

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS COMMITTEE HELD AT THE COMMITTEE ROOM (WEST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON 5TH JUNE, 2018 AT 11.55 A.M.

Interviewee/Submittee: Fijian Elections Office

In Attendance:

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| 1) Mr. Mohammed Saneem | - | Supervisor of Elections |
| 2) Mr. Sanjeshwar Ram | - | Director Corporate Services |
| 3) Ms. Nina Filipe | - | Manager Finance |
| 4) Mr. Arin Kumar | - | Public Relations Officer |
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DEPUTY CHAIRPERSON.- Honourable Members, representatives from the media, Parliament Secretariat, representatives from the Office of the Auditor General and in particular we welcome the Supervisor for Elections and his team to our meeting. I thank you Supervisor for your indulgence and time in making yourself available to come here to discuss about the issues that we sent in regards to the 2015 Audit Report on State-Owned Entities and Statutory Authorities.

I believe the main issue that we wanted to hear from you is Section 6.2, Page 20 of the OAG's Report and in particular regarding providing an update on the restructure and implementation of the Financial Management System of FEO for the production of financial statements that are in compliance with IFRS for SMEs. I believe there is a very extensive provision of documents together with the issues that you have submitted in written form. So without further ado, Supervisor, I would like to welcome you and just very briefly introduce us your team and then you or your designated speaker can take us through your submission. Thank you.

MR. M. SANEEM.- Thank you Deputy Chairperson and the respective Members of the Committee. Thank you for the invitation. May I now introduce my team.

(Introduction of the team from Fijian Elections Office)

Would you like me to go over the response?

DEPUTY CHAIRPERSON.- Yes.

MR. M. SANEEM.- Thank you. The FEO following its establishment whilst required to ensure that it became independent not only in its operations but also in other administrative arrangements that previously existed. Prior to 2014, the FEO Accounts Team would be stationed at the Prime Minister's Office and all accounts were maintained by the Prime Minister's Accounts Team until an election was called within which accounts people from various other ministries would come in and take over as the Accounts Team for the Elections Office and then revert to the Prime Minister's Office.

Until 2013, before Ms. Nina Filipe's appointment, the FEO still had cheques written through the Prime Minister's Office and other LPO's and quotations were all submitted to the accounts team at the Prime Minister's Office for the business activities of the FEO.

The 2014 Electoral Act required the FEO to have its own administrative and financial practices and following the elections we embarked on ensuring that all our administrative procedures are truly independent in the sense that it is fully managed and controlled by the FEO. The Electoral Act empowered the Supervisor of Elections to formulate the financial policies for FEO that would expeditiously allow the FEO to conduct procurement so that elections time procurement is conducted efficiently as well as proficiently because there is substantial amounts of money that have to be spent within a very short period of time, and very many few suppliers around the world.

Based on that, we developed our five-year strategic plan which included the migration of the FEO from the Government FMIS into its own Financial Management System. The project was directly the responsibility of Director Corporate, as well as the Manager Finance KPI. The successful implementation of the system happened as follows: we started in August, 2016 and the staff were trained in June and July of that year. May I just say that in 2016, the FEO through its strategic planning already had changed its financial year to the middle of the year, instead of from the beginning of the year to the end of the year? We were quite grateful that Government also changed its financial year, so that the Auditor-General's reporting timelines also reflected our plans - change in the financial year.

As such, the financial year change from August to July helped us to incorporate our first six months of the transition which was a supervised transition, if I must say. We engaged KPMG following a tender process to facilitate the transition and in particular, the transition to International Financial Reporting Standard (IFRS) for Small and Medium-Sized Entities (SMEs) from the Financial Management Information System (FMIS) that Government currently has to review the financial reports for the year ended 31st July, 2016 and to review the Finance Policy and Assets Policy to be in line with IFRS Reporting Standards.

KPMG then successfully completed its services to the Fijian Elections Office and our finance team prepared the annual financial statements for the year 31st July, 2017. This has been subjected to audit by the OAG. We have received draft audit comments and based on the audit comments and the issues that were highlighted by the OAG, we decided to once again engage KPMG. Once again we advertised this for expressions of interest for accounting companies to facilitate our request and we engaged KPMG to assist in the compilation of the financial statements to ensure that the transition is properly done. At the same time, it was to ensure that the FEO finance team were able to bolster their capacities in handling the new system that has been implemented.

