

VERBATIM NOTES OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON WEDNESDAY, 15TH NOVEMBER 2017 AT 9.36 A.M.

Submittee: Lami Town Council

In Attendance:

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| 1. Mr. Jasper Singh | - | Special Administrator |
| 2. Ms. Temalesi Kama | - | Chief Executive Officer |
| 3. Mr. Amitesh Balram | - | Senior Accountant |
| 4. Ms. Yadhan Sharma | - | Accounts Payroll Officer |

Ministry of Local Government, Housing and Environment

- | | | |
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| 1) Mr. Alipate Mataiula | - | Senior Accounts Officer |
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Office of the Auditor General

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| 1) Dineshwar Prasad | - | Director of Audi |
| 2) Nunia Michael | - | Senior Auditor |
| 3) Unaisi Namositava | - | Audit Manager |

DEPUTY CHAIRPERSON.- Honourable Members of Parliament, representatives from the Auditor-General's Office, representative from the Ministry of Local Government and my special acknowledgement to the officials from Lami Town Council. I welcome you all to the meeting of the Public Accounts Committee (PAC) dated Wednesday 15th November, 2017.

We are here to discuss the report of the Auditor-General of the Republic of Fiji in regards to the Audit Report on Performance Audit - Volume 1, December 2014.

Some of the major focus of issues are the contractual engagements by municipal councils for which the representatives of the Lami Town Council are here to brief us on. I would like to request the CEO if you can just briefly introduce us to your team and you can continue with the submission.

MR. J. SINGH.- I am Jasper Singh the Special Administrator of Lami Town Council. On my right is the CEO, Ms. Temalesi Kama and on my left the Senior Accounts Officer and his assistant.

DEPUTY CHAIRPERSON.- I believe there is a written submission by the Council, you are most welcome to take us through your submission and if in between there will be questions by the Honourable Members, we might interrupt and ask the questions as you go along.

MR. J. SINGH.- Lami Town Council is relatively a small council, we were established in 1977 and this year would be our 40th year anniversary. We have about 13 staff in the office and about 27 at the depot, we call them un-established staff who are on the ground.

In the audit findings, we talked about the dump truck that we received from the Ministry of Local Government. It cost about \$141,000 and was sourced from the challenge fund that Government had put aside to assist municipal councils. We applied for it and was given a truck worth about \$141,000, which is now in good use.

On Page One, it talks about the Manual of a Council. Lami Town Council like other councils did not have a structured financial document. We follow the one that is stated there, 1992 that has the broad outline of what needs to be done as far as procurement is concerned, The basic accounting manuals or the requirements. That is what we have been following.

As far as risk management is concerned, in a smaller council where you tend to have multi-tasking, you tend to have risks because one person maybe doing a task and we solely rely on that person to go out in the field and do that task. There is no way of cross-checking whether the task has been done. Only when that person comes back and writes a report and gives it to the CEO, the CEO then tables it at the Council's monthly meetings where it is discussed whether certain decisions that needs to be taken in relation to that task.

If we need further clarifications, it goes back and the CEO who takes over from there to investigate. For example if a driveway needs to be done or if a certain project needs to be carried out. They are all answerable with their acquittals and with their timely feedbacks. This is how we normally operate.

DEPUTY CHAIRPERSON.- Now if go to the Performance Audit Report . There is a table 4.1, existence of contract policy.

Lami Town Council says they do not have it and the Council uses the manual of accounts. We have seen some major projects going on in the Council, one of it being a newly developed park. Since there is no policy, how is the Council carrying out its tender processes for such projects?

MR. J. SINGH.- For example, when we outsourced the architectural and monitoring process of Tikaram Place to Balgovind Associates for example he is the expert, he does the monitoring. We do not have that level of expertise. When we got it, his work was to do a design, the design was done then it was brought to us for tender. He prepared the tender documents, we vetted it and checked then it went out for tendering. Seven or eight people tendered and brought to us. If a contractor did not meet the statutory requirements, they are put aside. Those who met the criteria including bond are brought Committee with the actual consulting engineers. We go through those documents and decide who to shortlist and who we award the tender..

