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## STANDING COMMITTEE ON PUBLIC ACCOUNTS

### **Review of Audit Report on the Management of Duty Concession Scheme and Management of Prisoners, Employees and Assets Management System**



**PARLIAMENT OF THE REPUBLIC OF FIJI**  
**Parliamentary Paper No. 68 of 2019**

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## CHAIRPERSON'S FOREWORD

This Report follows the Audit Reports on the Management of Duty Concession Scheme and the Management of Prisoners, Employees, And Assets Management System.

The Auditor General conducted a performance audit on the Duty Concession Scheme which is managed by the Customs Division of the Fiji Revenue and Customs Services for the period 2013 to 2017. The focus of the audit was to assess the effectiveness and efficiency of the DCS application, processing and approval process and administrations and monitoring of the Scheme by the Customs Tariff and Trade Section. The audit was also carried out to determine the relevance and adequacy of the frameworks governing duty concessions, appropriateness of amendments made and compliance by FRCS in its implementation. The Committee conducted evidence session with the Fiji Revenue and Customs Service at their Office on Thursday 28th March, 2019. The Members raised questions on the inefficiencies identified by the Auditor General.

The Report also consists of an audit on the Management of the Prisoners, Employers and Assets Management System. This audit was conducted in response to a request from the Commissioner Fiji Corrections Services (COMCOR) in 2017 to conduct a specific audit into the procurement of the data software under the Swallowtail Contract.

The audit focused on the implementation of requirements of the Master Service Agreement between the FCS and the supplier dated 19th August 2011 and related transactions pertaining to the procurement of the Swallowtail Software. The Commissioner of the Fiji Corrections Service appeared before the Committee on Thursday 25th April, 2019 to provide clarifications on the deficiencies identified in the Auditor General's Report.

The Committee resolved that the two organisations provided satisfactory responses on the queries raised that impacted the efficiency and effectiveness of their performance. The Committee commended the work of these two institutions and recommends that these institutions positively takes on board the Committee recommendations in relation to the audit issues that are reflected in this Report.

I wish to extend my appreciation to all the Honourable Members of the Committee who were part of the successful compilation of the bipartisan report namely the Hon. Joseph Nand, Hon. Vijendra Prakash, Hon. Aseri Radrodoro, and Hon. Ratu Naiqama Lalabalavu. Further, pursuant to Standing Order 115 (5), Hon. Adi Litia Qionibaravi stood in as an alternate member to Hon. Ratu Naiqama Lalabalavu and Hon. Mikaele Leawere who stood in as an alternate member to Hon. Aseri Radrodoro.

On behalf of the Committee I also extend my appreciation to the Secretariat Staff for their timely support on research, compilation and submission of this Report. With those few words, I now commend this report to the Parliament.



.....  
**Hon. Atvick Maharaj**  
Chairperson

## LIST OF ACRONYMS

CCO	Chief Customs Officer
CEO	Chief Executive Officer
DC	Duty Concession
DCS	Duty Concession Scheme
FCCC	Fiji Competition and Consumer Commission
FRCS	Fiji Revenue and Customs Service
HS	Harmonize system codes
MTT	Manager Tariff and Trade
MoU	Memorandum of Understanding
NMR	National Manager Revenue
OAG	Office of the Auditor General – Republic of
OIC	Fiji Officer In Charge
PCO	Principal Customs Officer
SoP	Standard Operating Procedure
TFR	Tax Free Region
TL	Team Leader
TT	Tariff and Trade Section
LU	Legal Unit



## **1.0 INTRODUCTION**

The Audit report on the Management of Duty Concession Scheme (DCS) and the Management of Prisoners, Employees and Assets Management System (PEAMS) was tabled in Parliament on 13 July, 2018 sitting and referred to the Standing Committee on Public Accounts to scrutinise.

Standing Orders 109(2) (d) allows Standing Committee on Public Accounts to examine the accounts of the Government of the Republic of Fiji in respect of each financial year and reports of the Auditor-General, and for any other matter relating to the expenditures of the Government of the Republic of Fiji or any related body or activity (whether directly or indirectly) that the committee sees fit to review.

### **1.1 COMMITTEE PROCEDURE**

The Committee during its review process on the DCS had consulted the Fiji Revenue and Customs Services (FRCS) on 28 March, 2019 and outlined below are the Officials who were present:

- |                        |   |                                  |
|------------------------|---|----------------------------------|
| 1. Mr. Visvanath Das   | - | Chief Executive Officer          |
| 2. Mr. Fazrul Rahman   | - | Director Revenue                 |
| 3. Mr. Robeen Chand    | - | Deputy Director Customs Revenue  |
| 4. Ms. Timaima Raiyawa | - | Team Leader, Legal               |
| 5. Mr. Shavindra Nath  | - | Deputy Director, Policy          |
| 6. Ms. Shelini Kumar   | - | Manager Tariff & Trade           |
| 7. Mr. Inoke Soqoiwasa | - | Chief Internal Assurance Officer |

The Committee had also consulted the Fiji Corrections Services (FCS) on 25 April, 2019 when it reviewed the PEAMS. The FCS was represented by the following Senior Officials:

