STANDING COMMITTEE ON PUBLIC ACCOUNTS

[Verbatim Report of Meeting]

HELD IN THE

COMMITTEE ROOM (WEST WING)

ON

WEDNESDAY, 10TH APRIL, 2019

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD AT THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON WEDNESDAY, 10TH APRIL , 2019 AT 12.59 P.M.

Interviewee/Submittee: **Ministry of Health & Medical Services**

In Attendance:

1) Mr. Jeremaia Mataika - Actg. 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)

Office of the Auditor-General

Ms. Finau Nagera - Director

DEPUTY CHAIRPERSON.- Honourable Members, members of the Secretariat team, ladies and gentlemen and members of the media fraternity, welcome to the Public Accounts Committee deliberation on the Report of the Auditor-General on the Procurement of Biomedical Equipment that is in accordance with the Parliamentary Paper No. 112 of 2018, Ministry of Health and Medical Services.

(Introduction of Committee Members)

The Secretariat team is led by Mr. Savenaca, Mr. Mateo and Ms. Priya and we also have Ms. Unaisi from Hansard. In attendance, we have the representative from the Office of the Auditor-General. Welcome to our session today. May I allow you to introduce yourselves before we begin our proceedings?

MR. J. MATAIKA.- Thank you Honourable Chairman. The Honourable Members of the Public Accounts Committee, the representative from the Office of the Auditor-General and the Secretariat team, on behalf of the Honourable Minister for Health and Medical Services and the Permanent Secretary, we would like to take this time to thank the Committee for the opportunity to provide a response with regards to this Audit Report concerning the purchase of the biomedical equipment.

First and foremost, the Ministry acknowledges and appreciates the Auditor- General's team in conducting the audit in this particular field at this is very challenging area. The audit conducted was also provided an opportunity for the team to identify the process gaps and strengthen to produce efficiency in our patient care.

Allow us to give a small brief in terms of globalisation has increased demand for the medical technology around the world. We are trying to fit in to this fast evolving market. We acknowledge the Audit Report and as we have identified process gaps that we have to implement process for improvements. With that short brief, Sir, introducing the team. Mr. Idrish ….

DEPUTY CHAIRPERSON.- Can I interject here? My apologies, I forgot to introduce Honourable Prakash, I could not see him from where I am sitting. I request OAG to introduce themselves and give an overview of the Audit Report before we proceed. Thank you.

AUDIT REP.- Thank you, Honourable Deputy Chairperson. The Audit Report on Procurement of Biomedical Equipment is a result of a cooperative audit by over 10 audit officers in the Pacific region. It was supervised and facilitated by IDI, it is the training arm of the international organisation of Supreme Audit Institution. It was identified across the board, globally, that public procurement is a challenging area that probably the Supreme Audit Institution should focus on.

In trying to determine which particular area in the public service procurement that we should focus on, we identified Ministry of Health; the Procurement of Biomedical Equipment. I think this is probably the first, it is a compliance audit. We are just trying to determine whether the Procurement of Biomedical Equipment was done in accordance with the regulations, approved policies and procedures. We started in 2016 and it took us a while to complete the audit.

The difficulty that we found is the record keeping, record management at the Ministry of Health with regards to public procurement. Consultations with clinicians may have been done, but at the end of the day there should be evidence of all the meetings and assessments that have been done. So, that was the difficulty that we found, but nevertheless, when we identified this topic, the FPBS was quite happy for us to do the audit because it will provide them an opportunity to improve processes and procedures that we may identify during the audit. That is how this audit was conducted. It is a cooperative audit by over 10 audit officers around the region and Fiji was included in that.

So, the result of this audit is not only going to be published in Fiji, it is going to be published across the region. It is now a public document, it is on the website and it is also going to be published in tables, a report of that is being prepared by the Pacific Association of Supreme Audit Institution. We did not find difficulty with the officials of the Ministry of Health, they were happy to provide us with whatever information that they had, we needed in the audit. So, that is basically a summary of the audit and how this audit commenced and was completed.

DEPUTY CHAIRPERSON.- Thank you very much OAG.

HON. RATU N.T. LALABALAVU.- Deputy Chairperson, I thank the Office of the Auditor-General for that brief. Before the officials from the Ministry really go into details as to the explanations they have provided from the questions that we raised, can the officials of the Ministry give us an explanation as to the reasons why the Permanent Secretary is not here? We are talking about Performance Audit here especially on compliance. In the past we have received so many kinds of reports and most of it focuses on compliance, the second issue that comes up after compliance is the capacity. In most cases the finger points towards the number one because we all understand, the buck stops with the PS when it comes to discipline or when it comes to recruitment. That is the whole crux of the matter. So, through you Deputy Chairperson, can the Committee get an explanation from the Ministry as to ....

DEPUTY CHAIRPERSON.- Thank you very much for your concern Honourable Member. I have been informed by the Secretariat that the PS will join us later on. That is the communication received from the Secretariat. They will proceed and the PS will join us later on.

To the submittee, the questions were given to you beforehand, while we are deliberating your responses the Honourable Members may interject from time to time and ask you questions. Should at any point in time you wish to respond later on in writing, you may do so. Thank you very much, we may proceed now.

HON. A.M. RADRODRO.- Deputy Chairperson, can we just get an indication of when will the PS join us? Will these staff be able to give us a perfect explanation as to the queries and answers that will commit the Ministry to? Or will it be subjected to the PS's concurrence?

MR. I. KHAN.- Deputy Chairperson, let me respond to the Honourable Member. Before we came here and before we submitted the responses to the Public Accounts Committee, it was discussed and concurred by our Permanent Secretary. So, the responses that we are going to provide is in concurrence with our PS and when she joins, she may be adding value to any other responses that we might be providing. Other than that, the response is in concurrence with the Permanent Secretary.

DEPUTY CHAIRPERSON.- Thank you very much. You may proceed.

MR. J. MATAIKA.- Thank you Deputy Chairperson.

QUESTION NO. 1: Did the Ministry of Health and Medical Services through the Fiji Pharmaceutical and Biomedical Services Centre comply with the Procurement Regulation 2010, related policy/guidelines and accepted best practices guides in planning procurements for bio-medical equipment?

