**VERBATIM NOTES OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE COMMITTEE ROOM (WEST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON MONDAY, 12TH JUNE 2017 AT 10.45 A.M.**

**Submittee: Ministry of Foreign Affairs**

**In Attendance:**

1. Ms. Arieta Moceica - Deputy Secretary
2. Mr. Josua Tuwere - Manager Executive Support Unit
3. Ms. Manjula Shah - Director Corporate
4. Mr. Josefa Tuima - Director Finance
5. Ms. Merini Cama - Principal Accounts Officer
6. Ms. Ateca Mocenakete - Senior Accounts Officer
7. Mr. Luke Ravuso - Senior Accounts Officer

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DEPUTY CHAIRPERSON.- A very warm welcome to everyone. I see that we have a huge team represented by none other than the Deputy Secretary of the Ministry of Foreign Affairs. I thank you all for your presence in the meeting of the Public Accounts Committee dated 12th June, 2017. Certain audit issues were sent specifically relating to the audit findings of the 2015 Auditor-General’s Report. A lot of issues were identified which probably explains why we have a very extensive team from the Ministry.

Without further ado let me just very briefly introduced my Honourable Members. On my left we have Honourable Nanovo and Honourable Radrodro representing the Opposition. Unfortunately, I am the only one who is from the Government side. The Honourable Chair has gone to Malta, Europe for a conference and the Assistant Minister for Health, Honourable Alexander O’Connor is out on ministerial responsibilities. We are also accompanied by two officials from the Ministry of Economy on my far right and on my far left are the officials from the Auditor-General’s Office who will be assisting us. So, without further ado I would like to request the Deputy Secretary to introduce her team who are here from the Ministry of Foreign Affairs and afterwards you or either the designated member of your Ministry can take us through the written submission which I believe we already have with us.

MS. A. MOCEICA.- *Salaam Alaikum*. Mr. Deputy Chair, a very good morning to the distinguished Members of the Public Accounts Committee. First of all I pass the apologies of the Permanent Secretary for the Office of the Prime Minister who is currently our Acting Permanent Secretary who is away on duty travel. We thank you for this time, the opportunity that you have allowed the Ministry of Foreign Affairs to respond to the queries but more importantly to share with you the internal reforms we are aggressively pursuing and have been since the beginning of last year to address systematically the recurring audit issues that are again being raised in this report.

At this juncture if I may introduce my team members; to my immediate right the Director Corporate Services, Ms. Manjula Shah, who has been in her role for four months, to her right is the Senior Accounts Officer, Ms. Ateca Mocenakete and to her right is the Manager Executive Support Unit, Mr. Josua Tuwere. To my immediate left, Director Finance, Mr. Josefa Tuima who has been in his role for about a year and a bit, to his left Principal Accounts Officer, Ms. Merini Cama and to her left Mr. Luke Rokosoni, Senior Accounts Officer.

Firstly, Honourable Members, I wish to make reference to the foreward in the Audit Report where he points out that out of the 17 qualified statements, there were certain anomalies that are also quite common to Foreign Affairs, particularly to do with variances, board of survey and financial transactions not recorded in the ledger. I seek the indulgence of the Committee in allowing that the Foreign Affairs’ responses be taken in the context of the service wide reforms which we have been robustly pursuing such as the OMRS for strategic recruitment and as of late, the disciplinary guidelines to address under performance and misconduct.

Over the course of the last 18 months Foreign Affairs has been in constant and regular consultation with the Ministry of Economy and the Office of the Auditor-General to address some of the systematic issues which continue to arise in our reports and as the technical people will speak too later in the report when we discuss the substantive issues and some of the key actions we are taking.

In the distinguished Committee’s letter to us on 7th June, you have asked for some general statements which I would like to provide in this overview before I hand over to the technical staff. In providing general comments under Section 8.2 - Statement of Receipts and Expenditure, MOFA notes the increase in 2015 as compared to 2014 of the following:

* Travel and Communication increase by 13 percent;
* Maintenance and Operations increase by 19 percent of our missions; and
* Capital expenditure increased by 152 percent.

In responding to that, Honourable Members, I wish to make the following comments;

1. A nation’s foreign policy is primarily to globalise its domestic agenda. Some of our domestic priorities put sovereignty ….

HON. RATU S.V. NANOVO.- Excuse me Honourable Chair. Can we be advised where are you referring to?

MS. A. MOCEICA.- I am sorry, it is my initial response before we go to the technical bit.

Honourable Members, for the period in question that we are looking at in the report, I wish to state that we have 17 missions in existence. If you wish, I could list for them later if you wish for me to list the missions. Would you like me to?

HON. MEMBERS.- Yes.

MS. A. MOCEICA.- They were in Abu Dhabi, in 2015 it was in Pretoria, Beijing , Brasilia, Brussels, Canberra, Geneva, Jakarta, Kuala Lumpur, London, New Delhi, New York, Seoul, Port Moresby, Tokyo, Washington and Wellington. These are our missions overseas and we have the Roving Ambassador’s division here at headquarters looking after Micronesia and Polynesia.

In responding to the increases in the travel, Honourable Members, if I may say after chairing the group of 77 in China in 2013 it was only natural that Fiji looked to other global forum and stages to continue to increase our footprint to continue to globalise our domestic agenda. Now due to the budgetary constraints the approach had to be staggered. We opened our mission in 2014 in Geneva to represent us on the global stage to the WTO and ILO.

Now for the period under audit. The decision was made to close our mission in South Africa and move us to Addis Ababa. Why Addis Ababa? The African Union is headquartered there with 55 member states, 55 potential votes. Now this necessitated the kind of increases we had. You will appreciate the demand that such a relocation would entail. This necessitated the heavy travel to both Pretoria and Addis Ababa by the MOFA executive. The relocation also involved movement of and purchase of assets, ending of rental contracts in South Africa, entering new contracts in Addis Ababa which explains the increases that you note in the audit report.

In 2015 also, Fiji decided to provide a candidate to run for elections for the post of United Nations General Assembly. We won this elections in June 2016. You will note from the report we won by a very slim margin of four votes. This required the skills and the travel by our diplomats around the globe.

Last week Honourable Members Fiji stood proud when we saw displayed on the international stage within the hallowed halls of the United Nations General Assembly a slice of Fiji. This was possible because we had a Fijian General Assembly President that we lobbied for in 2015 and Fiji was co-host of Sweden which we also lobbied for in 2015.

Honourable Members, as Fiji continues to punch above its weight internationally, it requires heavy lifting by our diplomats. It is these hard working diplomats that we at headquarters support. So, we have a mammoth task of ensuring we support them well but also at the same time pay attention to our systems and processes. We note the comment at 8.3 - Appropriation Statement wherein it is recorded a savings of 1.2 percent, we have managed to achieve in 2015 within the budget provided.

Honourable Members in concluding my initial remarks, I reiterate the Ministry’s vision “Building a better Fiji through excellence in our foreign service delivery”. Our mission, “Advancing Fiji’s interest through the effective formulation and implementation of our foreign policy” and our values one of which is transparency.

Honourable Members we are here today to admit our mistakes where mistakes are being made but more importantly share with you the measures and reforms we are aggressively pursuing to address the internal challenges and we have also here our partners who can attest to that.

I thank you Honourable Members for your attention. With your permission, I would like to turn to the substantive parts of the report that the technical staff can respond to. Thank you, Deputy Chair.

