**PUBLIC ACCOUNTS COMMITTEE**

**[Verbatim Report of Meeting]**

**HELD IN THE**

**COMMITTEE ROOM (EAST WING)**

**ON**

**THURSDAY, 20TH APRIL, 2017**

**VERBATIM NOTES OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON THURSDAY, 20TH APRIL 2017 AT 9.50 A.M.**

**Interviewee/Submittee: Ministry of Economy**

In Attendance:

1. Ms. Makereta Konrote - Permanent Secretary (PS), Ministry of Economy
2. Mr. Pankaj Singh - Chief Accountant
3. Mr. Krishna Prasad - Deputy Secretary
4. Mr. Neelam - Assistant Manager, Finance
5. Mr. Bali - SAO
6. Mr. Intaz Shah - Manager, Construction Implementation Unit
7. Mr. Semi L. - AAO

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DEPUTY CHAIRPERSON.- Ladies and gentlemen, Honourable Members, officials from relevant Ministries and Departments, in particular the Ministry of Economy led by none other than Madam PS. I welcome you all to the meeting of the Public Accounts Committee. As you all are aware, we are here to discuss the audit issues in relation to what was reflected in the Auditor-General’s Report of 2014 and 2015.

Without further ado, I would like to give this opportunity to Madam PS, to introduce herself and her team. I believe there is a presentation on the white board before us so perhaps, after a brief introduction, you can take the Committee through your presentation and afterwards, we will be asking questions, if need be.

MS. M. KONROTE.- Deputy Chairperson of the Public Accounts Committee, Honourable Members of the Committee, thank you for this opportunity and apologies for the delay. It has been a busy week for the Ministry of Economy (MOE) with consultations on the Budget with the line agencies so briefly, I would like to introduce my team.

(Introduction of MOE Officials by PS)

What we will do this morning is cover the Audit Report on the then Ministry of Strategic Planning, National Development and Statistics and then we will have another presentation to cover the Public Service Commission.

Deputy Chairperson and Honourable Members of the Committee, as you know from 2009 to 2014, the Ministry was a fully-fledged Ministry and the Ministry was then merged together with the Ministry of Finance in 2015, now with the combined Ministry of Economy. Since the merger, what we focussed on is on internal control measures, including separation of duties.

Previously, the Ministry of Strategic Planning had their own Corporate Service Division, their own Accounts Section and since we have merged, it has all been handled now by the Chief Accountant and the initial steps undertaken was to strengthen internal controls.

As I mentioned earlier, looking at things like separation of duties, for example, a staff writing an LPO will not do the Electronic Funds Transfer (EFT) so we have focussed on this initially. Going into the first issue there, the Statement of Losses and the Trust Accounts Statement, we noted that the Report mentioned the receipts and payments were not submitted. Again as I mentioned, since the merger, we have included all the statement of losses which are now being prepared and submitted as part of the Ministry of Economy. We have reconciled the Operating Trust Account reconciliations now carried out by the Treasury Unit and so this issue has been thoroughly dealt with in 2015. Since then, we have continued to undertake thorough assessments of all the losses, including disposal of assets.

Point 4 there, Sir, as I mentioned, we have carried out the reconciliation of the Operating Trust Account and as you would have noted in the 2016-2017 Budget, the Integrated Human Resources Development Programme (IHRDP) has been transferred to the Ministry of Industry, Trade and Tourism. Now, the IHRDP accounts are being managed by the Ministry.

Part A: Financial Statements, 18.1 – Audit Opinion; the qualification, we noted that the issue there was payments totalling $57,104 that could not be substantiated but since then we have managed to reconcile this issue through verification of the Trust Account bank statements. All the presented cheques were made out to suppliers of goods and services who were contracted by the Project Team under the Government Procurement Process and those payments cannot be further verified through the reconciliation of cheque butts and the suppliers who received those payments. We have records of that on hand, if any of the Honourable Members would like to cite them.

As I mentioned, now with the merger, we are focussing on internal controls, so now all these accounting records have been handed over. We have reconciled prior to the handover to the Ministry of Industry, Trade and Tourism.

With regard to the Bank Lodgment Clearance, we agree that the Bank Lodgment Clearance Account (BLCA) by the Assistant Accounts Officer to the Miscellaneous Revenue Accounts so this basically was an inadvertent posting error by the Accounts Officer and since then, we have sorted this issue with the Treasury Division now handling all the collection and clearing of the BLCA.

With regard to the fourth qualification, we agree that there were limitations to the control payment issue. As you will note at that time, there were only two Accounts staff handling all of the Ministry’s accounts. They had an Assistant Accounts Officer and a Clerical Officer. Since the integration, Treasury has now ensured that we have the proper internal controls in place and going forward, we have ensured that payments are made and posted to the appropriate allocations.

