mr. Chairman, on 21.6 - Write-offs; again, this is a similar incident that I have highlighted earlier and the Audit had noted that the Ministry of Finance approved the write-off. Is this relating to the earlier one of $49,000?

MR. D. LAL.- Yes, Sir, this related to the previous write-offs of $6.8 million.

HON. A.M. RADRODRO.- 21.7 - Understatement of Expenditure in the Financial Statements; the Audit noted that $1.17 million was not included in the Ministry’s Financial Statement, why was that not included in there?

MR. D. LAL.- Sir, the Revolving Fund Account (RFA) that has been referred to is a prepaid expense account and due to insufficient funding in the operational account, the RFA account was used to clear off examination supervisors’ allowances and markers’ claims. Thus, it was not reflected in the financials for it being prepaid expenses.

HON. A.M. RADRODRO.- Why was it not budgeted for or why did you not include it in your budget? Did this initiative come after the budget process?

MR. D. LAL.- Sir, I believe it was after the budgetary process.

HON. A.M. RADRODRO.- The exams, is it?

MR. D. LAL.- Yes, most of that is related to exams in terms of supervisors and markers claims and they were from previous balances as well that accumulated in that.

HON. A.M. RADRODRO.- There was a budget allocation somewhere here of about $300,000 but what was actually incurred was more, and this is on top of it, this additional expenditures?

MR. D. LAL.- What was more was paid from this account - RFA.

HON. A.M. RADRODRO.- This RFA, what was this used for? What was the purpose that this amount was there, that you actually have to use it for the expenditures?

MR. D. LAL.- There is no funding allocated in the RFA, it is an advanced account. There is no allocation or limit to it, in which case it should not have been used in the first place.

MOE REP.- Thank you, Honourable Radrodro. One of the accounts that fall under the RFA is the Accountable Advance Allocation, Accounts Receivable, IDC, these are suspense accounts where we post and then they are cleared off later, like accountable advance. We issue it from that allocation, once they return and acquittals are provided, then we clear it off from the Accountable Advance allocation and we post it to Expenditure where the budget is.

HON. A.M. RADRODRO.- On 21.8 - the Over Expenditure; on allowances, I have a similar question, why was allowances not included in the budget?

MR. D. LAL.- Sir, at that time, there was very less budget compared to the actual teachers who were subjected to the Rural and Location Allowance. I think it has got to do with the P to P (Person to Post) as well but when we came on board, we revised the ‘P to P’ according to the FEMIS entry and ensured that in our budget submission for the following years, we incorporated those Location and Rural Allowance.

HON. A.M. RADRODRO.-The Ministry’s comments stated that you have allocated $600,000 only.

MR. D. LAL.- Yes, Sir.

HON. A.M. RADRODRO.- And what actually transacted was $5.3 million.

MR. D. LAL.- Yes, Sir.

HON. A.M. RADRODRO.- Is that an oversight or how does that work?

MR. I. TIKO.- Mr. Chairman, this was mainly due to the re-introduction of our staff and student audit electronic database. As you know, schools in the maritime rural areas were taking too long to feed into the system of the Ministry of Education. So by the time the Ministry was ready to provide each budget, we only could manage with an allocation of $600,000, thinking that we have catered for the numbers that have submitted. But in actual fact, Mr. Chairman, and Honourable Members of the Committee, the numbers differ very much, as we start to get responses from our very far rural remote area schools and maritime schools who have managed to finally accessed our database.

For now, Mr. Chairman and Honourable Members of the Committee, we would like to assure you that there should not be a repeat in the future because of the effectiveness of the staff audit that was done through the electronic database in FEMIS and then our timely recognition of those schools’ teachers and students audit was always closed off in December before the new school year.

It has also challenged us to be flexible enough within that electronic system to push the turnaround time to match the new financial year introduced by Government for the MOE. It is something that we are working to perfect. We are continuously running workshops around all our schools and throughout the nine Education District Offices so that if rural remote schools are responding in time manually to the District Offices, then we expect the District Officers to be updating on time on to the FEMIS. When we did that, there was a big change and we were able to nail the $5.3 million to cater for rural allowance.

HON. A.M. RADRODRO.- For the information of the Committee, the classification of Rural Allowance, where does it apply, say in Viti Levu, apart from the maritime and rural islands?

MR. D. LAL.- Sir, there is the disadvantage formula that is being used. It has got certain categories within that, such as accessibility to electricity, roads and those factors that are involved in certain points that are allocated to it. The Location Allowance is categorised into remote and very remote, depending on the disadvantage formula points that is categorised into those categories.

HON. A.M. RADRODRO.- In Suva, where does the Remote Allowance actually apply if you were to go from Suva to Nausori and Suva to the Western side?

MR. D. LAL.- Sir, some of the schools that would be classified as remote schools would be those, such as RKS or QVS. We consider them as remote due to their location from the main centres. Very remote schools would be schools in the maritime zone as well as in the Yasawas, Rotuma, that are classified as very remote schools.

HON. A.M. RADRODRO.- Just a matter of interest, if you go towards Naitasiri, where does the remote areas start, from Sawani onwards?

MR. D. LAL.- Sir, if you want the list of schools, we will be able to provide that to you, which schools are remote and which schools are not.

HON. A.M. RADRODRO.- In that classification, where does the rural remote schools start and we can see it from there, but if you have the list, it is alright.

MR. D. LAL.- The location is not the only factor that is being classified as remote, the accessibility to electricity, proper water and sanitation as well, those are considered, so we will revise the formula.

HON. A.M. RADRODRO.- The next question is the allowance, does it vary for rural, remote and very remote?

MR. D. LAL.- Sir, for the remote schools, a single teacher gets $1,200 per year and $2,400 for a married couple and very remote, it is $2,400 for a single and $3,600 for married couple.

HON. A.M. RADRODRO.- The criteria for this allocation of allowance, what is the basis of $2,400, $3,000, how were you factoring it, was it based on the cost of living or what is the basis for this rural allowance?

MR. I. TIKO.- Mr. Chairman, we base the rural allowances on the disadvantage index that we have identified and created each special and specific formula within the Ministry. We have also continued to review the formula so that it augurs well, like after the construction of the Nabouwalu-Labasa Highway, we have revised the formula to eliminate Dama as a rural remote school. We have taken into consideration the fact that just beside the highway, catch a return-cab and in about half-an-hour, they will be standing in front of ANZ Bank in Labasa.

Those are some of the continuous review that we do internally regarding our rural-base index. We have also factored a similar stand-in allocation FEG to rural remote schools. We know that it is no longer reasonable to be giving grants on dollars per head basis, as schools like Jai Narayan and Suva Grammar and other bigger schools of Suva still rake in a lot of money in terms of FEG. So in continuously revising and reviewing the base-index formula, we have also continuously submitted to Cabinet requests for a change in those formula.

We have gradually changed the formula from 2016 onwards so that we do not deny schools the basic cost of stationery and the basic cost of operating their schools within the urban centres but at the same time, we also streamline their budget or their FEG allocation so that we could spread the rest to the more disadvantaged schools, like those in the maritime and rural and remote areas.

HON. A.M. RADRODRO.- On 21.11 - he Tender not Called for Procurement Exceeding $50,000; the Audit noted that the Ministry failed to call for tenders and they also indicated that the Ministry did not follow the proper procurement process when procuring goods and services. This is the construction of 12 fibreglass boats and supply of outboard engine costing $253,031. Any comment on this? Why were these processes overlooked in the first place and whether the MOE also have identified this process, and what was their recommendation?

HON. D. LAL.- Sir, in terms of tender not called for, Sir, the procurement policy states that you need to call for tender whereby specific budget allocation is provided for certain goods and services. In this case, the transport assistance is for boats, bus vouchers as well as RSL operators.

The boats were provided to schools only upon realising certain savings out of the transport allocation. Up until 2016-2017 Budget Year, there was no specific provision for boats alone so the quantity of boats that would be required was unknown at that time until unutilised certain savings and then you procure a boat for a certain school based on the request that comes from the school.

HON. H.R.T. POLITINI.- Mr. Chairman, through you, I will go back to 21.10, I believe this issue seems to be a repetition in terms of bursars’ fraud in the school. Even during my time at a boarding school in Tailevu from 1991 to 1994, we had a similar issue. What are the checks and balances in place to try and curb this problem since it is like over 20 years now and I am in Parliament, I am still seeing this issue arise in these Audit Reports?

MR. D. LAL.- Some of the control measures that we have implemented moving forward is the monthly bank reconciliation of these government schools, they all are submitted to Headquarters for review. That is one area, as well as issuance of cash cheques. We do not encourage them to issue cash cheques rather than to make it a non-negotiable cheque, therefore, it becomes difficult for someone to cash the cheque, as well as we have got an audit team who frequently visits the schools.

