

# **PUBLIC ACCOUNTS COMMITTEE**

**[Verbatim Report of Meeting]**

**HELD IN THE**

**COMMITTEE ROOM (EAST WING)**

**ON**

**TUESDAY, 8TH MAY, 2018**



**VERBATIM NOTES OF MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOINTS COMMITTEE HELD AT THE BIG COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON TUESDAY, 8TH MAY, 2018 AT 9.20 A.M.**

**Interviewee/Submittee: Ministry of Youth and Sports**

In Attendance:

- |                       |   |                            |
|-----------------------|---|----------------------------|
| 1. Mr. George Francis | - | Director                   |
| 2. Mr. Abdul Rasheed  | - | Senior Coordinator Finance |

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DEPUTY CHAIRPERSON.- I would like to welcome the Director from the Ministry of Youth and Sports and the Senior Finance Coordinator of the Ministry, welcome to the meeting of Public Accounts Committee dated 8th May, 2018.

We are here to discuss the issues raised in the Report of the Auditor-General - Audit Report of the Social Services Sector 2016 - Volume 3.

On this note, I would like to welcome the Officials from other Ministries and Departments who are here today. On my far right, we have Ministry of Economy (MOE); on my far left we have Officials from the Office of the Auditor-General (OAG); just near my right as well as on my left, we have the Secretariat staff from Parliament.

Just briefly, I would like to introduce Honourable Members of the Public Accounts Committee.

(Introduction of Committee Members)

Sir, we take note that this is an unqualified Audit Report which is a good reflection on the Ministry itself but nonetheless, there are few Audit findings that were highlighted in the Auditor-General's Report, in particular focussing on:

1. Monitoring of Grants to Youth Clubs;
2. Valelevu Training Centre;
3. Monitoring of Capital Grants that were provided to the Fiji Sports Council; and
4. Anomalies which were noted in Accountable Advance balance.

I believe written questions were submitted to your good office to come and do your presentation/submission. There is a PowerPoint presentation from your Ministry. So with those words of introduction, I would like to give you the opportunity to very briefly tell us about your Ministry and whatever you have as part to your submission this morning. Thank you.

MR. G. FRANCIS.- Thank you Deputy Chairperson and Honourable Members of the Public Accounts Committee, Officials from respective Ministries, MOE and OAG; first of all, let me convey the apologies of the Permanent Secretary who is away overseas on medical reasons and she actually appointed us to be here this morning to present on the findings of the Auditor-General that was highlighted in the Report.

The Ministry of Youth and Sports actually prepared the PowerPoint submission. We are so glad to be given this opportunity to come up with the responses and some of the things that we have actually put in place in order to ensure that what has been highlighted does not reoccur. So without further ado, Deputy Chairperson, I will now invite the Senior Accounts Officer of the Ministry of Youth and Sports to present the PowerPoint presentation this morning. Thank you.

MR. A. RASHEED.- Good morning to you all and thank you, Honourable Deputy Chairperson and Honourable Members. The powerpoint presentation this morning reflects the findings that was given to us from the OAG and how the Ministry have taken reasonable steps to ensure or provide assurance to the Committee this morning that those would not be recurring issues and how it has been taken care of by the Ministry itself.

DEPUTY CHAIRPERSON.- Before we move on to the actual Audit Findings, I hope that you have a copy of the Audit Report with you and would like to very briefly go on to the Statements of Receipts and Expenditure for 2016 and Appropriation Statement. The main focus will be on the Audit Findings but just interested in some general comments.

25.2 - Statement of Receipts and Expenditure; I believe one of the revenues of the agency is the Sales of School Farm Produce Surplus. I am just interested to know what this scheme is all about for the Ministry. Thank you.

MR. A. RASHEED.- Honourable Deputy Chairperson, these are funds that were collected in terms of revenue from the sale of farm produce that the Ministry undertook at the Nasau Training Centre in Sigatoka. This was from the piggery that the Ministry has and it also the poultry, the meat bird sales for the training purposes. So those revenue are basically from the two sales that has been reflected and also mostly sales from the vegetable farm it has, that is supported by the agriculture trainees who are also learning through the approach. Thank you.

DEPUTY CHAIRPERSON.- I thank you, Sir, for your response. We take note of the fact that compared to 2015 and 2016, if we are to make a comparison, the revenue has declined so what could be the attributing reason for that?

MR. A. RASHEED.- Thank you. Those revenue reflected the seven months period.

DEPUTY CHAIRPERSON.- All right, seven months?

MR. A. RASHEED.- Yes. The seven month period compared to the year 2015.

DEPUTY CHAIRPERSON.- Thank you. Honourable Members any questions on the statement?

HON. A.M. RADRODRO.- Yes, Deputy Chairperson, just to the Ministry regarding your expenditure that has been highlighted here. What does Special Expenditures represent and probably OAG can also assist, we do not have the details?

MR. A. RASHEED.- Thank you, Honourable Member. Special Expenditures that we have under SEG 7 reflects the funds that are provided under youth training. Bulk of the fund is for youth training in terms of youth development, the training that the Ministry conducts for various youth programmes, it also has funding allocations for the assistance that the Ministry provides to youth under the allocation of Voluntary Youth Organisation Training (VYOT) and it has funding that supports International Youth Exchange Programme. So those are the components of funds that are under Special Expenditure that is under youth development.

Also, it had funding in that particular year under SEG 7 Special Expenditure for engagement of sports coaches under sports development so again, another bulk of the funding was allocated for engagement of international sports coaches. This funding is remitted to Fiji National Sports Commission as a grant.

HON. A.M. RADRODRO.- Supplementary question to that in terms of the grant that is being given to Fiji National Sports Commission, the sporting team. In most of the funding like this, there is always a set rules and guidelines where the recipient usually have to comply with before submission of grants. In this particular instance, for example, Operating Grants and Transfers has a huge amount because of the Olympic Games in 2016 and Paralympic Games. So, going forward, is the Ministry also ensuring that criteria are met before disbursement of funds?

MR. A. RASHEED.- Honourable Member, yes, the Ministry ensures that all avenues and all the terms and conditions within Grant Agreements are adhered to before the grants are remitted.

As noted, bulk of the funding was remitted. This is for the preparation of various sporting events that was towards leading to qualifying events in previous years.

HON. RATU N.T. LALABALAVU.- Deputy Chairperson, through you, the Officials from the Ministry of Youth; I am just seeking some clarification on this Operating Grant. The issue that I would like clarified is on weightlifting sports. We used to have this great man, Paul Coffa, doing training in Sigatoka during our time. The sport has certainly lifted the Fiji Team for gold. What is the plan that you have to ensure that this comes across to us again? That short stint in Fiji has really paid off. Do you have any immediate plans on that to ensure that it comes under this?

MR. G. FRANCIS.- Thank you, Honourable Member, I think that is a real issue. As for other sports we are trying our best to, sort of, improve standards and like I already mentioned by my colleague in terms of hiring of coaches, unfortunately Paul Coffa had to leave for reasons that was not known. But, yes, we are trying our best to get back the best in terms of coaching to raise the standard of our sports in Fiji, in not only the major sports but also we are focussing on the minor sports, like weightlifting and other minor sports that we have in Fiji.

HON. RATU N.T. LALABALAVU.- Deputy Chairperson, further to that, what sort of grant do we have in helping this sport of weightlifting when they go to train in Noumea, et cetera, are they covered under this?

MR. G. FRANCIS.- Thank you, Honourable Member. Yes, as mentioned, the budget provision that is provided by the Government is actually given to the National Fiji Sport Commission in which all sport bodies can apply for those grants from the Sports Commission to be used in that preparation and also towards the individual sports.

HON. RATU N.T. LALABALAVU.- Deputy Chairperson, further to that, the grant is not specifically for coaches to be trained here but rather to have people go and get trained abroad. This is our grant.

MR. A. RASHEED.- Honourable Member, yes, there are funding allocated to the Fiji National Sports Commission under a grant item that is known as the scholarship, that supports athletes to go overseas and have training on those sporting areas that have qualifying events.

HON. A.M. RADRODRO.- A supplementary question on the Operating Grants and Transfers; there are sports that are covered, like Olympic Sports and there are those that are not Olympic Sports. How does the Ministry assist those kind of sports which are not covered or coming under FASANOC Olympic Sports, for example, cricket?

MR. A. RASHEED.- Deputy Chairperson, for those sports, it is the Fiji National Sports Commission that are looking into that to ensure those are assisted and the Ministry also ensures that the minority sports as we call, are also being assisted through our Sports Section in the Ministry to ensure those areas in sports, especially minority are being assisted and they come up and to represent in qualifying events. Thank you.

DEPUTY CHAIRPERSON.- Since there are a lot of questions coming out of interest and I do hope that you do not mind Director that we are just more interested to learn about the organisation and the nature of the Ministry itself. I have one question out of interest. How about the Boxing Commission, what is the current relationship of the Ministry with the Boxing Commission? I believe there was a time when there was a bit of faction and friction between the Commissions.

MR. G. FRANCIS.- Thank you. Deputy Chairperson, actually the Boxing Commission was formed as an independent body a few years ago and they have been given their mandate to actually run the boxing in Fiji but budgetary-wise, we have a provision in which we assist the Boxing Commission to function.

For the question raised this morning, it was just a misunderstanding that actually came up due to the comments made by the promoters during one of the promotions that was supposed to be undertaken but currently as we speak, there is nothing in terms of differences between the Ministry and the Commission.

We fully support the Boxing Commission because they are actually trying to bring the sport back to where it was years back. So the Ministry has budgetary provisions and we are supporting the Boxing Commission in terms of their undertakings in running the boxing in Fiji, Deputy Chairperson. Thank you.

DEPUTY CHAIRPERSON.- I thank you, Director, for the information.

Honourable Members, any supplementary questions on Appropriation Statement before we move on to the presentation?

(There were no questions)

I believe we will move on to the presentation now.

MR. A. RASHEED.- Thank you, Deputy Chairperson. The presentation crosscuts on four issues that have been highlighted as mentioned.

Part B: Audit Findings; 25.4 - Monitoring of Grants to Youth Clubs; the Ministry has now established a Standard Operating Procedure (SOP) for the monitoring of grants given to youth clubs, and the Ministry has also recently developed a monitoring and evaluation framework.

This monitoring and evaluation framework also ensures that it has terms whereby effective monitoring and effective evaluation of the grants that are given to various youth clubs are monitored and reported back in terms of the impact and the output it has.

Now, the Ministry has its own database, that was also one of the issues, and the Ministry has completed Phase 1 of the database which started in September 2017 through the engagement of a consultant.

Phase 1 covers training facilities that we have, the programmes and participation of the various youth clubs, including sports club and sporting facilities that are there, and also Youth and Sports Clubs that are registered.

The information that we have in the database includes, Youth and Sports Clubs that are active and inactive and now the Ministry is currently working on Phase 2.

