



STANDING COMMITTEE ON PUBLIC ACCOUNTS

Review of Audit Report on the Procurement of Biomedical Equipment – Ministry of Health & Medical Services and the Audit of Rural Postal Offices Quarterly Returns



PARLIAMENT OF THE REPUBLIC OF FIJI
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Table of Contents

CHAIRPERSON'S FOREWORD.....	1
LIST OF ACRONYMS	2
INTRODUCTION.....	3
Committee Procedure.....	3
Committee Members.....	4
CHAPTER ONE - BACKGROUND	5
Committee Recommendations on the Procurement of Biomedical Equipment.....	6
Committee Recommendations on the Rural Postal Offices Quarterly Returns – Post Fiji Limited (PFL)....	7
APPENDICES	10

CHAIRPERSON'S FOREWORD

I am pleased to present the eighth (8) report of the Public Accounts Committee. This report reviews the audit report on the Procurement of Biomedical Equipment for the Ministry of Health & Medical Services and the Audit of Rural Postal Offices Quarterly Returns.

The report summarizes the work of the Committee for this mentioned report. The Committee scrutinizes the information provided in the audit report in relation to the audit context which is the highlight of the audit.

The main objective of the Committee review on this audit report (Parliamentary Paper No. 112 of 2018) is to collate information from the Ministry of Health and Medical Services and Post Fiji on their responses to those audit issues that were identified during the audit.

The Parliament of the Republic of Fiji's authority pursuant to Standing Order (SO) 110 (1) (c) and as directed by the Speaker of the House for the Standing Committee on Public Accounts to examine and thereafter submit the findings to Parliament of the audit made to the two institutions with recommendations.

The content of the Audit report was thoroughly examined by the Committee prior to the consultation conducted with the two institutions. The questions raised to these institutions were mainly focused on the audited areas, as outlined below:

1. Procurement of Biomedical Equipment; and
2. The Audit of Rural Postal Offices Quarterly Returns.

The questions that were raised to these two institutions during the deliberation of this audit report were fully answered. The responses received were exceptionally positive and the Committee had proposed few recommendations for these two institutions takeaways in moving forward particularly on the audit issues that were highlighted in the audit report.

On Wednesday 10th April 2019, the Ministry of Health and Medical Services Officials appeared to the Committee and clarified the audit issues that were raised by the Members, especially on the main audit focused areas as stated. The documents were compiled with additional information were requested and Members agreed to the review process undertaken.

Further, on Friday 12th April 2019, the Post Fiji Executive Management with Ministry of Economy Officials appeared before the Committee to respond to questions that were raised with regards to the audit issues that were identified. The submission made to the Committee was satisfactory as most of the issues were addressed.

The Committee commended the work of these two institutions and recommends that these institutions positively takes on board the recommendations in relation to the audit issues that were identified in improving their audit reporting in moving forward.

I wish to extend my appreciation to all the Honourable Members of the Committee who were part of the successful compilation of the bipartisan report namely the Hon. Joseph Nand, Hon. Vijendra Prakash, Hon. Aseri Radrodro, and Hon. Ratu Naiqama Lalabalavu. Further, pursuant to Standing Order 115 (5), Hon. Adi Litia Qionibaravi stood in as an alternate member to Hon. Ratu Naiqama Lalabalavu.

On behalf of the Committee I also extend my appreciation to the Secretariat Staff for their timely support on research, compilation and submission of this Report. With those few words, I now commend this report to the Parliament.


.....
Hon. Alvick Avhikrit Maharaj
Chairperson

LIST OF ACRONYMS

FPBS National Biomedical Services Coordinator

OAG Office of the Auditor-General

MHMS Ministry of Health and Medical Services

PAC Public Accounts Committee

PFL Post Fiji Limited

SOP Standard Operating Procedures

1.0 INTRODUCTION

The Audit made on the Procurement of Biomedical Equipment Ministry of Health & Medical Services and the Audit of Rural Postal Offices Quarterly Returns was tabled in Parliament during the November 2018 sitting and referred to the Standing Committee on Public Accounts, for its scrutiny.

Standing Orders 109(2) (d) allows Standing Committee on Public Accounts to examine the accounts of the Government of the Republic of Fiji in respect of each financial year and reports of the Auditor-General, and for any other matter relating to the expenditures of the Government of the Republic of Fiji or any related body or activity (whether directly or indirectly) that the committee sees fit to review.

