

PUBLIC ACCOUNTS COMMITTEE

[Verbatim Report of Meeting]

HELD IN THE

COMMITTEE ROOM (EAST WING)

ON

TUESDAY, 3RD APRIL, 2018

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS COMMITTEE HELD AT THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON TUESDAY, 3RD APRIL, 2018 AT 9.54 A.M.

Interviewee/Submittee: Ministry of Health and Medical Services

In Attendance:

- | | | | |
|----|----------------------|---|--|
| 1. | Mr. Sanjay Chand | - | Acting Principle Administration Officer |
| 2. | Mr. Ami Prasad | - | Acting Director of Finance and Asset Management. |
| 3. | Mr. Idrish Khan | - | Principal Accounts Officer. |
| 4. | Ms. Tulia Waqata | - | Senior Accounts Officer. |
| 5. | Mr. Jeremaia Mataika | - | Director, Fiji Pharmaceutical & Biomedical Services Centre |
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DEPUTY CHAIRPERSON.- Honourable Members, representatives from the Ministry of Economy (MOE) and the Office of Auditor-General (OAG), media personnel, in particular the Officials from the Ministry of Health and Medical Services. My sincere apologies for being late. I was one of the victim of flooding in Ba so my house and everything were destroyed, I have not slept for almost 48 hours. I came very late from the West yesterday so that was the main cause of delay but anyways, I would like to thank you for waiting for us to begin the meeting.

We are here to discuss with the Ministry of Health and Medical Services the issues of the Audit Report of 2016 as per Parliamentary Paper No. 101 of 2016. I believe there are almost 33 issues and with those issues, there will be some supplementary questions as well being directed by the Honourable Members. Hopefully we are able to cover in this session all the issues in one day, because we also understand it is inconvenient for the Ministry Officials to come back and continue with the submissions.

Without further ado, I would like to give the opportunity to the designated Officials from the Ministry to introduce your team and from there straightaway take us through the Audit issues, on the written response that you have provided before the Committee today. Thank you.

HON. A.D. O'CONNOR.- Deputy Chairperson before they start, can I declare my interest as Assistant Minister of Health. Thank you.

DEPUTY CHAIRPERSON.- Honourable Assistant Minister for Health has declared his interest but you are most welcome to ask any question which you feel necessary as a Committee Member. Nonetheless, I would like to give the opportunity now to the designated Official of Ministry of Health and Medical Services to lead us with the submission. Thank you.

MR. A. PRASAD.- The Honourable Deputy Chairperson and the Honourable Members, I wish to inform you that our Acting PS is not able to be here this morning with us due to some other commitments. However, I would like to introduce the team from Ministry of Health and Medical Services.

(Introduction of Ministry of Health and Medical Services Officials)

We shall proceed with the submissions and looking at the question number one, the Ministry had been issued with a qualified audit report since 2014 audit accounts. We are to provide reasons why the 2016 audited accounts for the Ministry has been issued again with a qualified audit report.

Honourable Deputy Chairperson in general, if you look at the qualifications from 2014 to 2016, the Ministry's qualification statement has decreased since 2014. In 2014, there were six qualification statements, 2015 there were five qualification statements and 2016 there were five qualification statements.

Honourable Deputy Chairperson, correspondently the number of audit issues raised has also decreased over the three years from 58 issues in 2014 to 43 in 2016. This means that the Ministry is improving in its attempt to have a unqualified audited accounts report.

The qualification statement for 2016 are mostly on the Trust Fund Accounts. In 2014 the Ministry managed to create the General Ledger (GL) account for the Trust Fund in the FMIS system. Upon creation of the GL accounts, the respective transactions of the Trust Fund were posted in the GL prospectively from 2012. In this process, Sir, there were some mispostings, thus the difference in balances.

In 2015, the Ministry continued with our effort to reconcile the accounts to match the differences in the bank balance with GL balances. It was a tedious task, yet the Ministry managed to complete and rectify the differences. However, it was beyond the audit period, therefore, the differences reported in 2016.

In 2016, it was further noted that there was some miscommunication between the Ministry and the bank, which resulted in the bank debiting the Ministry's Operating Trust Account rather than the Trust Fund Account. These transactions were rectified. Honourable Deputy Chairperson, from August 2017 all trust accounts are now updated in the FMIS software postings and postings are done regularly and reconciled with the bank account. The cash books are now maintained.

Honourable Deputy Chairperson, Sir, the process of maintenance and operations of Trust Fund Accounts are now very carefully followed through and there is still work in progress, such as the Ministry to develop a Standard Operating Procedure (SOP). The Ministry has now assigned a dedicated officer, to ensure that the issues raised by the OAG in relation to the Trust Account will not be recurring in the next audit reports which is 2016 and 2017 and 2017 and 2018.

DEPUTY CHAIRPERSON.- I thank you for your response in regards to the Trust Fund Account. Honourable Members, any questions on that?

HON. A.M. RADRODRO.- Can we seek clarification from OAG noting the comments by the Ministry of Health and Medical Services Officials regarding the qualification comparison from 2014, 2015, 2016 and say there is an improvement that has been noted. I just want to ask the OAG, is that statement valid to say that the reduced qualification is a sign of improvement in the Ministry or how can the Auditor-General have an opinion on that particular statement by the Ministry?

AUDIT REP.- Thank you, Honourable Deputy Chairperson. I would like to agree with the Ministry that indeed, the number of qualification has decreased because the qualifications were on certain aspects of the Financial Statement. So when the anomalies were rectified in those areas, we can say that they have improved in those certain areas. However, the ones that were reported in 2016 still need to be improved. Thank you.

DEPUTY CHAIRPERSON.- This is also to the OAG, I have noted a point whereby it was related to us that some of the issues went beyond audit period which is why there is a qualified audit report. Can you confirm that?

AUDIT REP.- Thank you Honourable Deputy Chairperson. For the 2016- 2017 Financial Year, that audit is currently in progress. We can come back to the Committee to confirm that once we have completed our audit.

DEPUTY CHAIRPERSON.- Thank you, we will take note of that, that certain issues went beyond the audit period and it is still in the process of being audited.

Sir, you can proceed to the next issue.

MR. A. PRASAD.- Thank you Honourable Deputy Chairperson. We shall now look at the question number two in which it is stated that in previous PAC submissions, the Committee was advised that the Ministry is working towards improving their internal accounting system and processes, so that such audit issues do not reoccur in the next audit.

The Committee has noted the comments highlighted in the OAG's Report on each Audit findings. However, what assurance can you provide the Committee, with respect to the following control issues highlighted not being repeated in future, and advise whether some of the recurring Audit issues have been resolved? If not, why not?

MR. A. PRASAD.- Honourable Deputy Chairperson, there is a total of 33 issues highlighted by the OAG in the 2016 audit which is from January to July, as reoccurring issues. Honourable Deputy Chairperson Sir, out of the 33 issues, 14 which makes up 42 percent are still recurring issues, whilst 19 which makes up 58 percent are no longer recurring issues.

Sir, from the 14 recurring issues, 11 issues had been resolved, whilst the three issues, Issue number two, three and seven are still work in progress to be resolved. The Ministry is putting all its concerted effort to fix these issues.

Honourable Deputy Chairperson, Sir, the Ministry is also continuing with its efforts in regular staff training, reorganisation of duties, review of its current processes, upskilling of staff, business process reengineering, regular monitoring, and timely and accurate submission of the reconciliations to ensure that this qualification issue are not repeated in future audits.

DEPUTY CHAIRPERSON.- Honourable Members, any question on that?