Phase 2 of the database will capture information, such as:

- All the grants and assistance that are provided which will be put online;
- Google mapping of where those youth clubs and sports clubs are;
- all sports grants and assistance that have given to schools and sports clubs with the equipment that are provided; and
- similar to youth clubs with assistance they are provided, an electronic reporting of those youth and sports club being monitored by the Ministry.

Valelevu Training Centre; that was also highlighted by OAG in terms of the Valelevu Youth Training Centre in terms of adherence to procurement processes or tender processes.

HON. RATU N.T. LALABALAVU.- Excuse me, Deputy Chairperson, I have a question on the first item and that is to do with SOPs. I understand that the Ministry has been established for quite some time and the Committee also understands that one of the Ministry's core function is, 'the helping of the youth clubs and youth groups'. Can you explain to the Committee, has there been SOPs or is this the first time that you are trying to establish SOPs for the granting of grants to the youth clubs? If there are SOPs before, what led to it being put out or something of that nature?

MR. G. FRANCIS.- Deputy Chairperson, the question raised this morning in regards to the SOPs, in the past, the Ministry was only dealing with the criteria of the applicants going for those kinds of grants and we have realised that in some instances, those were not actually adhered to by the applicants. Also, through the application going to the Ministry, we have thought of coming up with an SOP to actually curb this issue that has been raised during the last audit query. So this is the first SOP that we have formulated, Honourable Member, to actually look into the areas that had been raised during the last audit query.

HON. RATU N.T. LALABALAVU.- A question on that, Deputy Chairperson, through you, is it because the amount is so small - \$2,000 as highlighted by the OAG?

MR. G. FRANCIS.- I do not think Honourable Member that the amount actually determines this factor, but I think it was just the partly from the Ministry, that we actually did not put in place a process or procedure to guide us through the issuance of this grant.

HON. A.M. RADRODRO.- My question to the MOE is in terms of proper accounting and accountability of issuing such grants. It is just a standard process – SOPs that Ministries could also use instead of them developing their own, what is the current situation?

MOE REP.- Thank you, Honourable Member. As per MOE, we have developed a consultation with the whole of Government Ministries and Departments Finance Manual. In the Finance Manual there is a section on administration of grants, so in regards to administration of

grants by Department and Ministries, they need to adhere to the Finance Manual and as the policy states, on administration of grant.

HON. A.M. RADRODRO.- ... (inaudible)...aware that there is an existing policy in their financial instruction as alluded to by the MOE?

MR. A. RASHEED.- In terms of the Finance Manual that is with us, any grant that is more than \$5,000, there needs to be an agreement being done and this grant show \$2,000. That was what the Director had highlighted on how the Ministry was tackling that issue at that time.

HON. A.M. RADRODRO.- The next supplementary question is directed to OAG, where they had that situation which was only up to a certain level of \$5,000 and then they need an SOP, do you still recommend an SOP for such small amounts?

AUDIT REP.- Deputy Chairperson, with regards to grants for youth, that is the issue that we raised, that the Ministry needs SOPs for such small amounts.

AUDIT REP.-d Deputy Chairperson, with regards to the grants for youth, that is the issue that we raised, that the Ministry needs an SOP, reason being with Finance Manual which is general across Ministries, when it comes down to SOP, it deals specifically with the processes for different grants that they give and specifically for this one, it is for youth, so it is different. For whatever grant, the Finance Manual is, sort of, at a high level but when you bring it down to Ministry level, specifically for youth and on the question of amount of \$2,000, that is when you look at one, but in total it comes up to a big amount.

Referring to Table 25.3 in 2016, it was \$69,000. There was a need for an SOP because the total is \$69,000 so with \$2,000, there is a big number of youth groups that are being assisted so the transaction that happens for these grants, the number is big. That is why the recommendation is there for an SOP. Thank you.

DEPUTY CHAIRPERSON.- The disbursement of grants, Sir, is it based upon the priority sports in Fiji? For example, rugby which is a very much popular sport in Fiji, does that mean that there is more grant allocated to rugby compared to other sports? Is that how you distribute the grants or ....?

MR. A. RASHEED.- Thank you, Honourable Deputy Chairperson. In terms of the grants that the Ministry gives, it depends on the training and the need. In terms of the bigger events, yes, that has been taken care of by Fiji National Sports Commission in terms of allocating various grants to various national sporting bodies.

HON. A.M. RADRODRO.- I think there are two conflicting views here. Probably, the Committee can make a recommendation for a review of the grant in the Finance Manual where the \$5,000 limit is there. Probably, we can recommend for a review of that amount in conjunction with the OAG that any grant, the amount should not be limited to only \$5,000 and above, and that SOP should be properly prepared.

Just a question to Ministry of Youth and Sports in terms of monitoring of those grants, even though they are small in nature individually but as highlighted by the OAG \$69,000 in total, how does the Ministry monitor this to ensure that it is properly used for the purpose that it was released for?

MR. G. FRANCIS.- Thank you, Honourable Deputy Chairperson.



Honourable Member, the monitoring and evaluation of all the Ministry's programmes is actually conducted by a Unit that we have in the Ministry, the Research and Development Unit, whereby they go out, assess and actually gather information to gauge the impact of our programmes where they are implemented. For example, they actually evaluate the grant and see the impact of this on the ground and all those who have been beneficiaries of that project. So that is how we evaluate and monitor our programmes, including the grant that we provide to our young people. Thank you.

HON. A.M. RADRODRO.- Deputy Chairperson, just a supplementary question to that, we see a lot of weights, sporting equipment being handed out to youth groups in villages and settlements, what is the monitoring criteria or template that the Ministry is using to see that equipment are not left there but are effectively used for the purpose that you have given those weights lifting equipment for - the villages and youth clubs?

MR. G. FRANCIS.- Thank you, Honourable Member. We, in the Ministry have a special template that we actually take out to gather those information, especially on how well they are using those weight lifting equipment.

HON. A.M. RADRODRO.- As part of this grant?

MR. G. FRANCIS.- Yes, through sports development budget provision. We have provisions or budget that actually assist those who request for weight lifting equipment. We have templates that we actually take out for evaluating the issuance of those equipment to the community, Honourable Member.

DEPUTY CHAIRPERSON.- Thank you, we will move on to the next issue..

MR. A. RASHEED.- 25.5 - Valelevu Training Centre; the Ministry, now through cooperation with the MOE's Construction Implementation Unit (CIU) and the Ministry of Infrastructure and Transport, had advertised the tender of the current phase of Valelevu that was also part of the audit issue that was raised.

On that the Government tender was approved dated back in June 2017 and the works was awarded to Fortech Construction for the building of a double-storey infrastructure that includes two common basic classrooms for Valelevu trainees. Later on, the agreement was signed off with the contractor and effective monitoring of the project was being undertaken by the Ministry of Infrastructure and Transport as Clerk of Works on the project.

The project is currently completed as at a state of 95 percent. It was supposed to be completed a little earlier this year but due to some challenges being faced by the contractor in its initial stage and then probably the wet weather has a little bit shifted the revised date of completion. But I confirm to this Committee that all the respective processes in terms of compliance with the procurement tender processes and the regulation had been taken care of by the Ministry.

Also, the Ministry coordinates with CIU and the Ministry of Infrastructure and Transport to ensure those projects are of compliance in terms of the buildings standards and also on the same note, adhering to the Financial Regulations to get the projects completed on time.

DEPUTY CHAIRPERSON.- Any questions?

HON. RATU N.T. LALABALAVU.- Deputy Chairperson, through you, just some clarification as well.

Deputy Chairperson, no public tender was done for this particular approach, yet the Ministry provided in the Management Comments column, that the PS was empowered to undertake that. Given the amount of money that is involved maybe that comes under his purview but again, highlighting that as your comment, the OAG is stating that no public tender was done, but it seems the amount was quite absorbent. What would be the Ministry's view on that because there are two kinds of conflicting issues here?

MR. A. RASHEED.- Thank you, Honourable Member. The Ministry notes that there was an issue here where the initial undertaking by the Ministry was to erect a wooden building structure, then the Ministry actually at that point maybe due to some planning issues and some internal advice I would say, split that into value of four.

The intention was to reuse that wooden material and that was when it was done by one contractor to demolish the current structure that was there, and then because of the issue of tender the other contractor was engaged and that is where (I think) conflicting issues happened, where the processes were relooked at and then noted that that might have a conflict with OHS issues in terms of reusing those materials. So, that was the initial arrangement at the time that the Ministry was trying to undertake that would have conflicted issues.

HON. RATU N.T. LALABALAVU.- A supplementary question again, through you, Honourable Deputy Chairperson, to the Official of the OAG; you have strongly recommended that public tender should be undertaken. Here, we have another explanation given by the Ministry, that the Permanent Secretary is already empowered to carry out the works required, because of the money that is involved. Are we still going to go ahead with that or otherwise, because I would strongly suggest that we make an addition to the recommendations that we have already discussed that this been an additional one as well? Thank you, Honourable Deputy Chairperson.

AUDIT REP.- Thank you, Honourable Deputy Chairperson. With regards to the question, the office still stands by its recommendation that tender should be called for works that are over \$50,000. That is the issue that was raised because the total cost of the project was more than \$140,000, and with that in mind we would still go along with what is in the regulation, that tenders ought to be called. Basically, what happened here was that, the Ministry split up those costs to avoid tender. Thank you.

HON. RATU N.T. LALABALAVU.- That is something similar to the Military one?

DEPUTY CHAIRPERSON.-Something similar to other Departments as well. I think in this case, the initial cost of the project was \$140,000 as we speak of and as per the records.

According to the OAG, the \$140,000 was supposed to cover all the phases of construction work, am I correct in saying that, OAG? But the way it was done, it was divided into three phases and each phase costs less than \$50,000 which is why the tender was not called. That is the issue that you are raising and it should have been \$140,000. Tender should have been called rather than dividing it into three phases.

AUDIT REP.- Yes, Deputy Chairperson, quotations were called, they used quotations.

DEPUTY CHAIRPERSON.- They used quotations but the whole idea was that the tender of \$140,000 was supposed to be called rather than dividing it into three phases and getting the most competitive quotes. Is it all right?

HON. A.M. RADRODRO.- A supplementary question to this, in terms of this audit issue, that is clear breach of the processes that are involved, especially the last audit issue where the Ministry paid a sum of \$37,000 to the contractor, despite the contract not been completed. Just a question to the Director, was there any disciplinary action taken on the people who were involved in this payment to contractors?

MR. A. RASHEED.- Thank you.

In terms of this specific issue, yes, the officer involved was given some warning. On this issue, there was an internal investigation done on that amount whether the contractor had delivered its services. So, upon investigation that was requested by the Permanent Secretary, it was noted that the contractor had done its part and was paid only in accordance to its part in terms of getting the structure down and getting each particular phase done.

Specifically, in terms of the project officer involved, he was provided a warning and counselled by the Permanent Secretary to ensure that it is not reoccurring.