In the case of Tikaram Park , one was the Asian Company and the other one was the local company. We did not have any background on the Asian Company. We had better understanding of the local company who did similar work for other towns and cities country wide. His quotation was compatible and negotiable. With the help of the consulting engineer, council awarded to particular company EMs Company.

With the advice of the consulting engineer, a contract including all monitoring processes is prepared. There are times when we faced issues. In this case was Tikaram Park when we were going through it, we did not know that there was an old Tikaram Building was buried underneath the park.

DEPUTY CHAIRPERSON.- Underneath the park?

MR. J. SINGH.- Yes, it was buried underneath the park. There was an old store there. We did not know that because it was well before our time about 50 to 100 years ago. When we took everything out and there were slabs. I did not know where the slabs came from, that brought in that variance aspect.

DEPUTY CHAIRPERSON.- Did it increase the cost?

MR. J. SINGH.- It increased because every contractor has that clause in there if something that is unforeseen, work becomes to a halt. Everyone then gets together and makes a collective decision on what to be done, the costing, if approved then we move forward. In this case we had cross checks done as well, in certain cases that Council was not happy we hired someone outside to have a look and just give us a third opinion. We did all that with Tikaram Park, one of the major works we have done so far.

DEPUTY CHAIRPERSON.- The main issue here was there a contract policy in place. Ministry of Local Government, how was your involvement?

MR. A. MATAIVILAI.- For that particular project, the Ministry was part of their tender process by selecting the contractor and the consultant. We also monitor their project while it was in progress. There was a contract signed between the Lami Town Council and the contractor EMs Construction Limited.

DEPUTY CHAIRPERSON.- Yes, Sir, you can continue with your submission.

MR. J. SINGH.- The Key Elements of Contractual Engagements. I must admit that we are not perfect.. Whenever we run into trouble or we need help, the Ministry is always there to guide us. Being small council, we do not have engineers and experts on board, so we rely on the Ministry to provide advice. They do come in and checked tenders. But bigger projects like Tikaram Park which ran into over \$0.5 million, everyone was involved including the Ministry.

We had a contract in place. We had to report to the Ministry with all the acquittals on a monthly basis, they do visit us and we do stop work. If there was anything required to be done, we had everyone involved. For example, while at Stage 2 we realised we needed more fund to extend Tikaram Park towards the seaward side. Because we could see the usage, we could see people in Lami fully utilising it. When we intend to have a festival I do not think we have a park to hold a simplest festival. We then decided to extend the park. But then we said “all right we going to follow all the rules and procedures.” We had to have an environment impact assessment plan, then we have to go to the landowners in Lami Village, we visited them and explained to them what would be involved, we want to use about 10 to 12 meters beyond what was there. We asked them to waive their fishing rights as we have further extension to extend Lami outward seaward where the low water mark is.

Now if we extend there, we can bring in the compensation part as part of the bigger picture rather than on a piece meal 10 meter basis, which they agreed. We involved the Ministry of Lands, Ministry of Environment, Ministry of Local Government and all the other stakeholders. The landowners they were there, minutes were taken, once they agreed we did an Year A. We had called tenders for an Year A and it was awarded to Mr. Nasome who was the former Director of Ministry of Local Government. Being a Lami person his quote was far better than others, within a couple of months that was handed to us, we handed it to the Ministry that the Year A has been done, so we can go ahead with the expansion of Tikaram Park.

As far as the key elements are concerned, we have taken those steps to monitor it, to follow the procedure, to get it right the first time and those involved from day one including the landowners, the Ministry and iTLTB. That covers B.

Going on to C on the Managing Contractor's Performance. We did a project in Kalekana three or four years ago, it was funded by the People's Community Network (PCN). They gave us \$80,000 to go out and identify squatter areas and how best we can improve it through sanitation needs. We picked Kalekana. \$80,000 was given and the Ministry of Housing was directly involved in this.. They were monitoring it, where every acquittals had to be checked and the project has been completed.