Standing Orders 110(1)(c) authorizes the Standing Committee to *scrutinize the government departments with responsibility within the committee's subject area, including by investigating, inquiring into, and making recommendations relating to any aspect of such a department's administration, legislation or proposed legislative program, budget, rationalisation, restructuring, functioning, organisation, structure and policy formulation.*

1.1 COMMITTEE PROCEDURE

The Committee had consulted the Ministry of Health and Medical Services on 10th of April, 2019 and Post Fiji with Ministry of Economy on 12th April, 2019 to conduct a review of the above mentioned audit report. The Ministry of Health and Medical Services which was represented by the following officials:

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|-----|--------------------------|---|
| (1) | Mr. Jeremaia Mataika | Acting Head of Fiji Pharmaceutical and Biomedical Services (FPBS) |
| (2) | Mr. Idrish Khan | Head of Finance and Asset Management |
| (3) | Mr. Sanjay Chand | Acting Principal Accountant |
| (4) | Ms. Tulia M. Waqata | Senior Accountant, Audit |
| (5) | Ms. Virisila V. Livicala | National Biomedical Services Coordinator (FPBS) |

The Post Fiji Limited was represented by the following officials:

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|-----|------------------|--|
| (1) | Mr. Isaac Mow | Head of Executive Management and Head of Retail, Post Fiji Ltd |
| (2) | Mr. Raiyaz Ahmed | Chief Financial Officer, Post Fiji Ltd |

The Ministry of Economy was represented by the following officials:

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|-----|--------------------|--|
| (1) | Ms Reveena Kumar | Manager Treasury |
| (2) | Ms Asenaca Mae | Senior Accounts Officer |
| (3) | Mr Emosi Dovibua | Head of Internal Audit and Good Governance |
| (4) | Mr Isoa Talemaibua | Head of Budget & Planning |

1.2 COMMITTEE MEMBERS

The substantive members of the Standing Committee on Public Accounts are:

1. Hon. Alvick Avhikrit Maharaj (Chairperson)
2. Hon. Joseph Nitya Nand (Deputy Chairperson)
3. Hon. Vijendra Prakash (Member)
4. Hon. Aseri Radrodro (Member)
5. Hon. Ratu Naiqama Lalabalavu (Member)

During a Committee meeting, the following membership arose pursuant to Standing Order 115 (5):

1. Hon. Adi Litia Qionibaravi (Alternate Member for Hon. Ratu Naiqama Lalabalavu)

CHAPTER ONE - BACKGROUND

The Audit that were conducted had focused on the Procurement of Biomedical Equipment by the Ministry of Health & Medical Services and the Rural Postal Offices Quarterly Returns was tabled in Parliament during the November 2018 sitting and referred to the Standing Committee on Public Accounts, for its scrutiny. The auditors also assessed whether the actions taken have addressed the underlying issues that led to the auditors recommendations on that initial report.

The audit report provides the details of the review and analysis done on the key audit areas for the two Institutions.

The audit examined whether the MHMS complied in all material respects with the Fiji Procurement Regulations 2010, Procurement (Amendment) Regulation 2012 and related policy guidelines. In areas where the Fiji Procurement Regulations is limited, specifically for contract management, Procurement Guidance for Public Entities published as a good practice guide by the Controller and Auditor-General of New Zealand has been referred to in this report as accepted best practices. In that context, the audit addressed the following:

1. Did the MHMS comply with the Procurement Regulations 2010, related policy/guidelines and accepted best practices guides in planning procurements for bio-medical equipment?
2. Did the MHMS comply with the Procurement Regulations 2010, related policy/guidelines and accepted best practices guide in sourcing for procurements of bio-medical equipment?
3. Did the MHMS comply with the Procurement Regulation 2010 and related guidelines and accepted best practices in managing contracts for bio-medical equipment?

Post Fiji operates as a commercial entity with a view to providing returns on its investments to its shareholders.

Although Post Fiji has not made profits through the provision of rural postal services, the Ministry has agreed that Post Fiji continue to provide such postal services particularly to those on the rural areas. Pursuant to Section 84c of the Posts and Telecommunications Decree 1989 the Ministry has agreed to clear the losses incurred by Post Fiji in respect of such postal services.

Under the agreement dated 21 May 2013, Post Fiji shall calculate the net loss for providing Rural Postal Services at every quarter of a given year by providing the Ministry with details of the net loss it had had incurred in providing the Rural Postal Services in accordance with the reporting and timely requirements under the said agreement.

The Ministry shall pay Post Fiji in the last quarter of a year the amount equal to the net loss provided an audit of Post Fiji' Annual accounts is done prior to payment.