HON. RATU N.T. LALABALAVU.- A supplementary question, Deputy Chairperson, through you, why was not the PS taken to task here because you have highlighted that he was empowered to go beyond the public tender because he split the project into three? Now, the poor project officer has suffered there.

DEPUTY CHAIRPERSON.- I think when it comes to matters of what action needs to be taken against the PS, I believe they are not the right people to comment on that, but we will take a note of that.

MR. G. FRANCIS.- Actually, Honourable Member, the then PS retired and now we have a new PS.

DEPUTY CHAIRPERSON.- I think the whole matter here is, first of all, the budget was not sufficient enough. Whilst the work was going on, the Ministry should have initially planned that they will be using the existing materials in the project but they found out that those materials were not OHS compliant.

Whilst the project was going on, there was also an issue of a sewer line running down the facility where this project was being carried out. That scope of work was needed also to be done by a different department, that is, the Water Authority of Fiji (WAF).

So, there were other contributing factors that led to this problem. Director, you were there at that time, if you could just explain to us in general how that work started and what were some of the problems you encountered whilst this project was going on, the problems that the contractor faced?

Some more detailed information. Perhaps, that would add more to the understanding of the Committee Members on what actually went wrong with that project which, of course, cannot be blamed towards one particular Ministry to the contractor in this case.

MR. G. FRANCIS.- Thank you, Deputy Chairperson. Actually, I was just appointed as a Director in 2017 so I had very little knowledge on what transpired during that time.

HON. RATU N.T. LALABALAVU.- Deputy Chairperson, allow me to again raise the question that I raised earlier on, I understand you have made your point quite clear. The reason I

am asking is, why was the PS not taken to task here? The Committee is querying that the PS has already been charged with the responsibility of looking after the Ministry's finance?

Highlighted here in your comments it says that the PS was empowered but through that empowerment, that the work was split into three. Through that empowerment the work took off without public tender being done and now, when the problem arose, the poor project officer suffered for that.

In terms of the accountability and responsibility, that is the level that I was kind of basing my question on, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Yes, we will very strongly take note of that and I believe that is something the Committee can look into, the Officials from the Ministry would not be the right people to actually comment on why the Permanent Secretary was not taken into task. I will ensure that we will be taking note of that in the report. So, as it stands, it says here that by the first week of June, the old project will be completed.

MR. A. RASHEED.- Yes, Deputy Chairperson.

DEPUTY CHAIRPERSON.- And the total cost of it will be \$1.2 million compared to \$140,000.

MR. A. RASHEED.- Yes, it will remain.

DEPUTY CHAIRPERSON.- Why such a big....?

MR. A. RASHEED.- In terms of the initial when the structure was done as reported by the OAG, that was to be a wooden structure and now since it has gone through consultations with MOE CIU, coming into consultation with the Ministry of Infrastructure and Transport, they have recommended the structure to be almost 80 percent, especially the pile beams to be concrete structure. So, that is why the cost difference is high and now the cost of the project is \$1.2 million.

DEPUTY CHAIRPERSON.- This also brings me back to my earlier question and this is exactly the reason why I was asking; the considerable change in the cost to have this project done, does it also include the cost that will be paid to the WAF in order to realign their sewer system, et cetera? That was why I asked, what actually happened then or what are some of the challenges, et cetera?

MR. A. RASHEED.- Thank you, Deputy Chairperson. The issue of WAF realignment, the Ministry had consulted WAF and before the project started in terms of the construction phase, there was consultations done which said that it is the sewer piping that has been going through.

When the actual survey was done, it was taken care of, that it was not going to affect where the building structure is going to be, so that was consulted but there was no cost paid to WAF in that regard. It was just a consultation and also ensuring that there is no reallocation of that, but it was just when the current building was done, that it shifted a bit to ensure that it does not affect the WAF piping system. Thank you.

DEPUTY CHAIRPERSON.- So, I believe there was a lesson learnt and there was a bit of problem when it came to the initial planning and as we speak, the project will be completed on 4th June, 2018, first week of June 2018.

MR. A. RASHEED.- It is first week of June 2018 and that is the revised date. As we speak, now it is 95 percent completed and just minor works need to be done in terms of the flooring and it should be completed, depending on the weather. The weather is the main cause of it being delayed in the finishing phase. Thank you, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Had it not been the cyclone, you would have completed the construction.

MR. A. RASHEED.- The recent cyclone *TC Keni* had an impact on it.

DEPUTY CHAIRPERSON.- Cement?

MR. A. RASHEED.- Cement was on initial stages but now it is the wet weather that is affecting the finishing works, especially to be completed. Thank you.

HON. A.M. RADRODRO.- The reason for the delay of completion provided by the contractor themselves seems to be conflicting because the most effect of cyclone was in the West and that is where assistance is going. You are saying that they are using it here, which is the reason for delay?

MR. A. RASHEED.- Thank you, Honourable Member, especially in terms of the reasons that are provided by the contractor which is wet weather and rain, they have provided the Ministry and the Government Tender Board (GTB) with statistics from the Meteorological Office and also there was an impact of *TC Keni* that was realised, especially the rain and also...

HON. A.M. RADRODRO.- ...in the West and most of the ...

MR. A. RASHEED.- ...and also the main concern of this is the wet weather affecting Nasinu area.

(Inaudible)

MR. A. RASHEED.- It is Fortech Construction.

HON. A.M. RADRODRO.- No wonder this door is a sliding door.

DEPUTY CHAIRPERSON.- Yes, I think from the Committee's point of view, it brings us back to the recommendation, of how important it is for Ministries to work in close relationship with the CIU of the MOE so that the implementation of capital projects are done as successful as possible. I take note that when this project was initially planned out, there was very little or no consultation with the MOE, is that point correct? It is \$140,000, was the Ministry consulted on that?

MOE REP.- Honourable Deputy Chairperson, I am not really sure on this but I believe if the MOE was consulted, definitely they would have advised that, that splitting is a breach of Finance Regulations. So from our understanding, the MOE was not consulted.

DEPUTY CHAIRPERSON.- Which also brings us to the issue which you had highlighted as to why the splitting was allowed by the PS at the initial stage.

HON. A.M. RADRODRO.- The question on the initial intention of that building, it was a double-storey building and the cost has tripled or increased nearly 10 times. Is it still the same double-storey building?

MR. G. FRANCIS.- Honourable Deputy Chairperson, it is a double storey but it is a fully concrete building. So the initial plan was a wooden one but now it is a fully concrete building.

HON. A.M. RADRODRO.- In terms of the purpose of Valelevu Training Centre as already mentioned here by the Auditor-General which is to provide training for young people who have an interest in music, for those who have already gone through that Training Centre, how does the Ministry ensure that they are, sort of, gainfully employed in the skills that they gain from the Centre?

MR. G. FRANCIS.- Thank you, Honourable Deputy Chairperson and Honourable Member for the question. The Ministry has been given the green light from the Fiji Education Commission for accredited course offered from the Training Centre. For your question, Sir, the trainees who had gone through the Training Centre have an agreement with the Disciplinary Forces whereby most of those young people coming out from the Training Centre enlist into the RFMF, the Fiji Police Force and recently about 12 of them were recruited to start off the brass band with the Corrections Service. We also have the hotels which are recruiting these young people. We have seen the impact of that training for young people to gain employment. Thank you.

DEPUTY CHAIRPERSON.- Thank you. I believe we have devoted more than enough time on this issue. And I am very sorry for the comment, it is Fiji Sports Commission I said Fiji Sugar Corporation. We will move on to the next issue. Thank you.

MR. A. RASHEED.- Thank you, Honourable Deputy Chairperson.

25.6 - Monitoring of Capital Grants provided to Fiji Sports Council; the Ministry had an issue where the monitoring was not effectively done because of its capacity in terms of the project officer and the funds that was given. Later, the PS made a decision that all recipients of funds, especially Capital Grants need to be monitored and monitored in line with the work programme that has been developed, and the Ministry then ensures that joint inspections by the Ministry and the Sporting Unit of the Ministry is terms of ensuring that specifications of the structure or facilities are matching, and that is being done and conducted by the Ministry.

Also, there is a specific clause in the Memorandum of Agreement (MOA) being endorsed by the Fiji Sports Council where reporting and annual audited report must be provided to the Ministry in due time.

In addition, in terms of monitoring, what the Ministry is undertaking now is to ensure that monthly reports are submitted for those capital grants that are provided to the Fiji Sports Council and with the grant that was provided in year 2016, the Ministry had conducted joint inspections.

The evidences and references are there to ensure that all phases of the project upon submission of the monthly reports by the Fiji Sports Council, the Ministry is involved in terms of effective monitoring with the Fiji Sports Council Project Team and to some extent, the Ministry has ensured that we have included auditors from MOE to verify the completion stages of the project while the project was going on.

At all stages, the inspections were done and conducted, with reports being filed and provided to the PS in terms of the progress by the team that was doing the inspection which includes the project officer of the Ministry and the project officer who was assigned to receive reports from the Fiji Sports Council Project Team before any inspection is conducted and it was conducted on a consistent basis, monthly intervals. So that is the third issue, Honourable Deputy Chairperson.

DEPUTY CHAIRPERSON.- Honourable Members, do you have any questions?

HON. A.M. RADRODRO.- A question to the Ministry regarding the upgrade at Lawaqa Park before we touch on those pictures there, \$1.5 million was given, what sort of upgrade was conducted at Lawaqa Park? There seems to be no improvement at Lawaqa Park in terms of upgrading the facilities.

DEPUTY CHAIRPERSON.- Honourable Radrodro's question comes out of his position being the Manager of the Naitasiri Rugby Team. Yes, Sir.

MR. A. RASHEED.- The Ministry will request to get back on this since both, myself and the Director are new on the positions. This was a project that was given in 2015 for \$1.5 million so we will inform the Committee as soon as possible. Thank you, Sir.

HON. A.M. RADRODRO.- The other one is the upgrade of sports facilities in 2016, \$358,000 is highlighted there, another \$1.05 million for the other facilities, such as Vodafone Arena, Damodar Aquatic Centre, the screen at ANZ Stadium and Lautoka Regional Tennis Court; those five sporting facilities. What you are showing us here is only one facility.

MR. A. RASHEED.- Thank you, Honourable Member. Yes, the Ministry acknowledges that and we will probably get back to the Committee on this, we apologise for that.

This is the way forward in terms of the monitoring of \$1.2 million that the Ministry remitted in the 2016 financial year upon the completion of 2016 financial year so for those facilities, we acknowledge that there was no reporting system in place or effectively reported from the Fiji Sports Council to the Ministry, so we will provide feedbacks on that to the Committee and what has actually been done to the Committee as soon as possible. Thank you, Sir.

DEPUTY CHAIRPERSON.- Sir, just a general question, perhaps the Director can assist us on this. We do take note that certain facilities, especially major sports facilities of the Fiji Sports Council is under private public partnership, for example, the Vodafone Arena and Damodar Aquatic Centre. What sort of arrangements are these partnerships based upon, Sir?

