



**MINISTRY OF EMPLOYMENT, PRODUCTIVITY AND  
INDUSTRIAL RELATIONS  
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*"DECENT & PRODUCTIVE WORK FOR ALL"*

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**RESPONSE TO THE PUBLIC ACCOUNTS COMMITTEE  
MINISTRY OF EMPLOYMENT, PRODUCTIVITY AND INDUSTRIAL RELATIONS  
CLARIFICATION OF ISSUES –  
GENERAL ADMINISTRATION SECTOR (VOLUME 2) FOR THE YEAR 2016**

**Role and functions of the entity**

The core responsibility of the Ministry of Employment, Productivity and Industrial Relations (MEPIR) is to pursue the attainment of decent employment standards through the promotion of employment opportunities, the provision of healthy and safe working environment, fair employment conditions, good faith employment relations and productive workplaces.

These responsibilities are achieved by focusing on developing a modern, structured and enabling policy environment supported by sound labour laws, policies, institutions, international best practices and values, underpinned by tripartite social dialogue and self-regulation.

Total Number of Staff – 260

**Volume 2  
Report on the General Administration Parliament Paper No 100 of 2017  
Audit of the 2016 Accounts**

## QUESTIONS

### **Please provide reasons why the 2016 Audited Accounts for your Ministry has been issued again with a qualified audit report?**

The main reason for the issuance of a qualified audit report was due to the un-presented cheques which were not journalised at the end of the financial year in the amount of \$97,416.00.

These cheques were issued to Christmas Island veterans and their beneficiaries. This was a one off payment which was only budgeted for 2015. At the end of the 2016 financial year (July), the Ministry was not able to locate some of the beneficiaries of the Christmas Island veterans.

We worked with Ministry of Economy officials and met on 13/06/2017 to discuss the way forward as some cheques were about to be declared stale. Refer to **Annex 1** for the Ministry of Economy's advice.

At that time the advice we received and worked on was to hold onto the cheques until beneficiaries contacted us and we had to void the cheques and re-issue a new one.

The Ministry did not journalise the cheques as some of the beneficiaries and veterans were very hard to locate during that time. If cheques were journalised we would not have been able to pay the veterans and beneficiaries that turned up after the cheques were declared stale.

This was a one-off payment that was given to the Ministry in addition to the normal workers' compensation cases. This payment was a challenge given that we have to locate the Christmas Island veterans and their beneficiaries.

#### **1. Excessive Annual Leave**

The payment of excessive Annual Leave was a matter that arose due to a lack of comprehensive internal systems and processes in the Corporate Services to allow for good planning of Annual Leave.

At that time Mr Epeli Narisia was the only qualified Occupational Health and Safety (OHS) staff doing Non Destructive Testing (Metal X-Rays) in the major heavy metal construction sites, nationally. This area of expertise is a scarce skill area and is difficult to replace. Thus, Mr Narisia was not able to take his Annual Leave given the requests that were received from construction sites, until his retirement in 2015. To date, we still have not been able to fill this post.

The second officer Mr Viliame Cagilaba is another Senior Engineer who worked in the Occupational Health and Safety (OHS) Unit. He had accumulated his leave until he retired as a Director and likewise Mr Isimeli Tuivaga who retired as Deputy Secretary OHS. These three Officers all retired in 2015.

Given their area of speciality and the need that existed at that time for their continuous service, these Officers were not able to take their Annual Leave. The leave accumulated and at retirement their pending Annual Leave had to be compensated.

To avoid this happening again and in improving our internal systems and processes our Units are ISO 9001:2008 certified. Now with the Certification of our Corporate Services system and processes to ISO 9001:2008 in 2017 and the recruitment of a Director to Head our Corporate Services in 2018, and with the Leave Management system in place, this poor leave management practice will no longer happen.

## **2. Over Expenditure (provide evidence if this was the normal practise by the Ministry for years and the status of reimbursement of funds from Ministry of Civil Service)**

The Ministry had further clarified with Ministry of Economy and was advised to stop the practice of advance payment of bills at the end of the financial year. Please note at the end of the 2017 financial year this practice was stopped.

Part 1 refer to **Annex 2**.

Part 2 on the status of refund from Ministry of Civil Service – This is not able to be undertaken as the transaction occurred in 2016 and it is now 2 years after the accounts in that financial year has closed.