We faced challenges and we tried to assist because \$80,000 sitting there, Lami was picked to help a particular community or area. In smaller Councils where we have one Building Inspector, one Health Inspector, these are some of the challenges I am talking about. We got other work and then we try and juggle and balance it out to help our communities. Sometimes it is within the boundary, sometimes it just outside the boundary, sometimes it can be within the boundary but not a rate payable boundary. For example Lami Village, it is in the boundary but they do not pay rates because they are excluded being a village but we try and balance it out.

We have done well so far, the people have benefited and we have used up their \$80,000. Recently, we were given similar funds to go out to places like Matata, a settlement just on the border of Lami boundary where the Wailada Industrial area is. It is about another 300 meters inside towards the mountains. We have done common driveways for all of them where they can take their transportation right to their doorstep. There is no point in carrying things on slippery soft stones.

As far as the tender document is concerned we have decided to contact the Fiji Procurement Office if they can give their standard procedure that we can also follow. We may be doing things in the right way, we must be right in theory like whatever the minimum requirements. We just have to tidy up those loose ends.

As far as complaints is concerned we have our own Health Inspector, Building Inspector, Enforcement Section and Street licencing. When complaint comes in, it gets registered.

HON. RATU N. LALABALAVU.- You have highlighted there some of the problems that you encounter includes abiding by the Procurement Office Standards.. The finding of the OAG here states there are no set policies for management of contracts in the council. You are relying on the 1992 manual?

MR. J. SINGH.- Yes.

HON. RATU N. LALABALAVU.- There are problems that you have encountered in trying to tune yourself to the standards of the Procurement Office et cetera. Do you feel it is time that you come up with the policy on management of contracts?

MR. J. SINGH.- Yes.

HON. RATU N. LALABALAVU.- At the same time what the ministry had advised you all these years, when there is a standard policy in place. I am now confused now that they have come to help you with this latest Tikaram development and yet the finding of the OAG

is still there regarding the policy that needs to be in place. Why are you still relying on the 1992 manual?

MR. J. SINGH.- We have been relying on the 1992 manual. Recently the ministry has written to us that they are in the process of revising it. They are making it more custom made for municipal councils rather than a general policy for everyone. That work has started and we will be using that revised one. I hope will be given to us shortly where we will be able to make comments and then adopt that as the one appropriate for all types of tender whether it is small, medium or large and suited for councils.

HON. RATU N. LALABALAVU.- What would be the OAG reply given the findings of your report here?

MS. U. NAMOSITAVA.- The ministry is revising the 1992 manual to standardise all practices across the municipal councils. For us to see the progress on that we will have to conduct a follow up audit which will be done maybe in the following year to ascertain what has happened now like a current practice because this audit was done in 2014. Those were observations on what was being carried out in 2014. We will carry out the follow up audit to ascertain what the current practice now.

HON. A.M. RADRODRO.- The objective of this performance audit regarding contractual performances managing and management of individual councils in terms of contracts they engaged. There are a lot of loopholes, some of it you have just address while some of it you probably will have to ask you after you have finish. But the important thing there is the continuous laxity in terms of monitoring, evaluation and awarding of contracts. This was audited in 2014, contracts that were engaged by the respective councils. There were discrepancies noted in the manner in which some of the contracts were engaged by the councils. From that time to date while there has been laxity in monitoring and managing based on the policies that you adhere to or you trying to adopt the 1992 policy, how has the council improved while working is still in progress on the current revised policy? How has it improved from the last audit findings that were done in 2012 and 2014. It is now 2017.

MR. J. SINGH.- I do not think we had any major tender or contract in those years. The biggest one we got was Tikaram Park. The one prior to that I think I have mentioned about the Kalekana one which is \$80,000 which was given by the Peoples Community Network. They gave us the money so there was no tendering involved.