Please explain why the Ministry Procurement Plan is still in draft form.

There was a Procurement Plan prepared annually and endorsed and this was submitted to the Ministry of
Economy.

DEPUTY CHAIRPERSON.- Any questions Honourable Members in regards to the response?

HON. A.M. RADRODRO.- Deputy Chairperson, do we have a copy of the responses? We do not have a copy of the responses but otherwise can ...

DEPUTY CHAIRPERSON.- Request Secretariat o provide the Honourable Member with the responses.

HON. A.M. RADRODRO.- Can you just elaborate on the Procurement Plan, if I hear correctly, that it has been prepared and endorsed annually?

MR. J. MATAIKA.- Yes, Sir. We set an annual procurement plan which is mandatory and then we have to submit that to the Ministry of Economy which is done annually.

DEPUTY CHAIRPERSON.- Thank you very much. Any other questions, Honourable Members? There seems to be none, you will proceed to the next one.

MR. J. MATAIKA.- Thank you Deputy Chairperson.

Question No. 2: Please explain why did not the Ministry identify and consider the risks associated with the procurement of equipment and the right people to be involved in the procurement process?

The Ministry has a formal process in the selection of relevant technical people for evaluation of any purchase of any medical products.

We co-opt technical people in the hospital inclusive of specialised fields on any purchase of equipment.

DEPUTY CHAIRPERSON.- Thank you. Honourable Members, any questions in that regard? There seems to be none, you may proceed further.

AUDIT REP.- Deputy Chair, if I can just make a comment on that?

DEPUTY CHAIRPERSON.- Yes, you many do so.

AUDIT REP.- Referring back to Question No. 1, the plan that we are referring to is not the annual plan. We can access that from the Fiji Procurement Office website that is publically available for the public to look at.

During the audit, we were given a four-year plan from 2013 to 2016. That plan was still in draft so that is the plan that we are referring to in Question No. 1. We have seen the Annual Procurement Plan that is normally submitted to the Ministry of Economy.

For the second question, there may be a formal process but the issue that we have is that it is not properly documented. There is that practice for those who have been with FPBS, they probably do not have to document the process but the issue that we are raising is that the process should be properly documented, it should be authorised and approved by those that have the authority to approve those processes so that anyone that comes in after those can know that, that is the process that has been followed. If there is a manual or Standard Operating Procedure specifically for purchases of biomedical equipment, we were not given that, Sir. That is why the issue has been raised. If you look at the comments from the Ministry, they have stated that they are in the process of developing a Standard Operating Procedure. We have not done a follow-up audit on this. If that is already completed then we can verify that but we have not verified whether there is a documented formal process. Thank you, Deputy Chair.

DEPUTY CHAIRPERSON.- Thank you very much. Honourable Members, any other comments or questions?

HON. A.M. RADRODRO.- Deputy Chair, just going back to the audit finding about the Draft Procurement Plan that was in existence. Now you have mentioned about the Annual Procurement Plan. What was also identified during the audit is the lack of people that goes with that Procurement Plan and risks associated with the Procurement Plan, can you inform the Committee on how has the Ministry addressed this in your Annual Plan that you have submitted because there are issues emanating from the purchases that have been made by the Ministry

regarding Biomedical Services? Delayed installation, delayed site preparation, so how has that been addressed in this Procurement Plan that you have now submitted to the Ministry of Economy?

DEPUTY CHAIRPERSON.- Yes, you may respond.

MR. J. MATAIKA.- Thank you, Deputy Chair and thank you Sir for the question. With regards to the process, we have actually did some improvements from when audit was actually done. So we have evolved in terms of improvement. For now we have a Standard Operating Procedure with regards to the purchase of biomedical equipment; we are using that.

It is also in the questions which are raised later, we have mentioned that that we have a Standard Operating Procedure. In terms of that, we have a policy in place as well. We are using those documents at the moment. Previously, yes, they are correct, those were process gaps that we have rectified. In terms of issues with regards to the purchase of annual biomedical equipment, we are also working on those issues. The issues were sort of like, it is different for different biomedical equipment because of the different specifications at different functions required. We have some of those answers in our later responses as well.

DEPUTY CHAIRPERSON.- Thank you very much. Yes, Honourable Member.

HON. RATU N.T. LALABALAVU.- Honourable Deputy Chairperson and thank you, Sir, for that explanation. Now we come to know that there is a formal process in place and also SOP for that matter, but, again on your answer to Question No. 2, it indicated that there is a formal process in the selection of relevant technical people to oversee this. Can you explain to the Committee a bit more on that, because now we have an SOP and all that? And now you are co-opting people from within the Ministry too. So the process is a bit wide and can you give a bit more on that, Sir?

DEPUTY CHAIRPERSON.- Yes, thank you Honourable Member. You may respond to that.

MR. J. MATAIKA.- Thank you, Sir, for the question. What we meant in terms of the selection of relevant technical people, in terms of selecting a particular biomedical equipment, we need specialised people in that field to be part of the evaluation team.

For example, if we are purchasing an x-ray machine, we will have to get a sort of like a radiologist x-ray technician to be part of the technical team, apart from the Biomedical Team, Accounts Team and Ministry of Economy. We try to get all those specialised technical people to be available, so that we select the correct product. That is what we meant in terms of technical people, Sir.

DEPUTY CHAIRPERSON.- So those technical people are from within the organisation or ….

MR. J. MATAIKA.- Within the Ministry of Health.

DEPUTY CHAIRPERSON.- Thank you. Yes, Honourable Prakash.

HON. V. PRAKASH.- Deputy Chairperson, through you, I think this report is from 2013 to 2015. We are in 2019 and as you know that the technical equipment has improved vastly.

As you have said that there is vast improvement, I would like to know about the equipment that you now have and at the same time the officers that you have sort of hired at the Ministry of Health, whether they are fully equipped to look after those machines and equipment. Thank you, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Thank you Honourable Member. You may give your response.

MR. J. MATAIKA.- Thank you, Sir, for the question. To respond to those queries, it is also in our response.

DEPUTY CHAIRPERSON.- Later on?