With regard to the fifth qualification, the Accountable Advance of $340,216 had been included in the months carried over from previous years so in 2016, there was a write-off of $329,723 approved by the MOE. The balance had been transferred to the Ministry for recovery. All the accountable advances are now issued and monitored by our Cash and Payments Unit but you note that we did carry out an exhaustive assessment process on the outstanding accountable advance and it has been noted that there are some misposting issues and again, this was addressed through the write-off process to the sum of $329,723.59.

Again, to emphasise that, we have now put in place strict internal controls to ensure that the insurance and retirement of accountable advances is in accordance with the FIF 2010.

Part B: Audit Findings, 18.4 – Unaccounted Accountable Advances; a total of $1,249 has been recovered from the employee and the remaining balance of $5,681 is being recovered through salary deductions. The Ministry then was not able to recover the sum of $2,317 from the Assistant Accounts Officer and since then, he has been sent on suspension without salary from September 2015. His contract expired in July last year and this was not renewed. As a result, the officer has been terminated from the Ministry. As regards the outstanding, the Ministry will institute recovery of the remaining balance through the Small Claims Tribunal. We have also fully implemented the recommendations of the Audit.

18.5 - Poor Maintenance of Expenditure Supporting Documents; as I mentioned earlier, due to the team responsible for Accounts then, the Ministry was not able to ensure segregation of duties and since the merger, we have ensured that there is improved compliance with regard to payments processes as per Finance Circular 23/2014 which allows separation of duties. Now, all the payments go through a stringent verification process before the payments are made.

18.6 - Increasing Trend in Outstanding Accountable Advance and not cleared within 7 days of Completing Travel; these issues are now being handled by the Treasury Unit of the Ministry. So the Cash and Payments Unit have set out the procedures for retirement of all accountable advances. We send strict reminders to the officers who are issued accountable advance as per the Finance Instructions.

As I mentioned earlier in relation to the former Assistant Accounts Officer, we have dealt with his employment in the Ministry and in regards to this issue. We have noted that FICAC is continuing the investigations and we expect an interview to be carried out before the end of this month with the Assistant Accounts Officer.

You will also note that, in fact, most of the officers had retired their advances but this was not posted into the General Ledger by the Assistant Accounts Officer. So while we agree that the Assistant Accounts Officer’s work was not monitored then, with the transfer of all of the Strategic Planning Office accounting functions to Treasury, we now expect that these sorts of issues will not resurface in the next financial statements.

18.7 – Anomalies in the IHRDP Trust Account; as I have mentioned earlier, prior to the transfer to the Ministry of Industry, Trade and Tourism we reconciled the Trust Account up to June 2016. From July 2016, the Ministry now handles all accounting functions for the project.

Again, the issue of lack of timely reconciliation, we managed to clean up the Trust Account prior to the handing over. We note that the Ministry of Industry, Trade and Tourism has a good team in charge of their accounting functions so we are assured that the proper controls regarding the payments for the project will be monitored and handled appropriately going forward.

18.8 - Drawings Account Anomalies – Strategic Planning Office; we note in the Report mentioned that the Drawings Account for 2014 was not conducted but since the merger, MOE is now handling all these functions. We are now closely tracking cheques issued by the Ministry through our Cash and Payments Unit. Now with merger, we only have one Drawings Account and as I mentioned, tracking of cheques has been handled appropriately by the Treasury Unit which includes a review of all unpresented cheques.

18.9 - Anomalies on Receipting and Banking Processes; all the recommendations proposed by the Auditor-General have been implemented. We now have all our revenue collections and banking processes handled by the Treasury Department and we have since instituted proper internal controls.

We have also undertaken, as of last year, recruitment of qualified staff. Some of these new staff are accountants from the private sector. So with the new staff complement with the strengthening of the Treasury Division, we are now able to complete banking processes, undertake regular reconciliations and also peer reviews within the Treasury Unit. As I have mentioned, one of the notable changes that we undertook was the separation of duties.

On the next audit findings 18.10 - Use of Accountable Advance Allocation for Purchase of Goods and Services; again, this relates to the former Assistant Accounts Officer who has been disciplined as recommended by the Auditor-General. All our accountable advances are now handled by the Treasury Section and for goods and services, these are only procured now through the use of LPO.

18.11 - Acquittal Records for Accountable Advance and Payment Vouchers not provided for Audit; these have been recovered by IHRDP staff and going forward with the handing over to the Ministry of Industry, Trade and Tourism, the accounts will then be monitored by the Ministry.

In regards to advances that are now being handled by the Treasury Unit, it is also responsible for issuance and monitoring of acquittals, as well as recovery of advances.

18.12 - Agency Financial Statements under Finance Instructions 2010; this was submitted in April 2015. It did pass the timeline of March 2015 but from 2015, the AFS has been prepared by the MOE.

18.13 - Anomalies in Operating Trust Account; the balances in the Trust Account was a result of the balances carried forward from the previous years. As you have mentioned, after an exhaustive exercise the unsubstantiated balances which could not be verified, were the balances that were carried over the last five years and since then, the Treasury Section has undertaken reconciliation.

Deputy Chairperson and Honourable Members of the Committee, that concludes our responses or clarifications on issues in relation to the then Ministry of Strategic Planning.