HON. A.M. RADRODRO.- The audit is not only directed towards major projects. It is also small services project as well. How has the Lami Town Council improve from the last audit findings in terms of overall project management?

MR. J. SINGH.- We solved this in a major project that was given with the Tikaram Park where we knew small council could not handle it, we needed help. We involved the Ministry and a consultant engineer was hired, services were acquired to help us to go through stage by stage where no money is given until and unless the engineer or the consultant signs off with it. He has to check then it becomes liable. He has to check, sign and comes to the council.

HON. A.M. RADRODRO.- Apart from the Tikaram Park project, what are the contracts and services that Lami Town Council give out?

MR. J. SINGH.- No, we do not like to give out contracts or services like drain cleaning and things like that. We do not have that. We do all in house.

DEPUTY CHAIRPERSON.- In house, alright.

HON. A.M. RADRODRO.- In this particular situation, OAG, how does your report address this particular scenario in Lami Town Council where they do everything in house. You stated here say in your Table 4.1, they do not have council leases manual and they do not have a contract policy in place. They do not engage contractual work. How does your performance audit address this issue?

MS. U. NAMOSITAVA.- For this audit our sample was taken, it was a contract between Lami Town Council and Construction Equipment Hire Limited for the Backfill and levelling of Tikaram Park.

Table 5.5 of the report where the findings state was that;

- The contract was not appropriately divided up into different sections with specific headings.
- A number of key items were not included as part of the contract;
- The terms include which relation to disappears, termination and contracts end dates; and
- Confidential information. That is on Page 23 of the report, Table 5.5.

I may add on, it may be not be relevant to them now because they are not having any contracts.

MR. A. MATAIVILIA.- Just to add on to comments by SA and the question raised by Honourable Member, the Ministry is assisting Lami Town Council by tendering those works or capital purchases. The Ministry is part of their tender process and we are trying to select the successful bidder. They have to submit through their council meetings before coming to the Ministry for approval with our management. That is in terms on tender. In terms of contract all contracts has to go through Solicitors General's Office. We acknowledge the report raised by the Auditor General. We are trying to review the manual to accommodate those challenges raised in this report.

DEPUTY CHAIRPERSON. - This unforeseen circumstance, where you discover an old building buried underneath. That will increase the cost of the project done. OAG, does that become an audit issue? How does the office deals with unforeseen circumstances?

AUDIT REP. - It is important to have clauses in the contract agreements that will take those circumstances into consideration.

DEPUTY CHAIRPERSON. - If there are no clauses, it becomes an audit issue?

AUDIT REP. - Yes, if it is a spending beyond the budgeted amount.

DEPUTY CHAIRPERSON. - Does the standard contract that the Ministry has, have that clause applicable to all the tenders?

MR. A. MATAIVILIA. - In the past we used to have some contingency clause, where it addresses all those issues when we come to that in the project phase. The Solicitor General's office is not entertaining those contingency clauses, or contingency amount to be factored in the contract. Sometimes the contracts play up with the figures in the contract sum. What we have ensured now that the contractors have to do another feasibility study first after the project, like Geo tech studies. If the Geo tech could have been done on that case, it could identify those, like the slab that was under the ground as SA explained. I think that is an issue that we need to address.

DEPUTY CHAIRPERSON. - Special Administrator, why was not any Geo tech study carried out? You did not know about this?

MR. J. SINGH. - Yes, the park was like that for a number of years. Only when they were digging and a slab came out. There was the slab which means a building was there and all we had to do was get a digger and lift that slab and remove it.

DEPUTY CHAIRPERSON. - All right.

HON. A.M. RADRODRO. - SA, just on that Table 4.1 the Auditor General highlighted that there is no Contract Policy in place. But you use the manual of accounts for such engagements. Does the manual of accounts advise or instructs for such project that there is a Geo tech to be done before, any such thing in place for a lay person who is engaged in these particular projects?

MR. J. SINGH. - Not specifically. It is the broad guideline, what to do, how to be done.