MR. J. MATAIKA.- Yes, later on. As of now, we have a five-year replacement plan as well that we are working on, which is still in progress. At the same time, we are exploring the market in terms of the latest technology, in terms of the information being gathered through market research and together in aligning with whatever processes that we have, this will be done by the technical team.

That is all in place at the moment, Sir.

DEPUTY CHAIRPERSON.- Thank you very much. Any other questions, Honourable Members?

HON. A.M. RADRODRO.- Deputy Chairperson, just a matter of concern, the Draft Procurement Plan that was in existence in 2012, can you just advice whether it has been revised, finalised or a new one has been developed?

DEPUTY CHAIRPERSON.- Yes, you may provide a response.

MR. J. MATAIKA.- I think, Sir, what they are referring to is the replacement plan that was drafted earlier. If we can be allowed to provide a written response on how it was implemented (that plan) but, as of now we are working on a new replacement plan. We will try and provide a written response on that issue, Sir.

DEPUTY CHAIRPERSON.- Thank you very much, you are permitted to do so.

HON. A.M. RADRODRO.- Deputy Chairperson, just another thing, what was also highlighted is the procurement biomedical equipment being purchased that did not meet the people that will operate it or the clinicians. How has the Ministry addressed those issues where the people who would operate the machines were not convinced with the machines that were being purchased?

MR. J. MATAIKA.- Thank you for the question, Sir. The selection of any particular equipment, before we used to have only one evaluation team but as of now, we have separated where we have a technical evaluation whereby, the technical team actually looks at the functions of the machine, the specifications of the machine which includes the technical people who will be

using the machine. When that is done, then we have another technical team that actually finalises which includes accounts and Ministry of Economy but the first phase is the evaluation but done with the technical people.

HON. A.M. RADRODRO.- … time of the audit, were they involved with the technical arrangement?

MR. J. MATAIKA.- Yes, that was why we were saying that those were some of the processes that were missing before. We now have two separate teams, we first have the technical committee to evaluate before it is being transferred to the other committee for finalisation of the equipment.

DEPUTY CHAIRPERSON.- Thank you.

HON. A.M. RADRODRO.- Deputy Chairperson, just a final one. Also the concern was the delay in the processing of the procurement once identified. Has that been also addressed with the new technical team in place in terms of the delay in delivery or still the same issues recurring?

MR. J. MATAIKA.- Thank you Sir, for the question. It is an ongoing challenge in terms of the delay. There are few contributing factors to the process. We are looking at how we get the specifications right in terms of when the product is being evaluated. The team will ensure that whatever product we purchase is value for money and the functions are correct as well. If there are some issues that we have found out at that stage, we will have to revert back to get some information but once that is finalised then the whole process will take place whereby we finalise with the Government and the Board before the contract. In terms of the contract itself, Solicitor-General's Office is another process that the two parties actually agree on the contract before it is finalised and we raise the order. It is still an ongoing challenge.

DEPUTY CHAIRPERSON.- Thank you very much for your response, you may proceed further.

MR. J. MATAIKA.- Thank you Sir. **Question No. 3** - 7.1.2. Why use of third party assistance in developing specification acquired while knowing that it is a conflict of interest?

The Ministry has a formal process in the selection of relevant technical people for evaluation of any purchase on medical products. Market research is an additional process the Ministry undertakes to develop specification and availability of the products in the market. This allows a fair assessment of all the products being bided and allows for the elimination or recommendation of suppliers with proper justification.

DEPUTY CHAIRPERSON.- Honourable Members, are there any questions in that regard?

HON. A.M. RADRODRO.- Deputy Chairperson, I just wanted to direct the Ministry officials to the audit finding in terms of the noting of the Auditor-General's physical inspections, that in on Page 9, regarding the tender numbers. Some equipments supplied through contracts for CTN 175/2014 and CTN 56/2015 were not fully utilised mainly due to the absence of other specifications required for equipment to be fully functional. Inability to fully utilise the biomedical equipment indicated that the scoping for specifications were not properly managed to ensure equipment supplied work to the expectations of clinicians as users. Can we just have a comment in terms of that particular audit finding; the equipments that were purchased.

MR. J. MATAIKA.- Thank you, Sir. We acknowledge the process gaps in our processes as well and in terms of some of the purchasing that were done previously, we have identified that it was done in phases. We have purchased some and when it arrived at the hospital, it was not installed yet but then the other accessories arrived later and then some of the things were installed later on. But some of these purchasing were done on a phase method process, whereby, some of the items arrived early, the others arrived later and then the installation was done. So, majority of these equipment at the hospitals are now operating at the moment and are being installed by the medical officers as well.

HON. A.M. RADRODRO.- Can we get re-assurance, Honourable Deputy Chairperson that these particular items are now fully functional?

MR. J. MATAIKA.- We will follow-up and provide a written response on those specific items as well.

HON. A.M. RADRODRO.- Okay, specifically for patient monitor, monitoring equipment, defibrillation; is that the right findings?

AUDIT REP.- Honourable Deputy Chairperson, if I can just make a comment on that? We did a physical verification in February 2017 and also in June 2018. A follow-up audit will be done in the next financial year, that is, from August 2019. Only then can we come back to the Public Accounts Committee and report whether the issues have been rectified. We have not done any follow-up audit on this. While on that, I also wish to make a correction or probably clarity to Question No. 3. What we have stated in the report, that is in the guide to tender an evaluation process. That is a guide developed by the Fiji Procurement Office. So, that is a requirement. I can see that probably the Committee is questioning the involvement of third party. What was quoted there is from the guide that is available to all Ministries to use and follow.

DEPUTY CHAIRPERSON.- So they work according to that guideline?

AUDIT REP.- Because Question No. 3 is: Why use of third party assistance in developing specifications? We did not question any use of third party. What we are stating is that, that is also a requirement of the guide. Thank you, Honourable Deputy Chairperson.

DEPUTY CHAIRPERSON.- Thank you so much for that clarification. Any questions, Honourable Members? There seems to be none, you may proceed.

MR. J. MATAIKA.- Thank you, Sir. In terms of the use of third party assistance in developing specifications, if I am correct.

AUDIT REP.- Honourable Deputy Chairperson, the question from the Public Accounts Committee, my assumption is that, you are seeing this as probably an issue that OAG raised, but that is not an issue that we raised. The use of third party is contained in the guide for tender and evaluation. We are just mentioning that in the report. It is not an issue that we have identified that is particularly relevant to the Ministry of Health in the procurement of biomedical equipment.