Sir, we take note that you have highlighted three issues which are still work in progress and that is Issues 2, 3 and 7. On page 5 is an appendix of the details of the recurring issues. So, if you could first take us through these three stringent ones and then afterwards we can discuss the other issues. Thank you.

MR. A. PRASAD.- Deputy Chairperson, the three issues which is work in progress and first one is Issue No. 2. It is the EFT in the unrepresented cheque listing, that is ongoing and this is ongoing with MOE where MOE is to provide a new portal for EFT file updates.

Deputy Chairperson, Sir, this is a bank issue and needs to be sorted out between MOE and the Bank, that is on Item 2. The other one says...

DEPUTY CHAIRPERSON. - We will go issue by issue and then have some supplementary questions on that. Those unrepresented cheques, what are some of the examples of these cheques?

MR. A. PRASAD.- Deputy Chairperson, the unpresented cheques are basically cheques that are written, those are manual cheques which may not have been presented to the bank during the financial year. However, the EFT was brought into the system so that the issue of unpresented cheques becomes a thing of the past. Unfortunately, for some reasons whatever technical issues would be there, these EFTs are still being reflected as unpresented which really should not be the case.

HON. A.M. RADRODRO.- Can we get a comment from the MOE on the workings of this EFT, resulting in unpresented cheques, which we believe should be straightforward pay-out from bank to

MOE REP.- Thank you, Honourable Member. For the EFT, the bank has given time to other Ministries and Departments up until 2.00 p.m. everyday to lodge in any cheques that should be processed within the same day. If it lodged after 2.00 p.m. then it will be processed on the next working day. That is why they may have unpresented cheques in the first day of the financial year, because they have to transfer balances to other banks, so the banks need time to do the transfers to other banks.

HON. RATU N.T. LALABALAVU.- Just a question, out of the 33 cases that you have indicated in your reply, a high number of recurring cases which 42 percent, yet further down in your reply you come up with the usual rhetoric - re-engineering, retraining, multiskilling, but your recurring one is high. Can you explain that to the Committee, how can you best address that because if it was a private company, the story would be different?

MR. A. PRASAD.- Deputy Chairperson, we note the concern and as mentioned earlier it has been a recurring issue but the good side of this is, those recurring issues have been resolved and three out of that is a work in progress.

HON. A.M. RADRODRO.- The concern here is, it has been highlighted by the auditors and then now the comments after being highlighted was that, it has been resolved. Why was not it resolved during the normal financial fiscal year, during the monthly financial year earning? Why was it not resolved then?

After it was highlighted by the Auditor-General, then you come up with the comments that it is now being resolved. How sure can we be when during the financial year it had not been resolved at all, especially issues that have been recurring, reconciliations, et cetera, that have been highlighted?

AUDIT REP.- Deputy Chairperson and Honourable Members, these issues were reported from 2014, 2015 and 2016. Those 30 issues from 2014 was also reported in 2016. Now, if we look at our response to the first question, we did not have the Trust Fund GL accounts in 2014.

In 2015, we had been approved to operate those Trust Accounts in GL in 2015. So when these data were updated in 2015 because we went back to 2014, there were some mispostings and that was reported again in 2016. That is why it is recurring in 2016.

In the 2016-2017 financial year, these were all posted, apart from the two EFT issues that we were discussing. It is an ongoing issue with the MOE where they could give us a portal to load the EFT transfers. I am not really sure how we are going to engineer that.

The current system is, when we are posting a cheque for a corresponding bank, then the receiving bank takes six days to clear. That should be fixed in the current portal where we will be lodging cheques directly to the individual or various bank accounts rather than using our cheque and then those cheques are posted to their various banks which takes time to clear. Thank you.

DEPUTY CHAIRPERSON.- I think in this scenario, we need to wait and watch how the system works in the near future.

HON. A.M. RADRODRO.- Just a question to the MOE in terms of the internal audit conduct, when was the last time you did the internal audit for Ministry of Health and Medical Services?

MOE REP.- Thank you, Deputy Chairperson. Honourable Member, we have a dedicated team from the Ministry of Health and Medical Services. So a team had just returned from auditing the Northern Office. Every quarter, we conduct an audit throughout the Ministries. The last report that I have before me that we audited, has been discussed with the Ministry. We audited the HQ, General Admin for the Ministry in the last quarter.

DEPUTY CHAIRPERSON.- We can move on to Issue 3.

MR. A. PRASAD.- Thank you. Deputy Chairperson, moving on to Question No. 3 Standing Order 110(2) gender analysis, the delay in capital project such as the Keiyasi Health Centre.

DEPUTY CHAIRPERSON.- Apologies the issue 3 - your details of recurring.

MR. A. PRASAD.- My apologies, Sir.

DEPUTY CHAIRPERSON.- I think the gender one is a general issue that we asked and perhaps, we can take that later.

MR. A. PRASAD.- Apologies, Deputy Chairperson, the ongoing issue number 2 which is Audit Issue No. 3 – Operating Trust Account balance carried forward from previous years; that is another work in progress. The Ministry of Health and Medical Services has updated the current reconciliation, however it still faces challenges to reconcile the previous years' reconciliation.

The third item which is No. 7 – Main Trust Fund Account Anomalies; this is still work in progress, the monthly trust fund reconciliations are carried out, Sir, to rectify the unreconciled figures.

DEPUTY CHAIRPERSON.- This challenge of reconciliation faced by the Headquarters, does it also link with the resource personnel who are taking care of the accounts in other hospitals? It is a big Ministry with hospitals everywhere around the nation and obviously there are finance people established at each hospital. Is this reconciliation problem, a collective problem which you face from all the hospitals in Fiji or is it just an issue with the head office?

MR. A. CHAND.- Thank you, Deputy Chairperson. Sir, this trust fund is only at the Colonial War Memorial (CWM) Hospital.

DEPUTY CHAIRPERSON.- So if we can take note of that, specifically, it is for CWM. Honourable Members, do you have any questions?

(There we no questions)

So we will move on to audit issue number one, as per your table, that is anomalies in reconciliation of Drawings Account.

MR. A. CHAND.- Anomalies in Drawings Account reconciliation is updated until January for Ministry of Health and Medical Services Headquarters. There are basically three Drawings Accounts that work within the Ministry Headquarters. We have updated the reconciliations until January for the Ministry of Health and Medical Services Headquarters. For the Northern and Western Divisions, the reconciliation is until February.

DEPUTY CHAIRPERSON.- If we are to take the system of these reconciliations, this brings us back to the question I asked earlier out of interest. So all the hospitals in Fiji, their accounts are linked to one regional account. For example, all the hospitals in the western area are linked to a western account and then to the Ministry of Health and Medical Services.

I am just interested to know about this link which you have because there are so many hospitals around Fiji and I can understand, looking after and reconciling all these accounts and then all these information coming in to Ministry of Health and Medical Services and then the officials coming here and answering. I was just interested in knowing, how does the system work in the Ministry of Health and Medical Services?

MR. A. CHAND.- Thank you, Deputy Chairperson. Just a background, MOH has 12 co-centres which is made up of five major hospitals - CWM, Lautoka, Labasa, including specialist hospitals - St Giles and Tamavua Twomey. Then we have the four Divisional co-centres, then Headquarters, public health and the 12th one is Fiji Pharmaceutical & Biomedical Services (FPBS).

We have three Drawings Accounts; one is based in Lautoka and looks after Western Viti Levu, the other is in the Northern Division which looks after Northern Division, plus Labasa Hospital; and the third is the main one and is based at the Headquarters. It looks after the co-centres, head office, public health, FPBS, CWM Hospital, St Giles, Tamavua Twomey, plus Central and Eastern Divisions.