Apart from the monthly bank reconciliation cheques that are done, bank reconciliation cheques are at the 15th of the following month, all necessary documents are provided to HQ for checks for all the government schools.

HON. H.R.T. POLITINI.- So how do you explain that $34,847.36?

MR. D. LAL.- Sir, those were due to the acts of respective bursars. Like the PS has said, one has already been charged and the other is there, the case is pending with the police.

HON. A.M. RADRODRO.- MOE on 21.11?

MOE REP.- Mr. Chairman, in the 2016 financial year, we conducted an internal audit of the Primary Section of the Ministry of Education. We identified the waiver of tender for free textbooks.

Similarly, we also identified the waiver of tender for two capital projects for primary schools but in all instances, this was a ministerial directive. So both the MOE and the Ministry of Education were unable to instigate this disciplinary action because that was a ministerial directive.

HON. A.M. RADRODRO.- The recommendation by the Auditor-General says that, “ensure proper procurement procedures are followed at all times.” So how do you fit in this recommendation to your audit finding?

AUDIT REP.- Sir, the recommendation is just following the criteria right on the very first paragraph, all procurements above $50,000 are to be tendered.

HON. A.M. RADRODRO.- Even though it is a ministerial directive, it does not eliminate the need to tender, that is what you are saying and that is what the Ministry did not follow?

MR. D. LAL.- Sir, all procurement were not done at once. It both cost around $19,000 to $20,000, so they were procured upon savings that were generated from the Transport Allocation. It could not be classified as splitting of contracts as we are not aware of the savings that you have or the request that would come from school. It would be a splitting of contract if there is a separate budgetary provision for that particular good or service.

HON. A.M. RADRODRO.- This audit issue is the construction of 12 fibreglass boats.

MR. D. LAL.- Those 12 were up during the entire financial year, not all at once but moving forward, we have classified them as a separate line item and a tender has been called for. The tender is for the whole of Government now for the supply of fibreglass boats.

HON. A.M. RADRODRO.- Those are satisfactory comments from the Auditor-General on that particular response.

AUDIT REP.- Moving forward, they have now complied with the procurement.

HON. A.M. RADRODRO.- Item 21.14 - Under-Utilisation of Capital Expenditure Budget; the Audit noted that the Ministry only utilised $4.12 million or 31.4 percent of the revised budget of $8.9 million and the non-utilisation funds allocated for capital expenditure and I think it is poor project planning on the part of the Ministry, as a result, intended benefits from the capital projects could not be realised. The listing there for all the capital projects. Maintenance and upgrading, which particular project is this maintenance and upgrading of $1.5 million?

MR. D. LAL.- Sir, that $1.5 million relates to institutional quarters and government schools renovation, the office renovations at Headquarters or the government schools that we have.

HON. A. M. RADRODRO.- You were allocated $2.6 million but you only spent $438,000.

MR. I. TIKO.- Mr. Chairman and Honourable Honourable Members of the Committee, the Bau College Allocation, we could only utilised that much for the preparatory works that were needed on-site. We could not do much because the engineers would need to re-level the site and keep piling up the earth and stone and rocks on the site so that we could build it up to a reasonable level according to the engineers.

The fact that this sort of work, Mr. Chairman and Honourable Members of the Committee, needs time. We could not hold on to the rest of the fund but use whatever we could to afford the payments due to the contractor at that time on site. It has been a project that is pending within the Ministry for the last three to four years but we finally nailed it last week in the ground-breaking ceremony. Even then, we could see where the engineers were arguing with us all the way because when they dug out the foundation of what was buried for the last three years, we could tell that the land underneath was really muddy and soft and unstable so the boulders driven in before we could nail the first ground-breaking ceremony.

HON. A.M. RADRODRO.- For the information of the Committee, the identification of the site which is probably the cause of the delay, did the Ministry identify the site on its own or did it work with the other agencies or experts to identify the sites?

MR. I. TIKO.- Mr. Chairman, that is a very good question. We took in the GeoTech engineers from MOIT to assist us as they have been the arm of the Ministry that deals with those site works and levelling and it was their recommendation that took us two and a half years to really prepare the site from Bau College. The fact that we need to leave it at some point and let everything sink and then keep adding from the top was the cause of the long delay in site preparation.

HON. A.M. RADRODRO.- Just a supplementary question to that in terms of the total cost of the project, $2.6 million was allocated in 2015. What is the actual cost of the project of this new Bau Central College?

MR. D. LAL.- Sir, our current estimates suggest that it would be about $1.6 million because after 2016 financial year, we had not undertaken that project further to the cyclone rehabilitation works which you, that we have included in our new budget submission as well now.

HON. A.M. RADRODRO.- With the new total cost of $1.6 million, what will you do with that cost? Is it a classroom building or what is the actual project cost involved?

MR. V. KUBOUTAWA.- Mr. Chairman, the $1.6 million is for the 8 classrooms (double-storeyed) with the seven ablution blocks and that is for the Phase 1, comes into Phase 4, the project in Bau Central College is in phases, $1.6 million and we will continue after 14 weeks from now.

HON. A.M. RADRODRO.- The other capital projects at Sigatoka Methodist College, $2 million only 0.95 percent completed. What do these capital projects involve, Sigatoka Methodist College?

MR. I. TIKO.- Mr. Chairman, that is to do with the relocation of the whole school as there was plan to relocate it due to the eroding Sigatoka River Bank. We felt that in relocating the school, we would save it from the climate change effect that is gradually happening all around Fiji. It is very slow at the moment because of the local landowners’ debate and argument. These are some of the unforeseen circumstances that although we have consulted the assistance of the iTaukei Affairs Ministry, we are still pending on most of our projects because there are so many owners to land that we have identified for relocation.

HON. A.M. RADRODRO.- Just a supplementary question to that, we note the comments that still landowning squabble but why did the Ministry put this budget through when it has not done this ground work?

MR. I. TIKO.- This is part of the Government projects that are assigned to the Ministry of Education, Mr. Chairman. The Ministry did not request that specific budget but it was a Government project that was initiated by Government as it was approved by Government and we have to do the ground work for Government, unfortunately, if it had been done all from within the Ministry, definitely, we would have taken the procedural steps that we usually do to engage our GeoTech people, we will call in our officers and Mr. Kuboutawa is the one that goes to negotiate with landowners from within the Ministry but because this is a Government-initiated project, we requested assistance from line Ministries such as the iTaukei Affairs.

We are still pending on two schools in Koro for a similar reason. The iTaukei Affairs has a very significant way of negotiating land deals. I am really not clear with their procedural effect but time is what is important to us and I think for the last three years, the Sigatoka Methodist School relocation has been with the Ministry of Education.

HON. H.R.T. POLITINI.- Mr. Chairman, just through you, is the Sigatoka Methodist School subsidised also by the Church or is it 100 percent Government-funded?

MR. D. LAL.- It is supposed to be 100 percent Government-funded.

HON. H.R.T. POLITINI.- I was just thinking because it has got Sigatoka Methodist Church, I would think the Church would subsidise part of the expenditure programme.

MR. I. TIKO.- Mr. Chairman, for the information of the House and Honourable Members, the whole listed government projects that you have on the Auditor-General’s Report were put on hold from after *Cyclone Winston* because of the state of emergency in which the Ministry of Education was in considering the 469 schools that were freshly damaged by Cyclone Winston and out of which we had 362 that demanded to be rebuild right from ground level. It is for that reason that these projects were halted within the Ministry and the money was then put back to the MOE. They are all on others at the moment and we will only do our requests when we have done all the ground preparatory works completed.

HON. J. DULAKIVERATA.- Mr. Chairman, through you, a supplementary question: from experience, I understand in the past that any negotiation on any land to be leased to Government, the Ministry of Land is always involved because they have the experts there because some of the issues dealing with rent and all those issues, so is that still the case or you have your own inquiring officers to deal with the new properties to be acquired by Government?

MR. I. TIKO.- Mr. Chairman and Honourable Honourable Members of the Committee, the process is still very much similar. Mr. Kuboutawa will accompany the TLTB officers, that is if we are driving the negotiation but if the Ministry of iTaukei Affairs are doing the negotiation on behalf of Government, then it is a hands-off business for us at the Ministry of Education and we will just have to fold our arms and wait.

As I have mentioned earlier, it is haunting us. With the projects in Koro, Koro landowners are still arguing where to build the school, the next Kade Primary School. It is the only school that is pending in Koro with another one at Nacamaki.

HON. A.M. RADRODRO.- Sir, just on the new relocation of Sigatoka Methodist Primary School, would you be able to inform the Committee the new intended site from its current location?