MR. G. FRANCIS.- Thank you, Deputy Chairperson. Over the years, the Fiji Sports Council have been coming up with their budget in terms of maintenance of those facilities. Actually, Fiji Sports Council is a statutory body whereby the budget that they request comes through the Ministry, submitted for our budget submission.

Actually, the National Sports Commission and the Fiji Sports Council, they report directly to the Minister for Youth and Sports through the various Acts that they have in terms of the respective roles and responsibilities that they perform, but they are statutory body which actually links up.

For Fiji Sports Council, it is the sports facilities that it administers and for the Fiji Sports Commission, it is simply the disbursement of this funding to the National Sports Organisations. In terms of reporting they report directly to the Minister for Youth and Sports.

DEPUTY CHAIRPERSON.- Yes.

HON. A.M. RADRODRO.- One of the audit issues also highlighted is the diversion of funds of \$229,000 to purchase three vehicles from this grant. The \$229,000 as highlighted by the Auditor-General was for the upgrade of the FMF Gymnasium is in the Audit Report. They have redirected that to purchase three vehicles. In this particular instance going back to my earlier question, what sort of disciplinary measure has been undertaken on the use of funds that was not intended for in the first place?

MR. A. RASHEED.- Thank you, Honourable Member. Again, the Ministry would like to come back on this but there must have been some consultations with the MOE at that time in terms of the redirection of funds for the purchase of the vehicle.

MOE REP.- Thank you, Deputy Chairperson. We noted that the request was approved by the MOE but this was not the provision in the Grant Agreement, that was why we raised that issue.

DEPUTY CHAIRPERSON.- Just on the Ministry's Management Comment on this issue, the fourth comment says, "An officer is currently being tasked to receive progress reports and conduct monitoring of all capital projects." What is the position of this officer, Clerk of Works?

MR. G. FRANCIS.- Deputy Chairperson, he is a Project Officer.

DEPUTY CHAIRPERSON.- A Project Officer?

MR. G. FRANCIS.- Yes.

DEPUTY CHAIRPERSON.- Thank you. So he or she is there physically?

MR. G. FRANCIS.- Yes, Sir.

DEPUTY CHAIRPERSON.- That means he/she is on site almost everyday.

Honourable Members, any questions on 25.6 before we move on 25.7?

(There were no questions)

MR. A. RASHEED.- 25.7 – Anomalies Noted in Accountable Advance Balance; I think the last issue that was highlighted by OAG, yes, the Ministry had acknowledged this and this was some of the balances that has eventuated from the financial year 2008 to 2013 for most, which came across because of delay in reconciliation and the capacity that the Finance Section of the Ministry has, to ensure timely reconciliations are done, variances are investigated and then perhaps, also on the issue of accountable advance which must be retired within the seven days process. So that is where those balances were not adjusted at that time and accumulated throughout those years.

The other challenge that perhaps, the Ministry faced was the change of its allocated office from two locations to where it is now and most of the records that were probably misplaced within, could not be accessed during the special investigation. Once the issue was highlighted by the OAG, in the audit report, how we started to get this issue sorted out is the Ministry actually had a



joint meeting with the MOE, the Financial Management Information System Unit (FMIS) and also in presence of OAG to perhaps, identify a way forward in terms of solving those balances that were there.

Also, the joint meeting that was done then, the outcome was to conduct a special audit from the MOE Internal Audit Section, to provide assurance of these balances back for necessary adjustments or perhaps a write-off to be done, and that process was completed by December 2017.

The Special Audit Report was received and again upon the recommendations in the Special Audit, the Ministry did some adjustments of what it is able to get in terms of information and evidence to support those balances within debits and within the credits.

Through that process, adjustments were carried out and also there were some funds that perhaps, was not refunded by some of the officers, very small amounts, some amounts leading to like, \$1.60. This is where accountable advance was not fully retired at the time back in those years, so that was done.

Also adjustments of misposting that was not done the time because of reconciliation issues, so the Ministry ensures that all the reconciliation was updated and we, as a Ministry, investigated this matter internally to get those references as possible, but there were some that we did not get.

Upon completion of the verified adjustments that was recommended through the Special Audit and with the assistance of MOE's FMIS, adjustments were conducted, recently in the month of March 2018 and then after adjustments were done, the Ministry has now officially written back to the MOE with the findings by the Special Audit, the assurance they have given and it has been submitted on 5th April upon endorsement by the Acting Permanent Secretary for way forward in terms of those balances from previous years. So, as of now, the Ministry still awaits approval or comments from the MOE for the proposed adjustments to clear out those balances.

And in terms of the processes that the Ministry now use, what the Ministry did when those issues were identified by the OAG, there were some amendments to the existing SOPs that the Ministry had which has been completed right after the issue was highlighted.

Also the ministry has revised its Finance Manual. With the revision of the Finance Manual, not only revision but the Finance Team of the Ministry carried out awareness sessions to the officers, trying to actually develop a SOP that is easily understood and as mentioned conducting awareness to the officers - the incomers and the existing officers, the importance of the issue that has eventuated and what is the rightful process when we come about accountable advance.

So, all the internal processes have been straightened out and strengthened. Now, the Ministry ensures that there is no issue on accountable advance. Timely clearance of accountable advance is done and if there is any circumstances, the Ministry deals with it as per the Finance Manual and as per each SOP to curb this issue in terms of reoccurring in future.

DEPUTY CHAIRPERSON.- Thank you, very extensively explained but nonetheless Honourable Members, any questions on that issue before we conclude the submission?

Just confirming on what has been highlighted by the Senior Finance Coordinator, MOE, can it be confirmed that they are progressing well in terms of this?

MOE REP.- Deputy Chairperson and Honourable Members, yes, we can confirm that MOE has received as in line with the special audit, and some of the recommendations they have submitted to the Head of Treasury.

DEPUTY CHAIRPERSON.- Thank you. So, we will take note of that.

We thank you especially the Director and Senior Finance Coordinator of Ministry of Youth and Sports. The issues that were raised were all addressed to us. We believe there were some supplementary questions for which information will be provided by your Ministry later on and we do hope that it comes this week. Just a suggestion, is the work still going on in Valelevu?

MR. G. FRANCIS.- Honourable Deputy Chairperson, yes. As was mentioned, 95 percent have been completed, now they are just going on to the final finishing work.

DEPUTY CHAIRPERSON.- So, if the Committee wishes to go and have a site visitation, can that be accommodated?

MR. G. FRANCIS.- Definitely, yes.

DEPUTY CHAIRPERSON.- Thank you. We will get back to you on the site visitation. Nonetheless, I would like to thank you and your team for your indulgence and for addressing the issues that we asked.

Without further ado, I request the Director if you have some concluding words before we end the session.

MR. G. FRANCIS.- Thank you, Deputy Chairperson, Honourable Member and colleagues from respective Ministries, first of all, I would like to take this time to thank the Committee for the timely opportunity given to us to actually highlight and also come up with responses to some of the queries that was raised against the Ministry of Youth and Sports. We assure this Committee that the Ministry will continue to make its prompt adherence to the processes and procedures that are in place to ensure that such issues do not reoccur. We hope we will continue to work with other relevant Ministries in terms of keeping in line with the processes and procedures of the MOME and also with the OAG.

So, with those few words, I thank you once again, the Honourable Deputy Chairperson and Honourable Members for the opportunity.

DEPUTY CHAIRPERSON.- Thank you, Sir, and you are invited to join us for morning tea.

The Committee adjourned at 10.35 a.m.

The Committee resumed at 11.08 a.m.

**Submittee: Ministry of Education, Heritage and Arts**

In Attendance

- |    |                     |   |  |
|----|---------------------|---|--|
| 1. | Mr. Timoci Bure     | - | Deputy Secretary Primary & Secondary Education |
| 2. | Mr. Sukhendra Lal   | - | Director Finance                               |
| 3. | Mr. Serupepeli Udre | - | Director Asset Management Unit                 |
| 4. | Ms. Aleshni Deo     | - | Senior Accountant                              |
- 

DEPUTY CHAIRPERSON.- Honourable Members, members from the media, Officials from the Ministry of Economy (MOE), Officials from the Office of the Auditor-General (OAG) and in particular, the resources personnel who are representing the Ministry of Education, Heritage and Arts. I welcome you all to the meeting of the Public Accounts Committee.

For this session we are gathered here to discuss the Audit Issues that were raised in the 2016 Audit Report as per the Parliamentary Paper. I believe apologies have been already received from the Permanent Secretary who is away overseas for medical treatment.

Nonetheless, we are led by the Director Asset Management Unit of the Ministry of Education, together with the Director Finance and Senior Accountant. Sir, I welcome you and your team.

I will very briefly introduce the Public Accounts Committee Members,

(Introduction of Committee Members by Deputy Chairperson)

We do believe there is a powerpoint presentation that has been designed and that will be presented before us by the Ministry. On that note before I give the opportunity to your designated Official to take us through the presentation, I would like to request the Director, who is also my former colleague, if you can very briefly introduce your team and then from there, take us through the submission. Thank you.

MR. S. LAL.- Thank you, Deputy Chairperson. I wish to briefly introduce the Officials from the Ministry of Education, Heritage and Arts.

(Introduction of Ministry Officials)

Thank you, Sir, for the opportunity given to Ministry of Education to be presenting to the Public Accounts Committee on our 2016 financials.

Our Vision for the Ministry is quality education for change, peace and progress and our Mission is to provide a holistic and empowering education system that enables all children to realise their inheritance and potential, contributing to peaceful and sustainable national development. Thank you.

DEPUTY CHAIRPERSON.-Thank you for those introductory remarks. On this note, in particular I welcome Deputy Secretary and a big acknowledgement from the Committee on your new position. I am sure with your leadership the Ministry will continue to progress well in terms of

the initiatives and the roles and responsibilities it is currently undertaking and will be undertaking in the future.

Before we move on to the presentation, with your indulgence, of course, can we have a bit of discussion on the Statements of Receipts and Expenditure which is there in the Audit Report and if Honourable Members have any questions on that, you are most welcome to ask. Thank you.

Sir, just a question out of interest, technical colleges, are they under the Fiji Higher Education Commission (FHEC)?

MR. S. LAL.- Sir, the technical college structure is under the Ministry of Education, Heritage and Arts but they are accredited by the FHEC in terms of accreditation.

DEPUTY CHAIRPERSON.- So, they do not fall under the institutions of FHEC?

MR. S. LAL.- No, they fall within the Ministry of Education.

DEPUTY CHAIRPERSON.- The management and administration falls directly...

MR. S. LAL.- Yes, the management and the administration falls within the Ministry.

DEPUTY CHAIRPERSON.- Any other questions, Honourable Members?

(There were no questions)

### 21.3 - Appropriation Statement?

HON. A.M. RADRODRO.- Deputy Chairperson, just a question on the Mission of the Ministry, 'providing holistic and empowering education system to children in terms of the roles of teachers who are ensuring the successful mission to have in the Ministry. The roles of teachers and the roles of students, we know that we have recent news about some teachers who have been disciplined for enforcing it. Are there disciplinary measures on the students? Can you elaborate in terms of overall vision on where does these two meet in terms of teachers and students relationship so that no one goes beyond their duties and responsibilities?