Honourable Chairman and Members, the transition into a new financial system for any company or organisation is a massive one and involves a thorough amount of planning, preparation and of course audit. In this regard, we are grateful to the OAG for taking a co-operative and collaborative approach with us in ensuring that the transition took place and at the same time that the standards were not compromised. We have now, based on the current arrangement, we are now contemplating a longer term arrangement with our partner KPMG to ensure that the transition, although may seem to be a short, small adventure, is actually monitored and supervised through, first year a full implementation, second year more of a

supervisory role and final year as a review role to ensure that our accounts presentation meets with all the standards and requirements and that the staff of the office are fully versed and able to handle this for the future. That is our plan and those are the activities that we have taken and our team has compiled the arrangements and all the other documents that are supporting this arrangements and our submission to the Committee for your perusal and notation.

As we have said in our letter lastly, “it is our intention to ensure that the transition to international standards is done strategically with the assistance from internationally recognised institutions to ensure that the financial records of the FEO are accurate, comprehensive and transparent.” Thank you for your time.

DEPUTY CHAIRPERSON.- Honourable Members, do you have any question? Very precise and related documents are there extensively explaining the whole process of the issues that we raised with them but nonetheless if there are any questions Honourable Members, you are most welcome to ask.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, just a supplementary question, Supervisor. This agreement that you have in place, there is an annual fee that has been mentioned here. What is the annual fee?

DEPUTY CHAIRPERSON.- Software services agreement annual fees.

MR. M. SANEEM.- This is for the software or for KPMG? That is software licensing. Whilst I understand that this is a direct question, we may have to come back to you with the exact answer. It is roughly around FJD \$6,000, but may I say that we will come back to you with a written answer to be sure of the particulars that we are stating.

HON. A.M. RADRODRO.- When you pay a licence fee that means at the end of the day, the product is still not yours. It is like a rental fee that you pay.

MR. M. SANEEM.- Honourable Radrodro, I think no one owns an exact financial system in Fiji. Everyone licences financial systems which goes, one of the things I would say is that the continuous upgrading and development of financial systems requires extensive expertise which organisations do not want to possess but hire. As such I would say that all the organisations that I have known of, are currently using financial systems that are accredited by FRCS and they are all under a license.

HON. MEMBER.- (Inaudible)

MR. M. SANEEM.- The operations of Fijian Elections Office (FEO) through licensing.

Before we enter into any agreement with any supplier there are prerequisites that the suppliers have to meet and this is an extensive scrutiny that we carry out which is then subjected to audit as well. The companies that are supplying equipment to us such as Navision; these are international companies with their companies based in Fiji and they are not only suppliers to us but to several other entities. We do not expect them to unnecessarily block any of our activities. However the entire software is in the FEO service and it is not

that we are using it from someone else's server. We have complete control over the software, so we do not expect any hiccups that would spoil the name of the supplier.

DEPUTY CHAIRPERSON.- Honourable Members any questions? Supervisor, you mentioned that you have tendered again to the auditors out there. Is this because that is the normal process the office follows or....

MR. M. SANEEM.- Two reasons; firstly you are correct to say that there is a tender procedure in the office but we do not expect the amount to reach the tender limit; the annual service fee. However the reason why we still did it is because we want to ensure that there is opportunity for other companies to bid. Because the services are pretty generic in nature there is always opportunity for more bidders to express their interest and for us to evaluate the availability of the best suitable supplier, as well as the content of the supply that is important. So we have decided to advertise it to test the market.

DEPUTY CHAIRPERSON.- That has nothing to do with KPMG not meeting your expectation, it is just what you have decided to do.

MR. M. SANEEM.- May I just say that, at this point in time, the KPMG has been an excellent supplier for the FEO in this particular procurement. They are of course an internationally recognised firm with very high standards and we have no qualms or complaints about their performance. As I said, the FEO always wants to test the open market to see what the best competitive rate is.

DEPUTY CHAIRPERSON.- Alright, thank you.

So I take it that FEO wants to test other markets as well. Honourable Members any more questions?

HON. A.M. RADRODRO.- Just a clarification regarding your advertisement that comes out for postal voting and pre-polling. Postal voting, can you just inform the Committee we have practically

DEPUTY CHAIRPERSON.- The onus is on your supervisor. I know it is not an audit related issue but you can choose whether you want to answer or not.

MR. M. SANEEM.- I think I will take that question. The postal vote applications open on the date the election date is announced and that is the date and immediately after the announcement it is open. Our website already has the form and the particulars for requirements for postal voting on it already. This is because people may wish to post, particularly the overseas ones, may wish to download the form, get themselves organised around the logistics of completing the form and have it ready as soon as the date is announced.