DEPUTY CHAIRPERSON. – So the hospitals which are under these regions that you mentioned, they send information to the Divisional Head Office and from there, they furnish the Head Office with all these financial information and transactions. Probably, you consolidate all that and report it as a whole.

MR. A. CHAND.- Deputy Chairperson, as I said the three Drawings Accounts have three separate reconciliations. For example, the Western Division, Divisional Medical Officer (DMO) West and Lautoka Hospital, they operate from the Western Drawings Account. DMO North and Labasa Hospital, they operate from the Northern Drawings Account. That is four, so the remaining eight co-centres, they operate from the Drawings Account at the Head Office. We have three different reconciliations and every Drawings Account has its own reconciliation.

DEPUTY CHAIRPERSON.- I apologise, but this is just out of interest because we want to understand the financial aspects of the Ministry better. For example, if I am paying something in the Ba Hospital, the reconciliation of that is done at the Western Head Office. From there, they provide it to the main office.

MR. A. CHAND.- All payments that are processed in the West would be reflected in the Western drawings Account. All payments processed from the North would be reflected in the Northern Drawings Account. The other eight co-centres which is processed through Headquarters Drawings Account will be reflected in the Headquarters Drawings Account.

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

HON. A.M. RADRODRO.- How often is it verified by your Department or the MOE? Who does the verification of that exercise?

MR. A. CHAND.- Deputy Chairperson, thank you. Honourable Member, the reconciliations are submitted to the MOE on a monthly basis. They have a look at it. If they find any issues, they come back to the Ministry. That is the verification of the submissions of the reconciliations.

HON. A.M. RADRODRO.- It is done on a monthly basis. The auditors have highlighted here in the seven months, some of the reconciliations were not performed.

MR. A. CHAND.- Thank you, Deputy Chairperson. We had some issues on that. Basically looking at the Northern Health Drawings Account, it was opened recently. As I said earlier, previously the Ministry had the entire budget at the Head Office. Now, the Ministry has decentralised its budget to create more effective and efficient service delivery in terms of the works done by the Ministry. We created this. We had some teething issues, Sir, and we have taken action to reconcile those Drawings Accounts.

HON. A.M. RADRODRO.- What was in operation back then, the Drawings Accounts were just centralised, it was never setup at the various Divisions?

MR. A. CHAND.- Yes, Sir. So that was taking time because when any work was done on the other side, all documents had to come to the Head Office. It was taking time in terms of doing payment processing, et cetera.

DEPUTY CHAIRPERSON.- I believe this system of decentralisation and separation of duties might have made work and monitoring easier. So if there are no supplementary questions, we can move on to issue ...

HON. A.M. RADRODRO.- Deputy Chairperson, just a question to the MOE. When they submit reconciliations to MOE on a regular basis, what does the MOE officials do with those reconciliations, do they check, do they verify or just file away?

MOE REP.- Thank you, Deputy Chairperson. We have recruited more staff for our monitoring. Before we would take that reconciliation and file it but we are not doing that anymore, we have improved now. We are checking the balance against the GL and also checking to make sure that the Accounting Heads and PSs are signing on the reconciliation and then the staff are doing transaction analysis.

HON. A.M. RADRODRO.- ...(inaudible) did not submit their reconciliation on time, like the MOH which has been highlighted?

MOE REP.- Currently, we are doing a six months update to respective Permanent Secretaries but also e-mails are going out to respective Accounting Heads if there is a delay in the reconciliation, and also during Accounting Heads Meeting.

HON. A.M. RADRODRO.- If they do not submit on time, any course of action that the Ministry recommends?

MOE REP.- We are taking note of all the updates we have been sending, we are planning to maybe highlight to their PSs on the performance of their Accounting Heads when they do their performance assessment.

DEPUTY CHAIRPERSON.- Thank you, we can move on to Issue four.

MR. S. CHAND.- Thank you Deputy Chairperson, we will look at issue number four - TMA Sales Revenue Understated in VAT Returns.

The response is, the TMA VAT returns are prepared with the Sales Report. However, there has been some mispostings from FMIS which is being rectified.

DEPUTY CHAIRPERSON.- Thank you. I think that is a very precise and clear response. We will move on to Issue five.

HON. A.M. RADRODRO.- ...(inaudible) \$567,000?

DEPUTY CHAIRPERSON.- Rectification amount?

HON. A.M. RADRODRO.- What is the amount that has been rectified?

MR. S. CHAND.- Deputy Chairperson, I may have to give a written response to the amount that has been rectified.

DEPUTY CHAIRPERSON.- Thank you, we will take note of the comment that it has been rectified but nonetheless, evidently we will need to know the amount on that. Issue five?

MR. S. CHAND.- Thank you Deputy Chairperson. Trust Account not maintained for Retention Sum; Deputy Chairperson, all retentions are either short released from MOE or it is transferred to FPO Trust Account. Honourable Deputy Chairperson, you might recall in one of our last submissions, we had provided documentations on this.

HON. A.M. RADRODRO.- ...(inaudible) previously mentioned that the retention funds are part of the budget but in some other Ministries for projects, they keep the retention fund of 10 percent. So what is the rightful process for contractual engagement? Can we get any explanation from MOE or from the Auditor-General?

The Ministry of Health and Medical Services said that retention fund is part of the annual budgetary allocation so whatever is retention for a project will be part of the next year's budgetary allocation? But auditors have highlighted that there should be a Trust Account for retention funds.

DEPUTY CHAIRPERSON.- I think MOE can explain how this retention funds work and OAG can highlight to us later on what are the audit issues related to that.

MOE REP.- Thank you, Deputy Chairperson. Currently with our Fiji Procurement Office (FPO), they have opened one Trust Account for all the retention money for contracts and Ministries and Departments can use that account to retain whatever 10 percent they need to retain for the contractors.

DEPUTY CHAIRPERSON.- What are the terms and conditions of the short release, if any Ministry requires?

MR. S. CHAND.- Thank you, Deputy Chairperson. This short release basically works this way; when the vendors put in their claim it goes to the Ministry of Infrastructure and Transport (MOIT), as well as the Construction Implementation Unit (CIU). They certify their claims but when it comes to us, they have reduced the retention sum amount which means, for example, if a company had

claimed \$10,000 they have removed 10 percent so the balance is \$9,000. That \$9,000 comes to us and that is what the RIE release is, so that \$9,000 has to go to the vendor. So from the invoice amount to the payment amount, there is shortage of \$1,000 which is the retention sum.

DEPUTY CHAIRPERSON.- So we take note that when scenario such as this comes, it always goes through the MOE, not through the MOH?

MR. S. CHAND.- Yes, the vendor submits its invoices to CIU, MOE and MOE's CIU certifies, deducts the claims whatever is agreed to be deducted and then gives us a certification of release from which we ask for release from MOE and pay to the vendor, deducting the taxes.

DEPUTY CHAIRPERSON.- So there is a whole scrutinisation process there. OAG, what are some of the audit issues related to that?

AUDIT REP.- Thank you Deputy Chairperson. As mentioned by the MOH, they will pay the \$9,000, the \$1,000 that is outstanding should go to the FPO Trust that is with the MOE.

Still on that, the whole amount that is budgeted for, that is why they should not be asking for additional budget in the following year for the payment of retention because all that is budgeted for in the current year.

DEPUTY CHAIRPERSON.- And that money is there?