HON. A.M. RADRODRO. -as part of the normal standard requirements going forward?

MR. A. MATAIVILIA. - Chair, I think that is one of the issues that we need to consider, this revise of manual of accounts.

DEPUTY CHAIRPERSON. - The Special Administrator, Mr. Singh has mentioned that the accounting standards and the policies of the Town Councils will be custom made. How is the Ministry going to carry out this process?

MR. A. MATAIVILIA. - We are currently reviewing the manual of accounts. One of our objectives is also to review the accounting software or the accounting system in all the Councils. We need to come up with a software that can be implemented by all the Councils for uniformity that we have discussed last week.

HON. RATU N.T. LALABALAVU. - In the general scheme of things, as the Special Administrator are you able to really flex your wings as an Administrator running a Council, not being boarded in, comparing that with your past position. Now the Ministry is heavily involved, your way through coming up with a Policy or your do you have to rely heavily on the Ministry's preferential all the time because you are just an Administrator, you are very much linked to the Ministry?

MR. J. SINGH. - From my experience I feel that from the past, we can do more now. We can spread our wings better in that sense because if we need a project to be done, we need

a park to be done, we need a few golf course at the *Mokosoi Park* and one modern play area for kids. If it is a bigger project, all we have to do is to go to the Ministry; put that proposal to them and there is a challenge fund that we can tap on.. In the past we just relied on rates and a small Council like *Lami*, whatever, we got we just basically got in services and all those things that we had to do.

That is why you see in the past *Lami* did not grow as it is doing right now. We have lot of plans in place. We have just won an award and we have far greater plans with the Ministry working hand in hand. We are excited because the Government has given us the budget for bigger projects. I feel that now we can fly.

HON. RATU N.T. LALABALAVU. - Do you still need to come up with the policy as being highlighted by the Office of the Auditor General, now you have that link to the Ministry.

MR. J. SINGH. - Yes.

HON. RATU N.T. LALABALAVU. - All I am trying to say is you have not come out with a policy, you have been relying on the Ministry's intervention all the time.

MR. J. SINGH.- It is good to be guided by the Ministry because they have the expertise, they have past good practices on file, that if given to Council they may do something that they should not be doing. These are the broad guidelines that we can operate under and if we need help they are there. They can always come in, which they do. As far as guidelines and procedures, yes, if it is in there then we know that we are supposed to operate within that guideline and not to go beyond it.

When we go beyond it, then there is no limit. I am glad that the Ministry is working on this because it is just like the accounting principles, if you have the procedure, you going to follow it. If you do not have that then people can basically do a lot of things that are not right. I am glad that the Ministry is more actively involved, where we are required to give weekly and monthly reports to them and that keeps us on our toes.

If we may become lethargic or we have been bit slacken down, we know, we have to explain certain things what we have done; how many projects we have done; how many inspections we have done; whether we have gone to various shops and retails and did our checks or whether we just sat and did nothing and we wait for complaints to come.

DEPUTY CHAIRPERSON.- SA you have continuously stated that the council is a small council but given the fact that you have a total number of 48 staff. So, Established staff is 20 and who are these Unestablished staff? You have got 18 that is almost 20 of them.

MR. J. SINGH.- Apologies when you say Established staff it is the people who are working in the office, like the accounts staff, the cashier, enforcement staff, CEO and all the way down and the Unestablished staff are those working in the depot, those staff that goes out and cut the grass, the drain cleaners et cetera.

DEPUTY CHAIRPERSON.- So that explains why you had earlier mentioned that those services are done in-house and not outsourced. What is the boundary area and how many rate payers are there in Lami Town Council?

MR. J. SINGH.- Lami Town Council boundary starts from the Tamavua-i-wai Bridge, it goes up all along Delainavesi, all along Nadonumai comes down to the Vugalei Bridge where on the left hand side there is sub-division also known as Baro Sub-division on the left hand side. That is the Eastern Ward.