Deputy Chairperson, would you like us to progress to the next presentation?

HON. CHAIRMAN. – Yes, you can continue.

MS. M. KONROTE. - Thank you. Deputy Chairperson and Honourable Members of the Committee. This presentation covers the 2014 and 2015 Report in relation to the Public Service Commission’s account.

As you know from 1st January, 2016 following the reorganisation of the Public Service Commission (PSC), the Office Accommodation and Government Housing Department of Public Service was transferred to the MOE. So noting all the issues in relation to office accommodation in Government housing, the Ministry undertook a diagnostic assessment just to identify and determine the efficacy of the systems and processes which was followed by the PSC then. With the identification of gaps, we have worked to ensure that we make improvements to the systems and processes, to ensure that overall accountability is strengthened, going forward.

Just by way of background, in terms of Government quarters there are a total of 1,110 quarters that are now managed by the Construction Implementation Unit (CIU) and the allocation of Government quarters are listed on that table. So you will see that the bulk of the quarters are located in the various Divisions and occupied by civil servants posted to the various Divisions.

For the Suva quarters, there is a total of 145 quarters rented out at a market rate and as for the remaining 965 that are located in the Divisions, these are rented out on subsidised rentals of 8 per cent or 4 percent, and in some cases housing is provided free, depending on the locality and nature of work undertaken by the civil servants. So out of the 145 quarters that are located in Suva, 98 percent of these are occupied and generate monthly rent of approximately $148,000, so annually we collect around $1.8 million. In the last financial year, a sum of $4 million was remitted to the Government Consolidated Fund Account in the form of profit transfer from the Government quarters’ TMA account.

DEPUTY CHAIRPERSON.- I apologise, PS, just for the information, this $4 million is taking into account all the quarters?

MS. M. KONROTE. – That is correct.

DEPUTY CHAIRPERSON.- And this has been the profit?

MS. M. KONROTE. – Yes.

DEPUTY CHAIRPERSON.- Thank you.

MS. M. KONROTE.- 2.9 – Irregularities in Operating Trust Fund Account; this had an overdrawn account of $233,933 which was carried forward from 2013. We have since resolved the issue and our assessment has shown this was due to misposting. So the amount of $233,933 was wrongly posted to the PSC operating allocation which is the Government rented quarters, instead of the Trade and Manufacturing Account (TMA) now handled by the MOE. We have had discussions between our FMIS Team, PSC and the Auditor-General to resolve this issue, so now the CIU is responsible for reconciling the Bond Trust Account. Just an information on the Bond Trust Account, we basically record the performance bonds that are paid by the contractors and also the tenancy bonds paid by the tenants.

2.13 – TMA Receivables; the Audit noted a total outstanding rent of $68,461.28 as at December 2014 on the TMA notes that this was not disclosed in the Agency’s Financial Statements. So we have assessed this and identified the underlying cost and accordingly, we have instituted measures to strengthen the accountability and reconciliation mechanism that relates to the recovery process.

As I mentioned earlier, upon taking over this TMA, we are focused on prioritising our internal control systems. We have recovered 70 percent of this amount and to ensure that going forward, we are able to determine the outstanding rent at any point in time, we will undertake a data aging exercise and then follow this up with appropriate recovery measures.

In terms of the recovery measures, the first action is we send reminders to the tenants, following two reminders, we then write formally to the tenants to advise on the rentals that are outstanding and if we do not receive responses, then we move on to the next step which is to institute legal action and possibly look at the Small Claims Tribunal. So as I mentioned in the next financial statement, we expect to be able to provide a detailed report on outstanding debt, including the aging of this debt.

2.14 – Management of Government Quarters; we have since implemented these following measures: we have put in place a records management system to ensure we are able to track all the maintenance works carried out; ensure that the details of the scope of works, the contractors, value of work are put in place, project duration and payment details are captured. So these information, including the site inspection reports that are undertaken by the Unit are then filed systematically.

We have also established a Complaints Register and this is maintained by the CIU, to keep track of complaints that we receive from the tenants and ensure that we action those complaints within reasonable time. The CIU has also allocated a staff to carry out monthly reconciliation of occupancy and rent deductions for both, quarters that are rented out on market rates as well as those that are at subsidised rates.

The Team is also working closely with the Divisional Commissioners to ensure that we receive quarterly returns on rents and also note that we now have technical officers who are based in the Divisions and their work involves addressing quarter’s issues and to notify the Suva Office if there are any issues that need to be addressed immediately.

2.15 – Ineffective Database system; the Report noted that PSC did not have a database system. Since taking over this function, we have secured technical assistance from the ADB, and this is to establish a national database module, not only to track maintenance of Government quarters but also for all other construction-related projects that are managed by the CIU. As you know, this year we have had a huge rebuild exercise of the schools and this will all be part of the database going forward, and as I mentioned earlier, the Unit has put in place a Records Management System to ensure we are able to track all the issues relating to quarters as well as the complaints from tenants.