MR. V. KUBOUTAWA.- Mr. Chairman, we have worked closely with the Mineral Resource Department (MRD from the Ministry of Lands and the GeoTech from the Ministry of Infrastructure and Transport (MOIT). They have allocated the site which they have moved it further up and they have also studied the land, soil structure for that particular new site and we are working closely with them on this new site.

HON. A.M. RADRODRO.- Where is the new intended location, further up where?

MR. V. KUBOUTAWA.- This is just on our way towards Nadi, just beside the road which I am not familiar with the site, closer to the Sigatoka Sand Dunes.

HON. J. DULAKIVERATA.- Just for clarification, the current site is within the Methodist Church land so if you are going to relocate, who is going to pay for the new site, is it the Ministry?

MR. V. KUBOUTAWA.- Mr. Chairman, I think the new site is also for the Methodist Church of Fiji.

HON. A.M. RADRODRO.- Mr. Chairman, on the other capital projects, the One Learning Device Per Child (OLPC), no utilisation of fund as at the end of the audit. Any explanation on that $800,000 that had been allocated?

MR. D. LAL.- Thank you, Mr. Chairman. The $800,000 that was allocated was for the purchase of laptops but from our experience of the previous one Learning Device Per Child Programme, we reviewed that in 2015. The project needs to be more holistic in terms of the digital literacy rather than just buying of laptops, as we need the infrastructure and infrastructural development, as well as trouble-shooting and required teacher-knowledge for that. So the time the tender was called, the $800,000 for the laptops and then the audit in 2016, we then upgraded our project to digital literacy, just focussing on one Laptop Per Child.

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

MR. D. LAL.- That tender was awarded in 2016.

MR CHAIRMAN.- Let us break for 15 minutes tea and then we will start again at 11.00 a.m., just give some rest to the PS.

Honourable Members, we will convene again at 11 o’clock.

The Committee adjourned a 10.40 a.m.

The Committee resumed at 11.07 a.m.

MR. CHAIRMAN.- I welcome you back to Honourable Members and hope you had a relaxing time over tea, PS.

Honourable Radrodro has indicated that the harder questions are yet to come and he will now continue with the session. I have done that myself but my voice is not very good because of the flu that I have. Honourable Radrodro is handling it, so you can now continue with the session, Honourable Member.

HON. A.M. RADRODRO.- Thank you, Mr. Chairman.

Just continuing on the capital expenditure, 21.14, can we get some information on the school heritage sites - $423,500 and the establishment of Nakorotubu Secondary School - $350,000? Can we just get an update on these particular capital projects, please?

MR. V. KUBOUTAWA.- Mr. Chairman, thank you very much. As for Nakorotubu, it was also on hold apart from the others, due to *TC Winston*.

As for the Levuka Heritage Site, it is also on hold due to TC Winston.

HON. A.M. RADRODRO.- The School Heritage Site is on page 13, continuation of the table - $423,500.

MR. V. KUBOUTAWA.- Sir, the school heritage site at Levuka is also on hold. This was zero utilisation due to *TC Winston*.

(Inaudible)

MR. V. KUBOUTAWA.- Yes, Honourable Member.

HON. A.M. RADRODRO.- There is the school heritage sites and Levuka World Heritage Upgrading is a different one which is on Page 12? The table continues to Page 13 where there are two descriptions - the establishment of Nakorotubu Secondary School and on top of that is the school heritage sites, amounting to $423,500.

OAG, can you assist in this table of yours?

AUDIT REP.- $423,500 is for the preservation and maintenance of the three schools on heritage sites in Levuka - the Marist Convent, Delana Methodist Primary and St. Johns College. Levuka Public School was completed in 2014.

HON. A.M. RADRODRO.- No work started on this one because of *TC Winston*. The Levuka World Heritage Upgrading, any updates on that, OAG?

AUDIT REP.- Mr. Chairman, this is for the renovation and for the Heritage Site, the Bure at Levuka.

HON. A.M. RADRODRO.- This is from Government, not from donors, the School Heritage Sites of $425,000, that is the Government-funded project?

AUDIT REP.- Yes, Sir.

HON. A.M. RADRODRO.- On 21.15 - Supply of Free Milk, before I start asking questions on this, can the PS advise us as to what are the initiatives undertaken by the Ministry during this audit year, apart from the free milk and other free initiatives that were undertaken by the Ministry?

MR. I. TIKO.- Mr. Chairman and Honourable Members of the Committee, if my memory serves me right, it is free milk and weetbix which we co-ordinated closely with CJ Patel, and the other initiatives include the free textbook to all our 730 primary schools and 167 secondary schools.

The free transport initiative is also provided by Government. Free transport, Mr. Chairman and Honourable Members of the Committee is that, it applies to the urban schools, rural schools and maritime schools. We use them on land transport and also sea transport for students in the maritime zone.

HON. A.M. RADRODRO.- I note that the only audit issue in terms of this initiative is on the supply of free milk but there have also been concerns about free bus-fare scheme and the same issue of free reconciliation, under reconciliation that has been highlighted in previous audit report. I think it is 2013 audit and I do not see it in 2015, may be a good plan that has been taken by the Ministry. Can the PS or probably the Auditor advise us whether the issues that were highlighted under the free busfare scheme had been resolved and properly accounted for in terms of reconciliation and the unutilised vouchers that used to be burnt after the end of a school year?

AUDIT REP.- Mr. Chairman, for your information, I noted in the draft that the percentage of the Ministry included those areas but it is no longer included in this Annual Report.

MR. D. LAL.- Mr. Chairman, probably to elaborate on the control mechanisms that are in place for free transport assistance, to begin with, we have established a database for students that were assisted through our FEMIS system that incorporated all students. So students who are assisted are tagged against transport assistance against the stage of fare or mode of transport that they will be assisted with, so that is one form of control that is in place.

The other form is the checking of vouchers. The vouchers are physically counted at district level before payment vouchers are prepared and these are reconciled against the attendance register of schools to FEMIS and the repayments. So we have a correlation to state whether our payments are aligned with the absentism rate and the usage of transport assistance.

MR. CHAIRMAN.- Just by way of background, I understand that the free busfare voucher, that is given for the closest nearest school to the home of the child. It has to be in the same region. If this is out of the stage, if the child chooses to go to a school that is outside away from the home, then you pay for that stage 1 and the other stages is paid by the child?

MR. D. LAL.- Sir, the busfare is provided not only to those who are closest to the school. It depends on the individual case scenario. Sometimes, there is a need to attend further schools due to the choice of subjects probably, so the school heads then determine the students who will be assisted within the eligibility of the income of the parent as well.

MR. I. TIKO.- Mr. Chairman, one of the reasons we have effected that was simply because according to the Constitution of our nation, we thought that we need to give that freedom of choice for parents to take their children wherever they want to. However, we were still quite strict on provision of busfare to be done on the basis of our regulations that we stated or stipulated earlier on which is, for parents whose annual income are below the $15,000 threshold. That is the reason, Mr. Chairman, there have been some variations in the provision of busfare and busfare coupons for students but all are monitored effectively now from the district through the database that I was sharing with the Honourable Members of the Committee earlier on in today’s session. Without that FEMIS Student Audit Database, we would be paying blindly to the schools and it is there that the operators and even students were thriving on beating the system.

For your information, Mr. Chairman and Honourable Members of the Committee, students were even selling coupons. When we audited Suva Grammar School busfare coupons, for example, we found that some busfare coupons from Labasa were used for Suva Grammar School route so we had tightened up on that. We effected student audit within the FEMIS Database to crosscheck all busfare coupons submitted at district level.

MR. CHAIRMAN.- It is surprising how people find ways to beat the system. The system is supposed to help them. These initiatives, the taxpayers are forking-out a lot of money to make life easy for them but they are making your life harder.

HON. A.M. RADRODRO.- A supplementary question to that in terms of accountability for the busfare coupons; I think there has been long outstanding issues in terms of trying to make reconciliations and the way you account for it. Is there any way in the future that the Ministry is looking at to resolve this busfare coupons by introducing cards or what other initiatives that are in place to counter these audit findings that you have conducted in Suva Grammar School, for example?

MR. I. TIKO.- Mr. Chairman, we are anticipating and just waiting for the launching of the free busfare, card system from our local provider. It has been piloted for a few schools, like Adi Cakobau and few others in the Suva area, and also in the Western and the Northern Divisions. If those cards come out, it will be, sort of, a much more creditable system where the smart people cannot beat it and it is not easily subjected to fraud.

Thank you, Mr. Chairman.

HON. A.M. RADRODRO.- Thank you, PS. This is just going around the issue before we tackle this. On free textbooks, can you advise the Committee how much does it cost the Ministry to accommodate this initiative?

MR. D. LAL.- The cost was initially around $1.2 million in 2016 to print the textbooks and in the 2016-2017 Budget, we were allocated $5.3 million for the printing of textbooks for two years. That would be for this year as well as for next year.