From past that bridge up to the old Isa Lei Hotel where the SDA School is, Suvavou area all up to the Wailada area, Matata, Lami Town all the way to CJ Pate, about 200 metres past the CJ Patel or where the William & Gosling yard is, there is a creek that is where the boundary ends. There are two wards and that is the general outline. We have about 1,204 rate payers.

HON. A. D. O'CONNOR.- The reclamation at Nadonumai, is that council reclamation?

MR. J. SINGH.- That work is carried out by a private contractor company. It is within the boundary and we are monitoring it.

HON. A. D. O'CONNOR.- Are you obtaining any rates from the developer now?

MR. J. SINGH.- No, because it is yet to be sub-divided, it is yet to be a rateable land. Once the land is sub-divided and about 30-40 lots are identified, they will be allocated title numbers and valued by the Valuation Department. Once those lots are valued, they become rateable.

DEPUTY CHAIRPERSON.- What is the future for the old dump site?

MR. J. SINGH.- We have been knocking on the Honourable Minister for Lands' door. We were told that the master plan for the Suva Harbor will include a wharf that will be constructed soon. We had been making submissions to the Ministry of Environment and was given the approval. Nothing had formalised yet considering the EU's contribution there too.

We met the EU Representative some years ago. We were not supposed to build on it because it was not fully rehabilitated.. We would like to turn into Fiji's BMX Park like the Fun Park in Lami. It is going to go down slowly but we will cover all that and will make BMX tracks for the children like a little village down below.

We had submitted a plan. We are still talking to the Lands Department and all those who will be involved. If we can be given the first chance to develop it.

DEPUTY CHAIRPERSON.- That means it still comes under Lami Town Council.

MR. J. SINGH.- It is still in the boundary but it is not a property acquired by Lami Town Council. It could be under Ports Authority, but it is owned by the Lands Department.

MS. T. KAMA.- It is under Ports Authority.

DEPUTY CHAIRPERSON.- Is that how it works, the landfills and the dumpsites in Fiji, belongs to the Department of Lands.

MR. A. MATAIVILIA.- If it is a State land, it belongs to Ministry of Lands.

HON. RATU N.T. LALABALAVU.- What have you done after getting your approval to extend a few metres out to the sea? You have already received that from the Ministry of Lands, but you still have not extended your boundary out to the sea, beginning from where Tikaram Park is.

MR. J. SINGH.- Yes, you are talking about that 10 metres or 50 metres extension. We have to follow the procedures, we are waiting for approval from the iTLTB , if they have accepted the *Environment Impact Assessment Report*, the plan we have submitted, explaining how we are going to reclaim. Our work will depend on that approval, the sooner we get it, the sooner we will start.

DEPUTY CHAIRPERSON.- I thank you Special Administrator and your team. We had a very good and fruitful discussions not only relating to the issues raised in the Performance Audit Report but other questions as well which were asked out of interest. On behalf of the Public Accounts Committee and the Honourable Chairman and the Committee Members, I wish you and your organisation the very best in your future endeavours.

There are room for improvements. We are not perfect in the way we carry out our duties but we can always strive to improve for better. We hope that in future if there are other major projects coming in the town council, you will improve on how you handle them.

MR. J. SINGH.- We do strive to do the best we can be in Lami. We have been improving as we are going. It is good to have the Auditor General, it is like someone is coming to tell you what is right. We never take offence, we welcome comments like that and in our monthly meetings we discussed the very thing that we are talking about.

I am glad that we have covered most of it today and you gave us the chance to explain any anomalies. I also thank the Ministry of Local Government for being there for us. It is a small council and we do not have the expertise at all levels and that is where the Ministry comes in. Whether it is just interviewing people, doing projects, organising festivals or anything like that, the ministry is always there to help and guide us.

Once again Honourable Members, thank you very much.

DEPUTY CHAIRPERSON.- Thank you. You are most welcomed to join us for morning tea.

The Committee Interview adjourned at 10.24 a.m.