The Ministry may also request the Office of the Auditor General (OAG/Appointed Auditors for a special audit to validate the Rural Postal Services net losses/figure provided by Post Fiji.

Committee Recommendations on the Procurement of Biomedical Equipment

The Committee after reviewing the audit report on the Procurement of Biomedical Equipment endorses the OAG's recommendations as outlined below. The Committee looks forward to seeing improvement through a follow-up audit report by OAG.

Recommendation 1

That Governance structures need to be improved by the Ministry of Health and Medical Services including managing the contracts. Also, the Ministry to have necessary Human Resources and technically qualified personnel to fully implement the requirements of the National Biomedical Services Policy of 2017.

Recommendation 2

The Fiji Procurement Biomedical Services (FPBS) to ensure that the specifications developed for tender are clearly defined. It should be mandated that all purchases are done as per specifications. A fair assessment should be in place for all products being bided with justification along with proper pre-qualification process for all suppliers.

Recommendation 3

The Ministry should strengthened FPBS to have sufficient skilled, experienced and resourceful personnel to manage contracts.

Recommendation 4

The Ministry should consider putting in place Service Agreements to manage high valued and high risk biomedical equipment to ensure continuous maintenance and equipment support and as a way of dealing with limited internal biomedical engineering resources.

Recommendation 5

The FPBS to establish a proper record management system to enable records and information pertaining to all activities are properly captured to ensure that the procurement decisions are based on complete and reliable information.

Recommendation 6

The FPBS must fully comply with the Procurement Regulations 2010 related to policy guidelines and accept best practices.

Committee Recommendations on the Rural Postal Offices Quarterly Returns – Post Fiji Limited (PFL)

The Committee after reviewing the audit report on the **Rural Postal Offices Quarterly Returns 2013 – 2017** concurs with the OAG's recommendations as follows. The Committee looks forward to seeing improvement through a follow-up audit report by OAG.

Recommendation 1

The PFL should ensure that the risk mitigation plan is in place to ensure that historical data and records are archived and can be accessed when required.

Recommendation 2

The Ministry of Economy and PFL should ensure that an annual reconciliation is carried out during the submission of Quarter 4 of each year to ensure that the signed accounts and total of the four quarters are reconciled.

Recommendation 3

PFL should ensure that relevant supporting documents are available for audit to validate and verify the movements noted between the quarters.

A proper reconciliation should be prepared, reviewed and approved by the Finance Controller and submitted to the Ministry of Economy as part of its quarterly submissions.

Recommendation 4

PFL should ensure that Standard Operating Procedures (SOP) for Rural Postal Services is developed and implemented as soon as possible.

Recommendation 5

PFL finance team should ensure that invoices are attached together with all relevant resources documents to the payment vouchers before any payments are made.

It should also ensure that additional information requested for audited purposes is provided on a timely basis.

Recommendation 6

PFL should ensure regular maintenance of the payroll system is carried out to ensure that the pay run report reconciliation is done fortnightly for established staff and weekly for unestablished staff.

Recommendation 7

A review of the operation of rural postal services should be carried out on a regular basis to determine the efficiency and effectiveness of the services provided.

Recommendation 8

PFL should have in place a formula which determines the rate of allowance for cash accounting agencies.

Recommendation 9

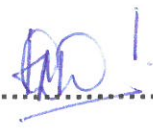
All agreements including the primary agreement (Rural Postal Agreement) must be reviewed on a timely basis.

PFL should make an effort to obtain a copy of the contractual agreements with the Department of Social Welfare for services rendered as an agent for payment of family assistance allowances or otherwise draw up and sign a new agreement.


We, the Members of the Standing Committee on Public Accounts agree with the contents of this report:



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Hon. Alvick Avikirit Maharaj
(Chairperson)



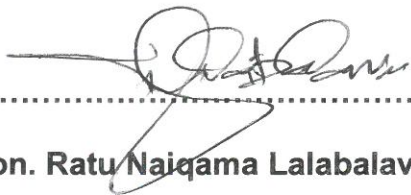
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Hon. Joseph Nitya Nand
(Deputy Chairperson)



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Hon. Vijendra Prakash
(Member)



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Hon. Aseri Radrodro
(Member)



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Hon. Ratu Naiqama Lalabalavu
(Member)

APPENDICES

APPENDIX 1:

PUBLIC ACCOUNTS COMMITTEE QUESTIONS

APPENDIX 2: WRITTEN RESPONSES –

- (i) Ministry of Health & Medical Services
- (ii) Post Fiji Limited and Ministry Of Economy