2.16 - Anomalies in Rent Deductions for Government Pool and Rented Quarters; the Audit noted that there were 320 officers from the various agencies who did not have proper rent deductions. Also noted that 13 officers who were employment agencies were unclear or not recorded. The Audit also highlighted a total of 80 officers under the Government quarters, who failed to have their rent contributions deducted. So further to our assessment, we note that of the 320 officers, actually 16 officers did have their rentals deducted. These were officers based in the various Divisions.

Again, as I mentioned earlier, the Unit is now working closely with our Divisional Commissioners to ensure that civil servants who are eligible for government quarters have the appropriate rent deductions effected from their salary, and we are also verifying the number of tenants who fall into the various subsidised categories of either 4 percent or 8 percent.

The last point there just relates to civil servants who work in the maritime zone. Their rental is subsidised at 4 percent and for the doctors and nurses in the various district and rural health centres, of course, they stay free of charge at these quarters as per the PSC Circular of 2011.

2.17 – Non-Eligible Officers Occupying Quarters; work is currently in place to determine the officers who are not eligible but are occupying Government quarters. We noted that a total of 11 police officers have been asked to vacate the quarters.

In the Divisions, there are Divisional Housing Boards chaired by the Divisional Commissioners and they are responsible for allocating Government quarters, except for the institutional quarters that are managed by the Military, Police and the Corrections Departments.

The CIU is also assessing the Government quarters pool that are occupied by statutory bodies, such as the Biosecurity and MSAF, and to ensure that proper approvals have been obtained from the Housing Boards.

DEPUTY CHAIRPERSON.- Madam PS, just before I forget, what does Government pool quarters mean? Is it generally referring to the Government quarters or is it a specific type of quarters?

MS. M. KONROTE.- It is the same Government quarters.

2.18 – Market Rented Quarters, the Audit noted that tenants were paying less than the rent valuation as indicated then. This was because the tenants were occupying quarters that were not renovated. Since then, these quarters have been renovated and the Ministry of Lands has conducted rent valuation for all the Suva quarters and now tenants occupying these quarters are paying market rent.

2.19 – Rent Arrears; this is in relation to rent arrears of $21,111.41. In 2014, these cases have been referred to the Small Claims Tribunal for further search and to try and recover these rent arrears. We have also forwarded the names of the defaulters to the Immigration Department, to ensure that they clear their arrears before they are allowed to travel.

That, Deputy Chairperson, concludes the issues for 2014.

In relation to the issues raised in the 2015 Report, Part B: Audit Findings; 17.5 – Agency Financial Statement; 17.5.1 – Performance Bond Account not Disclosed; we note that for 2014 and 2015, the issues are very similar and as I mentioned, since taking over this function, we have really focussed on strengthening internal controls and reviewing systems and processes that were followed then, in trying to determine where the gaps are and working to improve on those. So again, on this issue, we will deal with this going forward, so in our 2016-2017 AFS, we expect to have all these details disclosed.

17.5.2 – Performance Bond Account Anomalies; we have continued to undertake verification and validation of all the financials that were in the books when we took over the TMA function and where we found misposting issues, we have addressed those.

17.6 – Trading and Manufacturing Account (TMA); 17.6.1 - Receivables not Reflected in the General Ledger Records; again, as I mentioned, this is an ongoing issue from 2014, we have since addressed this and in the next AFS, we expect to have a clean record.

17.6.2 - Quarters Income and Bond Issue not Transferred from Operating Trust Account; we have addressed this and noted where there were misposting issues. We have rectified these anomalies.

17.6.3 - Poor Record Keeping for TMA - Government Quarters; we are taking note of these findings and we have been proactive about our recordkeeping going forward. As I mentioned, we have now put in place a Record Management System and also with the database that the ADB will assist us on to put in place, we expect that going forward. We will have all details, like the maintenance details, rent performance bond to be captured, monitored and tracked.

17.6.4 - TMA Journals not Provided for Audit; again, the responses are the same. These are all the issues that were ongoing from 2014 and we are working to address all those issues. We expect that in our next AFS, these will not be issues.

Thank you, Deputy Chairperson and Honourable Members of the Committee.

DEPUTY CHAIRPERSON.- Thank you, Madam PS, for your presentation. Before we move on to the questions, we would be needing copies of your submission. Are there copies available or do we need to print it from your soft copy?

MS. M. KONROTE.- We will need to print copies.

DEPUTY CHAIRPERSON.- We will adjourn for five minutes. Meanwhile, the secretariat staff can get it printed and then we will move on with our questions.

You are most welcome to have tea.

The Committee adjourned at 10. 29 a.m.

The Committee resumed at 10.49 a.m.

DEPUTY CHAIRPERSON.– Honourable Members, since we have the written copies with us, we will move on to the questions. We will go on issue by issue, point by point and should you wish to raise any question you can do so. Let us just ponder our attention to the 2014 Report of the Auditor-General - Ministry of Strategic Planning, National Development and Statistics.

Any issues or questions on 18.1?