AUDIT REP.- Yes, and when it is paid it will be paid out from the Trust.

DEPUTY CHAIRPERSON.- Honourable Members any question on that?

(There were no questions)

We will move onto six.

MR. S. CHAND.- Thank you Deputy Chairperson. Number six - Unexplained Variance TMA Cash; any variances noted are identified and rectified accordingly.

Number seven.

DEPUTY CHAIRPERSON.- We have discussed that, if we can move on to eight?

MR. S. CHAND.- Thank you Deputy Chairperson. According to TMA Expenditure, the invoices are now introduced to replace picking slips to properly account for TMA expenditures, that is to support the payment of procurement of drugs and supplies from FPBS to the Bulk Purchase Scheme which is the TMA account.

DEPUTY CHAIRPERSON.- What are picking slips documents?

MR. I. KHAN.- The Deputy Chairperson and for the information of the House here, MOH has a TMA account, a Bulk Purchase Department where certain drugs are available to the general public to buy at an affordable price, mostly the diabetes testing kits and small dressing stuff. So the TMA Department which is an inhouse shop of Government Pharmacy, purchases drugs from the main warehouse. Previously, the drugs were picked up from the main warehouse with the picking slip and based on that picking slip, cheques were written from TMA account into the operating account.

Now, the auditors felt that we should raise an invoice and effective from November 2017, we have introduced an invoicing system where the tally of the picking slip for the month is tabled into that invoices, meaning whichever products was picked and sold from here, then an invoice is generated. So that invoicing system is now in practice.

DEPUTY CHAIRPERSON.- Thank you. Honourable Members, any question on that?

(There were no questions)

We will move on to 10.

MR. S. CHAND.- Thank you, Deputy Chairperson.

Expenditure Incurred Without Budget; this is in SEG 1 & 2. Salaries and Wages team constantly reconciles and processes adjustments, however, the Ministry is working with MOE Salaries to reconcile the payroll code with Code Centre GL accounts to fix this mismatch.

MR. S. CHAND.- Thank you. We will look at number 10, anomalies noted in this Sahyadri Trust Fund Account. The Sahyadri Accounts are now fully paid and the issue is resolved.

Number 11 - Anomalies Noted in the Cardiology Trust Fund Account; the Cardiology Trust Fund Account is now reconciled and GL has been updated, bank balance and GL figures tie up.

Number 12 - Late Submission of Draft Agency Financial Statement; the Agency Financial Statement was submitted as the Ministry had encountered some errors on the GL. Currently, the Drawings Reconciliations are updated, thus this should be a non-issue for the 2016-2017 financial year.

DEPUTY CHAIRPERSON.- OAG, I believe the comments there are very precise and it has been addressed clearly as stipulated by Ministry of Health and Medical Services. But just to get your confirmation on Issues 10 and 11, are all these in order now?

AUDIT REP.- Thank you, Honourable Deputy Chairperson. The audit for the 2016-2017 financial year is currently in progress. We can provide you with that update once we have completed.

DEPUTY CHAIRPERSON.- Thank you. Issue 13?

MR. S. CHAND.- Thank you, Honourable Deputy Chairperson. Significant Control Weaknesses and Misallocation of Revenue Receipts; revenue is reconciled and posted accordingly and all mispostings are adjusted within the year.

DEPUTY CHAIRPERSON.- Honourable Members, any question?

(There were no questions)

Issue 14?

MR. S. CHAND.- Payments made without contract being signed; all payments are processed after signed contract is in place.

DEPUTY CHAIRPERSON.- What is the process of the contract if any comes?

MR. S. CHAND.- Like once a project is awarded through GTB, the first thing we do is, we get the contract document done. It is vetted by the Solicitor-General's Office. Upon vetting, then it is signed by the two parties and the work begin. Once the work begins, then they invoice and payments are made. So we ensure that all contracts are in place before payments are processed.

DEPUTY CHAIRPERSON.- Issue 15?

MR. S. CHAND.- Thank you Deputy Chairperson. Outstanding Patients Surgery Costs – Sahyadri Trust Fund; Government contribution for the patients has been transferred to the Trust Account and remitted to the vendor.

DEPUTY CHAIRPERSON.- Issue 16?

HON. A.M. RADRODRO.- The Audit recommendations for the formalisation of the fee structure and the Standard Operating Procedures; can we get an update on this recommendations, whether the Ministry is attending to each recommendation by the Auditor-General?

MR. I. KHAN.- Deputy Chairperson, is this Issue 15 that we are talking about?

DEPUTY CHAIRPERSON.- Yes.

MR. I. KHAN.- Yes, the Ministry has a system in place now where the patients have to agree and to sign a document that any other additional cost incurred by the patients has to be borne by the patients themselves. The Ministry will only pay the cost that it has agreed to pay.

HON. A.M. RADRODRO.- Has it been formalised by the Ministry as per the recommendation? Has the Committee been informed of the fee structure that is currently in place?

MR. S. CHAND.- The patients are informed.

HON. A.M. RADRODRO.-that the Ministry should formalise a fee structure through a supplementary agreement. OAG can you clarify your recommendation on this particular Audit issue?

AUDIT REP.- Deputy Chairperson, Sir, the Sahyadri operations with Ministry has ceased and there is some other processes in place which we can respond later to the Committee.

DEPUTY CHAIRPERSON.- I think the announcement came from your Honourable Minister that it has been ceased and there has been work in progress in regards to a new MOU.

MR. S. CHAND.- Thank you Deputy Chairperson. This Sahyadri Trust has ceased. The Ministry had called for Expression of Interest from other parties and that is work in progress.

DEPUTY CHAIRPERSON.- Thank you Honourable Members we will take a small tea break. I believe we are almost half way through the submission and then we will begin after 10 minutes. Thank you.

The Committee adjourned at 10.41am.

The Committee resumed at 10.59 a.m.

DEPUTY CHAIRPERSON.- Honourable Members, we will move on to Issue No. 16 - Anomalies in payments to Company F.

HON. A.M. RADRODRO.- Deputy Chairperson, just before we move there, can we just go back to the Sahyadri Trust Fund Account.

DEPUTY CHAIRPERSON.- Yes.

HON. A.M. RADRODRO.- We know it is a closed account but in terms of the patients who are involved in there, can you just enlighten the Committee on what sort of criteria the Ministry uses for these particular patients, A to L? What sort of arrangement and agreement regarding Sahyadri Speciality Pacific Hospital whether similar arrangement was also made for the tenders that you put out as you advised?

MR. A. PRASAD.- Thank you, Honourable Member. Deputy Chairperson, I would like to provide a written response to that question but just very briefly, now that the Sahyadri Trust is closed, the Ministry has called for expression of interest for similar services to be provided to the citizens of Fiji and that work is in progress. But referring to the question here, we will provide a written response.

HON. A.M. RADRODRO.- You cannot give us the criteria for the basis of provision of these services to these patients, you just have to give a written response?

MR. A. PRASAD.- To that, yes.

HON. A.M. RADRODRO.- What will happen to this amount owed by these patients to the Ministry?

MR. A. PRASAD.- Deputy Chairperson, the same amount that was owed which is through the insurance or some coming through the FNPF, that is being pursued for those who are spending.

HON. MEMBER.- (Inaudible)

MR. J. MATAIKA. - Thank you, Deputy Chairperson, we will do that.

DEPUTY CHAIRPERSON.- Thank you.

MR. A. PRASAD.- We will move on to Issue 16 - Anomalies in payment to company F.