DEPUTY CHAIRPERSON.- Yes, I thank you, Deputy Secretary for your rather precise and very extensive initial remarks on the audit opinion. Just two things I have noted whilst you were in the process of your presentation:

1. Budget constraint ; and
2. 152 percent increase in capital expenditure.

As of 2017 looking at the increased operations the Ministry has in relation to the overseas missions and the various responsibilities Fiji has taken on the international arena, in your opinion is the budget sufficient for the Ministry or you will still be facing this problem of budget constraints?

MS. A. MOCEICA.- Thank you, Deputy Chair. The budget is sufficient, we are looking at our internal processes, systems and tightening that up and better management of the resources.

DEPUTY CHAIRPERSON.- Just another question, this 152 percent increase in capital expenditure, this specifically has to do with overseas missions only, right?

MS. A. MOCEICA.- At that time, yes, Deputy Chair.

DEPUTY CHAIRPERSON.- All right.

HON. A.M. RADRODRO.- Thank you Deputy Secretary for a very comprehensive introduction. In terms of your commentaries on the missions, you stated 17 missions and how many roving?

MR. J. TUWERE.- One.

HON. A.M. RADRODRO.- I just like to ask a question in terms of what benefit are we getting out of this increasing number of missions overseas. You specifically mentioned about the move to Addis Ababa and something about the 55 votes. So, what are we trying to achieve out of all these expenses?

MS. A. MOCEICA.- Thank you Honourable Radrodro. Deputy Chair, if I may, we are currently undertaking an exercise of calculating the return on investment. If you so wish, we can provide that at a latest stage. I would not want to pre-empt anything that I have not cleared with my superiors, but it is an exercise that we have been directed to undertake internally, Sir.

HON. A.M. RADRODRO.- Part of your past years Annual Report, have you done an analysis similar of the Annual Reports that were presented in Parliament previously?

MS. A. MOCEICA.- Honourable Member, we are currently undertaking that. You will appreciate I have been in my role eight months and my team members here fronting up for this report were not here at this material time. There is a lot of catching up that we are doing at the moment but it is something we are aggressively pursuing, Sir.

HON. A.M. RADRODRO.- Was it a new initiative that was undertaken or was it a continuation of the process of the Ministry reporting?

MS. A. MOCEICA.- Thank you, Honourable Member. You will recall the Permanent Secretary we had in place when we presented to the PAC, which was something he had tasked us to do.

HON. A.M. RADRODRO.- Since you are extending your missions abroad, do you have any comments on the trade agreement that was not signed by Fiji in Brisbane this year?

MS. A. MOCEICA.- Honourable Member, I believe that is outside the purview of my responsibility. I would defer to the political leaders to respond to that.

DEPUTY CHAIRPERSON.- Yes, I wanted to comment on that, that is outside the ambit of the audit issue.

HON. A.M. RADRODRO.- That is why I asked the initial question. What type of return do you expect whether this is part of the return that you will benchmark yourself to?

MS. A. MOCEICA.- That would be part of the consideration, Sir. Thank you.

DEPUTY CHAIRPERSON.- Yes, we can continue with the audit findings.

MS. A. MOCEICA.- Mr. Chair, I hand over to Director Finance now.

MR. J. TUIMA.- *Vinaka*, Honourable Deputy Chair and Honourable Members.

Issue 8.4 - Unreconciled Variance in Overseas Mission Bank Account.

Our response is that this has been accumulated over the years and the mission’s bank account balance at the end of the financial year is carried over into the next financial year. We have been working very closely with the Ministry of Economy, the FMIS Unit as well as our colleagues from the Auditor-General’s Office in addressing these variances. Ameasure that we have put in place is adopting a new format of posting since 1st January, 2016 to basically capture all missions’ transactions into the FMIS general ledger. This will address the variances highlighted in the report.

HON. RATU S.V. NANOVO.- Thank you, Honourable Deputy Chair. Just a question, this is the current status as at today. What was the Ministry doing over these past years in regards to this?

MR. J. TUIMA.- Thank you, Honourable Member. As I earlier highlighted, this bank account balance in the mission has accumulated over the years. For some missions, since the missions opened this balance has accumulated in their bank accounts. The issue that we are trying to address is how we can reconcile the bank account balance with our FMIS. Obviously they will always be variance, given the accumulation of these funds over the years. We are looking at our method of posting to address these variances.

HON. A.M. RADRODRO.- Deputy Chair, just a clarification from the Auditor-General. Your statement said the overseas mission bank account held a total of $8 million; where is this figure coming from? Is it in the FMIS ledger in the Ministry or how did you get that figure?

DEPUTY CHAIRPERSON.- You are referring to Table 8.3?

AUDIT REP.- Table 8.3.

The same amount that is reflected in Table 8.3 - FMIS Variances. This is from the gGeneral ledger.

HON. A.M. RADRODRO.- Just a question to the Ministry, in the previous interview, the Ministry had assured the Committee that it was working to, I think this was relating to the 2013 accounts. The Ministry had assured that they had a process in place to resolve this issue and also assured that the issue would not be reoccurring but it appears that these unreconciled variances seems to be appearing in all the years audit. Can the Ministry really resolve this issue or what is the cause of the variances?

MR. J. TUIMA.- Thank you, Deputy Chair. Following our discussions with our colleagues from Ministry of Economy, we have identified this as a posting error that can be addressed through postings. We have adopted that new positing method from 1st January 2016. So, we hope to address this issue come our next report.

HON. A.M. RADRODRO.- So, in situations where like, for example, the Fiji Consular General, the FMIS balance is $695,000 and the December bank reconciliation is $666,000, a variance of $28,000 and also FHC UN a -$38,000, bank reconciliation a -$173,000 with a variance of positive $134,000. Further down in PNG a -$104,000 +$318,000 and the variance of -$423,000. How is it a posting problem?

MR. J. TUIMA.- Honourable Member, I believe there are a number of factors attributed to this variance. I mentioned one earlier which is the accumulation of balance in the mission’s bank account over the years. Also a factor is the exchange rate amongst other factors that contributes to the variances outlined in the table.

HON. A.M. RADRODRO.- So, can you put it simply, who does the posting into the FMIS and who does the reconciliation?

MR. J. TUIMA.- Posting is done at headquarters.

HON. A.M. RADRODRO.- Who does the reconciliation?

MR. J. TUIMA.- Also at headquarters.

HON. A.M. RADRODRO.- Why are they not reconciling when it is all performed at the same office?

MR. J. TUIMA.- I think, Deputy Chair the basic issue here is the accumulation of funds and moving forward the bank account balance at the end of the financial year. At the end of the financial year whatever balance sitting in the mission’s bank account is transferred to the next financial year. I think that is a major issue.

HON. A.M. RADRODRO.- The question that I would like to ask is these balances as at 31st December, which one is reflecting of the individual mission’s bank statement – the reconciliation or FMIS?

MR. J. TUIMA.- The reconciliation.

DEPUTY CHAIRPERSON.- When we last had deliberations, we addressed this issue in terms of the interconnectivity of the transactions. What we were told by the then PS is that the only form of communication is through emails. If there are any issues which headquarters wants clarified and so forth, there is an integrated system but not at the moment.

MR. J. TUIMA.- Not yet, Deputy Chair.

DEPUTY CHAIRPERSON.- So, what are the ways in which the Ministry is planning on improving on this because we were told that the only way is through emails but this is still not working thus resulting in all these variances.

MR. J. TUIMA.- Thank you, Deputy Chair. Yes, there has been a number of options that we have explored together with our counterparts from the Ministry of Economy particularly in linking up more efficiently with our missions. One of the options that we are currently looking at is having an internal accounting system to link up the missions with headquarters. At the moment we are awaiting the monthly acquittals to be submitted from the missions at the end of the month. At times when we receive those reports, it is already an outdated piece of information. We are also liaising with missions on having internet banking access, by this I mean accessing the bank accounts of the missions via internet. We only can have access view. We hope to have real time access to the status of finance in the missions.