HON. A.M. RADRODRO. – Deputy Chairperson, just a question to the PS in terms of the role of the Ministry of Strategic Planning, National Development and Statistics; you mentioned that in 2015, it was merged with the Ministry of Finance so the role that has been stated here was that the Ministry of National Planning provides policy advice. How does the role of strategic planning continue to operate or how does the independence of that role take into account when it was merged with the Ministry of Finance?

MS. M. KONROTE. – Thank you, Honourable Member. Previously, the Ministry of Strategic Planning, National Development and Statistics, as the name suggests, undertook the planning aspects for whole of Government, the monitoring of development plans, they are also part of the Macroeconomic Forecasting Committee, so Planning also does forecasting in terms of the macroeconomic statistics.

The other key function that the Ministry undertook was the Public Sector Investment Programme (PSIP). Since the Planning and then Ministry of Finance merged, we are now working together as a team on the development plan.

Aside from the development plan, in terms of the budget that Planning Office still handles, all the investment programmes, the monitoring of capital projects, the MOE or Finance Team handles the operating side of the Budget.

We have just had our new structure approved by the Honourable Minister and we will look at how we can rationalise going forward, and ensure there is synergy between the two different functions. But, of course, they all contribute to national development statistics and policy advice on economic issues.

HON. A.M. RADRODRO.– How do you maintain the independence of these two key functions of the Ministry?

MS. M. KONROTE.– I think with the merger, the idea is to streamline and rationalise the policy advice function, so that we have a coordinator to approach to development issues and economic issues. I think the intention was not to keep the two functions separate, but to ensure there is coordination and cohesion in terms of the policy advice that we provide to Government.

HON. A.M. RADRODRO.– So do you have an existing national plan in place?

MS. M. KONROTE. – Yes. We have just concluded the consultations on the development plan in last two weeks and now we are in the process of finalising, ensuring that the inputs that we receive from the public in the various Divisions are reflected in the final plan and to ensure that there is consistency between the first round of consultations and this second round.

HON. A.M. RADRODRO.– So this plan would cover from which period to which period?

MS. M. KONROTE. – The plan, we have a 5 year plan and a 20 year development plan. So 5 years within a 20 year development plan.

HON. A.M. RADRODRO. – (inaudible)

MS. M. KONROTE. – Yes, when the plan is launched, so in the next financial year, going forward.

HON. A.M. RADRODRO. – When that plan is launched, what plan are we having now in place in the launching of that new plan? Do we have an existing plan in place?

MS. M. KONROTE.– We had the Charter then and that is consistent with the objectives of the current plan. We have also mainstreamed all our international commitments, such as the Sustainable Development Goals, our Green Growth Framework and issues, like climate change. So all our international commitments have been mainstreamed into this new development plan.

HON. A.M. RADRODRO. – Thank you. Why I asked this question is because there is a major role also played by the Ministry of Strategic Planning in terms of the Bureau of Statistics. Is there any indication as to when will the next census be undertaken by the Fiji Bureau of Statistics?

MS. M. KONROTE.– The next census is planned for September.

DEPUTY CHAIRPERSON.– Are you planning to ask any more questions on plans?

HON. A.M. RADRODRO.– On 18.1, I note the responses that are coming from your Office, but I would just like to ask; why does this qualification issue keeps appearing from this particular Ministry?

MS. M. KONROTE.- Honourable Member, can you clarify? I think the issues that have been highlighted are specific to the AFS for 2014 for Strategic Planning. So 18.1 is on the Losses and Trust Account, but your note for 2015, the whole of Government AFS has an unqualified opinion.

HON. A.M. RADRODRO.– Why do they occur, these particular Audit issues that have been picked out, point by point, as you have highlighted. Why do they occur? Is there shortage of staff or incapacity in terms of people not following the procedures that emanated from this?

MS. M. KONROTE. – Yes, I think I highlighted there for Strategic Planning in particular, they had only two officers handling all their accounts and that was at Clerical Officer level and Assistant Accounts Officer, so the lack of capacity did contribute to these issues.

DEPUTY CHAIRPERSON.– We are continuing on to page 2.

Any questions on qualifications 2 and 3?

One page 3, 18.1, any questions on qualification 4 and 5?

HON. H.R.T POLITINI. – I apologise, Deputy Chairperson, Madam PS, could you enlighten us with in terms of 18.1?

In the first bulletpoint, payments totalling $57,104 could not be substantiated as the relevant vouchers could not be located. This in hardcopy or soft copy?

MS. M. KONROTE.– Yes, as I have mentioned, since then, we have been able to substantiate this through the Trust Account bank statements. So all the cheques were presented and made out to the suppliers of good and services that were contracted by the Project Team.

HON. J. DULAKIVERATA.– Qualification 5 on page 3, what other criteria was used by the Minister for approving write-offs?