This has been resolved. All payments were made on original invoice and not photocopied invoices and all payments are now also processed through the issuance a Local Purchase Order. The LPO is issued, the vendor provides the invoice which is like verified and payments are processed.

DEPUTY CHAIRPERSON.- OAG, this was just a documentation issue, there were no anomalies in terms of funds. It was just using the photocopied invoices.

You raised this issue only on the basis that it was photocopied invoices. There was no amount involved. What I am asking this amount here it is reflecting those photocopied invoices only.

AUDIT REP.- Yes, Deputy Chairperson, the issue there is the use of photocopied invoice, the risk of a double payment. If the original invoice had been paid and if you are using photocopied invoices, there is a risk that those invoices have already been paid. That is the issue that we are raising.

HON. MEMBER.- (Inaudible)

DEPUTY CHAIRPERSON.- Yes.

HON. A.M. RADRODRO.- How did the EFT payment does not allow the process for the payment that did not reach the suppliers as and when the time of payment that was done in 2014?

The first payment was processed in 2015 as per the Ministry's comments in the Auditor-General's Report. The payment was first made in 2015 but it did not hit the suppliers account and then you made the payment again in 2016. Any OAG comments and Ministry's comments?

MR. A. PRASAD.- When EFT payments are processed through the system, there can be cases where payments are processed but if the bank file is not generated, then payment will not go to the bank which means that it will not hit the vendor's account. So, on that note if the vendor comes back and says, "We have not received payment for this particular invoice", then we check into the system as to what had happened. So, that is why it gets picked up through the payment process but the bank file was not generated in the system. Once the bank file is generated, then definitely that is sent to the bank and it will be charged to the vendor's account.

HON. A.M. RADRODRO.- In simple plain parliamentary terms, what is the bank file and all these things?

MOE REP.- Thank you, Deputy Chairperson. For the EFT payment there is no cheque involved so when they processed EFT payments through EFT, there is a particular file that will be created as an output. That file will be sent to the bank for the bank to deposit the amount to the various vendors' accounts, so if it is not sent to the bank then there is no payment done.

MR. A. PRASAD.- Item No. 17 - Payments Processed without Payment Vouchers; all payments have fiscal payment vouchers and system generated vouchers.

Item No. 18 - Local Purchase Orders not Raised to engage Aeromedical Services.

All services are issued with LPO before being processed for payments. Deputy Chairperson, I believe you will recall that we had this issue in the earlier submissions. The very reason the LPOs are not issued in such case is because when a charter is involved and it has to travel to a distance so we really do not know the duration it will take for the helicopter to go from Point A to Point B, wait to pick the patient up and come back to the hospital, so the LPOs are raised when they come back and we provide the invoice. Payments are not done without the order being issued.

DEPUTY CHAIRPERSON.- We had a similar scenario with RFMF. When they came here they said sometimes that the situation on the ground is not compatible to what the books say. If there is any emergency, everything else stops. The idea is to have a holistic approach to get to the situation first and then worry about all these processes later. My question to the OAG is, in times of emergency there is on leeway on the Ministry concerned?

AUDIT REP.- Thank you, Deputy Chairperson. In those cases, we would suggest that the Ministry also document on what process they should follow in cases of emergencies like this or when they deviate from their finance manual, they should have that documented.

DEPUTY CHAIRPERSON.- Yes, I think this was the response given by the OAG. Ministry of Health, have you come up with some suggestions as to how you will deal with such scenario? I mean, is there anything as per your Finance Manual?

MR. A. PRASAD.- Thank you, Deputy Chairperson. There is a standard operating procedure for such situations.

DEPUTY CHAIRPERSON.- Then why did it become an audit issue, Ministry of Health?

MR. A. PRASAD.- Deputy Chairperson, this SOP was generated recently.

DEPUTY CHAIRPERSON.- Recently?

MR. I. KHAN.- Yes. The Medical Officer on the ground corresponds with the Registrar at the Emergency Department and then the processes continue. But we still face that challenge that the charter goes, not able to land, makes a double round until it physically picks up the patient. We have also incorporated that in our reviewed Finance Manual.

DEPUTY CHAIRPERSON.- Thank you. Is there any timeline when this might be implemented because until and unless that happens, it will always be recurring as an audit issue? You said that you have given this suggestion for the review, any idea when the review will be completed and it might become part of your Finance Manual?

MR. I. KHAN.- The SOP is now available and we can submit those SOPs to the Auditors and if they feel there needs to be some more measures put in, we can take it further.

DEPUTY CHAIRPERSON.- MOE, something similar was highlighted by the Military Forces. Is the Ministry working closely with these Ministries to come up with something so that these audit issues do not prevail and there is also an understanding that there needs to be a certain leeway in times of such scenario?

MOE REP.- Thank you, Deputy Chairperson. We have stated last week that there is no provision in the Financial Instruction in regards to this ...

DEPUTY CHAIRPERSON.- There is no provision.

MOE REP.- But it is captured in the Procurement Regulation.

DEPUTY CHAIRPERSON.- All right.

MOE REP.- In respect to emergency purchases and that includes those issues has highlighted by the Ministry of Health, there is a procedure in the Procurement Regulation that guides the Ministry on how to go about during the state of emergency.

HON. A.M. RADRODRO.- Deputy Chairperson, I think this issue is covered in the Ministry's Finance Manual, "at any transaction irrespective of the service provider it should be initiated with the LPO." So why was not this transaction supplied with the LPO?

MR. S. CHAND.- Thank you, Honourable Member. Deputy Chairperson, say in this case because it is a charter service we really cannot generate an LPO without having an amount. We cannot give an open LOP. We will only know the amount once the patient is brought to the hospital where he or she needs the treatment because it varies with the distance, the time taken to wait at the physical location where the patient is. So we cannot really issue an LPO but definitely the payment is done once the LPO is issued.

HON. A.M. RADRODRO.- The Audit issue was that the LPO was issued - \$103,428. Were the LPOs issued to allow the processing of the payments? This is in Table 22.2, are we on the same page?

DEPUTY CHAIRPERSON.- Page 31 of the Audit Report.

HON. A.M. RADRODRO.- Page 31 of the Audit Reports.

AUDIT REP.- Apology, Deputy Chairperson. Page 31 refers to maintenance and refurbishment of nurses home.

HON. A.M. RADRODRO.- 22.28.

AUDIT REP.- Deputy Chairperson, if I can answer that question, yes, for those one in the Table, that is where we did not find the LPO, LPO was not raised.

DEPUTY CHAIRPERSON.- All right. That is justifiable, why you raised that as an audit issue.

HON. A.M. RADRODRO.- In this particular one, three cheque numbers.

AUDIT REP.- Thank you, Deputy Chairperson. We will verify this and come back with the response, Sir.

DEPUTY CHAIRPERSON.- Thank you.

HON. A.M. RADRODRO.- These flights, the first two payments of mercy flight and the third payment is a MEDIVAC, what is the difference between these flights?

MR. S. CHAND.- It is the same thing, Sir. Different words been used but it is the same service.

(Inaudible)

MR. S. CHAND.- The charter flight - Mercy Medical Evacuation.

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

MR. S. CHAND.- Those are the terms that the Divisions have used.

(Inaudible)

DEPUTY CHAIRPERSON.- Issue No. 19.

MR. S. CHAND.- Thank you, Deputy Chairperson. Payment Records not stamped "Paid". All vouchers are stamped "paid" and the cashiers are notified to ensure that all payment vouchers and all documents relating to any payment are stamped "paid".

(Inaudible)

MR. S. CHAND.- Yes.

HON. A.M. RADRODRO.- That has been highlighted by the Auditor-General - Table 22.21.