HON. A.M. RADRODRO.- So, is that in the practise now knowing that you have an evaluation team with the technical team, do you still use the guide?

MR. J. MATAIKA.- We are doing it.

HON. A.M. RADRODRO.- Outside of the Ministry?

MR. J. MATAIKA.- At the moment we are using the third party. Our assumption is the third party is in terms of the clinicians within the Ministry, if I am correct. But the third party, in terms of the Ministry of Economy being involved and other ministries, that is undertaken.

HON. A.M. RADRODRO.- … use of third party?

MR. J. MATAIKA.- Yes, we do that, Sir.

HON. A.M. RADRODRO.- Now that you have an evaluation team involving your technical team, do you still use third party as per advice by the OAG as a guide to all the ministries and departments? Or you are now using your own evaluation team. What is the current process now?

MR. S. CHAND.- Deputy Chairperson, for the information of the Committee, the current tender process is that we develop a specification by the technical people, the actual users of the equipment ...

HON. A.M. RADRODRO.- That is the Ministry of Health?

MR. S. CHAND.- That is Ministry of Health

HON. A.M. RADRODRO.- So that is not a third party?

MR. S. CHAND.- Once the tender is advertised during the evaluation process, we have representatives from the Fiji Procurement Office which falls under the Ministry of Economy and the Ministry of Trade and Investment. They form part of the Evaluation Committee with the technical representatives from the Ministry of Health and the Procurement Unit from FPBS. Thank you.

AUDIT REP.- Deputy Chairperson, if I can just make an additional comment. Probably just a correction to Honourable Aseri Radrodro's statement that the use of third party was something that was recommended by the OAG. No that is not quite correct. What is stated there is, what is the requirement or what can be done that is stated in the guide; guide to tender an evaluation process. The guide is available to all ministries and departments and it is developed by the Fiji Procurement Office. The Office of the Auditor-General did not recommend to the Ministry of Health to use third party. Thank you, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Thank you for that clarification. You may proceed further.

MR. J. MATAIKA.- Thank you, Sir. **Question No. 4** – Does the Ministry have qualified biomedical personnel?

Yes, these officers are graduates of the Fiji National University.

DEPUTY CHAIRPERSON.- Any questions Honourable Members in that regard?

HON. A.M. RADRODRO.- I think this question came about because of the audit finding, it was identified that there is an absence of qualified biomedical personnel in this process of purchasing of bio-medical equipment. I think that is how the question came about.

(Inaudible)

HON. A.M. RADRODRO.- … engaged in the normal evaluation process.

MR. J. MATAIKA.- Yes.

DEPUTY CHAIRPERSON.- Thank you Honourable Member. You may proceed further on.

MR. J. MATAIKA.- Than you, Sir. **Question No. 5 –** Please explain why the new specification guide for the biomedical equipment is still incomplete since 2012?

Sir, a consultation in December 2018 was undertaken with the Ministry of Health team and a generic specification catalogue was developed especially for our high end equipment.

DEPUTY CHAIRPERSON.- Can you elaborate on this high end equipment?

MR. J. MATAIKA.- Thank you, Sir. When we purchased an equipment, there needs to be a catalogue of where there is some general specifications. Before there was not any general specification catalogue. So, when we purchased an equipment, we give it to whoever is requesting for the equipment to provide the specifications that they want, but we cannot allow that because it might create some biasness in terms of, they might be referring to a particular brand.

So, not to favour any particular company, we have developed a general specification and we have it in a catalogue at the moment. When we ask to procure a particular equipment, we will use this general specification for this particular equipment to advertise so that it does not actually meet any other, like the brands but will allow them to offer.

DEPUTY CHAIRPERSON.- Thank you very much for that clarification. Any other questions, Honourable Members? Yes, Honourable Ratu Naiqama Lalabalavu.

HON. RATU N.T. LALABALAVU.- Thank you. The figures for those explanation but one thing that bogs the mind is the specifications identified and provided for and yet you still have problems with the purchase that was being done like this one on Table 1, Page 9; the cuffs were not provided given the size of the people that we have here. Do we have one standard size? I hope that is now rectified since you have said that those were some of the gaps in the past. I hope that is rectified now because otherwise, even the cost of these equipments are so costly and then it will be lying idle because the cuffs are not there to fit the extra-large people.

DEPUTY CHAIRPERSON.- You may comment or provide a response to this.

MR. J. MATAIKA.- Thank you, Sir and thank you for the question as well. We have identified that even the specification process is a very special process as well. The technical team has to sit down and actually try and identify the product that they want in terms of the functions,

even the specification process usually takes time, but we have some general specifications but when it is provided in the market, sometimes the offers are different. Even during evaluation as well, it is a very important process in terms of identifying the functions, the specification and actually how the machines will operate as well. But those details are supposed to be well done through the evaluation as well. Those are some of the process gaps that we have identified earlier that we are rectifying now.

DEPUTY CHAIRPERSON.- Thank you very much. Any other comments or questions by the Honourable Members? There seems to be none, so you may proceed further.

MR. J. MATAIKA.- Thank you, Sir. **Question No. 6: C**an the Ministry advise whether the items noted in Table 1: Examples of issues noted at CWM Hospital were fully utilised? If yes, please explain how. Also explain to the Committee that during the physical inspections carried out on February 2017 and again on June 2018 by the Auditors, it was revealed that some equipments were not fully utilised due to the absence of other specifications required for the equipment to be fully functional?

Sir, these equipments were purchased on a phase out method, as I have already mentioned earlier, whereby equipment accessories landed in the country at different time intervals and later installed by the biomedical engineers.

There were some process gaps in our previous purchase and the Ministry identified strategies to strengthen these areas as well.

DEPUTY CHAIRPERSON.- Thank you very much for that response. Any questions, Honourable Members?

HON. A.M. RADRODRO.- On the audit finding about the items on Table 2, that the missing documents on some major items that were purchased. Can we just get an explanation on how these items were purchased without proper documentation because that will also impact on the use of it, whether proper business cases were done? Even some items were purchased outside of the normal procurement plan, in what instances were those purchases valid in terms of sticking to the policies and guidelines of the Ministry?