MR. T. BURE.- Thank you, Deputy Chairperson. In response to the concern raised by the Honourable Member, the Ministry of Education has always in the past, ensured that teachers are trained, upskilled, have the knowledge and the expertise to be able to carry out the essential functions of the school or the Ministry of Education, which is teaching and learning.

However, we are all aware of that. We have challenges with teachers handling disciplinary issues of students, and teachers are not trained counsellors. Some of the issues that are happening in our schools are issues whereby teachers' emotions are affected and they tend to react to the issues of the children, unaware of the Public Service Code of Conduct that is required for them to adhere to while handling issues of children's discipline.

We have had cases of Heads - Head Teachers and Principals, and some of whom are currently under investigation. It is unfortunate that they have opted for a more severe way of handling these situations and that has brought them against the law.

But in terms of training, I think the challenge that we are facing in the Ministry is the shortage of qualified teachers and when I say qualified teachers, teachers who have done teacher training. This has been happening in the Ministry right after 1987 (the first Military *Coup*). Many

of our well qualified and well established teachers have migrated and in order to fill the vacuum created by those teachers, we had to recruit teachers from institutions and those who have not done any teacher training.

So that is the huge challenge that is in the Ministry now. We are trying our best to ensure that from now on, those who are recruited to the teaching profession have some teacher training, whether it be certificate or diploma or degree but it is an ongoing problem because we have raised the remuneration for teachers and we can see in the system that resignation is becoming unpopular trend now, teachers prefer to stay in the Ministry.

But the fact remains, that we still have to train our teachers who are in the profession, who are already teaching in the schools to do teacher training while they are already engaged in the profession. That has been arranged by the Ministry with the University of the South Pacific and they will be doing the upgrading during the school holidays in the school in terms of teaching certificate.

That in brief, Deputy Chairperson, is the situation in the Ministry of Education. As I have said, some of those issues, we have inherited them right from 1987. Thank you.

DEPUTY CHAIRPERSON.- Thank you. I think that is quite well explained. We will take note of that and we do hope that there is a further improvement in regards to the challenges that the Ministry is facing at the moment.

Honourable Members, we will move on to the actual Audit issues now. I believe we will be referring to the presentation that has been prepared before us. Director of Finance, you will be taking us through this.

MR. S. LAL.- Thank you, Deputy Chairperson. I believe in our 2016 Audit Financials, we have been tasked to explain five issues which were raised:

1. Anomalies on Building Grant;
2. Absence of Signed Agreement;
3. Administration of Free Education Grant;
4. Anomalies in Accountable Advance; and
5. Backlog Audited Accounts for Grant Recipients.

Sir, through you, before I proceed with the explanations, I have just handed out a hard copy of the past three years' audited findings from the OAG.

The first page has the 2014 Audit Report where you can note that we had close to 24 issues. The 2015 Audit Report, if you look, Sir, we had 19 issues. The 2016 Audit Report, we had six issues. So those generally provide an explanation in terms of the progress that the Ministry has made in terms of the financial management practices within the Ministry itself, and there is a vast improvement over the years.

In terms of that, I would like to acknowledge the Public Accounts Committee and the value addition, especially from the OAG and MOE that over the years, we have been able to rectify issues and improve our processes on this, and it is a testament in the 2016 Audit Financials.

HON. A.M. RADRODRO.- Just a supplementary question on that comment by the Ministry, probably to the OAG, what has been highlighted by the Director Finance in terms of audit issues that have, sort of, reduced in numbers over the years. In 2016, is that a reduction in

audit improvement in the overall operations of the Ministry or because the financial year was shortened down from 12 months to seven months?

AUDIT REP.- Honourable Deputy Chairperson, we do agree with that, there is an overall improvement across the Ministry and as was raised by Honourable Radrodro, a factor also could have been the seven months period, compared to the 12 months.

I think the challenge for the Ministry would be to sustain those number of issues, the reduction in the number of issues that are being raised. We are still looking at finalising our current audit and we should be able to provide an update when the report is finalised. Thank you.

DEPUTY CHAIRPERSON.- Thank you. We will take note of that. But as far as the presentation is concerned, as of now, we do take note of the improvements and in particular, the unqualified general audit opinion. That is a good indication in itself.

Before I give you the opportunity to continue, Director, just a question out of interest to the Director Asset Management Unit, how does the grant reporting structure work now, especially when it comes to the involvement of the school management?

MR. S. UDRE.- Thank you, Honourable Deputy Chairperson and Honourable Members. With regards to the question raised, the normal procedure with us is that, the school management would have to request for building grant assistance. However, in the past some of those Standard Operating Procedures (SOPs) were not followed because funds were directed to the rehabilitation of *TC Winston* works in the affected schools and as such, some of the grants were given out according to instructions that were received from higher authorities.

As with the management of funds, the grant is normally deposited in the school's account where the manager, secretary and treasurer are compulsory signatories to the school account.

The Education District and Senior Education Officer are the ones who normally do the monitoring at district level but that does not limit the Asset and Management Unit from also monitoring the progress of work on the ground.

Their reporting is done on a monthly basis, so there is a standard template that is issued to schools that have been given funds. We expect them to do a monthly reporting which comes through the Senior Education Officer of the District. In that reporting template we monitor the progress of work, they also affix pictures of work on the ground and also an acquittal on the amount of money being spent and whatever is the balance, which is also reported on a monthly basis.

Towards the end of the project, we do a final inspection and that is when we expect the finalisation of all the acquittal process to be done, so the school is expected to also give a file which contains all the receipts of payments and payment vouchers and all documentation of the particular projects that have been funded by the Ministry to the school. That, in brief, is the process that is followed by the Asset Management Unit on behalf of the Ministry of Education.

DEPUTY CHAIRPERSON.- Sir, we do take note of the systems and processes in place by the Ministry. Definitely, there seems to be a structure from the Ministry's side, but are there any criteria and requirements for the management? We understand that some of the grants may be huge sums of money so is there any criteria for the people who are in management, to have some sound financial knowledge? I believe that has been a problem with some of the people who are in the school management.

MR. S. UDRE.- Sir, the only criteria for selecting a manager is through the Annual General Meeting whereby an election process takes place and then the stakeholder does appoint the school management. Some managements are well versed because of their educational background, some we cannot really compare; however the Ministry of Education does carry out training on Financial Management Awareness Training to all school managements in the country to assist them on how they can well manage the funds that are given to them, and that the Director Finance has been the main person who has been spearheading the training for all school managements.

We expect that at the end of the training, there should be some improvement in their level of understanding on the financial requirements on how the funds are supposed to be expended and acquitted.

DEPUTY CHAIRPERSON.- Thank you. We do take note of that there are training programmes in place by the Ministry. Director Finance, you can continue with your presentation.

MR. S. LAL.- Sir, we will allow Director AMU to go over the Building Grant presentation.

MR. S. UDRE.- Thank you Sir.

Part B: Audit Findings; 21.5 – Anomalies on Building Grant; as already alluded to, the AMU SOP on Building Grant, the process is supposed to be that schools apply for Building Grant Assistance. It was also already explained that because of *TC Winston*, all our funds were redirected towards rehabilitation works.

However, there have been some instances where instructions from the Honourable Minister, schools were assisted based on the needs that have been identified on the ground. The facilities in some schools were in dilapidated conditions, there were schools where teachers were sharing quarters so in those instances, the Ministry was instructed to provide funding to alleviate the need on the ground. That was the reason as to why we have allocated certain amount of money to certain schools to assist them in meeting their infrastructural needs.

Also, Sir, I think for the first school in question here, it was only a minimum amount of money given, however, the school was able to complete a huge project. Some of the funds was also sourced from within the school's Free Education Grant to assist in the amount that was given from the Ministry through AMU. So the acquittal was also submitted, together with the completion report on that project - Natawa Primary School.

DEPUTY CHAIRPERSON.- Honourable Members, any supplementary questions?

(There were no questions)

This question is directed to the OAG. We do take note of the challenges that the Ministry is faced with, especially in a situation post a major cyclone. Whilst we take note of the recommendations that in certain cases, tenders and no approved plans were attached and all those issues that you have raised, however, this was also a genuine case of getting the recovery done as soon as possible, something similar to what we had experienced with other Ministries, like the Ministry of Rural Development and National Disaster Management and the Republic of the Fiji Military Forces. In case of a natural disaster and post recovery, are there any special considerations being made so that those audit issues cannot be of concern or the policies still remain the same?

AUDIT REP.- Thank you, Deputy Chairperson. For that, the Emergency Decree is there but when you are dealing with public money, we believe that it is during this time that the

Ministries are involved. They should strengthen the controls because when you have funds that are coming in to be utilised for rehabilitation, et cetera, yes, the Office still feels that the regulations in place or whatever the Emergency Decree is in place, still needs to be followed. Thank you.

DEPUTY CHAIRPERSON.- So the Emergency Decree still does not allow if a tender is not called for, it still becomes an audit issue?

AUDIT REP.- Sir, I am referring to the Procurement Regulation, and all those legislations still need to be followed.

With the natural disasters, like we heard last week they still need to go through the process, for example, waiver of tenders, all those processes still need to be followed.

DEPUTY CHAIRPERSON.- MOE, still no special consideration will be done because I believe *TC Winston* happened in February and the school needed to be established or repaired as soon as possible. Waiting for all those processes would have delayed children's education so what are some of the changes or suggestions the Ministry has when it comes to accommodating a Ministry, such as Ministry of Education, to get the work going, or everything still remains the same?

MOE REP.- Deputy Chairperson and Honourable Members, as per the MOE, during the emergency period there is a clause whereby the Honourable Minister for Economy has powers to approve if the Ministry of Education makes a submission, for example, in terms of tender to be waived, then he has the powers to approve that waiver. Likewise, within that emergency period, based on the urgency of the infrastructural need, the Honourable Minister for Economy has the powers to approve that, provided the Ministry makes the submission to MOE. Thank you.

HON. RATU N.T. LALABALAVU.- Just for clarification, Honourable Deputy Chairperson, you will be informed as to what legislation provides that to MOE during emergency? My understanding is, the Ministry comes under DISMAC. Any other legislation, apart from this one?

MOE REP.- Thank you, Honourable Member. It is in the Procurement Regulation 2010. It covers in regards to the emergency situation in which the Minister for Economy can apply the powers vested on him.

HON. RATU N.T. LALABALAVU.- Again, Honourable Deputy Chairperson, is it after the emergency period or during the rehabilitation that kicks in?

MOE REP.- To further clarify on that, Deputy Chairperson, I need to relook at the Regulation so that I can give you a clear picture on that. If you can allow me to relook at the Regulation and come back to you, Sir?

DEPUTY CHAIRPERSON.- Yes.