Deputy Chair, those are some of the measures that we are looking at together with the Ministry of Economy.

DEPUTY CHAIRPERSON.- We understand the uniqueness and the challenges of the Ministry because missions are overseas. We do not have other ministries operating in the same manner as your ministry. But since this problem is in existence, Ministry of Economy what is the update on behalf of the Ministry to deal with situations like this whereby they are finding it hard to have links with the transaction without the Heads of Missions?

MOE REP.- Thank you, Deputy Chair. If I can just give an update on the last audit conducted for the Ministry. Internal audit conducted an audit of the Ministry of Foreign Affairs in 2015 for the 12-month period ending 30th June and after significant issues that were identified in that audit, we had a Board of Survey and the late submission of reconciliations. You will note that the reconciliations has been a recurring issue for the Ministry, but today the Board of Survey issue has been addressed, the Ministry has submitted their Board of Survey Reports up to the 2016 financial year for all the missions. Whereas for reconciliations, we note that the last reconciliation submitted for the foreign missions was in October 2016.

HON. A.M. RADRODRO.- The Ministry has adopted a new format of postings since January 2016. Why was the last reconciliation in October 2016; now it is 2017?

MR. J. TUIMA.- Thank you, Honourable Member. Yes, we are working on updating our reconciliations with Ministry of Economy. A challenge that we are currently facing is the new posting method that we have adopted and training our officers on the new posting.

HON. A.M. RADRODRO.- In areas where reconciliations are not provided or acquittals are not provided by missions on a regular monthly basis, as you stated earlier. So, what happens when you receive the information or the acquittals from the missions, say at a very later stage? What action do you take or what are the strategies in place for the Ministry to ensure that these things do not reoccur going forward?

MR. J. TUIMA.- Thank you, Honourable Member. There are some internal controls that we have put in place for missions, one of which is, if we do not receive the acquittals report at the end of the month, then we withhold their remittance for the next month.

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

MR. J. TUIMA.- Yes, Honourable Member. What the missions are doing, given their locations, they send us soft copies of their reports and that gives us the basis for us to remit their funds then they send the hard copies later to headquarters.

HON. A.M. RADRODRO.- Deputy Chair, just another supplementary. I think one of the difficulties also in terms of transacting information is when information is shared between more than one people. Does the Ministry face these problems in terms of trying to relate the information that is provided to better suit your reconciliation process? Do you encounter those difficulties especially information?

MR. J. TUIMA.- Yes.

HON. A.M. RADRODRO.- And what are you doing in those situations.

MR. J. TUIMA.- We have regular communication with our diplomats in the missions when we are faced with those siutations.

HON. A.M. RADRODRO.- It will be unfair for the Ministry when you have no control over people submitting information and you come here and face this unnecessary situation when in fact the people who are providing the information do not provide on time and they do not provide proper information for ease of reconciliation. I think you should be more stringent in the process and disciplinary measures be taken rather than absorbing all those discrepancies noted from the respective missions.

DEPUTY CHAIRPERSON.- But we also take note of the fact that this is also a very stringent measure whereby you will be holding on to their funds for the next month, just to make sure that they meet deadline.

MR. J. TUIMA.- Deputy Chair, that is the only control that we have in headquarters to hold on to their remittance.

DEPUTY CHAIRPERSON.- I think that is a very stringent control itself.

HON. A.M. RADRODRO.- The processes apart from withholding grants, does the Ministry have the powers to institute disciplinary processes?

MS. A. MOCEICA.- Thank you, Honourable Member. As I alluded to in my introduction or initial remarks, we are taking this as part of the service wide reforms we have just had come into play the disciplinary guideline which addresses issues of underperformance and misconduct. Now in the transition period we have also had changes in 2015; you had a change of two PS’s and in my eight months on the job I have had two PS’s change as well. S depending also on how firm one of the leaders is on a certain issue, now with the current PS, he has actually empowered Director Finance to exercise full authority with his blessings to withhold funds but to also start to draft potential disciplinary messages that the PS sends outs. We have had several circulars going out but it is also come back to us at Operations to look at strategic recruiting. Now, when we look at the problems in the missions, it is not necessarily the Head of Mission, it is really the diplomats and we have noticed that the First Secretary and Second Secretary are very much the political operators. I think only two missions have Second Secretaries who have some accounting background.

So, we looking also at the skills set in a mission to see that there is at least one of them. It is a process we have started in the last three months as strategic recruitment, looking at least the Second Secretary has to have some accounting background or we build it into the recruitment question and then when we do the induction, they spend no less than a month here. One whole week is spent in finance. We pull out that mission’s report, we show them the problems of that mission, and we just started this since we got this new Director Corporate Services. So, change and reform takes time, we need to put in place a system, we are going to strengthen them. The regulations are all there. It is about enforcing, as the Honourable Member has said, it is about enforcing them. Under the disciplinary guideline, you have got the performance improvement programme in place. So, we are starting to use such measures within even within headquarters accounts as well.

HON. RATU S.V. NANOVO.- On that Deputy Chair, I would like to thank them for what they have done so far, but I just want to ask them whether there is any plan in place for the Ministry to interconnect all its foreign missions on line so that they can work on this on line. I know it is going to be an expensive exercise but it will solve a lot of the hiccups that we are currently facing. Is there any plan in place?

MR. J. TUIMA.- Thank you Honourable Member. Yes, we have some initial discussions on that as a way forward.

HON. A.M. RADRODRO.- Supplementary question to that. While you are working on the online, how often do you visit the missions to carry out your cross checking as Director Finance?

MR. J. TUIMA.- Thank you. I think the issue for us is budget constraints in terms of visiting our missions but ut yes we do visit our missions. We visit those missions that we have identified through the reports that they submit where there are some anomalies that needs to be rectified then those missions are our priorities in terms of visiting them.

HON. A.M. RADRODRO.- Looking at this table the priorities are all the missions because they have an accumulative total of variance of $3.3 million; whether you have any intention to make visitations or just continue with a status quo will be a challenge for the Ministry. In the specific accounts which have negative balances that have been highlighted by the auditors, Fiji High Commission in UN and PNG had overdrawn bank account balances. How do those situation arise?

MR. J. TUIMA.- Thank you, Honourable Member. We had our Head of Missions Forum a few months ago and that provides us an opportunity to discuss all these issues with the Head of Missions and we hope that will effectively address some of these anomalies.

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

MR. J. TUWERE.- Yes, we are looking at that option, Honourable Member.

HON. A.M. RADRODRO.- OAG, do you take visitation to all these missions in terms of our audit conduct?

AUDIT REP.- We also visit overseas missions. We do not specifically plan for it but once we have the opportunity to visit other countries, we look at the nearby missions. The issue here is mainly at HQ in regards to the posting into the FMIS.

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

AUDIT REP.- All the sources from the overseas mission have been provided to headquarters but the originals are here. So, these are the postings that are done to the FMIS that is creating the problem.

DEPUTY CHAIRPERSON.- Yes, you can move on to the next issue.

MR. J. TUIMA.- Thank you Honourable Chair.

8.5 - Reconciliations not prepared/provided for audit

We would like to admit that the reconciliations were not prepared during the time of audit, but we have carried out those reconciliations and again I would like to attribute this to the strength within the finance division to effectively carry out those reconciliations. We have addressed that through extensive restructuring of the finance division within the Ministry.

HON. A.M. RADRODRO.- Further clarification in terms of staffing at the respective missions; do they have separate accounts staff or the accounting work is also done by the diplomatic officer?