MR. J. MATAIKA.- Thank you, Sir. As I have mentioned, we have identified that there were some process gaps especially with this particular field in the purchase of biomedical equipments earlier. So, these are some of the processes that we are trying to rectify as well in terms of what we mentioned with regards to those equipments that arrived at different intervals, we trying to strengthen our specification process and even the evaluation.

With the other one mentioned with regards to the documentation, yes, it is in our later response as well. We have also identified that is a process gap and we are trying to improve. So, we have developed some of the improvement processes in terms of how the filing is done, not only manually but electronically as well. Those are some of the processes in place at the moment.

DEPUTY CHAIRPERSON.- What are some of the factors that contributed to these process gaps?

MR. J. MATAIKA.- Thank you, Sir. We have identified earlier as well when the report was submitted, it is in our later response as well. What we have come up with, our strategy was to beef up our Human Resources. So, we have recruited biomedical officers. The Ministry have identified new positions and at the same time our procurement team as well. So once we beef up both departments, this has led to some of these improvements. At the same time, we are working according to other plans and according to our strategic plan of the Ministry as well.

DEPUTY CHAIRPERSON.- Thank you very much. Any other questions? Yes, Honourable Radrodro.

HON. A.M. RADRODRO.- Can we just get an update on the recommendations of the Auditor- General and probably the Auditor General could also guide us on how their recommendations will improve the current situation at the biomedical services?

DEPUTY CHAIRPERSON.- Thank you Honourable Radrodro. OAG, can you please respond to that?

AUDIT REP.- Thank you, Honourable Chairperson. We have identified that the main issue is having a proper governance structure. If you have proper governance structures, you have the policies, you have the Standard Operating Procedures, everyone is on the same page when it comes to procurement of medical equipment.

If there is none then Person A and Person B, I am not sure whether they are on the same page with regards to procurement. That is a high level recommendation and we have noted that the Ministry of Health agreed to that, that there is a serious need of improvement in their governance structures. Having a policy, once you have developed the policies, developed the appropriate procedures and processes to support the policies. And have an awareness, those that are supposed to be implementing the policies and procedures that they are aware that their policies, procedures and processes exist.

With regards to the specification, there may be consultations happening with the clinicians through meetings and emails, but, there is no documentary evidence of that, no documentary evidence that we find. They may be practising it, because there are no proper policies and procedures, they are not required probably to document the meetings and keep copies of emails. So that is what everything boils down to; having a stronger governance structure with regards to procurement of biomedical equipment. Thank you, Honourable Chairperson.

DEPUTY CHAIRPERSON.- Anyone would like to make any comment in that regard?

MR. J. MATAIKA.- Thank you, Sir. Will you allow us to provide a written response on that?

DEPUTY CHAIRPERSON.- Thank you very much. You may proceed. Yes, Honourable Radrodro.

HON. A.M. RADRODRO.- Deputy Chairperson, is the National Biomedical Services Policy now in use?

MR. J. MATAIKA.- Yes, Sir, we are currently using the policy at the moment.

DEPUTY CHAIRPERSON.- Thank you. You may move onto 6.1.3

MR. J. MATAIKA.- **Question No. 7**: Please advise the Committee on whether the tenders highlighted in Table 2: Six Tender Sampled have been supported with proper business cases?

Sir, the put plan for any equipment or medical products are developed and authorised through Clinical Service Network and the strategic health services plan.

DEPUTY CHAIRPERSON.- Thank you very much. Honourable Members, any questions or any comments?

MR. J. MATAIKA.- **Question No. 8**: Explain how did the Ministry engage in procuring additional equipments costing around $6.4 million even though it was not part of the four-year procurement plan?

Sir, the Annual Procurement Plan for replacement equipment remains as the priority guide for the purchase. However, there are shortfalls within the procurement period which results in additional purchases to be identified to meet the demand of the health services.

DEPUTY CHAIRPERSON.- Thank you. Any questions, Honourable Members? There is none, you may move on.

MR. J. MATAIKA.- Thank you, Sir. For **Question No. 9**: Does the Ministry have proper resources, guidelines and monitoring mechanisms to address future reoccurrences as such?

The response is, the Ministry is working on a replacement plan inclusive of a monitoring and evaluation that to ensure all biomedical equipment are replaced on a timely manner.

DEPUTY CHAIRPERSON.- Thank you. Honourable Members any comments or questions in that regard? There is none, you may move on.

MR. J. MATAIKA.- **Question No. 10**: Has the FPBS developed an SOP of its tender process to address risk associated factors related to procurement not identified and considers?

Sir, there is an SOP for the tender process.

DEPUTY CHAIRPERSON.- Thank you very much. Any questions or comments in that regard? If there is none you may move on.

MR. J. MATAIKA.- Thank you, Sir. **Question No. 11 -** Has the FPBS finalised their SOPs for planning and sourcing of biomedical equipments?

Sir, we now have an SOP for biomedical equipment purchase as well.

DEPUTY CHAIRPERSON.- Thank you very much. Are there any questions Honourable Members? Yes, Honourable Aseri Radrodro?

HON. A.M .RADRODRO.- Request to the Ministry to just elaborate on this SOP for biomedical equipment that is in place; this answer that you provided regarding planning and sourcing of biomedical equipments.

MR. J. MATAIKA.- Thank you, Sir. We have the hard copy here with us, we can share the e-copy as well, if required.

HON. A.M. RADRODRO.- Can you just give a brief on how you source your biomedical equipments? Are you going for a particular brand, are you going for a particular company, what is the process in place?

MR. J. MATAIKA.- Thank you, Sir. The whole method of procurement is actually spelt out in our SOP. We are not in favour of any brand, but all generic, as I have already mentioned in terms of the process that we follow. In terms of any purchase for any equipment, the whole process in terms of what is spelt in the SOP will be followed. It has to come out from a clinical services network team but aligned to our health services plan. The purchase process, whoever is involved, in terms of how we get the specifications, the teams involved within the Ministry, the equipment type, the functions of the equipment, the specification and the areas where the machines will be used and how it was supposed to be carried out are all spelt out in the SOP before we jump onto how the process will be procured using the tender process.