Once the date is announced, the applications are open up until 23 days from the writ date that is when it closes. So, the application form, for those who are registered overseas they can only vote by postal and they have to apply, it is not automatic. So, every registered voter overseas will have to apply again to vote by post and that has to be done through the application form.

Various means of submission is email, there will be an online drop box also for submitting the application form as well as hand delivery or by post. We have special arrangements with the Post Office to collect our mail at 6 o'clock on the deadline date. So, of course if your mail is in the mailbox at 6 o'clock, that is accepted and that is the process for application.

For the sending of the ballots, once your application is approved you will be notified that it is approved. The only requirement by the Act is that if we do not approve, we must notify the person within 24 hours so that we can say we will do within 24 hours but approved applications will be informed. It is an email system so we do not expect any delays but we never know the network problem, et cetera.

Once the application is approved on writ day plus eighteen after the candidate draw we will proceed to printing the ballot paper as well as printing the voter instruction booklet. And writ day plus twenty-two or twenty-one, I think, is when we will start with the packing of the postal ballot materials. Comprehensive itineraries have been submitted to all respective party headquarters for you to make sure that you are fully aware of the dates.

On that date, we start packing the postal materials. Now the whole world has been divided into five categories to facilitate the easy distribution this time. There are only two suppliers that have been engaged following the bid out process. There is a local supplier that is EMS and the international supplier is DHL. Now, the FEO will ensure that the postal package and handed over to the supplier who has been contracted and paid and the supplier is responsible for delivering the postal package to individuals. The supplier will also give tracking numbers et cetera that can be used to verify where the package is. The voter receives his or her package, they have to complete it and return to us before 6 o'clock on Elections day.

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

MR. M. SANEEM.- You can vote at home, in the bus, in the train anywhere. So, that is the procedure for postal voting. All postal votes must be returned before 6 o'clock on Elections day in order for it to be counted. Now, because there maybe 15,000 or 20,000 votes that are issued, the FEO will start with the verification of postal ballots at least seven days before Elections day. The verification is that the courier envelope will be opened, the transmission envelope will be opened and we will verify the particulars filled out in the transmission envelope versus the particulars submitted to us in the application.

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

MR. M. SANEEM.- Once we get those particulars verified and if it matches then the transmission envelope is opened, the secret envelope is taken out and put inside the ballot box. So, that is the procedure for verification and that will take place one week before the Elections. All secret envelopes that have been put inside the ballot box, the maximum will be 500 and after that they will be placed under the storage under police guard, ready for counting on Elections night.

HON. A.M. RADRODRO.- What about pre-polling?

MR. M. SANEEM.- So, pre-polling starts, for example, if tomorrow is an Elections day, pre-polling would have started last week Monday and finished last week Friday. If there is a place where we cannot get to, we still have Saturday, Sunday, Monday, Tuesday to get to that place but that will be publicly advised in the news. It is a week earlier but it is one week shorter than 2014 so there is more time for the campaign activity, et cetera. However, we are not banking too much on Monday, Tuesday this week, we would like finish it off last week because if there is weather or event or something it might disrupt the ability for those people to vote, without knowing the results of other places.

HON. A.M. RADRODRO.- In 2014 some people could not come to the Elections venue due to their disability. What is the position now of the Elections Office?

MR. M. SANEEM.- Our position is the same as the one that we had in 2014. If a person is unable to make it to the polling place on Elections Day, they are at liberty to apply for a postal vote and the postal vote will be delivered to the person, for the person to mark. We are using EMS; EMS has been instructed to deliver rather than put it in a box.

HON. A.M. RADRODRO.- Even though they are in the villages?

MR. M. SANEEM.- Yes, the FEO has already reached these people in the villages and settlements for voter registration so we have the capacity to deliver. In 2014 we gave our supplier additional fleet of vehicles to ensure that the delivery was possible. That is why this time we have a special supplier for local deliveries which is EMS and a supplier for international deliveries. With postal voting, the FEO is at the mercy of the suppliers. We have done the maximum we could do with legal arrangements in contracts, we have done the maximum we could do in terms of the costing. It may cost around \$115 per vote but it is an important expense when it comes to the right to vote.

DEPUTY CHAIRPERSON.- Thank you Honourable Members. Any more questions? I believe there is none. I thank you Supervisor of Elections for your indulgence, time and for providing us with a written response. We note your responses and we will prepare our reports accordingly. Once again before we conclude the submission and the session, request if you have any concluding words from your side?

MR. M. SANEEM.- Thank you very much, Mr. Deputy Chairperson and have a great week.

DEPUTY CHAIRPERSON.- Thank you.

The Committee adjourned at 12.17 p.m.