MR. J. TUIMA. The diplomats themselves.

DEPUTY CHAIR.- Board of survey? Do you have questions?

HON. A.M .RADRODRO.- How are you going to address this issue in terms of accounting or finance staff in all the missions? Are you going to put in people specifically to look after the finances or what is the plan going forward?

MS. A. MOCEICA.- Thank you, Honourable Member and Deputy Chair. As I said earlier we are undertaking strategic recruiting and ensuring that at least there is one of them that has strengths in accounting can pay attention to some of these problems. We have also sent this report (2016 Report and the Whole of Government Audit Report) and really just made very clear to the Ambassadors (Heads of Missions) that this is really part of their performance now and the Permanent Secretary has made that very clear to them as well.

MR. J. TUIMA.- On the Board of Survey Report as alluded to by my colleague from the Ministry of Economy, that is an area that we have greatly improved on in terms of submission to the Ministry of Economy.

DEPUTY CHAIRPERSON.- Confirmation from OAG?

OAG REP.- We confirm, Sir.

DEPUTY CHAIRPERSON.- All right, thank you.

HON. A.M. RADRODRO.- I think with this particular audit issue there are speculations about missions selling of properties. Can you confirm which missions in relations to this listing here are disposing off its properties through sale?

MS. A. MOCEICA.- What page is that, Honourable Member?

MR. J. TUIMA.- Honourable Member, we only have three missions where we own the properties; Canberra, Wellington and London.

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

MS. A. MOCEICA.- Those are outside of our jurisdiction to respond to, Honourable Member. That would be a question that would be rightfully directed to the Honourable Minister for Economy.

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

MR. J. TUIMA.- No, Sir.

MS. A. MOCEICA.- Sir, on assets this is not land and building.

HON. A.M. RADRODRO.- Building is not part of the board of survey, where do they come under?

MS. A. MOCEICA.- Government properties which is governed by the Ministry of Economy.

HON. A.M. RADRODRO.- What is the verification of those land and assets?

MS. A. MOCEICA.- (CIU.

OAG REP.- Deputy Chair, CIU is the section of the FMIS. Ministry of Economy handles all the properties.

HON. A.M. RADRODRO.- This is not part of the board of survey exercise?

DEPUTY CHAIRPERSON.- Non Clearance of Remittance between Chests Balance.

MR. J. TUIMA.- 8.7 - Non Clearance of Remittance between Chests Balance.

For the information of the Committee, this has been cleared. We managed to clear that during the audit adjustment period thanks to the Office of the Auditor-General.

Again, we have identified our postings format as the reason for the non-clearance of that $1.3 million which I am happy to mention that, that has been cleared.

OAG REP.- We confirm that, Deputy Chair.

MR. J. TUIMA.- Representational Allowance Claims Not Adequately Supported.

Honourable Members, this again is the control from the missions. The non-submission of supporting documents to effect those payments out there in the missions. The Representation Allowance is paid in the missions, the one-third component of the Representation Allowance is in-built into the diplomat’s fortnightly post allowance while the two-third component is paid on a reimbursement basis after they have carried out a representation at post.

Our issue is that we do not have much control on that in terms of the payment of Representation Allowance but we have highlighted this to our missions through the recent Head of Missions, the need for stringent measures in the mission to control such anomalies.

HON. A.M. RADRODRO.- Deputy Chair, I quote: “The audit noted that while all the claims were supported with receipts and invoices for the official lunch and dinners hosted, the officers claiming the representation allowances failed to provide the reasons and the details of the person or the group that was hosted.” Can you comment on that audit issue?

MR. J. TUIMA.- Thank you, Honourable Member. Again that is control for the mission, an oversight on the mission’s part for them to sight those documents first before effecting those payments. We are now putting measures to strictly adhere to those requirements in the mission.

HON. RATU S.V. NANOVO.- Deputy Chair, if that was the initial requirement, then why was the reimbursement made if the requirement was not fulfilled?

MR. J. TUIMA.- I believe that is something that the mission should have strengthened.

HON. A.M. RADRODRO.- In terms of the listings that was provided, what verification has the Ministry done to ensure that the reasons and the details of the persons are official as the requirements?

MR. J. TUIMA.- The onus is on the Head of Missions to give approval for payment of this representation allowance. Once a diplomat hosts an official delegation he submits that request for reimbursement to the Heads of Mission. So, it is under the Head of Mission’s jurisdiction to approve or not approve any representation allowance payment.

HON. A.M. RADRODRO.- The audit then further goes onto say that and I quote: “The above indicates weak payment verification process both at the Missions and at the Headquarters which could result in misappropriation of public funds through fraudulent claims.”

MS. A. MOCEICA.- Deputy Chair, if I may, at the Heads of Missions meeting in April there was a review of the Foreign Office Service Regulation (FOSR) because this is stipulated in the FOSR and it was made very clear to them the responsibilities in ensuring that this documentation to support the one-third, two-thirds and for other allowances as well where there is reflection of poor record keeping. That has been relayed to the Heads of Missions that there will be stricter controls from this end and if documents are not provided for things that they have expended, it will affect the remittances coming in in the ensuing month.

DEPUTY CHAIRPERSON.- As alluded to earlier, now Director Finance has the right to make a decision to stop the remittance.

MS. A. MOCEICA.- The PS has authorised that he can stop that.

DEPUTY CHAIRPERSON.- Thank you. Can we move onto the next one?

MR. J. TUIMA.- On 8.9, this is the compensation paid out to a former First Secretary to the mission in Brazil. We have maintained that that compensation was approved by the Permanent Secretary and the issue was on the management of leave which the officer rightfully was compensated for. We have put in place internal systems to manage leave by staff both at headquarters and in the missions.

MS. A. MOCEICA.- Thank you, Deputy Chair. If I may add, one of the policies that we have put in place since the beginning of the year is that there is no leave compensated for end of contract; you take your leave within the period of your contract and it puts the onus back on the immediate supervisor to manage that. Director Corporate Services has also since done the leave register and we now control prior to her coming on board, leave was controlled at the missions and so when their records came, there was a big mismatch and some of them had claims of $90,000 for leave owing. So, now that we have got the Director Corporate Services on board, what she has done is that a leave template looked at everyone’s leave, brought back the control of leave to headquarters and for those whose contracts are coming up to expiry, they had been given instructions on leave to take. They have been given no choice; you take these days leave because you will not be compensated unless the PS overrides that. So, these are some measures that we have got in place now, Deputy Chair.

HON. A.M. RADRODRO.- Deputy Chair, can we just get a comment from the Auditor-General about their audit findings? You said and I quote: “Leave allowance is payable seven days before the qualifying date provided a written request is made to the Permanent Secretary for Finance through the respective Permanent Secretary or Head of Department at least three months immediately prior to the qualifying date. The provisions do not apply to Contracted Officers.” Can you comment on what the Ministry has mentioned by your audit finding?

OAG REP.- Contracted Officers are not entitled to leave allowances. This was the allowances that was in place for permanent staff – Public Service. This is from the General Orders.

HON. A.M. RADRODRO.- Deputy PS, the contracted staff are not entitled to any leave allowances?

MS. A. MOCEICA.- It has to be approved by the Permanent Secretary. I think the permanent employees prior to the contracted period have those entitlements which do not apply now to contracted officers because people need to take leave. It is also a legal obligation that people take leave during contracted year of work.

HON. A.M. RADRODRO.- …. the provision does not apply to contracts.

OAG REP.- That is read from the General Orders. The first paragraph at the top of page, the line that you read is the instruction from the General Orders.