HON. A.M. RADRODRO.- So in identifying a particular machine and equipment that you will need to, once you plan to procure, what is the underlying criteria; costs or what is it?

MR. J. MATAIKA.- Thank you, Sir. In terms of selecting the equipment to purchase. The criteria from the evaluation team is sort of like, they consider the technical team's perspective as well. But the product has to be value for money, a product that is purchased which will be functional in terms of how the health services delivery will be provided.

HON. A.M. RADRODRO.- All those things are provided?

MR. J. MATAIKA.- All those things are encompassed in that criteria.

HON. A.M. RADRODRO.- … where a certain brand is chosen for a particular period and then a certain brand is again chosen for a different period. How do you deal with that? There is no consistency in terms of the branding sourcing?

MR. S. CHAND.- Thank you Honourable Deputy Chairperson, I will answer that. In the process of selecting equipment, we consider the services that we want to give to the patients (our clients), what is available in the market in terms of the brand, the year of manufacture, particularly in terms of biomedical and other electronic devices, we have a model that is processed for a number of years. So, in any tender evaluation, we check the year of the model being manufactured, how long it is available with parts and backups, and also we do consider costs.

DEPUTY CHAIRPERSON.- Thank you very much for that response. You may move on.

MR. J. MATAIKA.- Thank you, Sir. **Question No. 12:** What is the progress of FPBS preparation of the minimum equipment standard list for each facility and for the Ministry?

Sir, the standardisation of the minimum standard equipment list is still in progress.

DEPUTY CHAIRPERSON.- Any questions or comments, Honourable Members? There is none, then you may move forward.

MR. J. MATAIKA.- Thank you, Sir. **Question No. 13**: Has the Ministry finalised and endorsed the five-year replacement plan for the biomedical equipment?

Sir, the Ministry is working on a replacement plan for all the diagnostic equipment.

DEPUTY CHAIRPERSON.- Thank you very much. Any question, Honourable Members?

HON. A.M. RADRODRO.- Is there any specific period where these plans will become a finalised one and adopted by the Ministry?

MR. J. MATAIKA.- Sir, we can provide a written response. At the moment we are at the initial stage of drafting the list of equipments that needs to be purchased per specialised field, in terms of getting some forms of approvals through our clinicians as well. We will provide a written response in terms of the timetable that we have been scheduled to meet.

HON. A.M. RADRODRO.- … the ones that you provide.

DEPUTY CHAIRPERSON.- Well, they will provide some more later on. You are permitted to do so.

HON. A.M. RADRODRO.- Make sure it appears here.

DEPUTY CHAIRPERSON.- No, it is not that case, maybe they need further clarification to that.

HON. V. PRAKASH.- What is the percentage of improvement or maybe the areas that have reached? If not all, are you satisfied, because this field is quite dynamic and if there are a lot of improvements done? We want to know how far you have gone.

MR. J. MATAIKA.- Thank you, Sir, for the question. Probably just a brief on that, we have a started a plan from February, so we are progressing and our target was to have it completed by (the whole plan) by mid-2019. That is the current plan at the moment but we will try and confirm that later. But tentatively, that is how we are looking at the completion of the plan.

HON. V. PRAKASH.- By mid?

MR. J. MATAIKA.- By mid-2019.

(Inaudible)

DEPUTY CHAIRPERSON.- Yes. Well that is something for the Committee to decide later on, but meanwhile we will proceed with the response. Yes, you may continue.

MR. J. MATAIKA.- Thank you, Sir.

QUESTION NO. 2: Did the Ministry of Health and Medical Services comply with the Procurement Regulation 2010, related policy/guidelines and accepted best practice guide in sourcing of procurements of biomedical equipment?

7.2.1 Delays in evaluation of tenders – **Question No. 1**: Please advise what strategies are put in place to address the delays in the evaluation of tenders as reflected in Table 3: Time taken for Evaluation of Tenders?

Sir, there were processes gaps identified in the Audit Report and the Ministry has put in place strategies to address these gaps, which includes strengthening of human resource capacity and putting in place relevant processes. The Ministry now has a process in place for the evaluation of any purchase of medical products.

DEPUTY CHAIRPERSON.- Thank you very much. Honourable Members, any questions in that regard?

HON. A.M. RADRODRO.- I think this is an ongoing issue regarding the biomedical equipment, not only the delays in evaluation of tender, it is right up to the implementation, to actually implement the machines. That is the whole process where it is delayed from the evaluation, then the whole process gets delayed, in terms of the usage of the machines. Hopefully the process that you have identified and highlighted will improve that line of implementation.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member. You may proceed further on.

MR. J. MATAIKA.- Thank you, Sir. **Question No. 2:** Explain why are there inconsistencies in the technical evaluation as heightened by the Auditor-General in Table 4? Details of Inconsistencies - CTN 56/2015 and explain why is the Evaluation Committee not following the bidding process by not awarding the contract to the most economic supplier as highlighted in Table 5: Comparison of the Cost Analysis?

Sir, the response is that the selection of equipment is always considered on a platform of value for money towards optimising patient care.

DEPUTY CHAIRPERSON.- Honourable Members, any questions?

HON. A.M. RADRODRO.- ... so it is basically, you are going for the cost, most value for money in terms of costs benefit to the organisation.

MR. J. MATAIKA.- We consider the cost benefit of the machines as well if there are machines which can provide the functions that we require, then we usually select from those criteria.

DEPUTY CHAIRPERSON.- Thank you very much. Any other questions, Honourable Members? There seems to be none, so you may proceed.

MR. J. MATAIKA.- **Question No. 3:** The Committee noted that the Cardiotocograph Equipment (CTG) was not withdrawn as was not accessed during the technical stage. Explain why was it included in the final stage and not during the technical stage of the tender process?

Sir, there was some process gaps in the Ministry's previous purchase, in this case, for instance providing patient care took precedence over processes. This, however has been rectified with the current team putting in place a SOP for procurement through the tender process.

DEPUTY CHAIRPERSON.- Thank you very much. Honourable Members, any question or comments in that regard? There is none so you may move on.