## **3. Anomalies in engagement of ISO Auditor**

The Malaysian based ISO Auditors were first engaged with the Ministry in 2013 as Trainers under the Asian Productivity Organisation. The former Permanent Secretary, during his term as the Chairperson of the Asian Productivity Organisation (APO), made the initial negotiation with APO for the ISO Auditors to come to Fiji and conduct the initial ISO Training in 2013.

After the initial training in 2013, our strategic intent was to engage external Auditors to audit the internally developed systems and processes. A tender process was undertaken and we finally engaged the external Auditors from Malaysia for the Ministry's pursuit of being ISO 9001:2008 certified. We are working on locating the copy of approval of tender documents and will provide accordingly as this was a 2013 matter.

We have had to stagger our certification by doing two Strategic Business Units (SBU's) at a time for ISO certification, given that this International Standard on Quality Management System is new in Government.

We have a total of 9 Strategic Business Units (SBU's). In July 2017, seven SBUs have been certified to ISO 9001:2008. The target in the new financial year is to get the remaining two SBU's and the whole Ministry to be ISO 9001:2015 certified given our strategic intent to provide a transparent, accountable and good governance system to deliver our services to the public.

#### **4. Misallocation of Expenditure**

A requisition form has been designed where the Director Corporate Services will oversee and directly monitor the work of the Senior Accountant. The new 'requisition form' will include the endorsement by the Director Corporate Services before the Permanent Secretary gives approval. The previous requisition form did not have this. Refer to **Annex 3** for details.

The Ministry will abide by the recommendation of the Auditor that expenditure is to be recorded in the correct journal ledger.

Also note that training needs for National Occupational Health and Safety Officers are endorsed by the NOSHAB at the beginning of the financial year. This is to avoid such incident happening again in future. Refer to **Annex 4** for details.

#### **5. Stale cheques not journalised for Drawings Account**

The main reason the 2016 Audit Report for the Ministry was a qualified audit report was due to the un-presented cheques which were not journalised at the end of the financial year in the amount of \$97,415.89.

These cheques were issued to Christmas Island veterans and their beneficiaries. This was a one off payment which was only budgeted for 2015. At the end of the 2016 financial year (July), the Ministry was not able to locate some of the beneficiaries of the Christmas Island veterans.

We worked with Ministry of Economy officials and met on 13/06/2017 to discuss the way forward as some cheques were about to be declared stale. **Refer Annex 5.**

The advice we received and worked on was to void the cheques and re-issue the cheques when the beneficiaries presented themselves to our office.

We however did not journalise the cheques as some of the beneficiaries were still coming to the office even after the 2015 and 2016 financial year. If the cheques were journalised we would not have been able to pay any beneficiaries that turned up after the cheques were declared stale.

#### **6. Anomalies noted in the Main Trust Fund Account**

The Ministry has further validated and reconciled the credit balances in the two Trust Accounts.

The variances have decreased from \$30,921.00 in 2016 to \$16,524.06 in March 2018.

The breakdown is as follows:

Allocation	Accounts Name	Amount	New Balance as at March 2018
9-07101-07003-895002	Workmen's Compensation	(7,956)	(3,028.75)
9-07101-07004-895003	Wages Disputes	(22,965)	(13,495.31)
Total		(30,921)	(16,524.06)

Please refer to **Annex 6** for details.

For the above 2 trust accounts we have now adopted the Electronic Fund Transfer method, where the money due to workers are paid directly to their accounts. The previous practice that incurred anomalies was when we used to pay by cheques. The current challenge is to find these other workers and to pay them in-order to reduce to zero these anomalies.

The combine trust fund account variances of \$920.68 for the month of July was rectified in August 2016 and the variance has decreased to \$88.63 as detailed in the table below:

Account Number	Account Name	Variance Amount
9-07101-07003-520301	Ministry of Labour Trust Account	62.25
9-07101-07010-895042	Employment Relation Tribunal	0.00
9-07101-07009-895040	NEC Trust Account	0.00
9-07101-07011-895043	Child Labour Trust Account	16.80
9-07101-07006-895030	OHS Trust Account	9.58
Total		88.63

Refer to **Annex 7** for the details of these account reconciliations.