MR. P. SINGH. – Thank you, Deputy Chairperson, through you, in terms of the criteria as PS had highlighted, we did a very exhaustive analysis. The first criteria here is whether it is misposting, so what we had noted was that, a bulk of this $340,000 was misposting. That was identified and ascertained and we also sought OAG’s input in it, OAG was part of the committee and then these write offs was recommended to the Minister. So it was a very exhaustive process. If it was a misposting and we can track it down and join the dotted lines in terms of misposting of a number of transactions, then it was recommended for write-off. And as PS has highlighted because in some Ministries, it had happened because of lack of staff and because of competency issues. So what we have done is going forward, we want to have practice guidelines in terms of reconciliations. That is what we intend to develop, to develop practice guidelines going forward and we want to upload it to our MOE website. So that is what we want to do and we are working on that with our ……Unit.

HON. J. DULAKIVERATA.-When you have these systems in place, we will never have this coming up again?

MR. P. SINGH.- It is not just the issue of system, but also the issue of right personnel which is very important. You can have the best systems in the world but if you do not have the best person, then you always have problems. But having all these systems and having the selection of staff on competency basis, we resolve this issue to a great extent.

DEPUTY CHAIRPERSON.- I think it also adds to the fact that staff need to be monitored and there should be some sort of team building in terms of the work that they are doing.

18.5, any questions?

HON. J. DULAKIVERATA.- 18.5 on accountable advance, what actions were taken on staff who do not pay on time?

MS. M. KONROTE.- Thank you, Honourable Member. To recover this, of course, we deduct from the staff salary and also for those who do not retire accountable advance within the stipulated seven days, we add on a penalty of 12 percent interest.

DEPUTY CHAIRPERSON.- 18.9, one point to be noted there is that MOE has assured the Committee that there are proper controls now in place with adequate number of staff available. So that displays improvement in terms of resource personnel..

Honourable Members, I believe there are no further questions to that, so we will move on to the 2014 & 2015 Report of the Auditor-General in regards to the PSC. Most of the issues highlighted in the Reports were in regards to the Government quarters and housing.

Office Accommodation and Government Housing Unit, a lot of facts and figures are there, so should you have any questions you can ask.

Government quarters on page 2, that is a breakdown. Just one question out of interest, I think it was mentioned 98 percent occupancy rate in terms of tenants occupying, was it referenced to only Western Division or the whole of Fiji?

MS. M. KONROTE.- Deputy Chairperson, this is in relation to the 145 quarters in Suva that are rented out on market rate.

DEPUTY CHAIRPERSON.- Would you have any data on the total occupancy rate in Fiji?

MS. M. KONROTE.- As I mentioned, these are some of the issues that we have undertaken to include in our records management and also the database.

DEPUTY CHAIRPERSON.- So that might come later?

MS. M. KONROTE.- Yes.

DEPUTY CHAIRPERSON.- Thank you.

2.9 - Operating Trust Account, any questions on that?

HON. J. DULAKIVERATA.- The renting of Government quarters, they have to pay a bond and do they pay some advance rent, say two month’s rent?

MS. M. KONROTE.- Honourable Member, for the Government quarters, they only pay a tenancy bond and for say, Levels SSO1 and above, they pay a bond of $500 and SSO2 and below, including our Government Wage Earners, they pay $300.

HON. J. DULAKIVERATA.- Do you rent to outside tenants as well?

MS. M. KONROTE.- Market rate.

HON. J. DULAKIVERATA.- Yes, market rate, and do they pay bond and some advance rent?

MS. M. KONROTE.- Only the bond.

HON. J. DULAKIVERATA.- Where I am coming from is because the arrears, if you have some advance rent, that will cover up what they do not pay.

MS. M. KONROTE.- Thank you, we take note of that.

DEPUTY CHAIRPERSON.- Madam, PS, just a question out of interest and perhaps, if you want you can answer, the onus is on you. Since it is mentioned here that most of the quarters now are rented on market rate, how does insurance apply in the present scenario and let us say, if there is a fire?

MS. M. KONROTE.- There is no insurance cover for Government-rented quarters, so for any repairs and such, the CIU undertakes that.

DEPUTY CHAIRPERSON.- Any plans to have the insurance cover, since now it would be only fair if the rents are charged on market value that these incentives are also provided? These are some of the measures the Government can also look into, so are there any plans to do that?

MR. P. SINGH.- The current aspect of the quarters itself in terms of physical condition are not that we can get the insurance cover up in there for the buildings. Secondly, the current rehabilitations and upgrading and maintenance happening, it needs to qualify into certain standards to meet the insurance guidelines for that matter. So that needs to be certified as well. Then all the new maintenance and upgrading that is going on, we will qualify it into it, so that is the way forward we are moving in. What Madam Permanent Secretary has said that our new database will say how many quarters are having that much certifications around, that today if go into that quarters you are fully insured, your properties are around, so at the end of the day Government is able to recover the losses, should there be any.

DEPUTY CHAIRPERSON.- The whole idea of asking that question in the end was for the Government not to be at a losing side. Honourable Radrodro, you have a question?