MR. J. MATAIKA.- Thank you, Sir. **Question No. 4:** Can you inform the Committee on whether the National Biomedical Services Policy has been fully implemented with the necessary resources capability?

The Ministry now has the National Biomedical Services Policy which is being implemented with necessary resources capability.

DEPUTY CHAIRPERSON.- Thank you for your response. Honourable Members any questions? There is none, you may proceed further.

MR. J. MATAIKA.- Thank you, Sir. **QUESTION NO. 3: Did the Ministry of Health & Medical Services comply with the Procurement Regulation 2010 and related guidelines and accepted best practice in managing contracts for biomedical equipment?**

Question No. 1: How does the Ministry ensure that the high value equipment attained has the value for money and suppliers are compliant with the contract requirements?

Sir, the Ministry now has a formal process in the evaluation of any purchase of any medical products.

DEPUTY CHAIRPERSON.- Thank you for your response. Honourable Members, any questions or comments in that regards? There is none, so you may move on.

MR. J. MATAIKA**.-** 7.3.2: Lack of assessment and monitoring of supplier's performance. **Question No. 2**: Please confirm whether the equipment worth $5.5 million listed on Table 6: Suppliers non-performance to the technical specifications have met all the agreed specifications.

Sir, with the formal processes in place of the evaluation of any purchase made, the Ministry has now strengthened the contract that it enters into with the supplier of various products.

DEPUTY CHAIRPERSON.- Thank you very much. Honourable Members, any questions or comments? There seems to be none, so you may move on.

MR. J. MATAIKA**.- Question No. 3**: Please advise on the close monitoring process and performance report of the supplier that were awarded with two contracts worth $12.6 million?

Sir, there were process gaps that were identified by the audit and the current team is now rectifying these gaps by strengthening the various stages of the procurement process. As explained, we have made improvements in the contract that we have entered into with the suppliers and also monitor contracts and supplier performance. Sir, this is an addition to the proper examination of contracts by the Solicitor-General's Office as well.

DEPUTY CHAIRPERSON.- Thank you very much. Honourable Members, any questions? OAG, you may wish to comment.

AUDIT REP.- Deputy Chairperson, if I can just make a comment to that? This is an important process that we found was lacking with the purchase of biomedical equipment. To the Ministry of Health, Post Procurement Review, it is important that it is documented and a report is presented to the authority or to the Permanent Secretary or to the management of the Ministry, which is what we found. They may be doing this but a report is not prepared, it is not documented. So, that is what we encountered during the audit, it may be practiced but it is important that it is done and if there is an SOP that has been developed, that is included that when you do the review, it should be documented and a report prepared, there is written evidence of that being done. Thank you, Deputy Chair.

DEPUTY CHAIRPERSSON.- Thank you very much for your response. Any comments to that?

MR. S. CHAND.- Thank you, Deputy Chair. As recommended by the Office of the Auditor-General which we are very grateful to, currently the Ministry has contracts in place and the contract stipulates the phase of payments and in a number of cases there are pending payments due to the supplier which is completed upon acceptance of the equipment. So, the equipment is supplied, installed, commissioned, used and used for a number of months stipulated in the contract before the final payment is released to the vendor. So the vendors are still liable until such time that the certificate of acceptance is signed by the Ministry.

DEPUTY CHAIRPERSSON.- Thank you very much for that clarification. Any questions, Honourable Members? There seems to be none so you may move on.

MR. J. MATAIKA.- Thank you, Sir. **Question No. 4:** How does the Ministry monitor the performance and compliance of these high value equipments mentioned in the audit report especially when the sane contractor was awarded another contract of $3.1 million in 2016?

The response is the same as in Question No. 3 as well.

DEPUTY CHAIRPERSSON.- Thank you Honourable Members, any questions? There is none, so you may move on.

MR. J. MATAIKA.- Thank you, Sir. **Question No. 5:** Does the FPBS have an automated records management system in place that records all procurements files?

Sir, there is an automated records management system in place. An SOP and checklist has been developed to further strengthen the process.

Random audit checks are undertaken by supervisors to ensure credibility as well.

DEPUTY CHAIRPERSON.- Thank you very much for that response. Honourable Members, any questions? There is none so you may move on.

MR. J. MATAIKA.- Thank you, Sir. **Question No. 6:** How has FPBSC addressed the missing records identified by the Auditor-General listed on Table 7: Documents not contained in the procurement files & impact on the audit?

Appropriate protocols are put in place to safeguard the records and there is an electronic register now in place as well.

DEPUTY CHAIRPERSON.- Thank you very much for your response. Honourable Members any questions? Yes, Honourable Prakash.

HON. V. PRAKASH.- As the OAG has indicated that there were missing records which were not being found. Now you have got all your records properly in place?

MR. J. MATAIKA.- That is correct, Sir.

HON. V. PRAKASH.- Not like the last finding where missing records are still pending as they were never found.

MR. J. MATAIKA.- That was, what has been revealed through the OAG's Report, so we have identified those processes that will ensure that those records are in place.

HON. V. PRAKASH.- Thank you.

DEPUTY CHAIRPERSON.- Thank you very much, Honourable Prakash.

HON. A.M. RADRODRO.- Supplementary question, specifically on Question No. 3 on the contracts worth $12.6 million. Can you just elaborate specifically on the performance report and monitoring of these particular projects worth $12.6 million? Because the audit also highlighted that further to that an additional contract of $3.1 million was given to the same supplier. Can we just get an explanation specifically for these particular projects in terms of the monitoring and evaluation?

DEPUTY CHAIRPERSON.- Thank you, Honourable Member. You may respond to this.

MR. J. MATAIKA.- Thank you, Sir. Sir, would it be possible if we provided a written response on the details of this particular purchase that was done?

DEPUTY CHAIRPERSON.- Yes, you are permitted to do so. Thank you, you may move on.

MR. J. MATAIKA.- **Question No. 7:** Can FPBSC explain why there were no resources allocated for post procurement reviews?

Sir, as mentioned before there were process gaps encountered previously and FPBS is in the process of developing SOPs to address these post procurement reviews.

DEPUTY CHAIRPERSON.- Thank you very much. Any questions, Honourable Members? There seems to be none, you may proceed further.