In our next budget submission, it will significantly reduce again to $1.2 million for refurbishments of textbooks only.

HON. A.M. RADRODRO.- Just a matter of interest to the Committee, who is the supplier or the printer for this textbook initiative?

MR. D. LAL.- Those textbooks that are not printed within our ERC, the Ministry’s Printing Centre, it goes through the tender process and the last financial year, three companies were awarded tender to print the textbooks. They were specific textbooks that specific companies would be printing and we will follow the same process in the future as well.

HON. A.M. RADRODRO.- What are the names of the companies?

HON. D. LAL.- If I recall accurately, one of it is Star Printery, two others I will not be able to tell you.

MR. CHAIRMAN.- It is not an audit query but this one is just for information.

HON. A.M. RADRODRO.- We also noted last year there were some cases or instances where students do not have access to these textbooks and at the same time, they were told to print their own textbooks or download it from somewhere. When will they be made available to all the schools?

MR. I. TIKO.- Mr. Chairman, the onus is on our school heads to submit on time their textbook requests. When we were doing it manually on the form, it was very slow and by the time we completed delivery before December of the current year for the next school year, some schools had not responded. So this time, while we are using our FEMIS database, our student audit accuracy on the database propels the whole Education Resource Centre to do their work solidly throughout the delivery period.

It is something that has also jolted the school heads to be more responsible for because sometimes, they do not account for damaged textbooks but they reorder for a new stock of supply. But in using the FEMIS database, we could verify their request and tell them exactly, “You were delivered these many textbooks on these dates and this is the signature of the recipient”, so those monitoring mechanisms coming in through our database has strengthened and improved the efficiency of delivery and provision within.

You will find that textbook budget fluctuated a bit, we had $1.6 million and then $5.3 million in the following year after the $1.6 million, and that is a huge difference. More was to do with the discovery of student audit proper done through the FEMIS database.

I think that is the situation on free textbooks, Mr. Chairman, and in terms of who is printing as Director Finance has stated, we follow strict Government procedures now by tendering it and offering it to the most reasonable bidder, in terms of time and quality of print. Star Printery has been our number one bidder so far because they have never provided anything behind schedule. They have promised and they have delivered on time.

MR. CHAIRMAN.- Can you move on to the next one because the textbook one is an audit issue but we just ask that one by way of background.

HON. J. DULAKIVERATA.- Mr. Chairman, for our information, why is the Government Printing Press that used to print it not doing it now rather than tendering it outside?

MR. I. TIKO.- Mr. Chairman, the Government Printery is busy with its own job allocation and when we tendered and go in and even negotiate with them, they could only assist us with the examination papers. Unfortunately for our textbooks, they have asked us to tender it out because they do not have the capacity to address it.

HON. A.M. RADRODRO.- On the issue of 21.15 - No Reconciliation of Supply of Free Milk; before I relate the question to the Ministry, I would like to first ask the MOE, has this issue been part of your audit? Have you raised it with the PS?

MOE REP.- Mr. Chairman, this issue was also raised in our 2015 Financial Year Report. We noted that when we conducted the audit, there was no SOP, no awareness and poor co-ordination between the schools and the district offices. But since then, in the conducting of our follow-up exercises for the Ministry, we have noted that the Ministry has since established an SOP. They have been conducting awareness training in the divisional sections, as well as improving the co-ordination between the schools and the Ministry’s HQ.

HON. A.M. RADRODRO.- To the Ministry’s PS, there is a very serious concern here in terms of making payments without proper reconciliation. The Ministry paid a total of $2.4 million for the supply and distribution of free milk to schools in 2015 and the Audit noted the respective schools failed to submit delivery dockets to the Ministry confirming the quality, quantity of milk supplied by the supplier and as a result, the Ministry was not able to carry out regular reconciliation to confirm the accuracy of the quantity of milk received by the schools. The first question; who was the supplier of this free milk initiative?

MR. D. LAL.- The distributors are CJ Patel.

HON. A.M. RADRODRO.- Did this supplier underwent the process of tendering?

MR. D. LAL.- Yes, Sir.

HON. A.M. RADRODRO.- He was the successful tenderer?

MR. D. LAL.- Yes, Sir.

HON. A.M. RADRODRO.- On the audit issue that is noted, the accuracy of the delivery under quantity, how do you ensure that what you paid is actually what was delivered, as the process was not followed and as has been highlighted by the Auditor-General, there was no reconciliation to verify the delivery according to your payment?

MR. D. LAL.- Sir, 2015 was the initial year, in Term 2 the free milk initiative rolled out to schools. There were reconciliations at some level, not necessarily reconciliation in terms of certainly through the delivery dockets, payments were made based on the invoices. The original copy of invoices that were provided by CJ Patel, the issue there was that, the remoteness of certain schools in order for them to be able to first provide those delivery dockets back to Headquarters for us to initiate the payments to CJ Patel and secondly was the lack of awareness amongst school heads for them to do that in 2015.

Moving forward, we have re-engineered the documentation process whereby CJ Patel is now preparing documents in triplicates because there are three parties that are involved: the Ministry, the schools and CJ Patel. Now, they prepared documents in triplicates so once the schools receive the milk, a copy is provided to us through CJ Patel which is authorised by the schools. So we have managed to curb that issue in terms of schools not being able to supply to us by having triplicate copies of that.

Then we have got the free milk acquittal forms from the schools, passed on to the districts so the Audit had picked that issue up. We were not able to instantly incorporate in our operations because of the school terms, so beginning of this financial school year, we have incorporated most of the internal control mechanisms to ensure that proper reconciliations are in place prior to payment being done.

HON. A.M. RADRODRO.- I take it that what the Auditor-General is saying is that, the payment that you made is based on the invoice, it is not based on the delivery. Whether it has been delivered and the right quantity being delivered, how do you verify that what you have paid out in terms of the invoice is actually what has been delivered to the respective schools?

HON. D. LAL.- If you look at the invoices that most companies generate these days, the delivery part is part of the invoice itself, the bottom part of the invoice states the delivery of it. The invoice serves a dual purpose these days. If you look at the invoices, it has got a delivery part at the bottom of it whereby the school head or the respective person who has received the milk had signed off on that.

HON. A.M. RADRODRO.- That is not what the Auditor-General is stating, he is saying the delivery docket.

MR. D. LAL.- Probably, they will need to revisit their findings in the terms because the invoice usually has the delivery part at the end of it. That delivery docket just becomes an additional document.

AUDIT REP.- Delivery in the sense that it is verified from the schools, so they sign off.

MR. D. LAL.- The school heads they sign off in the invoice.

MR. CHAIRMAN.- Which one is acceptable, the delivery docket or the signed invoices?

MR. D. LAL.- In accounting, the invoice serves the dual purpose of delivery.

HON. A.M. RADRODRO.- I know, that is what you are saying but the Audit issue is talking about delivery docket as a means of verification for the actual delivery of what you are paying.

AUDIT REP.- As long as it is verified from this recipient and they should verify that the quantities have been received, that is what we are after to have that reconciliation.

HON. A.M. RADRODRO.- The signatory of the invoice that the Ministry is talking about that the milk was actually delivered and signed by the school heads irrespective of how remote they are.

AUDIT REP.- Yes, Sir, because CJ Patel delivers to the respective points, that is when they get it signed off.

HON. A.M. RADRODRO.- The other issue that I would like to raise on this particular milk initiative is the quality of milk. How does the Ministry ensure that what is being paid for and delivered is actually having a value for money? It actually does not create sickness to the school children after a lapse period, that you paid for something which turns out that it is not in a good condition.

MR. D. LAL.- Sir, the specifications and the requirements were all part of the tender so probably in terms of its quality, the health professionals will be in a better position to explain that, Sir, I am not an expert in nutrition.

HON. A.M. RADRODRO.- Have you had some feedbacks from respective schools that the milk had caused running stomach to school children?

MR. I. TIKO.- Mr. Chairman, the circumstances surrounding the milk issue is quite interesting if you allow us, Mr. Chairman, to go down that alley right now, I will just share with you that not all our students’ digestive system are receptive to this big change. We have got reports from school heads that some students just do not want to take it and we accept those. Some who took it, had caused some allergies and those are catered for within the monitoring system that we have in place.

As I said, Mr. Chairman, we cannot force students who do not feel like taking it, so what some teachers have reported to us, that they have tried to assist and the easy consumption of the milk was that, add a bit teaspoon of sugar into the weetbix and milk and it will flow in easily.

MR. CHAIRMAN.- Yes, I understand that, PS, because not everyone is as receptive to the idea, especially in food, people have allergies to wheat, for instance. Some people have allergies to sugar, some might be allergic to milk. I remember in the 1980s when we were in primary school, there was this government initiative of skim milk. A lot of people spread the rumour that this milk is actually milk from the pigs and people somehow were not drinking it, so these things happen. But it is not an issue here, it is generally by way of background, not everyone will take the same system, same milk.