MR. S. CHAND.- Yes.

HON. A.M. RADRODRO.- Has that been stamped "paid"?

MR. S. CHAND.- Yes, Sir.

HON. A.M. RADRODRO.- After the audit issue? Why was it not done before? Were there any disciplinary actions taken against the person involved?

MR. S. CHAND.- With the volume of payments that have been processed, chances are they was missed, however, they have been stamped "paid". The officers have been cautioned, they need to be more vigilant when processing payments.

HON. A.M. RADRODRO.- Especially the amounts involved; one payment is involving \$37,000, \$47,000 that is a big amount to miss the payment stamped.

MR. S. CHAND.- Thank you Deputy Chairperson. This is noted.

DEPUTY CHAIRPERSON.- One company there is Grid Security Services. A lot of payments are going to them without being stamped "paid". The first one is \$37,717.29; again \$37,270.81; \$1,709.67 and \$25,559.26. Do they still provide security service?

MR. S. CHAND.- Thank you, Deputy Chairperson. Grid Security is the security service providers that was contracted through GTB.

DEPUTY CHAIRPERSON.- So they still provides security services?

MR. S. CHAND.- Yes, Sir.

DEPUTY CHAIRPERSON.- Perhaps, it would be wise to you know look into this, that is why most of this unstamped payments are going to this particular company mostly.

MR. A. PRASAD.- Thank you, Deputy Chairperson, this is noted.

DEPUTY CHAIRPERSON.- We can move into the next one.

MR. A. PRASAD.- Issue No. 20 - Payments made on Photocopied Invoice; any payment processed on faxed or scanned invoices are stamp certified "correct" before payments are processed. We double check that, Sir, through the system whether any payment to those invoices have been done before it is being processed, but we are ensuring that all invoices are in place before payments are done.

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

MR. A. PRASAD.- Issue No. 21 - Missing Records; all vouchers are now stamped on the date of payment and filed in sequence of the EFT numbers. We have also maintained a voucher despatch register to control our vouchers given out, for audit or for any investigations.

DEPUTY CHAIRPERSON.- MOE, this is relating to all procedural matters. Have you identified this? Do you agree that this is now happening when you went and did your internal audit?

MOE REP.- Thank you, Deputy Chairperson. The issues that had been highlighted by the OAG are basic controls.

DEPUTY CHAIRPERSON.- So when you went to do your internal audit, as rightfully mentioned by the Ministry of Health that now all these systems are in place, do you agree that they are doing all these now?

MOE REP.- Thank you, Deputy Chairperson. When audit was conducted by Internal Audit in Ministries and Departments, we do conduct follow-ups on the issues that were previously highlighted in our Audit Reports, based on the area of focus of audit. But I think now, Deputy Chairperson, the OAG is also undertaking the same role in actually conducting the follow up on their issues that are highlighted in the Auditor-General's Report.

DEPUTY CHAIRPERSON.- We do agree with Ministry of Health, but what I am asking is; when you go and do your internal audit, do you find them doing all these?

MOE REP.- Yes, Deputy Chairperson, we do check on that.

DEPUTY CHAIRPERSON.- Thank you. So we will confirm that, we will move on to the next one.

MR. A. PRASAD.- Issue No. 22 - Delay in Procurement of Scale; proper procurement planning had been established and followed to ensure minimum or no delays in procurement.

Issue No. 23 - Written Confirmation not Obtained for Engaging Second and Third Aero-Medivac Service Options; certain processes had been established at major hospitals to ensure that written confirmation is obtained for aero-medivac service options.

DEPUTY CHAIRPERSON.- Is there difficulty in the Ministry, getting more options in regards to these services?

MR. A. PRASAD.- Deputy Chairperson, we have a few vendors who are providing these services. Mostly, it is conducted through the subdivision level to the major receiving end. Wherever possible the operators on call or operators at the receiving hospital call various service providers asking them for our service. If it happens that the two or three vendors are not responding, then we do not have a choice but to retrieve the patient with whatever possible service provider is available.

DEPUTY CHAIRPERSON.- So it is based on scenarios. Next issue?

MR. A. PRASAD.- Issue No. 24 - Delivery Lead Times; proper inventory planning has been established and followed to ensure minimum or no delivery lead times.

DEPUTY CHAIRPERSON.- Can you just explain further, what are Proper Inventory Planning Systems? Perhaps, highlight to us more, yes, Director and we welcome you to the new position.

MR. J. MATAIKA.- Thank you Honourable Deputy Chairperson. Just to further explain on the issues of delivery lead times, these are the expected time of arrivals of supplies, in terms of stocks from suppliers or manufacturers. When there are orders raised, they actually provide us with expected time of arrivals, and from the time of procurement when the orders have been raised right up to the products being received. For example, in the country, we refer to those times as the lead time.

It is an ongoing challenge in terms of a supply chain management process, there are some delays in terms of this process, whether it has been delayed from our part or there has been a delay from the suppliers of any items that has been raised. For now, the Ministry has taken on board the reforming of the whole procurement process, and trying to ensure that the delivery lead time is actually monitored properly.

DEPUTY CHAIRPERSON.- Yes, with your indulgence, of course, Director, we will be just interested to ask a few more questions perhaps, general ones.

A lot of issues were identified with the Fiji Pharmaceutical and Biomedical Services (FPBS) Supplies during the last submissions with the then Director, those are the general questions. But we wanted a follow up on that and since you are here now, we can just ask you and one of them was the change in software that he mentioned. Is there any update on that?

MR. J. MATAIKA.- Thank you, Honourable Deputy Chairperson. With regards to the Warehouse Information System, the current system that exists at the warehouse at the moment, it has been there since 2004. Ever since 2004 up until now, no review was done on the system or any upgrade on the current Warehouse Information System.

Due to some challenges of the vendors that actually supplied this information system locally, the only option that the Ministry's is looking at is to procure another new information system, and that has been pursued by the Ministry at the moment.

DEPUTY CHAIRPERSON.- So is the new vendor be local or overseas, the one who will be providing this information system services?

MR. A. PRASAD.- Deputy Chairperson, it was a local vendor but the software was purchased from an international supplier.

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

MR. A. PRASAD.- Yes, Sir, Inventory Accounting System. It was tailor-made for Ministry of Health but with a lot of changes and the use of licence or whatever the protocols were.

DEPUTY CHAIRPERSON.- Honourable Members, any general question on FPBS?

HON. A.M. RADRODRO.- Confronting the issue, is the users of the system?

MR. A. PRASAD.- Yes.

HON. A.M. RADRODRO.- In terms of the understanding of the users, we expect pharmacists to conduct operations on that accounting system would be a challenge in itself, whether the users are savvy with the operations of that EPICOR system, that is probably best for the Ministry to advise as to

whether you have the expertise to operate the system. Now, you said you are going to another new system, whether that system hopefully will not confront the same system because all the systems are the same.

Whatever as the term says, garbage in garbage out is basically general terms that is being used by all the systems. But the understanding of the system, the knowledge of the accounting system that is being used here, is a challenge that should be properly handled by the Ministry because the EPICOR system is applicable to any other inventory system, even the big warehouses use that system. There should not be any challenges unless you have limitations in understanding the use and applications of the system.

MR. I. KHAN.- Deputy Chairperson, the problem here is that, we are using two systems, our accounting system which is the FMIS system that the whole of Government uses and the inventory system is the EPICOR system. The EPICOR system does not interface with the FMIS accounting system. So that is where we are and when purchase the new system, the new system should be able to link its information with the FMIS.