HON. A.M. RADRODRO.- I just noted that there is a new Department, the CIU. In your response, it says; “… only responsible for reconciling bond trust account.” Is it the only role of this Unit or there is more to it than just reconciling the Bond Trust Account?

MS. M. KONROTE.- Honourable Member, the CIU coordinates all construction-related projects across the Whole of Government so for scoping works designs, Ministries and Departments that are looking to undertake construction-related works need to have that cleared by the CIU before we release funding.

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

MS. M. KONROTE.- That is correct. The Unit was only created last year. Previously, Ministries and Departments did their own construction, managed their own construction-related projects, so this is to improve coordination and implementation of Government’s capital projects, ensuring that the processes are standardised and the quality aspects of construction or projects and ensuring the quality of the construction are up to the standards required.

HON. J. DULAKIVERATA.- Further to that, this is the same role PWD used to play when they built Government Buildings. They designed and do everything?

MS. M. KONROTE.- No, the MOIT do the design works. What the CIU does is assess the quality of the designs and the scoping that the MOIT carries out.

HON. J. DULAKIVERATA.- With regard to the technical expertise of people in the CIU, are they qualified technically in this field?

MR. I. SHAH.- CIU normally outsources the consultancy and the architectural, together with the appropriate level of requirement where the services or the nature requires to do so. We have administrative, finance and technical team with us, and we have an in-house quantity surveyor as well, who quantifies the bills in terms of materials that need to be used. In other words, we are checking and we are working with the private sector a lot in terms of moving projects forward and in line with the current codes and ASNZ codes are requiring to do.

In terms of having conflict with MOIT or PWD, the Design Team at PWD is not having the full services of the engineering concept to it. They do architectural and structural mostly, with QS. The benefit of CIU in that matter is that, if we feel that the drawings are lacking in terms of basic services drawings, for example, the lightings and the hydraulics, that need to be then referred to the appropriate services engineer. So in order for the entire project to have real value, there needs to be a lot of value engineering done so that is what CIU is doing. We do not have a registered architect, we do not have a registered engineer in-house, that answers your question, whether we are registered or not.

HON. A.M. RADRODRO.- Covering the area where your weaknesses are in terms of the qualification of expertise by outsourcing, why outsource? Why can you not just give it to the MOIT? Is that the role that you are currently doing now, you are outsourcing everything that is coming there for repairs and maintenance?

MR. I. SHAH.- No.

HON. A.M. RADRODRO.- You are not able to do the work?

MR. I. SHAH.- We are not actually outsourcing everything around, we are working with MOIT as well, the Architects Section. So CIU’s role is basically in terms of project administration and project management. Basically, that is where we feel that projects in Government were not moving forward, majority of the capital projects were with MOIT and agencies were not having the appropriate guidelines. So that is probably the reason why Government has now come forward in setting up the CIU to centrally monitor and implement construction and administer it collectively.

DEPUTY CHAIRPERSON.- Mr. Shah, since you are on the microphone, just a question; is there a standard contract for the tenants, apart from minor details, like name and how much is the rent, et cetera, location, is the contract standard for all the tenants?

MR. I. SHAH.- Sir, there is a standard contract that has been vetted by SG’s Office and that is what we are using. So in terms of contract administration and monitoring, we are doing it in-house and with the software in place, it will ease up the entire aspect of it as to how much is the rent, when it is coming, when it is not coming so as soon as there is a delay, that there will be a pop up to it and then there will be electronic an notification to say, “this tenant is not paying rent”, et cetera, rather than relying on reconciliation. The software itself will be on a proactive approach, so getting it forward, we are seriously planning to get it done and reduce these similar issues reoccurring every now and then.

DEPUTY CHAIRPERSON.- What is the timespan we are looking at for the software to be implemented? It is a very good measure, as a matter of fact, but I just wanted to know the timespan.

MR. I. SHAH.- It is expected to run by first quarter of 2018.

HON. A.M. RADRODRO.- A supplementary question on this role of CIU; how does the Ministry outsource the work, does it go through the normal tender process? Whether you only looks after Government quarters as highlighted here or do you also involve any project work outside of the normal Government quarters that you have highlighted?

MR. I. SHAH.- It goes through an open tender process and we also look at other projects as well, apart from the quarters, assisting the Ministry of Health, the Police and other Government agencies.

HON. J. DULAKIVERATA.- A question to that, Deputy Chairperson. ADB is to establish a national database module for construction-related projects and you mentioned that PSC did not have a database before. I noted that with Government quarters, you also have institutional quarters and you only mentioned the Military, Police and the Prisons.

MS. M. KONROTE.- Honourable Member, the institutional quarters refer to quarters that are occupied by Police.

HON. J. DULAKIVERATA.- I understand that but I do understand also that some other Departments have some of their own institutional quarters, like the Marine, the Ministry of Heath institutional quarters and if it is not mentioned here, it may not be captured in your system.

MS. M. KONROTE.- Thank you, Honourable Member. Those are now all amalgamated into the pool quarters and as I mentioned earlier, we are working with all the Divisional Commissioners to ensure we capture all the quarters that are in the various Divisions in this database.