MR. I. TIKO.- On the whole, Mr. Chairman, it is an effective initiative that has really generated more positives than a few hiccups as I have shared with you.

MR. CHAIRMAN.- There is also a lot of cases of malnourished children who do not even have breakfast to bring to school. Milk and weetbix, at least, caters for their breakfast so they can go down that track. It is not an easy issue.

MR. I. TIKO.- Mr. Chairman, it is worse with people in the highlands.

HON. A.M. RADRODRO.- Just a question to PS, CJ Patel has been appointed, how long is his contract?

MR. D. LAL.- Sir, it is a three-year contract which would come to an end at the end of this year so it depends on our budgetary provision moving forward, whether we will advertise for the tender process again.

HON. A.M. RADRODRO.- On 21.16 - Non-payment of Quarters for Rent; the Audit noted that the occupants of Government quarters at Government secondary schools have failed to pay rent from the date the quarters have been occupied, a total of $72,000 was outstanding. Any comments on this particular Audit issue?

MR. D. LAL.- Mr. Chairman, what I had gathered from our Director HR that there was an understanding with PSC in terms of Government teachers who are residing in Government quarters to pay rent, as they said that they used to undertake school activities even after hours. I could not manage to get the documentation for that, but that is what I got from my Director HR, that there is an understanding between PSC and the Ministry in terms of rents charged to Government schools.

MR. CHAIRMAN.- Just a question on that, Director, in other areas like medicine, there is a direct deduction from the salary towards the payment of rent so if that has been the system here in the Ministry of Education, this accumulation would not have resulted. They would have had direct salary deduction but here, there is $72,126 accumulated over the years and that there was promise by the Ministry at the end that the Ministry further investigates and that salary deductions will be made against the staff. Has that been done?

MR. D. LAL.- Sir, initially, there was salary deduction at source but then there was this understanding that came in place for not charging rent to the Government because they had to undertake duties after hours, without any additional salary benefit to the teachers.

MR. CHAIRMAN.- So there was a work off on that?

MR. D. LAL.- Yes, Sir.

MR. I. TIKO.- Mr. Chairman, the understanding was that, PSC had agreed to substantiate that rent to the unofficial hours on which staff in those quarters do their duties in the school. This is especially for boarding schools, Mr. Chairman.

Our staff are more or less on call 24/7. They have shifts throughout the day and even throughout the weekend and nights, in comparison to others who are in the medical service, the staff are only on their duties on their shifts. That can be night shifts and day shifts and afternoon and morning shifts but for teachers, they are only rostered from 8.00 to 4.30 but after 4.30 onwards in the weekends and all those, Government school teachers are challenged to be on duty within the compound.

MR. CHAIRMAN.- OAG, if that is the case, then the issue of outstanding rent will not arise because they are paying off by labour - the upkeep of the property, mowing the lawn, et cetera. So can that be adjusted? Probably, there is no accumulation in some cases but it has to be verified in the Ministry. It may not be all of them but there could be some of them who actually offset against manual labour, extra hours they provide.

MR. D. LAL.- Mr. Chairman, we are still trying to dig up the correspondence the Ministry had with PSC back then so that we can facilitate for re-looking into this matter.

HON. J. DULAKIVERATA.- Just one question to the PS; there was a question raised by the PS on the condition of employment for teachers in boarding secondary schools. I understand that before, they used to have rent-free quarters but now everyone has to pay but still they have long working hours and because of their responsibility to be with students during every activity, they have no choice but to do that. Have you ever put up any proposal to bring this about to change the system again?

MR. I. TIKO.- Mr. Chairman and Honourable Member, I think that is what we were trying to elaborate on that this change into paid government rented quarters in boarding schools was realised to be a burden for our teachers in the Government boarding schools. We had submitted our concern to PSC at that time and that was the reason why they have issued a document that we will provide to the Board, Mr. Chairman, for the clarification on that issue. But yes, we thought that PSC has done that without the copy given to other Ministries and we will do that with the Auditor-General’s Office.

HON. A.M. RADRODRO.- Sir, just a supplementary question to the Auditor-General; these examples that you put out in the table here, the actual outstanding from the Ministry’s records are rental outstanding? How can the Ministry attend to this outstanding rent (this is from the Ministry’s records)?

MR. D. LAL.- Sir, once we get hold of that document, the understanding that we have, then we can go back and decide whether we will initiate recovery measure (not necessarily write-off) but ….

MR. CHAIRMAN.- There might not be a need to recover if there was an understanding.

MR. D. LAL.- Yes, exactly.

HON. J. DULAKIVERATA.- Sir, just one supplementary question; normally when you move into Government quarters, you have to fill in your occupation and your rent is deducted right away. If that was done, why do you have arrears?

MR. D. LAL.- Sir, probably it would relate to the understanding that was there in terms of the Finance team who continues to be updating in the arrears as it would have been a revenue on the actual ground that they were not subject to be paid rent.

HON. A.M. RADRODRO.- What the Honourable Member is saying is that, while the PSC advice was there for no rent for Government boarding schools but the Ministry is still recording those rental deductions but not deducting actually from the teachers themselves.

MR. D. LAL.- Probably, the Finance would have been continuing to realise it as a revenue while actually on the ground, they were not supposed to realise or something of that sort that will need to be done.

HON. A.M. RADRODRO.- On 21.17 - Failure to Submit Audited Accounts - Cultural Agencies; the Audit noted that the last audit accounts by the Museum and Fiji Arts Council were for Years 2007 and 2003 respectively.

The Ministry continued to provide annual operating grants for the two agencies as detailed in the table and the 2010 - 2014, Fiji Museum had $1.4 million; 2015 - $330,000; a total of $1.8 million paid from 2010 to 2015. Fiji Arts Council - $1.4 million from 2010 to 2015, yet the audited accounts were not submitted from 2007 and 2003. Why does the Ministry continue to make payments, despite the respective agencies failing to meet their necessary requirements?

MR. I. TIKO.- Sir, the Ministry is now providing grants to the respective agencies based on the condition that they provide quarterly acquittals, so every single payment and payment voucher is submitted before we release further grant to them. This is to ensure that the funds are used for the purpose that it is being given to them. The audit has been backlogged so we had to take that necessary step to ensure that the funds are utilised for the purpose that it is being given for, while we await the back-dated audited reports.

HON. A.M. RADRODRO.- I think the requirements as per financial manual is that, and I quote:

“The recipient of the Grant Assistance shall prepare an acquittal report. The acquittal report shall provide the following information:

* details of grant money expended and unexpended;
* grant objectives and targets achieved; and
* financial statement (audited if practicable) for grants of $20,000 or more.”

MR. I. TIKO.- Mr. Chairman, those are some of the anomalies that we saw when we took office in 2016. I think what the Director Finance is raising is our current stand on those issues. We are also pursuing these overdue financial reports to be submitted. However currently, we are no longer distributing or disbursing funds as they used to do before, 100 percent release of funds and then we sit and wait for acquittals to come back. Now, we are releasing funds quarterly in 25 percent of the 100 percent that was donated. It is not only with our Fiji Arts Council and the Fiji Museum that have lagged behind. It was also very common within various units of our Ministry internally.

When we get funding from our education cluster partners, like Save the Children Fiji or UNICEF (United Nations International Children's Emergency Fund), acquittals need to be provided back to those outside donors on time to ensure those timely acquittals are handled well by our units. We are now disbursing them funds in certain percentages over a certain period of time. Otherwise, Mr. Chairman, this would be a norm within the Ministry as we saw coming in 2016 that in some units, it was a norm. We spend it as much as we can, we do not do any responsible role of accounting to every fund that we utilised and I think the two highlighted units were those as we see on this, and we are still pursuing them to get their books cleared with the assistance from the Attorney-General’s Office.

HON. H.R.T. POLITINI.- Mr. Chairman, through you, may I request that the Ministry hand in some sort of information on revenue collected by these two cultural agencies because the Fiji Museum, being the only museum in Fiji, I believe they have substantial revenue collection in terms of tourists coming in and visiting the Museum throughout the year, if that could be provided to the Committee.

MR. CHAIRMAN.- It is not really an Audit issue but if possible or for information purposes, it can be viewed but the issue here is, does the Government give grants to these agencies, whether they are earning a revenue or they are not earning a revenue, irrespective of the Government giving them grant. The acquittals are in respect of those grants, not in terms of their revenues, is it not?

HON. A.M. RADRODRO.- Sir, just a supplementary question to the PS; the third requirement on the Financial Statements, “audited if practicable” does the Ministry recognise these audited statements to be done by any audit or is it to be certified by a public practitioner?