HON. A.M. RADRODRO.- Is there assistance from international agencies in terms of what they can offer best to solve the issue at hand?

DEPUTY CHAIRPERSON.- I think the Director has some issues to address.

MR. J. MATAIKA.- Thank you, Deputy Chairperson. At the moment, the pursuing of a new warehouse information system has been coordinated through the Prime Minister's Office. So we are actually corresponding with them in terms of the progress.

Secondly, if I can shed some light in terms of the current warehouse information system, the EPICOR at the moment is sort of like a warehouse distribution system. The way it looks right now, it is only visible to Divisional Hospitals only, so it is limited in terms of its capacity. For us at FPBS, if we need to identify the stock which is available at the Northern Division, the ones which is visible to us are the ones at Labasa Hospital, so the rest of the facilities are invisible. And it is the same for the Western Division which is Lautoka Hospital, as well as for the Central. We are looking at a system which can create more visible into the supplies and properly a further data analysis which it can be extracted from the system as well.

HON. A.M. RADRODRO.- There is light at the end of the tunnel, we can say.

DEPUTY CHAIRPERSON.- There is light at the end of the warehouse. We will move on to the next one.

HON. A. M. RADRODRO.- In terms of the warehouse, what is the projected cost of the information system that you are looking at?

MR. J. MATAIKA.- Thank you, Deputy Chairperson, at the moment the allocated budget is \$500,000 but we are still awaiting information from the Prime Minister's Office to actually validate the cost.

HON. A.M. RADRODRO.- Some software companies are available locally but then probably, they might assist resolving this Warehouse Information System that you have. Hopefully, you are not overlooking them trying to go abroad to solve the solution.

MR. J. MATAIKA.- With that, Deputy Chairperson, we are also exploring those opportunities of local companies that actually can provide that information system as well, that is also in progress as well.

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

MR. S. CHAND.- Issue No. 35 – Procurement Above Delegated Authority; the Ministry is currently reviewing its Finance Manual basically right now and it is with our Permanent Secretary for her vetting. Sir, 26 payments were made from incorrect capital project vote. The capital projects payments are now charged to the relevant and correct FMIS General Ledger allocations.

DEPUTY CHAIRPERSON.- OAG, can you confirm that it is happening now?

AUDIT REP.- Deputy Chairperson, for the 2016 financial year, that is where we were raising the issue. For the current update, we will provide that once we complete our current audit.

DEPUTY CHAIRPERSON.- Honourable Members, any question?

(There were no questions)

Issue No. 37 - Delays in Lodgement of Revenue to the Bank.

MR. S. CHAND.- Strict monitoring at all levels is consistently done and it is being monitored.

DEPUTY CHAIRPERSON.- So, what is this monitoring system like now, Sir? Can you elaborate more on what this strict monitoring is?

MR. S. CHAND.- Thank you Deputy Chairperson, we have a process within the Financial Regulations whereby revenue collected has to be lodged on the same day and the cost centres or wherever the revenue collection points are submitting receipts with the copies of the bank deposit slips regularly, and if there are any delays we seek explanation as to why there was a delay, probably a public holiday or something. So, we are following that up on a regular basis. Thank you.

HON. A.M. RADRODRO.- Deputy Chairperson, this is a very concerning audit issue in terms of the depositing of receipts and one of the recommendations of the Auditor-General is that, this should be investigated and disciplinary action taken against the responsible officers. Has the Ministry taken any action on these particular officers who were involved?

MR. S. CHAND.- Thank you, Deputy Chairperson. The case in question had been investigated and disciplinary action was taken. The officer concerned has been terminated.

HON. A.M. RADRODRO.- Following the proper process?

MR. S. CHAND.- Yes, Sir.

Issue No. 38 – Anomalies in Trust Fund Account Payments; the SOP for the Fiji Overseas Children's Trust Fund is currently being established.

Issue No. 39 – In-service Training; the bond records are now properly maintained in the respective files.

HON. A.M. RADRODRO.- Deputy Chairperson, just on the In-service Training, different programmes have been undertaken by the respective staff. What about the bond, are they related to the programmes or is it just the normal standard bond for the people who are sent out for in-service training?

MR. S. CHAND.- Thank you, Deputy Chairperson, the bonds are standard but referring to the different types of training that they are engaged in.

HON. A.M. RADRODRO.- What would be the normal standard bond for Master of Medicine, Gynaecology?

MR. S. CHAND.- Thank you Deputy Chairperson, we shall provide a written response to that. Thank you.

Issue No. 40 – Schedule of Open Indents and Commitment at year end not Provided; this has been provided accordingly, Sir.

Issue No. 41 – Provisional Tax not Deducted; the provisional tax for the contractual payment were deducted and paid as and when contractual payments are being made to the vendors.

Issue No. 42 – Unauthorised Use of Journal Voucher for Cash Flow Adjustment; proper procedures are now consistently followed to ensure that all journal vouchers are authorised before any posting is done, to ensure that all journal vouchers are authorised before any posting is done.

HON. A.M. RADRODRO.- For the respective Divisions, those are all done at the Divisions or all carried out at the Central Division?

MR. A. PRASAD.- The journal vouchers, cashflow updates and payments are all processed at Headquarters. The two Drawings Account in the West and North are just carrying out the operational duties for which a budget is delegated for them. But in case if they have to make some adjustments then the request comes to Headquarters through Permanent Secretary (PS) to Director Administration, and it is processed, so the control is at the main centre level for all those adjustments.

MR. S. CHAND.- Thank you, Deputy Chairperson.

The final - Issue No. 43 - Excess and out of stock drugs out of stock drugs reports as at 31 July 2016 not provided; I will request our Director, FPBS to respond on this.

DEPUTY CHAIRPERSON.- On that note, Director, if you could just highlight to us about this report, some background information and probably, why was there laxity in those reports?

MR. J. MATAIKA.- Thank you, Deputy Chairperson. With regards to this issue, I am assuming that we are referring to the stocktake at the end of the year.

For the past few years, we have been conducting stocktake around June so the reports are actually generated in July. With this stocktake, it actually reflects the whole list of items - those that are currently on hold at the warehouse and the ones that are out of stock, with items that are in transit or are already committed in the system. But nonetheless the stockouts, we always try our best to minimise stockouts of health supplies.

We have various programmes that we look after, for example, in terms of purchasing, there are consumables, medicine, lab reagents and consumables, x-ray materials, dental materials, dressings, other appliances and, of course, equipment.

One of the processes that we have implemented is that every month, we conduct a below minimum stock level meeting so we actually scrutinise the reports of all items that are actually running below minimum level. If it is running below six months, we will have to follow up on what is the process after. If it is running low, if it is out of stock, what is the action being taken?

However, our priority is left with usually the vital products that are usually required, the ones that makes or breaks the services in the hospitals. We look at items that are vital and then we have items which we merely refer to as essential and non-essential items.

In terms of the services that are provided in the hospitals, we ensure that items that are referred to as vitals are in stock at all times. Those are just some of the information that I can share, unless if there are other questions from Honourable Members, Sir.

DEPUTY CHAIRPERSON.- I have a question, Director. There are two very important aspects of this report as highlighted in the Auditor-General's Report. One is access stock report and the next one is the out of stock report. Now whilst we were having our submission last year with Ministry of Health, the Director did mention about the wastage being at about five percent.

Nonetheless, it was coming into millions. The two reports on excess stock and out of stock, are they important in order to gauge the wastage at the warehouse?