We do take note of the financial challenges by the Ministry, that is why we are suggesting that some more changes in the Regulation can take place so that the Ministry is faced with less audit issues because we understand that when the time comes for the need of the children, decisions need to be made and infrastructure needs to be put in place as soon as possible, so yes, something very similar.



We have been highlighted by other Ministries and we do hope that through our recommendations, some more leverage will be given to Ministries and Departments so that there are less constraints when it comes to the dissemination of funds for rehabilitation, et cetera.

Honourable Members, I believe there are no more supplementary questions on that, so I would like to request if we can...

HON. RATU N.T. LALABALAVU.- I seek your understanding since I was out, Deputy Chairperson. It is just the over-expenditure on the Building Grant and the focus was more towards the rehabilitation of *TC Winston*. This is excessive expenditure.

In the last paragraph 1.1, that apart from the focus on the rehabilitation of *TC Winston*, there were other things, like the purchasing of boats and engines which went together with that. Was the focus really on *TC Winston* or other needs such as those?

MR. S. LAL.- Sir, please, clarify which page you are referring to - Page 3 21.3 - Appropriation Statement?

HON. RATU N.T. LALABALAVU.- The paragraph just before that, I am seeking some clarification there. The focus by the Ministry of Education was on the *TC Winston* rehabilitation or it did include all those purchase of outboard engines and boats?

MR. S. LAL.- Sir, it incorporated our operations as well.

HON. RATU N.T. LALABALAVU.- Did that cause the excessive expenditure?

MR. S. LAL.- There is no excessive expenditure, Sir, it says 42 percent of budget utilised.

HON. RATU N.T. LALABALAVU.- The increased expenditure? "The increase in expenditure for Capital Construction...", that was the opening of that paragraph, and that is where I am quoting from.

MR. S. LAL.- Yes, Sir. Increased expenditure is due to additional costs incurred during the *TC Winston* rehabilitation. The other ones were budgeted for and were part of the operational, such as the purchase of outboard motor engines, those were already part of the budget and part of the operating expenditure for the Ministry. Apart from that, the increase was due to the rehabilitation works.

HON. RATU N.T. LALABALAVU.- Deputy Chairperson, through you, another supplementary question.

DEPUTY CHAIRPERSON.- Yes.

HON. RATU N.T. LALABALAVU.- The focus was, instead of *TC Winston* alone it did include other outstanding issues.

MR. S. LAL.- Yes, Sir.

DEPUTY CHAIRPERSON.- Not actually outstanding issues but those were already budgeted for.

Yes, I do understand where you are coming from but the outboard motor expenditure, et cetera, were already part of the budget and what increased the budget more was more funds directed for post *TC Winston* rehabilitation, I suppose.

MR. S. LAL.- If the expenditure increases, the budget for it also increases.

DEPUTY CHAIRPERSON.- Yes.

MR. S. LAL.- It needs to be looked into that context itself.

HON. A.M. RADRODRO.- The scenario was not budgeted for?

DEPUTY CHAIRPERSON.- Yes.

MR. S. LAL.- Poor virement done for that.

HON. A.M. RADRODRO.- *TC Winston* was not budgeted for, that was why the Ministry had to obtain additional virement and at the same time, carry out its normal operations.

In terms of the details on Table 21.3 - Building Grants, it looks like those were grants that were given, except for one prior to *TC Winston*.

MR. S. LAL.- Yes.

HON. AM. RADRODRO.- But in your slides, there is only one you had mentioned that has been completed. Are we on the right one?

MR. S. LAL.- (Inaudible)

HON. A.M. RADRODRO.- The other ones that are listed in those Tables - 9607, 1309, 1025 and 9439 School Registrations?

MR. T. BURE.- Deputy Chairperson, may I answer the question, I thank you, Honourable Member. Yes, you are correct, Natawa Primary School has been completed and handed over. Maharishi, you will note that \$60,000 was given to the school, however they opted to construct a double-storey building - three classrooms on the first floor and three classrooms on the top floor. That is why they have exhausted the funds and the project is yet to be completed.

1309 - Naqara District School was given \$100,000 to build a dormitory, both for boys and girls. The funds have been exhausted and the project is yet to be completed. Naqara is in Kadavu so a good chunk of the money was paid to the contractor, freight cost, et cetera. That is probably one of the reasons why the project was not completed.

1025 - Tavua District School; funds allocated was \$10,000 and that has been completed - fixing the ground floor of their existing classroom building and now, extending and doing expansion to the top floor through funds from other Ministries as we speak.

9439 - Wainimala Secondary School; they have completed two teachers' quarters. They have also completed a seven-pan toilet ablution facility. However, they have exhausted the funds and could not complete the additional classroom which was part of the funding allocation for that school.

So, for schools that have pending projects and all those cases, those schools have exhausted the funds that was initially allocated to them. Thank you.

HON. A.M. RADRODRO.- A supplementary question to that, going back to *TC Winston* Rehabilitation Projects in terms of contribution by the Ministry towards the school rehabilitation, there are some schools which today have yet to be fully repaired and brought up to par in terms of the standard of the school namely; Rakiraki Public School and also Yadua Primary School in Bua, which is very far out but no assistance from the Ministry since *TC Winston* time. The Yadua Primary School had only one visit from the Officials of the Ministry but today, the students and teachers are still conducting their school work from a tent.

MR. S. UDRE.- Deputy Chairperson, Yadua Primary School was not part of *TC Winston*. It was damaged due to the tropical depression – TD04 on 20th December and as of last week, the project has been completed, the construction of a 1 x 3 classroom.

Our Officers visited the School last week and they have returned. The School has been handed over and today the classes are being conducted in the 1 x 3 classroom in Bua.

HON. A.M. RADRODRO.- In Bua?

MR. S. UDRE.- Yes, in Bua. For Rakiraki Public School, work is in progress at this point in time.

HON. A.M. RADRODRO.- There are those schools which were assisted by the Ministry and there are those which are given through aid assistance, et cetera. In terms of monitoring by the Ministry, how can you advise the Committee on your monitoring process for those that are not being funded or given through aid?

MR. S. UDRE.- Thank you. For aid projects, for example, those funded by MFAT New Zealand, they have their own engineers and they have completed all their projects. The engineers are the ones who certify the completed projects.

Likewise, for the Access to Quality Education Programme (AQEP) which are funded by the Australian Government, they also engage qualified engineers who do certify the construction onsite. For the information of the Committee, we are having a handing over of the AQEP Projects tomorrow in Rakiraki.

For the Japanese Aid projects as well as those partly funded by the Government of India, the CIU of the MOE have engineers who are also monitoring those projects and they are the ones who are going to certify the completed projects.

For Ministry of Education, we are having the assistance of the Ministry of Infrastructure and Transport Engineers, who are assisting us with our monitoring. Thank you, Sir.

HON. RATU N.T. LALABALAVU.- Deputy Chairperson, a supplementary question to the Ministry of Education; in that case at Yadua you have indicated that the destruction was caused by a depression. What would be your advice to the Committee, will that await a disaster declaration to be undertaken or rehabilitation to be quickly effected or will it await the normal routine work that is being carried out by your Ministry?

MR. S. UDRE.- Thank you, Sir. The declaration for natural disaster will be the call of the Director, NDMO. Also, for the last two cyclones, there was no declaration, yet the Ministry of Education and other Government agencies still went out to do their assessments on the ground.

For Kadavu we have just completed the IDA and likewise, the Western Division for *TC Josie* and *TC Keni* in Kadavu.

For the tropical depression, there was major landslides in certain parts of the country, including Yadua Primary School which was affected by that damage, the 1 x 3 classroom.

We also have other schools in certain areas of the country that were affected. In that case, we did not wait for the declaration of emergency because there was a need to fix the damaged buildings, so our team went to do the assessment. Based on that assessment, we made submissions through the Ministry of Infrastructure and Transport to the MOE annual allocation funds to fix the damaged structures.

HON. RATU N.T. LALABALAVU.- A supplementary question, based on the statement that you have just made, is there a need for a declaration to be made to trigger this kind of response from the various Ministries or you can deal with it alone, like in the depression case, instead of waiting for a declaration?

MR. S. UDRE.- Sir, in the depression case, the call came from the Fiji National Disaster Management Office (NDMO). They organised the ship and they organised all assessment teams from other agencies, including the Ministry of Education. So there was a whole Government team that did the assessment after TD04.

DEPUTY CHAIRPERSON.- Thank you, Honourable Members. Keeping the time factor in consideration, last supplementary question.

HON. A.M. RADRODRO.- Deputy Chairperson, last supplementary question on this particular issue; going back to the anomalies that had been noted by the Auditor-General, they have highlighted the absence of verification by the Divisional Education Officer or the Asset Management Unit.

Similarly, my question on those who have been assisted through aid, you failed to highlight also whether this has been activated in terms of the Ministries' verification and monitoring process that you have relied on the Aid engineers and Aid workers but the Ministry in terms of its verification of the projects, has it now have been implemented? Has it now been improved, as highlighted by the Auditor-General which was lacking at that time?

MR. S. UDRE.- Thank you, Honourable Member. Deputy Chairperson, the verification process by the Ministry is a regular and constant process that happens within the Ministry.

With Aid Projects, we do verify if there is a request from the Aid Agencies, for example, for Koro, we do monitoring for Koro as well in partnership with Aid Engineers and we make visits to Vanua Balavu for those projects done by the New Zealand Government in Vanua Balavu. We do combined visits with CIU of the MOE on other aided projects, the ones aided by the Japanese Embassy and likewise, the Government of India. We also have our verification process to check the progress of work on the ground. Thank you.

DEPUTY CHAIRPERSON.- Thank you. We will move on to the next issue.

#### 21.6 - Absence of Signed Agreement.

MR. S. LAL.- Thank you. On the issue highlighted in terms of Absence of Signed Agreement, we note that the Ministry had prepared the Memorandum of Agreement (MOA) and had sent it to the Solicitor-General's Office for vetting because some time in April 2016, however, we did not get a feedback or there was delay in signing and then the financial year ended in July. So the advice that we got from Solicitor-General's Office which is the Ministry's Legal Adviser, stated that we will not pursue with the MOA but we will do a fresh one on the new financial year that comes into place, so that was the reason why we did not.

DEPUTY CHAIRPERSON.- I think the case rests with the Solicitor-General's Office in this regard, so we will await.

When the Fiji Higher Education Commissioner came, I think they did provide a similar explanation, so we need to wait for that.

HON. A.M. RADRODRO.- In this one, you mentioned that there was no signed agreement. In terms of the utilisation of funding, how do you ensure that it is basically spent on the purpose that it was given for by the Ministry? What is the tool that you have? Do you have any control tool?

MR. S. LAL.- Yes. The Higher Education Commission is required to provide quarterly acquittals because the grant is not given as a lump sum figure but it is given on a quarterly basis. So for them to request for the next quarter of the grant, they need to provide the acquittals in terms of how the grant was utilised in the previous quarter, as well as the annual audited financials. So that is another tool that we employ in terms of seeing how well the funds had been accounted for. Thank you.