DEPUTY CHAIRPERSON.- 2.16, 2.17, 2.18, 2.19, any questions on that page?

2015 Audit Report, reference to page 6, 17.5.1, any questions?

HON. J. DULAKIVERATA.– Yes, Deputy Chairperson, if we go back to 2.16, 320 officers from Ministries and Departments did not have deductions from their salary. You noted that only 16 officers’ salary had been deducted. So this is a large number of officers and why was the rent not deducted?

MS. M. KONROTE. – The rent, Honourable Member, those are deducted by the Ministries.

HON. J. DULAKIVERATA.– Before someone occupies a Government quarters, the procedural things are undertaken. They fill the occupation particulars and the salary deduction should start immediately. Why are they not being followed?

MS. M. KONROTE.– Thank you, Honourable Member. As I mentioned earlier, there are clear guidelines or processes to be followed for the quarters. Aside from those who pay 4 percent and 8 percent, the only civil servants who are entitled to fee housing are the doctors and nurses who are serving out in the districts. Again, as I had mentioned, these are some of the issues that we are now working to address. We note that there were gaps in terms of adherence to the systems and processes. There were systems and processes in place but there was lack of adherence and this is what we are trying to address by going forward.

HON. A.M. RADRODRO.– On 2.19, the actions taken by the Ministry is for defaulters list forwarded to the Department of Immigration, what is the feedback? Was there any successful recovery on that particular exercise taken by the Ministry?

MS. M. KONROTE.– Not yet, Honourable Member. We have not had any report from Immigration Department that the defaulters have travelled.

HON. A.M. RADRODRO.– So they are still around in Fiji.

MS. M. KONROTE.– That is correct. And as I mentioned, we have had cases taken to the Small Claims Tribunal for recovery.

HON. J. DULAKIVERATA. – On 2.17, officers occupying Government quarters but not qualified, who gave the authority for them to occupy the houses?

MS. M. KONROTE.– Thank you, Honourable Member. As I mentioned, a lot of these issues we inherited. As to the decisionmaking taken at that point in time, we are not privy to how those decisions were made.

HON. J. DULAKIVERATA.– When you assumed the post, you should inherit the problems as well.

MS. M. KONROTE. – Exactly, and we are trying to address that, as I had mentioned.

HON. J. DULAKIVERATA. – But was there any actions taken?

MS. M. KONROTE. – Yes. We have instituted actions to ensure that going forward, only those who are qualified or eligible are to occupy these quarters. As I mentioned in the first bulletpoint, 11 police officers have been asked to vacate the quarters because they were not to eligible for those quarters.

HON. A.M. RADRODRO. – A question to this particular exercise, I know this is all internal process but what is the rule that your Internal Audit Team play in this, whether they have encountered this and brought it to your attention and have you conducted internal audit for the PSC?

MS. M. KONROTE. – Yes, that is part of our plan in going forward and that is to include this as part of our audit scope of work.

HON. J. DULAKIVERATA. – While on that, do you have an internal audit within MOE?

MS. M. KONROTE. – Yes, we do. The internal audit group, the Director is sitting across the room, they are all in the MOE.

(Inaudible)

MS. M. KONROTE. –Yes, going forward, we will include that as part of our audit plans but for these particular years, they were not.

(Inaudible)

MS. M. KONROTE. –From 2013.

MS. L. SENIBULU. – Honourable Member, we audited the PSC quarters way back in 2013.

(Inaudible)

MS. L. SENIBULU. - Yes.

DEPUTY CHAIRPERSON. – These types of audit issues must be requiring a lot of real work. In actuality, going to the quarters and finding out if they have residents in the same area, was the measure somewhat like that, Madam PS?

MS. M. KONROTE. – I think these are more technical in nature. That was not covered as part of the audit scope but these are issues, as I mentioned, that will be part our audit plans. Now that the quarters have been taken over by the construction implementation which sits in the Ministry, that will help us to ensure that we address all this issues.

DEPUTY CHAIRPERSON. – On 2015 Report, 17.5.1? 17.5.2?

It is mentioned there, we noted that there were some misposting issues which we have sorted out. OAG, any confirmation on that?

OAG REP. – Deputy Chairperson, we can verify that with the Committee.

DEPUTY CHAIRPERSON. – Thank you.

On 17.6.1? 17.6.2? 17.6.3? 17.6.4? Honourable Members, any final question?

We do understand that the MOE must be very busy this days with the Budget consultations, et cetera, if I can take one last question before they leave.

HON. J. DULAKIVERATA. – Just a comment, I hope with the implementation of the new policies, we would not see the recurrence of most of these things.

MR. DEPUTY CHAIRPERSON.- Thank you, your comments are noted. Any final comments from Madam PS before we conclude the submission?

MS. M. KONROTE.- Thank you, Deputy Chairperson, I just want to thank yourself and the Honourable Members.

MR. DEPUTY CHAIRPERSON.- Thank you.

The Committee adjourned at 11.30 a.m.