HON. A.M. RADRODRO.- So is the First Secretary on contract? He is not a permanent staff?

OAG REP.- It is raised on the second bullet point. The First Secretary was appointed on a three-year contract, not entitled to leave allowance. The paragraph which you read is from the General Orders. It states that the provisions do not apply to contracted officers, therefore as a contracted officer, he is not entitled to that leave allowance.

HON. A.M. RADRODRO.- What is the leave entitlement for contracted staff?

MS. A. MOCEICA.- They are supposed to take leave but if in the case of certain levels the Permanent Secretary or the Head of Mission’s state because of the busy nature, they make a special application for leave compensation and then that has happened. We have precedence for that, but it is on a case by case basis.

OAG REP.- Deputy Chair, if I may clarify, the compensation is towards your leave entitlement. This leave allowance was from the previous Public Service where after you complete 12 leave years in the Service you ….

HON. RATU S.V. NANOVO.- We have paid for that.

OAG REP.- Long service leave allowance.

HON. RATU S.V. NANOVO.- That is in the old system. It is not in a contract basis.

OAG REP.- Yes, when this new contract system came up they did away with that.

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

OAG REP.- As soon as you enter into a contract then all the privileges before ceases.

MS. M. SHAH.- If I may add, according to the General Orders and terms and conditions on the previous employment when you are a permanent staff there are qualifiers like you have long service leave and you will qualify for leave allowance. The moment you enter into contract, the date of contract and thereafter is not a qualifying period but whatever you have earned prior to get in the contract is due to you. If I have served 18 years inthe service and I have ended my contract on the 18th year, I will qualify for whatever I should have until the 15th year because the next qualifier is 20th year. So that is how the change over from the permanent into the contract applies.

HON. A.M. RADRODRO.- He was a permanent and then became a contract staff as alluded to by the Director Finance.

DEPUTY CHAIRPERSON.- You are referring to this paragraph, “leave allowance is payable seven days before the qualifying date”.

OAG REP.- What is the period here?

DEPUTY CHAIRPERSON.- Leave compensation.

MS. M. SHAH.- Deputy Chair, there are two different issues here:

1. Leave allowance; and
2. Leave compensation.

Leave compensation is annual leave that is accrued over years and leave allowance used to be a condition under the previous guideline that after you serve your first 12 years of service, thereafter every three years you qualify for a leave allowance. That was a benefit under the old existing system but with contract terms, it does not apply any more.

HON. A.M. RADRODRO.- …. continuing service.

MS. M. SHAH.- Yes, if you would serve say, for example, at least 12 years then into the contract, then whatever you qualify for until 12 years is applicable, thereafter no.

OAG REP.- Sir, the second bullet points shows that the First Secretary was appointed on contract in 2011. So, from 2011, he is not entitled, all the entitlement ceases, but the payment was from 2012 to 2015. Normally they pay this long service leave allowance every three-year cycle. He may have been a continuing employee, but he has entered into a new contract.

MR. J. TUIMA.- Yes, the officer referred to in here was a permanent employee of the Civil Service prior to posting so the payment was for all those years which is rightfully due to him.

OAG REP.- I think as Director Corporate Services stated that once you enter into contract then that entitlement ceases.

MR. J. TUIMA.- Yes, for those years.

OAG REP.- But the period that is being paid here is after the date entered into contract. So, he is no longer entitled to be receiving any further ….

HON. RATU S.V. NANOVO.- That should be paid at the end of the contract.

MR. J. TUIMA.- Only for periods prior to the contract date. After that he is no longer entitled to receive any further long service leave allowance.

MS. M. SHAH.- Can I add to this? Normally long service leave allowance is something that is not paid by the Ministry, it is paid by Ministry of Economy. So, in this case, I think we need to go back and check whether there was an application by MOFA and the payment actually took place from Ministry of Economy because none of the ministries are authorised to do leave allowance payment at headquarters level.

(Inaudible)

OAG REP.- Not the leave compensation. In this case it is paid from the Ministry not finance.

MS. M. SHAH.- It just cannot be because regulation does not permit payment of leave allowance from the ministries, it does not. All applications are made to the Ministry of Economy and the Salary Section then effects the payment after checking the payrolls. So if we did make a mistake to make an application to Ministry of Economy for leave allowance payment, Ministry of Economy should have picked it up straight away because the officer is now on contract so they will not qualify because the contract does not permit. So, maybe we have to verify this whether payment did take place at Ministry of Economy.

HON. A.M. RADRODRO.- Then it brings another second issue on the leave payment. Now it is a leave compensation. So, your comments on this - the second issue on leave compensation. He did not utilise his leave of 31.5 days.

MS. M. SHAH.- Actually, Honourable Member, this is another clause in the contract which allows payment of leave compensation when you change contract from one to the other. So, in case if I am promoted to another level, it qualifies me to obtain a leave compensation under my existing contract. This is to avoid accumulating a liability when you enter into a new contract that is already provided for in the existing contract. So, that was something which is there, it is already provided for but then again accumulating a number of days which you are not supposed to, it comes back to effectively the administration. So, there is a bit of error on our part that we should have managed leave so that the officer did not compile that much of leave and then compensation was actually rightfully due.

HON. A.M. RADRODRO.- Having this particular issue, the Acting Permanent Secretary for Foreign Affairs in his letter dated 30/6/14 extended the First Secretary’s term and reminded him to utilise all his leave during the extended period of his term as he was not to be compensated for leave earned. However, the First Secretary did not utilise his leave but instead wrote to the Acting Permanent Secretary on 16/1/15 requesting for a compensation of the 20 days of annual leave due to him and then the leave payment as stated there. So, the findings shows lack of due diligence checks by headquarters which resulted in the incorrect payment of allowances. It is an audit issue.

MR. J. TUIMA.- Thank you Honourable Member. The First Secretary in Brazil received the advice from headquarters to utilise his leave. There were only two diplomats at the Brazil Mission and there was no opportunity for the First Secretary to utilise his leave. He wrote a counter request to headquarters for reconsideration of those outstanding leave which he basically could not afford to take at post.

HON. A.M. RADRODRO.- The fact that he was advised to go on leave, he requested to be paid for 20 days but was compensated for 31.5 days.

OAG REP.- Deputy Chair, the payment too was done at the mission not here at headquarters.

DEPUTY CHAIRPERSON.- So, the loophole as we see now that the mission had the authority to grant this amount, as a matter of fact it should be controlled at headquarters, I think.

HON. RATU S.V. NANOVO.- Just a matter of interest, who was this First Secretary?

DEPUTY CHAIRPERSON.- It is all right, we do not need to know the name. What are the regulations now?

MR. J. TUIMA.- Deputy Chair, the practice for serving diplomats is upon completion of their term of diplomatic posting if they do have outstanding leave at post, and if the mission have sufficient funds then that leave compensation is paid at the mission. Otherwise they will request for funds from headquarters to allow them to pay for those, but the approval for payment of leave compensation is made from headquarters. It is submitted to the Permanent Secretary for approval.

DEPUTY CHAIRPERSON.- Coming back to Honourable Nanovo’s request perhaps after the submission whilst you are having informal discussion, you can give him the name.

HON. RATU S.V. NANOVO.- Where did that eleven and half days leave come from. How did that come about?

MR. J. TUIMA.- Honourable Members, can we provide further details on this?

DEPUTY CHAIRPERSON.- Please, because from the Committee’s point of view we are now at a deadlock. We do not want to make any false reports on any particular Ministry in this regard. So, if we can have some more information on this, that will help us make as independent a report as possible which will be tabled in the Parliament.