DEPUTY CHAIRPERSON.- Have they been regular, Sir, in the provision of this quarterly acquittals?

MR. S. LAL.- Yes, they have been regular in terms of submission of acquittals on a quarterly basis. Usually, we get their submission at the beginning of the first week of the following quarter. Thank you.

DEPUTY CHAIRPERSON.- I think when we had a discussion with them, everything seemed in order, except for one outdated vehicle issue. Yes, we will move on to the next one.

MR. S. LAL.- 21.7 - Administration of Free Education Grant; the first issue highlighted is on the utilisation of grant whereby it is noted. We give grants to schools on the condition of six allocations.

You will note that the findings of 2015 which is reflected in the 2016 Audit Report is being picked from the audit financials of the schools. This is usually due after March of the following year so in 2015, the Ministry at that time did not have a monitoring process that could capture all schools. We have an audit team that goes around to schools and does audit. In 2015, we did around 70 audits whereby we tried to ensure that schools adhere to the financial regulations or the guidelines that are in place.

Moving on into 2016, we implemented the *Fiji* Education Management System (FEMIS) which is an online monitoring system. Soon a regular basis, we are now able to track in terms of schools' utilisation in their respective allocations.

In 2015, it was merely not possible for us to do a 100 percent check on all schools in terms of utilisation and we only get to know of it once they submit their financials, which is after March of the following year. So really at that time, it did not give us much chance in order to rectify any issue that would have come about.

There is also a virement process applicable within schools, so if you look into our online system now, if a particular school's allocation is overspent, it highlights in red to the school drop-box as well so they are able to vire funds to cater for any over-expenditure in any of the allocations.

DEPUTY CHAIRPERSON.- Sir, who has the responsibility of updating the FEMIS?

MR. S. LAL.- Sir, in 2015, we did not capture those records in FEMIS. The findings tabulated in 21.7 is that of 2015. During that time, the schools were keeping manual files and then audit teams go around and physically check those files whether they were in compliance or not.

DEPUTY CHAIRPERSON.- So, is it the teachers or the school administration?

MR. S. LAL.- Each school has administrative staff who manage the FEMIS.

DEPUTY CHAIRPERSON.- It is not the teachers?

MR. S. LAL.- It is not the teachers.

DEPUTY CHAIRPERSON.- Honourable Members, any questions?

HON. A.M. RADRODRO.- A question to the Ministry; the issues highlighted by the Auditors regarding utilisation of grant and the inconsistency in complying with the financial format, for those that have been identified here, what action has been taken by the Ministry to those schools that have failed to adhere to the Ministry's templates and also the format?

MR.S. LAL.- Thank you, Sir. I will move on to the next one which will explain in terms of inconsistencies in the audited financial statements. So if you look at the schools, generally the Ministry's observation is that the schools are complying with the formats and requirements that are in place. The schools that are stated there. There are five schools, all of them relate to a particular organisation. They are:

1. Penang Sangam High School;
2. Penang Sangam Primary School;
3. Penang Kindergarten;
4. Nanuku Sangam School; and
5. Ba Sangam College.

We have addressed that with that particular organisation in terms of aligning their audit requirements because the Sangam Schools have got another setup in terms of audit, as they have got their internal audit team as well as an external audit function.

They also have other reporting to their parent bodies, as well as to the Fiji Revenue & Customs Services (FRCS) and other institutions because some of their functions are profit-related.

There was a challenge in terms of having a separate audit done just for the schools and another one for the Sangam Institute itself. We are addressing that and we should not face such issues moving forward in terms of those particular institutions.

Apart from that, generally all other schools are complying with the formats that are there in terms of auditing of schools.

HON. A.M. RADRODRO.- Those five Schools that were being identified by the Auditor-General, what sort of action or measure is the Ministry going to take or will take or is not going take regarding non-compliance to the Ministry's comments?

MR. S. LAL.- Can I address that in the next slide, Sir?

The third one was on the variance in the FEMIS Report and the payment voucher records. If you look at what it basically states, that the students who were in FEMIS would have resulted in a grant distribution of x amount whereas an x amount of grant is distributed to the schools.

In 2015, the student roll was determined on manual forms which was ER5 and ER8 Forms. Schools were supposed to fill forms manually in order to qualify for grant. The FEMIS policy came into effect in 2016 and the Term 1 Grant was distributed based on the Term 3 roll of 2015. That findings itself is not correct and we do not agree with the findings at all.

Secondly, there are other factors that affect the timely distribution of grants. For instance, sometimes there are certain school grants that are withheld; not full grants are released. In a term, a school could get a previous book balance from the previous Term 1, as well as the Term 1 grant. So there are various situations whereby our FEMIS generated report or payment voucher will not match.

In this case, this particular filing could be an issue now where you could compare those two, but at that time, factually in financial terms, it is not correct to state that payment voucher and FEMIS report do not match. That practice was not in place at that time.

In terms of what all the Ministry is doing in trying to administer grant in a more accountable manner, in April 2017 the Ministry launched the School Management Handbook. This is the revised version and I have given a copy to you also.

I recalled the last time we met, that was in draft stage and this was launched in 2017 whereby it has got both, administrative functions as well as financial functions of the school. Deputy Chairperson initially mentioned in terms of school managers not fully aware in terms of their roles or how they could administer a grant.

The Handbook was launched in Ba in April 2017 and since then, we have had training in all districts, in fact, we had training in every single district, including the Eastern schools. All Eastern schools' representatives (more than 200 of them) were present in the Term 2 holidays of 2017 and all of them were trained in regards to the usage of grant and building administration. That has got to do with training, Sir.

In terms of inconsistency of reporting, that only had a case of just those institutions. Moving forward, they would be complying in terms of the formats that are in place with the Ministry.

Also we have system developments in the FEMIS itself, such as monitoring of the allocations in terms of over-expenditure in the respective allocation itself and schools are mandated to now generate payment vouchers out of FEMIS. It is a live version. If a school is to do a payment today, we will be able to see that payment at our headquarters or anywhere now, it is safe. So that is something that we have moved on to from this findings, Sir. Thank you.

DEPUTY CHAIRPERSON.- So you have integrated all the schools?

MR. S. LAL.- Yes, all schools are integrated, except for the Eastern Division schools. They update on an offline system and then at their District Education Office, some in Eastern or in the Suva Office or probably whichever is closer in the North or in Lautoka, they do it on a monthly basis. So those that are not connected, there is a certain provision for them on a monthly basis but the others is on a daily basis that they need to update. Thank you.

DEPUTY CHAIRPERSON.- If they are not connected, it has to do with issues of technology access, et cetera?

MR. S. LAL.- Yes, connectivity issues, infrastructure, as well as internet connectivity itself, and there are 72 schools only.

DEPUTY CHAIRPERSON.- Honourable Radrodro?

HON. A.M. RADRODRO.- This Handbook, you appreciate the Ministry for taking through to its word the last time they came to the Public Accounts Committee. Is it going to be done in other vernacular as well because some school management....

MR. S. LAL.- Yes, we will get it done in the major languages . We are working with our internal Curriculum Development Unit, which has the expertise in vernacular subjects and that is one of the action plan for the Ministry in terms of the grants monitoring. Thank you.

HON. A.M. RADRODRO.- What is the long form of FEMIS? What is FEMIS for?

MR. S. LAL.- Fiji Education Management Information System. This is prevalent across all education Ministries and the general one is called Education Management Information System (EMIS) which is the global one, and then each country adopts its personalised version of it. Thank you, Sir.

HON. A.M. RADRODRO.- A supplementary question regarding FEMIS; now that it has consolidated all the information, there was an exercise undertaken by all teachers last year where we have to apply online and most of them are still waiting for the result of their application. Has it been processed already, those applications that were done online where they have options 1, 2 and 3?

MR. S. LAL.- Sir, I will need to check with our HR Team if there are any specific cases as such, but the Ministry's recruitment process is ongoing.

DEPUTY CHAIRPERSON.-Yes, we do understand that it is not audit-related and we were having a discussion that if PS comes, then we can ask all those supplementary issues as Honourable Members of Parliament not as Honourable Members of PAC. Nonetheless, the Honourable Member has requested if some information can be provided in that regard.

Thank you. We will move on to the next issue.

MR. S. LAL.- 21.8 - Anomalies in Accountable Advance; we would like to provide an update on the cases that were stated to be late retirement.

The deduction of all those officers are in place. It has been implemented, there have been deducted through salary deduction. The funds would be recovered through salary deduction for 21.10.



Accountable advance charged to direct expenditure instead of a revolving fund account; that process has generally stopped since January 2017 and funds are charged to the respective revolving fund account.

In terms of specific transactions that were charged directly to individual expenditure account; there was an audit done on that.

General finding was that, there were no implications of charging it directly and then all funds that were charged directly were accounted for.

HON. A.M. RADRODRO.- A supplementary question regarding accountable advance retirement, looking at the Table, it seems that most of it were part of the *TC Winston* rehabilitation. Is there a reason particularly for them not retiring the accountable advance and now you are surcharging them, considering the situation at that time?

MR. S. LAL.- Funds were mostly for monitoring of cyclone damage assessment and those related. While we take note of the situation in terms of the funds that were used for assessment, that was after the cyclone itself. With it, there are correspondence of individual officers in terms of the reason as to why they were not able to return those funds and in cases where the reasons do not suit or match with the requirements, that is when a deduction is being implemented. Thank you.

DEPUTY CHAIRPERSON.- If the reasons are not justifiable, rightfully it should be deducted. Thank you. Any other questions on accountable advance?

MR. S. LAL.- There is a final issue on accountable account that is on the accountable advance partially cleared. The first of those cases, if you note in the report, we have stated that the deduction is in place, that was as at 10th April.

We now confirm that the deduction has been completed so the account has been cleared. It is not deduction, the officer had been able to provide the evidence in terms of how funds were utilised.

The second two, probably the Auditor-General missed out in terms of refund. A certain amount was given and then the unaccounted is the balance that the officers had and they had receipted those funds. So actually those two are non-issues. Thank you.

DEPUTY CHAIRPERSON.- OAG, they are not concurring with that, so what is your view on the refunds?

AUDIT REP.- Honourable Deputy Chairperson, I would like to get back to you on those issues.

DEPUTY CHAIRPERSON.- Please, do get back to us as soon as possible for our concurrence.

HON. A.M. RADRODRO.- A supplementary question for MOE; in situations like this, accountable advances where probably receipts were misplaced or considering the details that has been provided in the Table for *TC Winston* damage assessment, et cetera, they are expected to go beyond the call of duty. So in those situations, what does the Finance Instructions provide for clearing of accountable advances when they do not have the necessary records?

MOE REP.- Thank you, Honourable Member and Deputy Chairperson. As per the Finance Instructions, Sir, it does not clearly explain in terms of missing records or on rehabilitation. So as per the powers as delegated to the respective Permanent Secretaries, we believe the PS for Education has the powers, if he/she wants to waive, based on the justification submitted by the officer. The powers lies with the respective PS, Sir.