MR. J. MATAIKA**.-** 7.3.5 - Inconsistent contract administration. **Question No. 8:** Why were there inconsistencies in procurement contract templates used for the procurement of biomedical equipment?

The response is, the Ministry is liaising closely with the SG's Office to address this issues and it is a work in progress as well.

DEPUTY CHAIRPERSON.- Thank you very much for that response. Honourable Members, any questions or comments? There is none. That draws to conclusion to our hearing today. Before we move further on, I request Honourable Members if you want to make concluding remarks, you may do so.

HON. A.M. RADRODRO.- Thank you, Deputy Chairperson. I just wanted to thank the Ministry for the responses that they have given and the reassurance by the Auditor-General that they will do a follow-up audit in terms of this particular area; the purchasing of biomedical services.

We would like to know the process where does the purchasing exercise and functions end because the equipment when they are purchased, they need to be properly installed or used at the relevant hospitals and health centres. Some of the issues that had been highlighted previously, like for operating theatres and radiology equipment, that has been previously highlighted by OAG for Labasa Hospital, where it took longer as much as 183 days for it to be implemented. So that purchasing process, in terms of the Biomedical Services Department, where does the process end? Does it end when the equipment comes in in terms of your evaluation and in terms of your policy or does it take it right along to the implementation into the relevant hospital as I have highlighted an example?

Say for Labasa Hospital, that was also highlighted by the Auditor-General, in terms of the operating theatre equipment and radiology equipment at CWM and Lautoka Hospital. I think you must be aware of whether those equipment are now in place, installed and whether they are still operating in terms of your post processing review of the equipments that you acquired. So that is probably where the systems fall short of the policies developed in terms of procurement and how and whether it has been implemented and properly utilised to ensure that it is value for money on the equipment that you have acquired. Besides these equipments are highly valued ones for the Government to be spending money on and acquiring on a regular basis. That is also a concern. If the Auditor-General could also in terms of this exercise just expand the area to see that there are fully implemented on time and they are fully utilised rather than just end the work of the audit from the acquisition rather than taking it right over to the full implementation. That is basically the comment from my end, Deputy Chairperson, in terms of highly valued equipments as being rightly mentioned by the officials from the Ministry.

I reiterate the concern that the PS is not here, even though you have assured us that they will be joining. These are some of the things we as a Committee need to address it. Even by the responses that have been given, work is in progress and you have to go back and provide a written opinion. I know you will probably go to seek the PS concurrence in terms of your responses to us. That is also something that we need to address to the other Ministries that the Head of the Department, as a Chief Accountant for the respective Ministry they need to be coming here to respond to the audit issues that have been highlighted. Thank you very much for your comments.

DEPUTY CHAIRPERSON.- Thank you very much for comments. Any other concluding remarks? Yes, Honourable Lalabalavu.

HON. RATU N.T. LALABALAVU.- My concluding remarks Honourable Chairperson, is that I thank the official and OAG for the findings in the audit. We understand, ladies and

gentlemen, the difficult task you people have. It is not easy because you are dealing with technology and it changes as indicated by Honourable Prakash. But again, the need to shorten the time taken to get an order through and the time the order arrives. That is the concern here, because everything is dealing with huge costs here. That is where we really need the presence of the Permanent Secretary because we would like to take that further. When we have an in-house .Committee with the Ministry of Economy there, and the OAG has indicated that the tender process and it needs to be same like with the other Ministries. But the Ministry of Health, we understand it, it is quite a difficult one. There are different kinds of sicknesses coming up every now and then and the machines keeps changing, the equipment for that matter. We only hope that you have taken this opportunity to scrutinise. With that operational plan that you have and the stock gaps that you have included, has that helped a lot in short circuiting the time taken, instead of the 183 days it took for Labasa Hospital.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member for those concluding remarks. Honourable Prakash, any concluding remarks?

HON. V. PRAKASH.- First of all I would like to thank the officers from the Ministry of Health & Medical Services and also from the Office of the Auditor-General. We will be looking forward to your written response as you have indicated in quite a few of the questions.

The other important thing is, taxpayer's money has been put into all the Ministries, like the Ministry of Health, and this is one of those that is important for the people of this nation when they need the assistance during times of suffering.

Given that Fiji is a developing nation, I am concerned about the machines that we have and the technical expertise to look after those machines. There are some machines which need very little repair. Can you ensure that you have that backup service and the backup service is also supported by the agents from whom you are importing those machines? It may be a very simple machine but it may be of importance to the person who is needing it at that very time. It may be a very complicated machine and at the same time it may be needed again to save one's life. I would just like to know, what is your backup service? Machines are machines, it will break down definitely. Could you ensure that you have a very strong backup service so that the fund that is given to your Department or Ministry is well looked after, because this is a very essential service; that is why it is a concern. Thank you, Honourable Deputy Chairperson.

DEPUTY CHAIRPERSON.- Thank you Honourable Prakash for those concluding remarks. Office of the Auditor-General, any concluding remarks?

AUDIT REP.- Thank you, Honourable Deputy Chairperson. The OAG would like to thank the Ministry of Health for positively looking at the report and for agreeing that there are process gaps that needs to be identified and improved and for working on improving those policies and processes. Thank you.

DEPUTY CHAIRPERSON.- Thank you very much to our submittees. You may sum up your presentation.

MR. J. MATAIKA.- Thank you, Honourable Deputy Chairperson. On behalf of the Team from the Ministry of Health, apologies from the Permanent Secretary who was unable to come due to other commitments, I would like to take this opportunity to thank the Public Accounts

Committee for the advice. We will take them on board and for all those written responses, we will provide them as soon as possible.

With the process that is happening with biomedical equipment is quite an exciting one for us as well as we are working in terms of how we can improve the services that we are expanding at the hospitals, according to the specialised fields and the new Health Centres and Nursing Stations opening up. We are trying our best to facilitate all the services being provided. With those words, thank you very much. *Vinaka.*

DEPUTY CHAIRPERSON.- Thank you very much. Ladies and gentlemen that draws to a conclusion our proceedings today. The Public Accounts Committee wishes to thank the submittees from the Ministry of Health & Medical Services, the representative from the Office of the Auditor-General and the members of the media fraternity. Thank you very much, you are now excused.

The Committee adjourned at 2.16 p.m.