MR. D. LAL.- Sir, it needs to be certified. In this case, if you see, the Museum has engaged Ernst & Young to conduct the audit of the previous accounts.

HON. A.M. RADRODRO.- Why I raised that question is because of your FEG and you also audit accounts but in there, you have a specific lax in terms of the particular auditor to provide the audited accounts for schools. So are you going to recognise only CPPs in the future or the policy will still be the same?

MR. D. LAL.- Sir, in terms of schools, we have to realise that certain schools get very minimal grant and for such reasons, we have stated that the auditors need to have a Degree in Accounting as well, not necessarily a CPP or CPA in that case, due to the costs so that is involved in hiring them to audit very small portions of grants, particularly for the small schools.

MR. I. TIKO.- For example, Mr. Chairman, we look at Vanuavatu District School. If we ask Ernst & Young or one of the recognised auditors in Suva to audit their accounts, it will chew up almost half of their cake so for that reason, the Honourable Minister and senior staff of the Ministry thought that if we thought creditable accounting teacher, somewhere accessible or if what we have done to assist schools in maritime zone was to ask them to have a little committee here in Suva to assist on that.

We have managed to find some good auditors who can come in and audit schools in the maritime zone for much more reasonable price tag, considering not that much FEG in their bank account, Mr. Chairman.

MR. CHAIRMAN.- PS, if it is a small scale school, which has got limited funds, can they not just submit all their documents to Headquarters here and then you audit it from here on a remote basis?

MR. I. TIKO.- Mr. Chairman, that is what the current practice is right now.

AUDIT REP.- Unfortunately, Honourable Member, we do not have the resources. As it is, we do not have the resources to be auditing all the 35 odd Ministries.

HON. A.M. RADRODRO.- 21.18 - Tenders not called for Maintenance and Upgrading of Works; can we get further comments on the audit review into the maintenance?

It says, and I quote:

* “The School deliberately split the contract into two in order to avoid the tender process. The scope of work for both the contract agreement is the same and the duration of the work for both contracts was almost continuous. In addition, the School failed to obtain competitive quotations for the above maintenance and upgrading works.
* A total of $87,340 or 95% of the contract sum was paid to the Contractor as at 15/09/15. The payments were made based on the directive of the Building Supervisor at the Ministry of Education Asset Management Unit.”

That is tabulated in Table 21.15.

MR. CHAIRMAN.- To make it simple, had it been a $50,000 plus one, they would have had to call for tenders but they split the contract in such a systematic way to bring it both below $50,000. That is when they beat the system, gave the contract to the same contractor and then paid the amount. I believe the inspection shows that the project was delayed and the work was not done to standard, anyway. Can there be an explanation on that?

MR. D. LAL.- Sir, moving forward, we have had extensive workshops with schools, school managers, and just recently yesterday, we launched our new school management handbook as a guide to ensure that all schools abide by the procurement policy of the Government.

MR. CHAIRMAN.- The school management have this uncanny ability of making good friends with contractors and we always see that management of schools are very close to the particular contractor. The wheelbarrows that are used for the construction works end up at the school managers’ houses or his residence sometimes, so is this splitting of contracts and favouring/signing contracts of others?

MR. D. LAL.- Sir, we have managed to control the situation whereby you would note that as of last week, we had our internal Audit Team auditing 114 schools around the country and accounts of FEG utilisation, and we also have an online monitoring system. We are trying our level best to ensure that all schools are compliant.

MR. CHAIRMAN.- OAG, just by way of background, that report is not with us yet but is this similar issue recurring in the 2016-2017 review audit? The problem here seems to be the splitting of tenders. The way it was done was to bid the tender and the major problem was that, even if it was given to a reputable contractor without the need for calling of tender, the results were good, from the old Proverb: “All’s well that ends well” but did not end well.

It says that, and I quote:

“However, the site inspection carried out by audit on 11/12/15; on contractual works revealed that the Contractor did not complete most of the maintenance and upgrading works.”

So first the tender was split, given to him over others and then he did not do the work.

“The Contractor was yet to complete the repair works on the roof, works on eaves batten, repairing of gutters and down pipes. The completion of the project was delayed by four months.”

So even after the delay, it is not done.

Is this problem arising again in 2016? From your knowledge, it is not an audit issue yet but I am just hoping because the Ministry had said that they have had extensive workshops with management regarding this problem and should arrest the situation. From your knowledge, have you seen it?

MR. D. LAL.- Mr. Chairman, may I comment, I have got a copy of the draft audit report with me and we do not have that issue in the draft report that was sent to us from the Auditor-General’s Office.

MR. CHAIRMAN.- Probably, check again, see if you have missed something.

MR. D. LAL.- This is the first draft that they sent to us.

HON. A.M. RADRODRO.- Mr. Chairman, just a supplementary question; the pictures of this particular contract are on the other side, the school looks familiar. Which school is this? Just on the Building Supervisor who recommended the payment, is he still with the Asset Management Unit of the Ministry?

MR. V. KUBOUTAWA.- Mr. Chairman, the Building Supervisor has retired.

HON. A.M. RADRODRO.- On 21.19 - Overdrawn Caution Trust Fund Account; the Audit noted that the Caution Trust Fund Account of a Government School was closed by the Bank due to insufficient funds. As a result, the School failed to refund the student leaving the school at the end of the 2014 and 2015 school year. In addition, the audit noted that the School does not have any record to substantiate the amount owed to the students enrolled before 2014.

How does the Ministry address this, owing these to students?

MR. D. LAL.- Sir, at that time, the Trust Accounts were being managed by the Boards of the Government Schools. The Board is now playing an advisory role only and the Trust Account signatories are now the school heads so in order to ensure that the Trust Funds are utilised for its intended purpose, we have re-looked at that and the Director Secondary is wholly responsible for all the Government Secondary Schools and Director Primary for the Government Primary Schools in that regard.

MR. CHAIRMAN.- 21.20 - Payment of Board of Governors Allowances; are those the same comments that you referred to?

MR. D. LAL.- Yes, Sir, this was paid by one of the Government schools to one of the Board members, so that practice stopped instantly after that.

HON. A.M. RADRODRO.- What happened to this payment? Is it recovered, written-off, the payments that have already been made to the Board of Governors?

MR. D. LAL.- No, it is not recovered, Sir.

MR. I. TIKO.- Mr. Chairman, the Government School involved could not provide us with the current address of this Board of Governor, who was conducting this silently within the school.

The school was not the only Government School that was using this procedure, both our Government Schools in Tailevu North - RKS and QVS, were also rewarding their Board of Governors.

The Board of Governors were helping themselves to the FEG grants and this being one of the main reasons why we terminated all School Boards of our Government Schools and we took charge from 2016 onwards. Some of their sitting allowances go up from $110 to $180 per session. We thought that those were money warranted for students’ teaching and learning support and other support activities in schools.

MR. CHAIRMAN.- What is the general practice, PS, the Board of Governors of Government schools, are they supposed to be paid allowance?

MR. I. TIKO.- No, they are not.

MR. CHAIRMAN.- They are not?

MR. I. TIKO.- It is on voluntarily basis.

MR. CHAIRMAN.- If they do not want to serve they can always resign. The money from the Government’s FEG, that is also almost criminal, is it not? Fiji is a small place unless they have died, we can always dig them out.

MR. I. TIKO.- After we terminated them, they persisted on getting back to the Board and we gave them that mandate, if they want to come back to the Board, they have to pay their debts first and that is when they backed off.

MR. CHAIRMAN.- We know where they are, it is just a question of enforcement now.

MR. I. TIKO.- Yes.

MR. CHAIRMAN.- Probably, just some action taken, it is easy to recover. It is a statutory grant, it can only be used for the purposes as outlined there.

MR. I. TIKO.- For the information of the Committee, Mr. Chairman, even the schools that were not Government schools had Chairs and Managers. They are also helping themselves to get an annual salary out of the FEG.

MR. CHAIRMAN.- There is a huge problem in the Western Division where I come from, the school managers drive flashy cars, as you mentioned the other day.

HON. J. DULAKIVERATA.- Mr. Chairman, just one supplementary question; who authorised the payment?

MR. I. TIKO.- As I have said, Mr. Chairman, the Board took it with their own authority to do the authorisation.

HON. A.M. RADRODRO.- PS, just on the recommendations of the Auditor-General, the Ministry should take appropriate action to ensure board allowances paid to the board of governors are recovered. Is that still an ongoing process that will be undertaken by the Ministry?

MR. D. LAL.- Yes, Sir, we will look into means to initiate recovery measures from the board members who had taken allowances.

21.21 - Unsubstantiated Expenditures; the Audit noted that payment vouchers totalling $68,289.78 made from FEG in 2015 were missing and the Audit was not able to determine the authenticity of payments made. The table details the payment vouchers. Any comments on the Audit issue and improvements made on this?