DEPUTY CHAIRPERSON.- Thank you. Any more supplementary questions on that?

Sir, with your indigence of course, I believe one audit issue has been left out, that is stale cheques and EFT.

MR. S. LAL.- Yes, Sir. We are yet to come to that in terms of backlog audited accounts and stale cheques.

DEPUTY CHAIRPERSON.- Thank you.

MR. S. LAL.- 21.9 – Backlog of Audited Accounts for Grant Recipients; there are two agencies in terms of backlog audited accounts and one is Fiji Museum. Some of their files from 2010 to 2014 are with FICAC and they have a case in terms of that, so that cannot be audited. From 2015 to 2017, that was then updated in terms of that. As of now, they have appointed Ernst & Young to conduct the audit of their 2015 to 2017 financials.

For the 2015 financials, they began on 21st May. Ernst & Young have got an audit engagement to conduct audit from 21st May and is expected to be completed in a month's time whereby they will then move on to the 2016 financials.

The Fiji Museum is also trying to align their financial reporting to Government in terms of having seven months and then they will have a 2016-2017 Audit Report. So, all three years draft financials are in place and it is with Ernst & Young currently for auditing.

As for the Fiji Arts Council, they had a long backlog in terms of doing audited financials. The update on them is that, they have got their 2004 to 2016 draft financials ready.

They had approached the OAG in terms of getting that audit done but the OAG said that they would not be in the position to do it quickly due to resource constraints, but that is not stopping the Fiji Arts Council from getting it done through an external auditor.

We are discussing with the Fiji Arts Council in terms of getting the audited financials done by an external auditor, depending on the costs that will be associated with that and whether the Ministry or the Fiji Arts Council would have sufficient funding to cater for that. As we speak, the draft financials for the Fiji Arts Council are ready for auditing.

DEPUTY CHAIRPERSON.- Until which year?

MR. S. LAL.- The financials are ready until 2016.

DEPUTY CHAIRPERSON.- Thank you.

MR. S. LAL.- And then they will also have a seven months and then also want to align to the Government financial reporting timelines.

DEPUTY CHAIRPERSON.- That is a very good progress. Any idea about Fiji Museum?

MR. S. LAL.- Sir, for Fiji Museum, the audit engagement has been signed and audit for 2015 will begin on the 21st of this month.

DEPUTY CHAIRPERSON.- Thank you.

MR. S. LAL.- It is expected to be completed in a month and then they will move on to the 2016 (seven months) audited financials.

DEPUTY CHAIRPERSON.- So, the books will be audited and updated by this year as we speak because of the progress?

MR. S. LAL.- Yes, significant progress has been made on that and there is a clear indication that by the end of this financial year, we should have cleared the backlog for Fiji Museum.

HON. RATU N.T. LALABALAVU.- Deputy Chairperson, through you, just a general question to the Ministry in regards to Fiji Arts Council. Their accounts have been outstanding, how best do you think could move this Fiji Arts Council forward? It is mostly voluntary and whether we get them to be established and be fully paid so that they can run the affairs of the Fiji Art Council better or are you going to leave them as such?

I remember be the Minister here in 2004, encounter this. Who be the ministry's views on future for this, the Fiji Arts Council?

MR. S. LAL.- Thank you, Sir, for the question. Last week we met with the Director for Fiji Arts Council, Mr. Cavuilagi, in terms of discussing how best we can go forward. One of the challenges they have in terms of getting it audited is the financial constraints that they face.

Currently, we are trying to seek quotations from external auditors in terms of what would be the cost getting all those financials audited and then we see how best, whether the Ministry or the Department of Heritage could be able to assist them, provided we have savings to get all those backlogs cleared.

HON. MEMBER.- (Inaudible)

MR. S. LAL.- Yes, Sir. They have got assets under the Fiji Arts Council which are managed by the Fiji Arts Council itself and then there is second one that is under the National Trust as well which is managed separately by the National Trust of Fiji.

DEPUTY CHAIRPERSON.- Thank you, we will move on to the last issue, Director?

MR. S. LAL.- 21.10- Stale Cheques/EFT in Unpresented Listing; we would like to inform you that firstly, the terming of it being stale cheques; they are not cheques but are electronic transfers within accounts. So, this necessarily does not need to be presented for it to be transferred into an account, automatically it is a matter of matching - the GL matching with the bank transfers

that happen and we have managed to identify this issue, not during the end of that financial year but the following month. So that has been cleared in terms of our GL reconciliation with the bank transfer itself.

We do not agree with the terming of it being a stale cheque or an unpresented cheque, it does not need to be presented in any way.

DEPUTY CHAIRPERSON.- OAG?

AUDIT REP.- Thank you, Deputy Chairperson. Those amounts were appearing in the reconciliation prepared by the Ministry. It is an EFT so if it is to be delayed in the clearing of this account, ideally it should just be one day because those that are presented or submitted to the bank after 2.00 p.m., we understand those are the only ones that should be appearing as unpresented in your reconciliation.

If you look at the dates, those are the ones that dates back to January and if the financial year ends as 31st July, then ideally the only EFT that should be appearing in your bank reconciliation should just be the 30<sup>th</sup>. That is why we are raising that issue and I do not know how, but I believe you were liaising with the MOE on the raising of....

MR. S.LAL.- That issue has been resolved because it has got an issue with the matching - the match control with the FMIS and the bank run itself. What I am trying to say is that, it is not unpresented, the issue is not stale cheque or we have given a cheque to a teacher who has gone to an island and is not able to present, but it is just the matching of the GL with the bank run that has been done. It is not an issue of stale cheque or unpresented cheque.

MOE REP.- Thank you, Deputy Chairperson and Honourable Members. Just to add more to that, this is due to the reconciliation we have just rolled out in 2015, it is a new format. It clearly helps us clarify our AP processes and our GL and the Bank Statement. So, just by looking at the issue raised by the OAG, like he said it is the matching so just to break it down, the payment has been made, it is just the matching in our books because those are EFT payments and let me give you an example.

EFT payments are done in batches. For example, if we are paying five people, from those five people in one batch, one could have an incorrect or invalid account and the bank recognises it by the whole sum of \$500. So, according to our matching, we are not able to identify those five payments, one is lacking. So, we are waiting for the bank to credit our account, to put that \$100 back. That was just the matching and the issue has been rectified and he has confirmed.

If I could just add to that, the Ministry of Education has been submitting their reconciliations on time and they have rectified all those stale cheques todate. Thank you.

DEPUTY CHAIRPERSON.- So, what should rightfully be the heading for this issue? That is where we are coming from because we have to specifically point all these out in the report.

They are not agreeing that it should be stale cheque and OAG is saying that it is six months and the issue has been identified.

AUDIT REP.- Deputy Chairperson, if I may clarify; the implications of this is that, when you do the Whole of Government Financial Statement, you will reduce the cash balance by these unpresented cheques when you consolidate all unpresented cheques from all Ministries.

(Inaudible)

AUDIT REP.- Yes, on paper, so that it does not tie with what is actually..

MR. S. LAL.- But it is not a cheque, if you could come up with some other terminology for that because it just gives a different picture in terms of when we are trying to explain things.

AUDIT REP.- I understand that, but when you put it in your bank reconciliation, you still include this as unrepresented cheque.

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

DEPUTY CHAIRPERSON.- There is a deadlock on this and what the Committee prefers, what should be the best title for this issue so perhaps, the three Ministries can have some consultation and give us a feedback on what you had agreed on or maybe this information is important, what the MOE has said and perhaps, you can provide us with that information too. We do not know yet how we will title this audit issue.

HON. A.M. RADRODRO.- Just a clarification; did OAG and MOE conducted an exit interview on this in which they could have sort out this issue?

MR. S. LAL.- Yes, we did. Sir.

HON. A.M. RADRODRO.- And you did not sort this out?

MR. S. LAL.- We were told that those issues would be rectified before our final is issued but then it still it appears with our comments on it.

DEPUTY CHAIRPERSON.- From the Committee's point of view, from what has transpired we do not want to mention that the Ministries and Departments are not agreeing which is the scenario at the moment. So we are giving you the opportunity to have consultation on this and come up with a best idea as to how we can address this in our report. Thank you.

MR. S. LAL.- Deputy Chairperson, I think you would probably be aware that the whole of Government is relooking at its financial processes and trying to adopt to International Public Sector Accounting Standards (IPSAS) and then that is when these issues in terms of once we go into accrual accounting, then these issues would be resolved. So once we adopt those standards, it will resolve itself.

DEPUTY CHAIRPERSON.- But OAG, would you still agree that 'stale cheque' is the right word to use?

AUDIT REP.- Deputy Chairperson, that is the term that is used by the Ministry when they prepare their reconciliation.

DEPUTY CHAIRPERSON.- Exactly! I hope that you understand where the Committee is coming from. Everyone's view is important so perhaps, have consultation, come up with an agreed term and try to provide it to the Committee.

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

MR. S. LAL.- Sir, IPSAMS is the International Public Sector Accounting Standards.

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

MR. S. LAL.- But what the agencies have been told that the whole of Government would be adopting to that. We do not have a timeline for that yet but once it does, then probably the terminology and things could be changed in line with what the standards would say.

DEPUTY CHAIRPERSON.- But so far our timeline is the next Parliament date.

Yes, we do hope that you can have some consultation on that and just try to clear the air on this. Headings are very important for the Committee, it is a primary information that we put directly into the report that we table so please, do come up with something that all of you can agree on. Otherwise, our primary source of documentation is the actual headings that are there in the OAG, and that is what we are mandated to do. At least by this week, we are very humbly requesting that we can be provided with information on that.

Honourable Members, I believe we are almost at the end of the submission. I thank all the members from the different Ministries and Departments who made their presence here before the Committee and in particular, I thank the team from the Ministry of Education.

We noted two very important things, the reduction in the audit issues itself and also the audit report generally being an unqualified one. It is a good reflection that the financial position of the Ministry is improving and we do hope that it improves further.

Without further ado, I would like to request the Deputy Secretary if you have some concluding words before we end the submission.

MR. T. BURE.- Thank you, Deputy Chairperson.

Honourable Members, on behalf of the PS, I wish to take this time to sincerely acknowledge the concerns and questions that had been raised against the Ministry of Education. We are doing all our best to ensure that our systems improve, knowing that we are one of the biggest Ministries and the budgetary allocation for the Ministry of Education is always quite big. It is a huge task on our shoulders and we need to step up to the expectation of the Committee and Honourable Members of Parliament in regards to the usage of our allocation.

Our PS is on medical leave. We are the senior staff managing the fort at the Ministry of Education. We were just called on the eleventh hour to accompany the two gentlemen who are here. In fact, this section does not come under my Unit, I am in-charge of the schools throughout the country.

Thank you, Deputy Chairperson, for giving us your time and I thank the Honourable Members for the questions and the concerns raised.

The Committee adjourned at 12.32 p.m.