MR. J. MATAIKA.- Deputy Chairperson, it is an indicator as well for us in terms of the wastage level, but we always try to keep the wastage level below 3 percent which is an indicator by the World Health Organisation (WHO) for any country that is actually aligned with WHO. Their process in terms of wastage is to try and keep it below 3 percent.

However, some of the items that are actually critical, we cannot afford to run out of it, even if it is near expiry and we have identified that in the pharmaceutical markets, those products have a very short expiry. We have an option whether to accept it or we cannot accept it because of our policy on expiry of items on the shelf or in terms of the shelf-lives.

Our shelf-life for any particular drug is 18 months when it lands in the country, but sometimes we have to accept if products or medicines are actually below 18 months shelf-life, if it is vital and critical as well. In terms of that there is a thin line of accepting and whether it outweighs the benefits and the risks if it is out of stock. In that way, we will still have some expiries on the shelves as well.

DEPUTY CHAIRPERSON.- I do understand the reason behind that. I am sorry I think he mentioned 3 percent. What I am asking is this excess stock report, is this an indicator of the wastage also?

MR. J. MATAIKA.- Maybe to some extent, Deputy Chairperson, but otherwise there is a demand and supply issue as well in terms of the products that we have. The demand for last year could have increased this year.

In terms of our tender process, the quantity has been defined in the tender but otherwise our annual procurement plan, the tender has been defined and being contracted. The supplier has been contracted for two or three years but our annual procurement plan each year differs in terms of the volume. That is why some of the volumes actually go up and we have to procure to meet the demand,

which is currently in terms of the services that we provide. That is why for some products, we might have excess stock.

Some of the contributing factors are that and it could be a weakness on our part as well, in terms of not updating our maximum level to the current system or maybe the OAG could have picked it up as well.

HON. A.M. RADRODRO.- Yes. Thank you, Director, for the explanation.

The last time the Ministry made a presentation here regarding the FPBS, the PS had advised that there was going to be a recruitment for a Director Corporate Services. Has that been done at the FPBS?

MR. S. CHAND.- Deputy Chairperson, I think we got it wrong. The Chief Pharmacist then was the Acting Director and the PS then mentioned that the Director's position will be advertised, the Director FPBS, and we still have an Acting Director.

DEUTY CHAIRPERSON.- We can move on to the gender question that we asked.

MR. S. CHAND.- Thank you, Deputy Chairperson. Coming to question number three on Standing Order 110(2) on gender analysis, the delay in capital projects, such as the Keiyasi Health Centre. Has the Ministry taken into account, how some of its capital projects have a gender impact on men, women, boys and girls in the community? Has the Ministry ever considered the gender balance component in any of its planning stages, to ensure that the Ministry achieves a desired result for the betterment of all people?

Honourable Deputy Chairperson, in the Ministry of Health and Medical Services, when there is plan for any infrastructure whether it is an upgrade, extension or new construction, it always ensures that the infrastructural plan is based on the operational service standards and population needs.

In the planning stages of any infrastructure, the Ministry of Health and Medical Services considers all aspects, such as provision of disability, provision for children, pregnant mothers, elderly persons, provision of preventative care programmes for boys and girls in the community, OHS, fire, et cetera. The Ministry also considers the location or site in terms of any natural disasters, in its planning stages. Therefore, the Ministry ensures that any infrastructural development should be accessible, should have the provision of quality health services, availability of necessary resources and should be conducive to every citizens of Fiji.

DEPUTY CHAIRPERSON.- Honourable Members, any final questions before we conclude the session?

HON. A.M. RADRODRO.- The national issue, question may be outside of the audit but it is something that probably might come up in the Audit issue for future auditing. The price of medicine, why are they so expensive?

DEPUTY CHAIRPERSON.- What is the price?

HON. A.M. RADRODRO.- They can tell the price.

MR. J. MATAIKA.- Thank you, Deputy Chairperson. For the Meningococcal, there is a treatment protocol that has been designed by the Ministry. In terms of vaccination, the particular item that has been of concern is the vaccines, in terms of the pricing.

What they have identified is the rate in terms of prices in pharmacies but we have left it with the Fiji Competition and Consumer Commission (FCCC). They actually regulate the price, so with the Ministry of Health we can only regulate the items. We are trying to regulate the medicine that are being sold but in terms of the price, that has been taken care of by the FCCC.

At the moment, we do not have any say in terms of the price but in terms of the availability and accessibility of these vaccines, the Ministry is actually working in terms of their procurement, but they have plans as well in terms of any mass vaccination that might come after, but that is still in the planning process as well.

HON. A.M. RADRODRO.- Accessibility of medicines, are they available at hospital pharmacies or only at the private pharmacies?

MR. J. MATAIKA.- The medicines are different, one is the vaccine, the other one is probably the antibiotics. The antibiotics are actually available locally and it depends on the current structure. If the patients are in contact, then the report goes up to our virus lab which is the Mataika House in Tamavua before they deploy a team to actually to give medicine to them. But otherwise the local....

HON. A.M. RADRODRO.- That is in the local hospital?

MR. J. MATAIKA.- Yes, if it is in the local hospital, but if they have been identified from certain health facilities, they would have been coordinated and reported right up to the virus lab before they deploy any....

DEPUTY CHAIRPERSON.- Thank you and I believe that is the end of the session.

HON. A.M. RADRODRO.- Just another question on their Audit issues, the missing records on 23.31, of vouchers that went missing, \$613,065?

MR. S. CHAND.- Honourable Deputy Chairperson, when auditors went to audit those years' financial records, those vouchers were not available for them to verify but it was filed incorrectly into a batch, it was not filed in the right sequence. However, we have recovered all vouchers and they are available for verification. Thank you.

HON. A.M. RADRODRO.- In Appendix 22.1, a number of payments were done without the voucher?

MR. S. CHAND.- As of 2016 and 2017 accounts, none of the payments were processed without a physical payment voucher so all payments were processed with a payment voucher, then updated into the FMIS to have an FMIS voucher and then the EFTs are processed.

HON. A.M. RADRODRO.- So the payments that are made here, that have been highlighted by the Auditor-General - payments made with that payment vouchers raised, Appendix 22.1?

MR. S. CHAND.- Those payment vouchers were raised and they were not available in the right batches for their verification. Now, those vouchers are there and they can be checked.

DEPUTY CHAIRPERSON.- Since there are no other questions, I thank the Officials from Ministry of Health and Medical Services for your responses. I believe we have covered all the issues but nonetheless, we need some more information on a lot of issues and the Committee will be waiting.

You can liaise with one of our staff in regards to some information that needs to be provided back to us and hopefully, the next time we meet, there will be an unqualified audit report. Meanwhile, we wish you all the best with your operations and hopefully things will change for more better in the near future.

With those words, we will have some final comments before we conclude.

MR. S. CHAND.- Thank you, Honourable Deputy Chairperson and the Honourable Members. On behalf of our Minister and our Acting Permanent Secretary, I would like to take this opportunity to thank the Committee for allowing us time to come and give responses as far as the 2016 Audited Accounts are concerned.

Honourable Deputy Chairperson, you would have noted that over a period of time, there has been a major change in the level of audit for the Ministry of Health and Medical Services. There has been a huge reduction in the number of issues and also, we would like to stress that Ministry is doing all its best to ensure that we get out of the qualified audit report to an unqualified report in the coming Annual Audit Reports. As a Ministry we have always valued the work of the OAG because we realised that it adds value to the Ministry's work.

So on that note Honourable Deputy Chairperson, I would like to say thank you for this time that we could have together.

The Committee adjourned at 11.59 a.m.