MR. D. LAL.- Sir, in terms of records management for schools, we have made significant progress in terms of how schools record transactions and maintain files online as well as in hard copy documents. In the particular school concerned, part of the documents were with the Ministry’s internal audit at that time, when the auditor visited the school. So that is probably one of the reasons why payment vouchers were not in the School at that time, part of it was with the Ministry’s internal Audit Team.

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

MR. D. LAL.- Yes, the Ministry has its internal Audit Team as well that does audit for schools only.

HON. A.M. RADRODRO.- 221.22 - Incomplete Capital Projects; the Audit noted that the contractor discontinued with the project after completing 20 percent of the agreed scope of work. The Audit found no evidence to indicate that the school was monitoring the quantity of soapstone excavated from the area before the contractor decided to discontinue with the project. The Headteacher obtained three quotations to complete the area for a new building and re-engaged the same contractor as they had quoted the lowest price.

The school paid $18,975 for the agreed costs, however the contractor absconded without completing the project. The findings indicated the lack of proper planning on the part of the school in carrying out the projects, lack of proper monitoring and responsible supervising officers to ensure that the work is conducted within the requirements of the MOU. Can we have any comments from the Ministry on this particular capital project-monitoring exercise? Which school is this, Auditor-General?

MR. I. TIKO.- Mr. Chairman, this is our Government Primary School situated at Nasinu, Delainamasi Government School.

HON. A.M. RADRODRO.- Any comments on the project itself and whether it is actually completed? What is the status as of now?

MR. I. TIKO.- Mr. Chairman, the project went through a start-stop sort of period and we were continuing to monitor the school headteacher and at the same time, carried out the necessary investigation on the spending, of what percentage has been taken so far. We are trying to verify the developments done. The latest we have got on the ground for the school is that, they have completed the one-by-two classroom so far, we are still awaiting the rest of the phases that were still pending.

One of the reasons we went on a stop-start mode was that, we finally worked out that it would be much more conducive if we implement in phases. The Headteacher was not with us on that idea so he was doing his own business and we stopped and cautioned him to follow the guidelines provided from the Ministry. All the other processes were in line. The only thing that they wanted is the full roll-out at once rather than effecting the development in phases.

HON. A.M. RADRODRO.- Sir, just a supplementary question; as the Auditor-General has highlighted, it questions the planning process in terms of the initiation of this project. The recommendation is that, the Ministry to further investigate into the arrangement the school had with the contractor which resulted in the incomplete project and take appropriate action. Has the Ministry done this first recommendation?

MR. I. TIKO.- Mr. Chairman, as I have stated earlier on, it has gone to the conclusion of a one-by-two classroom as its Phase 1. We have cautioned the Headteacher to abide by the Asset and Monitoring Unit Phases of Work and Scope of Words done for school development and he has aligned himself to that, Mr. Chairman.

MR. CHAIRMAN.- Has this teacher been taken to task or any disciplinary action taken on this?

MR. I. TIKO.- Mr. Chairman, we have given him a last warning letter.

MR. CHAIRMAN.- He went against a directive and he re-engaged the same contractor and then he ran away.

MR. I. TIKO.- We found out what was behind all that, the advisory committee, sort of, forced him to go that way for a fast and quick turnover of getting the buildings done quickly. Our road was, sort of, a long pathway for the committee but as soon as we investigated, we thought that he was supposed to decide with the committee so we terminated the whole committee and we replaced a new school committee.

HON. A.M. RADRODRO.- Just a question, apart from the School Head Teacher who is probably not equipped to conduct the verification process, going forward, what has the Ministry planned to implement or set in place to ensure that this particular anomalies do not reoccur for any other school projects in the future?

MR. V. KUBOUTAWA.- Mr. Chairman, the way-forward now is that, we have improved on our system, we have paved the way-forward for MOIT to be consulted on all projects and all the processes and checks that need to be done so they can be vetted properly as we move forward.

The monitoring part will be done by the Asset Monitoring Unit of the Ministry of Education, which is done every two weeks.

HON. A.M. RADRODRO.- 21.23 - Anomalies in Maintenance and Upgrading Project; I think there are a lot of issues in terms of capital projects and maintenance have been highlighted here.

The audit noted that a Government school engaged the services of a company for maintenance and upgrading works as detailed in the table. Maintenance work for administration and building and two classrooms of $45,000 and physics laboratory, food and nutrition lab, one classroom and a store room at $44,000.

The audit noted that the School deliberately split the contract into two in order to avoid the tender process. The date of payments to the contractor indicates that work for both the contract was carried out concurrently. Can you give us any comments and update status on this particular audit anomaly?

MR. D. LAL.- Mr. Chairman, once when the Ministry suspended the Board, the Secondary Section with AMU conducted the building of Government schools, so to say, which were not up to standard with some of the private schools that we have. So the construction, upgrade and maintenance were done from the FEG which were released on a term basis and these were done, apart from the 30 percent allowed for building projects. These were from the savings that they could generate on a term basis.

If you look at Table 21.2, two of those projects were done in Term 2 and payments in Term 2 from the Term 2 Grant and the remaining was in the Term 3 payment. Also, the splitting of contract could be an issue but it related to the funding that was available at that point in time to conduct the upgrade works up to that point only.

MR. CHAIRMAN.- While we are there on the Table 21.2 - Building Grant, Director, you see in the anomalies, it is noted that almost all those contracts had no signed contract and no quotes, no approved plan and some of them have got no quotes. Why is that a recurring issue?

MR. D. LAL.- The 21.2 Appendix is a different one from what 21.2 relates to in the table, Sir.

MR. CHAIRMAN.- It is a different table?

MR. D. LAL.- Yes, it is a different table. Table 21.2 relates to the building grants that are given to schools.

MR. CHAIRMAN.- On that one point, why are there not any signed contracts, is it the normal practice? We will come back to the initial question.

MR. D. LAL.- Previously, there used to be a contract and a Memorandum of Agreement in place, to ensure that the documentation process does not take too long. Those two are combined into one to have one single MOU.

MR. CHAIRMAN.- Whose responsibility is it, the schools or the Ministry, to ensure that the MOU is done?

MR. D. LAL.- The MOA for that was in place, the contract was not but what we tried, just for the legal binding, to combine both into one and to have one single document which is the MOA.

MR. CHAIRMAN.- If the contractor absconds under the MOA, is it sufficient to institute proceedings against the contractor?

MR. D. LAL.- The agreement is between the school and the Ministry. From thereon, then they carry out the process of acquiring a contractor to engage in the physical work.

MR. CHAIRMAN.- The schools?

MR. D. LAL.- Yes, Sir.

The funds are released to the schools, then they engage contractors or they buy the materials themselves to construct the additional buildings.

MR. CHAIRMAN.- Are the schools required to enter into a contract or some sort of agreement with the contractor?

MR. D. LAL.- Yes, Sir.

MR. CHAIRMAN.- Why would there be a notation, for example, the first one which is Adventist High School, “No signed contract, no cost, no approved plan”?

MR. D. LAL.- I am not sure what the Auditor-General was referring to in terms of “no signed contract” because the Ministry had an agreement with the school that we give the grant to, then they would engage a contractor or build it themselves.

MR. CHAIRMAN.- OAG, on Appendix 22.12 - Building Grant, can you refer to the Table on the Ministry for Education, Page 39, there are a lot of schools there?

You have noted that there is no signed contract, no cost or approved plan, almost all of them. Your indication is that, there is no contract between the school and the contractor but the Ministry says that they entered into an understanding with the school, gave them the money and then they engaged the people of their choice. How does that work?

MR. I. TIKO.- Mr. Chairman, the schools in that list are the Ministers’ initiative development projects rendered by the Minister himself. They were given allocated sums to the school committees to do their teachers’ quarters or whatever project that they were after. Some were for the library, some for the teachers’ quarters, some for a one-by-two classrooms, some for a one-by-one classroom, et cetera.

MR. CHAIRMAN.- The schools would engage their contractors.

MR. I. TIKO.- The schools were supposed to follow the Ministry’s way of procuring, et cetera. In some cases, the AMU Team would come in and advise them that they need to have three quotations while purchasing the building materials but like you could see in the Western Division, it as an initiative or a practice that the Ministry had used in the past but without proper monitoring. We were building five-eight classrooms instead of standard classrooms that would also assist us in terms of natural disasters.

MR. CHAIRMAN.- Some of these classrooms, buildings are built without proper monitoring, during cyclone time, all of them went.

MR. I. TIKO.- Exactly, so with those ones, we have assigned our AMU Team to monitor all the projects and many of them are in the North, Mr. Chairman. So the Divisional Education Officer Northern is a monitoring officer there in the North. We ensured that all schools that were built had a site engineer in place, who advised all the school committees to make sure they do not hire someone with very expensive fee but fee with a thorough job done on site.