MS. A. MOCEICA.- Deputy Chair, by when do you want this data?

DEPUTY CHAIRPERSON.- We want to know what actually happened, I mean who gave the approval, who authorised the payment because there is excess of leave days too as well there. We want to know in details what happened because right now I can see we are at a deadlock. So, it is very hard to deviate and conclude.

HON. A.M. RADRODRO.- Deputy Chair, just on the recommendation by the Auditor-General. The first recommendation that the Ministry should recover overpaid post allowance, leave compensation from the officer concerned. Has the Ministry taken steps to implement this recommendation?

MS. A. MOCEICA.- I guess, Deputy Chair, if you see our responses, the response is that it is in order. Now that we are realising there might be some things we need to go back to, we will have to go back and relook at those records and then look at the recovery and who to recover from.

HON RATU S.V. NANOVO.- The issue was brought up in 2015. Why was that not implemented at that time?

MR. J. TUIMA.- Honourable Member, our response to these queries that the payment is in order. We will provide the details of those payments to the Honourable Committee.

DEPUTY CHAIRPERSON.- Like I said, since we are reaching a deadlock here and we cannot substantiate a right conclusion, perhaps the Ministry can come back to us later so we continue with 8.10 now.

MR. J. TUIMA.- Thank you, Deputy Chair.

8.10 - Incorrect Remuneration Payment of Post Allowances.

We have settled this issue and the overpaid post allowance has been recovered from the diplomat.

HON. A.M. RADRODRO.- The recovery, have you taken any further additional steps of disciplinary?

MR. J. TUIMA.- Sir, the overpayment is basically a calculation and a confusion at the Mission basically because of the entitlements that is payable to the diplomat but once we have sorted out that then ….

HON. A.M. RADRODRO.- Deputy Chair, into question the second audit recommendation; the supervisory checks of that calculation. Who checked that calculation, who signed off the calculation?

MR. J. TUIMA.-. The payment is made at the mission. The payment of post allowance and the calculations must have been made at the mission.

HON. A.M. RADRODRO.- Did you go and check? That is where I am coming from in terms of supervisory. Someone must have done the calculation ...

HON. RATU S.V. NANOVO.- The Head of the Mission should check it.

HON. A.M. RADRODRO.- … to ensure that it is not a wrong calculation.

MR. J. TUIMA.- We can only do the cross check once the report is submitted at the end of the month. However, yes in the mission there is a system of checking from Second Secretary, First Secretary right up to the Head of Mission. Again it is an oversight issue in terms of the calculations made.

HON. RATU S.V. NANOVO.- If the Head of the Mission checked it himself, do you not think that is abuse of office?

HON. A.M. RADRODRO.- What is the process you are doing now for similar situations where should things like this arise and what you found that there is a wrong calculation done at the mission and the checking process was also done at the mission, you do not identify these anomalies, what has the Ministry taken to ensure that the processing of payments at the mission level is incorrect as you stated?

MS. A. MOCEICA.- Thank you, Honourable Member. Mr. Chair, we can only respond to what we are trying to do now considering that we were not there at that time. What we are looking at now, again I go back to the Heads of Missions meeting that was held in April. These issues and also the Foreign Office Service Regulation (FOSR) is what guides this. There has been a massive review of it because some of them have come on board since the FOSR was brought into play in 2005, we are actually due for a review. So the discussions centred around their responsibility in ensuring the correct calculations but also if I may just add, one of the issues here is the marital allowance. So the FOSR has been reviewed to ensure that there is no discrimination but also there is better informing of the Heads of Missions to ensure that proper calculations and understanding of what rates apply. So, what we can answer for is what we are doing going forward but also when the acquittals come, it affects the remittances if it is not in line; that is what we are able to do now. Other things, we have been able to give them templates to work on, travel requests so we are addressing these things through some of the aggressive measures we are putting in place now.

HON. RATU S.V. NANOVO.- Deputy Chair, I think just a general guideline, anything to do with the Head of Mission, he should not judge it himself, he should come to head office.

DEPUTY CHAIRPERSON.- So, the document that you are referring to which contains the guidelines of the Heads of Missions was reviewed way back in 2005?

MS. A. MOCEICA.- The last one is still in force and we have been given a directive to review that. The Heads of Missions had a first go, it has been under review for the last year or so, it has been circulated among the Heads of Missions. Now the Permanent Secretary current has asked us to prepare a Cabinet paper but one thing he asked us to look at also is the costings of the review. So there are communications back and forth between the Ambassador Mataitoga who is considered one of the drafters of the original regulation and us here at headquarters and his coming in August for us to have a final look at it then present it to Cabinet. So we will be addressing a lot of these anomalies through that as well. But in the meantime, the audit report has gone out and we have highlighted the issues that the Heads of Missions will be held accountable for.

DEPUTY CHAIRPERSON.- So, we are looking at maybe end of this year for the review to be finalised?

MS. A. MOCEICA.- Yes, Sir.

DEPUTY CHAIRPERSON.- All right, thanks.

HON. A.M. RADRODRO.- Regarding these anomalies that have been noted, there have been situations where training has been conducted by the Ministry for possible candidates for overseas missions. Are they also been taught in terms of the Finance Regulations and Ministry’s Finance Instructions?

MS. A. MOCEICA.- Thank you, Honourable Member. Deputy Chair, 2015 was the last diplomatic induction training. We did not have one last year, we are organising one for 2017 and this and the Financial Regulations will be a part of the package now that we see the issues being raised and the importance of ensuring our diplomats that we send out are fully aware of the various regulations that guide our work.

HON. A.M. RADRODRO.- Deputy Chair, that has been identified in bullet point three; “The Second Secretary’s (EDP No. 64071) spouse resigned from her employment with effect from 18/3/15. He was entitled to claim post allowance at a married rate with effect from 18/3/15. However, he was paid post allowance on a single rate up to 25/3/15. Instead of paying the difference between married and single rate for the period 18/3/15 – 25/3/15, the Second Secretary was paid the full post allowance at married rate for the period. Hence, the Commission overpaid the Second Secretary post allowance by $1,509.14.” So, how is that allowed to occur at that level?

MR. J. TUIMA.- Thank you, Honourable Member. As alluded to by Madam DS this is an integral part of the review to the current FOSR on the married rate post allowance. The issue on the Second Secretary when he submitted his response to these queries is it does not clearly stipulate in the FOSR whether the spouse needs to be with him at post. It is either married or single. So, when a spouse is not with him at post, he still qualifies for post allowance at married rate because he is married irrespective of whether the spouse is with him at post or not. That is the contentious issued that we are trying to address through the review of FOSR.

HON. A.M. RADRODRO.- The payment that is being given to the officer as a married, who authorises the change in the scenario in terms of married to single? Who authorises that particular pay-out?

MR. J. TUIMA.- The Head of Mission decides on what level of allowance payable to the diplomat.

MS. A. MOCEICA.- Deputy Chair, if I may add, this is something that Ambassador Mataitoga has very strongly intimated is un-Constitutional now because we are discriminating on the basis of your marital status. So this is a key clause in the FOSR that is under review that a diplomat is a diplomat, whether you are married or not, you paid a certain entitlement and that is it, because it also then prevents these types of anomalies. In terms of the measure going forward, the FOSR will address that and also make sure we are in line with the Constitution.

DEPUTY CHAIRPERSON.- Yes, if we can move on.

HON. RATU S.V. NANOVO.- On this, Deputy Chair, all the officers who were involved in this overpayment, underpayment what sort of disciplinary action were taken against them?