MR. CHAIRMAN.- When this money is assigned to the schools, who is responsible for the disbursement of the money, the management or the Headteacher?

MR. D. LAL.- Sir, these funds are deposited into the school development account whereby one of the mandatory signatories is the District Education Officer.

MR. CHAIRMAN.- The other one is a Committee Member?

MR. D. LAL.- The School Manager. So funds are released based on reports in terms of completion statement and that is when the District Officer would monitor and sign for the release of payment. Also, Sir, there are standard plans for each of the Ministry’s Standard Building Plans for each of the classrooms, et cetera, that schools are using.

HON. A.M. RADRODRO.- Mr. Chairman, can you just clarify to the Committee whether these projects as listed here are all from FEG?

MR. D. LAL.- Sir, these are not from FEG. These are from the Ministry’s Grant Allocations.

HON. A.M. RADRODRO.- What happens in situations where there is equity factor there, the owner of the school contributes and the Ministry also partly contributes, which process does the school has to follow in terms of the listings that are here?

MR. D. LAL.- Sir, majority of it are funded from the Building Grant and part of it from FEG so in all cases, the Ministry’s policies would apply there.

HON. A.M. RADRODRO.- What happens in instances where the owners of the school, say for a district tikina level-owned school, engages in projects involving classroom or school quarters, do they have to follow through the same process as required by the Ministry?

MR. D. LAL.- Sir, in terms of procurement, it would generally depend on the donor, if they want to follow the procurement process or not but in terms of building, et cetera, they consult AMU in terms of the approval to have that building constructed.

HON. A.M. RADRODRO.- The maintenance in any schools, they have to consult AMU, not only for Government schools, all other schools as well?

MR. D. LAL.- Yes.

HON. J. DULAKIVERATA.- I have a supplementary question on this; this is not the first time that these things appear on the report. The printing of the contract amount to avoid the tender process, if this is an abuse of the process, what disciplinary action is taken?

MR. D. LAL.- Sir, we must understand that splitting will occur if there is a budgetary provision for that particular project. That is, if you are totally sure that you have got about $100,000 and it has to go through the tender process, that is if you breach that, then there is a splitting of a contract. As and when if you have savings and you engage in it, it will not necessarily be a splitting contract, just like in this case, the funding for Term 2 was only available to do maintenance work up to that point.

If you go and audit for the whole year, you will not know. In terms of maintenance work, it may end up beyond $50,000 but you would not know initially, if you have done it for $20,000, et cetera, but at that point you have only that much funding to do that.

HON. A.M. RADRODRO.- The way that you have explained now, the scope of the maintenance work is based on the funding, not on the actual verification?

MR. D. LAL.- Physically, you would know that you would need to repair this thing but at that point, you would not know whether you will have that funding to do that or not and you can only go with the tender process if you have that much funding available at that point in time.

MR. CHAIRMAN.- For example, if there is a $90,000 classroom and you have to build it, you have to get a quote for that straightaway. It is beyond $50,000 so you have to get the Ministry’s approval. But then if you split it between $45,000 and $45,000, say $45,000 for foundation and walls and the other $45,000 for finishing, then you will have to call a tender that is splitting. However, if the funding is not for $90,000, you will only give $50,000, say the same classroom for renovation but it is done in parts, $20,000 and $20,000. Then it is $40,000 but you need another $20,000, so it becomes $60,000 in third term because the funding was not available in the second term. So it will mean another $20,000 and the total is $60,000 but it is not splitting because the funds arrived in parts (piecemeal), is that what you are trying to say?

MR. D. LAL.- What I am trying to say is that, even if we realise at the beginning that the project would cost us $60,000 but then we do not have a budget to do that, we will only do phase work as and when you realise the savings are out of your FEG.

MR. CHAIRMAN.- There is a continuing project, it is not really splitting but giving it to the same contractor is continuity. You cannot give it to a different contractor because the quality of work will be different, unless that contractor is unscrupulous as we have noted, some of them not doing their job properly and they run off half-way but you re-engage them. That is the problem part. Practically, I think that is how it is, is it not?

MR. I. TIKO.- Mr. Chairman, the whole situation becomes more complicated when the local committees opt to do an arrangement with the hardware supplier.

MR. CHAIRMAN.- Yes, that is a bigger problem.

MR. I. TIKO.- Mr. Chairman, we usually find that after we have provided the Building Grant from Headquarters and it is submitted on time and we release the phases as it goes out, sometimes the hardware supplier is on the receiving end.

MR. CHAIRMAN.- Yes, you buy 5 kilogramme nails, you have it invoiced at 10 kilogramme, pay the money and display it between the hardware supplier and the management.

MR. I. TIKO.- That is the reason, Mr. Chairman, and Honourable Members, we have tasked all our school heads to be on their toes in monitoring the projects and they give feedback fortnightly as AMU had stated on this sort of projects. That is the only way of cutting off those internal arrangements, et cetera.

MR. CHAIRMAN.- Probably, because of the large-scale operations of these two Ministries - Education and Health, they have got a lot of problems. We noted that in incomplete capital projects, buildings, things not being monitored, no clerk of works, buildings done and completed, certificates issued but still leaking and water falling backwards, all these things are happening in these two Ministries.

MR. I. TIKO.- Mr. Chairman, to be honest, the magnitude of infrastructure maintenance and reconstruction needed for Fiji, to be honest, is around $19 million. We are, sort of, operating on a backlog now and we are trying to deal with manageable ones first. If you visit the Eastern side of Kadavu schools, you will find that some of those buildings have been long-negated by local school managements and what the Ministry did in moving the Minister around for visits to some of those areas, he comes to realise the dire need of people on the ground for a better and conducive teaching and learning area.

What we have done within the Ministry is provide that development account for schools and we give the Honourable Minister the opportunity to support them through his initiatives or initiated projects. Such list is what we are looking at today but it is the best and fastest way of getting assistance to some of those needy schools out there.

MR. CHAIRMAN.- That brings us to the end of all the questions that we have, all the queries that we have had been completed. We had previously completed 2014, and with your assistance today, we have completed 2015 so that takes care of our issues.

Before concluding, any final remarks, PS and the Director?

HON. A.M. RADRODRO.- Before the comments by the PS, I just wanted to ask a general question regarding the Ministry, taking into consideration the vision and the mission that has been highlighted, the school-grading system, grading of schools. What is the basis of the grading of the school system in Fiji and how long does it take to move from one grade to another, once the Ministry has been notified?

MR. I. TIKO.- Mr. Chairman, thank you for the question from the Honourable Member. The actual determinant for the change of grade of a school comes from the student population and the headteacher, if he is honest enough with his student audit feeding our data system, we would automatically pick it up in the office and present it in the next board meeting for recognition of change of grade. Those steps, Mr. Chairman and Honourable Members of the Committee, will lead on to the next national budget for the Ministry of Education.

We are tendering our budget to the MOE this evening from 5.00 p.m. to 7.00 p.m. These are issues that we will redress with the team at MOE that “Look, we have got these many schools upgraded from the communication channel, it is very clear.” Sometimes the school heads do not look at that and they want to campaign vocally. They go through certain doors and come up to the Ministry’s Headquarters. We tell them, “Go back to your side, get your school student audit and staff audit done so that we get it here automatically and we are able to justify to MOE why the needed budget needs to be activated in the 2017-2018 school year.”

Such is the process and procedures, Mr. Chairman and Honourable Members of the Committee. It is very straightforward, so to say, and just needs the school heads to know what needs to be done.

HON. A.M. RADRODRO.- Sir, just a supplementary to that in terms of student population; we now see the introduction of ECE. Is that also part of the student population of the school, ECE students?

MR. I. TIKO.- The Early Childhood Centres number is separate from the primary school roll. When we administer the roll for a school, we have those categories clearly demarcated and that is what we use as our criteria for gauging the school’s current level, Mr. Chairman and Honourable Members of the Committee.

MR. CHAIRMAN.- Thank you very much, Honourable Members, for your interactions today. That brings us to the end of today’s presentation and we have heard before us and I would like to thank the team from the Ministry of Education.

Thank you for your presence and for completing all the audit queries for the past two years in a short time. PS Education, Mr. Iowane Tiko; PEO, Mr. Viliame Kuboutawa; Executive Support Officer, Mr. David Ali; and Director, Finance, Mr. Donish Lal; I acknowledge your presence and thank all of you for your assistance and we will definitely consider your written submissions in our Report. We hope that when the 2016 Report comes to us, it will have fewer issues and probably all your issues will be cleared and addressed. With that, once again, thank you very much.

Honourable Members, we will reconvene in five minutes.

The Committee adjourned at 12.34. p.m.