MS. A. MOCEICA.- Thank you, Honourable Member. Deputy Chair, we have started in the last two weeks, I have sent letters, you will appreciate we have got an Acting Permanent Secretary who is travelling. I have sent letters to the Acting Permanent Secretary, who is SG now to approve according to the regulations, we cannot deduct pay without the approval or the consent of the staff members and it has to be approved by the PS. So, we have got letters signed by staff members that we will be assigning, we have assigned fault based on the level of responsibility where there has been miscalculation by headquarters. We are starting with headquarters and eventually will be reaching out to the missions. We are now having to go back into 2014 and 2013 records to calculate some of these over payments. So, we have got processes in place. It is going to touch pockets and we starting. His leading the effort with his team. Several of the people around this table are having their pockets touched in response to some of these overpayments.

HON. A.M. RADRODRO.- Representatives from the Office of the Auditor-General, this is one specific mission. Did you also conduct your audit with the other missions to see that similar incidences are not repeated in other missions as well or is this part of your audit sample?

AUDIT REP.- Thank you, Deputy Chair. We cannot audit all missions in a year so we normally select sample of missions to audit. Yes, we also asses the risks that are associated with the missions.

HON. A.M. RADRODRO.- In terms of the Second Secretary, so when they depart to go to their respective missions and they change their status half way, is that supposed to be approved by the Head Office?

MS. A. MOCEICA.- Thank you, Honourable Member. I do not think they need to seek approval to get married but if they change their status Honourable Member, they need to send us a certificate under the current FOSR until the revised one gets enacted.

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

MR. J. TUIMA.- Honourable Member, for that particular case it is just a matter of the spouse, not within when at post. They are still married now.

DEPUTY CHAIRPERSON.- 8.11.

MR. J. TUIMA.- Thank you, Deputy Chair.

8.11 - Manual Payments not Updated in the Payroll System.

Yes, we concur with the anomaly highlighted and we are strengthening that particular area in terms of updating manual payments. While still on manual payments, we have issued an internal circular to all our staff both in the missions and headquarters to discourage manual payments. We only effect any manual paymenst on special circumstances.

HON. MEMBER.- (Inaudible)

MR. J. TUIMA.- The circumstance, Honourable Member when there is a death in the family; not a salary advance. This is for manual payments. If it is not manually pay then it just goes through their normal salary or pay.

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

MR. J. TUIMA.- There are cases when the contract expires and during the process of renewal of contracts, their salaries were ceased as well. So, when the new contract is in place, we pay them.

HON. A.M. RADRODRO.- A total of $40,625 as listed in the appendix table that were processed manually and if I am right, the EDP and FNPF number represents the different number of employees so there is more than 20 here. Is that all those in the overseas missions or also includes the staff at headquarters?

MR. J. TUIMA.- Also including headquarters.

HON. A.M. RADRODRO.- How long does it take to process the renewal of contract to ensure that this does not repeat?

MR. J. TUIMA.- Honourable Member, just using the contract as an example of circumstance where we effect the manual payment, this also includes overtime payments. So, it is not specifically for contracts.

DEPUTY CHAIRPERSON.- 8.12.

MR. J. TUIMA.- On 8.12, again it is similar to 8.11 where it is part of strengthening of our internal systems and processes within the finance division of the Ministry.

HON. A.M. RADRODRO.- Do you conduct your internal audit at the Ministry in this financial year?

MOE REP.- Deputy Chair, yes, we currently have a team based at the Ministry of Foreign Affairs for this quarter. As I had mentioned earlier, the last audit we did was for the 12-month period ending 30th June, 2015.

HON. A.M. RADRODRO.- ..system.

OAG REP.- Yes, Honourable Member. If I can just summarise the issues that we noted in that particular audit, we came across some payroll issues, manual wage payments as well as the management of files together with the other issues that I had mention earlier on reconciliations and Board of Survey.

HON. MEMBER.- (Inaudible)

MOE REP.- Yes, Honourable Member. We had the audit exit meeting in 2016 following which we had the follow up, which is why we are having another audit this quarter, the fourth quarter of 2016 and 2017 financial year.

HON. RATU S.V. NANOVO.- Can we just get a confirmation from the Ministry, is that correct?

MS. A. MOCEICA.- Yes, Honourable Member. The Ministry of Economy internal auditors have been there. By the time they are done, they would have spent two months with us. It should come to the end of next month.

HON. A.M. RADRODRO.- Just information from the Ministry, have you managed to bring the reconciliation up to-date in terms of your payroll reconciliation?

MR. J. TUIMA.- Yes, Sir, we managed to improve on that.

HON. A.M. RADRODRO.- Audit recommendation, “The Principal Accounts Officer takes full responsibility”, has that been currently in process?

MR. J. TUIMA.- Yes, Sir. Deputy Chair, on overseas travel, as part of our response d to that, we have highlighted actions taken for each of the anomalies and for the information of the Honourable Committee, we have recovered those overpayments and we have provided the explanations to those travels highlighted in the report.

DEPUTY CHAIRPERSON.- What is the scenario now? It is very much in order or still the Honourable Minister is compensating?

MR. J. TUIMA.- Deputy Chair, the finance team took the initiative to sit down with the Honourable Minister and discuss all these issues and we have recommended those where he needs to settle the overpaid allowance and demanded an explanation on areas where he conducted meetings.

DEPUTY CHAIRPERSON.- It says here, “The allowances are not applicable on the day the Honourable Minister leaves and the day the Honourable Minister arrives in a country.”

MR. J., TUIMA.- Yes.

DEPUTY CHAIRPERSON.- So, these overpayments are particularly referring to these days either arrival or departure.

HON. A.M. RADRODRO.- Deputy Chair, the comments by the Ministry, can you just further elaborate on this? That means the dates specified for travel and then there is another additional date while the Minister is on travel.

MR. J. TUIMA.- For those queries where the departure date is included in the calculation of the per diem as well as the returning date, we have recovered all those overpayments. The Honourable Minister did agree that it should not have been included in the calculation. We are strictly monitoring that now in terms of the dates qualified to be part of the calculation for per diem.

The extended dates of travel, in our response from the Honourable Minister as mentioned that it is much more economical for him to attend to those meetings while they are still in overseas. There were a few cases where he had been requested by the mission while he was still there. So, that is the explanation that we received from the Honourable Minister.

HON. A.M. RADRODRO.- For those additional dates which were directed to you to make payments, does it have to be approved by Cabinet or what is the process?

DEPUTY CHAIRPERSON.- The extension.

MR. J. TUIMA.- Our payment is based on the approval from Cabinet.

DEPUTY CHAIRPERSON.- Ministry of Economy, in regards to that, if there is an extension of the visitation by the Honourable Minister, how does per diem apply there given the fact that the allocation has already been made, but suppose for some reason the Honourable Minister decides to stay longer?

MOE REP.- Deputy Chair, that will be subject to the approval of the relevant authority.

DEPUTY CHAIRPERSON.- All right.

HON. RATU S.V. NANOVO.- With that Honourable Chair, we just refer to Table 8.6 and the payment that was done on 10/4/15 and 6/7/17 what were the result of that, were they reimbursed again or that explanation is enough?

MR. J. TUIMA.- The response provided by the Honourable Minister was that all those meetings were official, they were part of his official trip.

DEPUTY CHAIRPERSON.- 8.14?

HON. A.M. RADRODRO.- Two sets there, on the second one.

DEPUTY CHAIRPERSON.- Alright.

HON. A.M. RADRODRO.- The recovery of salary deduction from Vilitati in your responses and then the third one. Why is that 34 percent there?

MR. J. TUIMA.- Thank you, Honourable Member. For that second case, yes, we have already undertaken our salary recovery and the total amount has been recovered from the officer.

For this case when the cost of accommodation is more than the per diem rate, the accommodation component of the per diem rate is more than the actual hotel cost so we take the percentage of the meals.

HON. A.M. RADRODRO.- If per diems are paid out to these officers and they engage themselves in a higher hotel rate, the Ministry will have to reimburse the difference. Is that the case? Is that what you are telling us?

MR. J. TUIMA.- Yes.

HON. A.M. RADRODRO.- The Ministry will reimburse the difference. What is Finance instruction on per diem rates given, says if staff are given $100 and the hotel rates are $200, does the Ministry have to pay out the $200 rather than the $100?

MOE REP.- Yes, Deputy Chair, provided that there is no other quote that is within that $100. So, if no other quotes within the $100 then the Permanent Secretary has the authority to approve higher accountable advances.

HON. A.M. RADRODRO.- Part of the recommendation is surcharging of accounts officer. I think it is the job of the accounts officer to ensure proper per diems are paid out and if audit issues are highlighting the overpayment of per diem then the responsibility falls on the accounts officer and rightly so the recommendation by the Auditor-General is to surcharge the accounts officer. What action has been taken by the Ministry regarding the recommendation of the Auditor-General?

MR. J. TUIMA.- Thank you, Honourable Member. For the information of the Honourable Committee, yes, we have effected that recommendation for those wrong calculations on payment of per diem. We have recovered those from our staff within the division not particularly for this case but for recent cases. Yes, we are recovering overpayments from the finance division officers.

MS. A. MOCEICA.- Also going forward, Deputy Chair, we have put template to the missions and to all staff when travelling, there is a whole lot of questions to be answered but also in terms of per diem, there is a section on the source of your per diem rate whether it is linked to the Ministry of Economy website or the UN website, we need to see the source of that rate.

MR. J. TUIMA.- Deputy Chair, 8.14 - Revenue collected by overseas missions.

We are having continuous discussions with our colleagues from FMIS as well as from Auditor-General’s Office on how we can properly account for these revenues that are collected by our missions. That refers to Consular Service, Immigration and Birth and Death Marriage Certificates.

HON. A.M. RADRODRO.- A general rule in terms of processing, payments that are received there, how long does it take say for a passport to be paid from payment right up to collection?

MR. J. TUIMA.- Sir, within one month.

8.15 - Budgeted Expenditure.

We believe that this is referring to a retreat programme organised by headquarters to basically review the performance of the Ministry and devise ways to effectively improve how we deliver our outputs within the Ministry. Our position is that the cost of that programme was well within the jurisdiction of the Permanent Secretary, hence that particular programme being organised.

DEPUTY CHAIRPERSON.- It says here in the Audit Report that the Ministry did not plan for the senior officials retreat in its budget. The expenses incurred were not appropriated for and was not approved by the Ministry of Economy and henceforth unauthorised and so forth. The Ministry’s comment was that the retreat was a programme allowing senior officials to participate in reviewing the Ministry’s performance for the first six months of 2015 and so forth. From the comments of the Ministry, this programme was quite essential. The question is why was it not given the approval at first place?

MR. J. TUIMA.- Thank you, Deputy Chair. I believe the need for the programme arises during the course of the financial year hence it was not budgeted for. Again I would like to highlight that the cost of the programme is well within the jurisdiction of the Permanent Secretary.

DEPUTY CHAIRPERSON.- From the Ministry’s comments this programme was quite essential to the senior officials but surprisingly it was not planned for approval, but nonetheless that is alright.

Any questions on 8.15 , Honourable Members? I believe 8.16 is the last issue.

MR. J. TUIMA.- Thank you, Deputy Chair.

8.16 - Significant Amount of Unretired Accountable Advance.

For the information of the Honourable Committee, we are currently in the process of going back to our records for all those unretired accountable advance and we are going to recover advance where there is a need within the Ministry. We do agree with the report that, yes, there has been a significant amount of unretired accountable advances within the Ministry.

HON. A.M. RADRODRO.- Deputy Chair, just a question. Should failure of your attempt to get the necessary documents, what is the other process to clear out the retirement of accountable advances? What is the timeline that you have to set yourself to clear all these unretired accountable advances?

MOE REP.- Thank you, Honourable Member. Our staff within their finance division have been working on this over the past few weeks and we are targeting by end of June, end of this month to come up with our ….

HON. A.M. RADRODRO.- …. necessary acquittals.

MR. J. TUIMA.- Then we will have to go for the option of ….

HON. RATU S.V. NANOVO.- Deputy Chair, one of the recommendations for that section is “Surcharge the Principal Accounts Officer for the amount of accountable advance not recovered.” Is that being implemented?

MS. A. MOCEICA.- Deputy Chair, if I may respond, will appreciate we had a change of Permanent Secretaries during the Head of Missions meeting and this report plus the one that we have just cleared with Auditor- General’s Office. We have just had an exit interview, these are some of the similar issues, the accountable advance. So he has given us until he gets back into the country on the 26th of this month. He wants all these documentations brought forth. Some of them say that they have cleared it. We need to go back to the records to clear that some of the staff stated in the report. We need to give him a plan when he comes in at the end of June as to how we intend to recover it, are the people still in employment or if they are not in employment, they may have passed on then we need to look at the surcharge option but that plan has to be with the PS by the end of the month.

HON. MEMBER.- (Inaudible)

MS. A. MOCEICA.- Yes, Sir. Apparently some of them have claimed that they have paid but we need to find the records.

HON. A.M. RADRODRO.- In terms of these accountable advances, I note that most of the things in the listing here is First Secretary, Second Secretary and Third Secretary. They are all responsible staff. Why were they allowed to continue without clearing their previous accountable advances?

MR. J. TUIMA.- Thank you, Honourable Member. Again this is a control issue on the mission’s part and something that we continue to highlight to the missions particularly the Head of Missions that it is part of their responsibility to control this recovery of accountable advance.

HON. MEMBER.- (Inaudible)

MR. J. TUIMA.- Yes, for some missions.

HON. RATU S.V. NANOVO.- As for that Deputy Chair, should the Head of Mission also check the work of the First Secretary or Second Secretary in dealing with this?

MR. J. TUIMA.- Definitely, I believe the Head of Mission gives the approval for those accountable advance, but I believe the onus is on those responsible for the mission’s accounts to check on the retirement of those accountable advances.

DEPUTY CHAIRPERSON.- Honourable Members, I believe that brings us to the end of our submission. Whilst we understand the uniqueness and the many challenges associated with the work and the processes of the Ministry especially financial transactions, nonetheless audit issues has been raised and on a good note we hope to see some reforms and positive changes in addressing these issues. On that note I also wish to acknowledge some of the measures that the Ministry is currently undertaking and will undertake to rectify the problems. We do hope that as part of the review, a lot of financial reforms come the next financial year, we do not have these audit issues.

But nonetheless I wish to thank Madam Deputy PS and your team for your indulgence and attendance today. You have provided answers to certain issues that were raised, thank you for that. Before we give you the opportunity to say a few final words of conclusion, on behalf of the Public Accounts Committee we wish you all the best in your future endeavours. We do hope that all these reforms, reviews are carried out so that in the next financial year there is a lot of considerable improvements reflected in the audit report.

MS. A. MOCEICA.-Thank you, Deputy Chair and distinguished Members of the Public Accounts Committee. On behalf of my Permanent Secretary, I thank you for a very understanding and conciliatory discussion and thank you for allowing us the time to be able to respond to some of these issues and we also undertake to provide the other data that you need before the end of this week.

Thank you very much.

The Committee adjourned at 12:37 p.m.