- |                           |   |  |
|---------------------------|---|--|
| 1. Commander Francis Kean | - | Commissioner                               |
| 2. Ms. Sala Racaca        | - | Assistant Commissioner, Corporate Services |
| 3. Ms. Helen Koi          | - | Senior Accounts Officer                    |
| 4. Mr. Livai Sakeo        | - | Manager Information Technology             |

### **1.2 COMMITTEE MEMBERS**

The substantive members of the Standing Committee on Public Accounts are:

1. Hon. Alvick Avhikrit Maharaj (Chairperson)
2. Hon. Joseph Nitya Nand (Deputy Chairperson)
3. Hon. Vijendra Prakash (Member)
4. Hon. Aseri Radrodoro (Member)
5. Hon. Ratu Naiqama Lalabalavu (Member)

During a Committee meeting, the following membership arose pursuant to Standing Order 115(5):

1. Hon. Adi Litia Qionibaravi (Alternate Member for Hon. Ratu Naiqama Lalabalavu)

## **BACKGROUND**

### **Fiji Revenue and Customs Services (FRCS) – Duty Concession Scheme (DCS)**

Tariff and Trade duty concession management involves the establishment of sufficient guidance materials and processes to consider applications for duty concession. Imposing duties on certain goods are designed to influence the flow of trade by regulating their value to protect the local economy and industry. Importers, traders and manufacturers can be obtained duty-free entry of imported goods into Fiji, through the use of duty concession schemes. This entails foregoing revenues that could have been generated.

Therefore, it is crucial to ensure that the duty concession scheme is well managed. The existence of proper monitoring systems and measures are necessary to prevent misuse of duty concessions that could be detrimental to the economy.

The audit of the Duty Concession Scheme (DCS) was conducted to assess the efficiency and effectiveness of the Fiji Revenue and Customs Service (FRCS) in managing the scheme holistically in examining:

- the frameworks that are in place to guide the staff, applicants and other stakeholders;
- the equitable processing of applications;
- the management and administration of the scheme; and
- the monitoring and reporting arrangements.

The audit examined duty concessions on the management at the Customs Tariff and Trade Section for the period 2013 to 2017.

### **Fiji Corrections Services (FCS) – Prisoners, Employees and Asset Management Systems (PEAMS)**

The Prisoners, Employees and Asset Management System (PEAMS) is a web application developed by a local company (supplier) in 2011 for use by the Fiji Correction Service (FCS). The PEAMS was expected to improve data collection, storage, processing and information of prisoners, employees and asset management system. However, in 2016 the system was not used by the Department as intended prompting the conduct of a Board of Inquiry. In 2017, the Commissioner Fiji Correction Services (COMCOR) requested an audit into the probity of the procurement of the PEAMS.

The audit focused on the planning for procurement of the PEAMS, the management of implementation of the Master Service Agreement (Software Development Services for Prisoner, Employee and Asset Database), also referred to as the Swallowtail Contract, between the Fiji Corrections Services and the supplier dated 19<sup>th</sup> August 2011 and related transactions pertaining to the procurement of PEAMS. It also looks at the effectiveness of use of the PEAMS.

## **Committee Recommendation on the Management of Duty Concession Scheme (DCS) – Fiji Revenue and Customs Services (FRCS)**

### **Findings & Challenges**

#### **Governance Framework and Application Processing**

- The Committee notes that work has commenced on the two major legislations namely Customs Act of 1986 and Excise Act of 1986;
- The Committee notes that FRCS has started the review of the Acts that governs the framework of the organization and reflects all current practices that are undertaken by FRCS to include provisions in the event of an appeal, objection or internal review; and
- In line with the new structure, it was also noted that SOP were not properly implemented.

#### **Management and Administration of DCS**

- To ensure communication strategy or guidance materials on DCS is in place to assist individuals, importers, manufacturers fulfill the requirements of DCS; and
- The need for FRCS to have adequate resources, in terms of staffing, proper office space and equipment so that duties and responsibilities are effectively and efficiently carried out.

#### **Monitoring and Reporting Arrangements**

- FRCS should conduct and evaluate periodic and timely reviews of current activities of the DCS as there were no surveys or campaigns carried out to assess potential risks;
- The Committee is aware of the absence of monitoring programs to assess risk of misuse or abuse of DCS and recommends the formulation of the monitoring tool or program; and
- FRCS to fully implement a uniform systematic approach in data collection for DCS, as currently it applies on an ad-hoc and needs basis only.

## Recommendations

The Committee after reviewing the audit report on the Management of Duty Concession Scheme concurs with the OAG's recommendations and further recommends the following.

1. That FRCS submits to the Auditor General all duty concessions given and the reasons for these concessions in a timely manner, in accordance with section 139 (3) (a) (b) of the 2013 Constitution;
2. FRCS to be more visible and strengthen its outreach programs and work closely with the Provincial Councils and Provincial Administrators (Advisory Councilors & Turaga ni Koro) to conduct awareness in the rural and maritime areas for DCS; and
3. A follow-up audit to be undertaken by the OAG on the issues identified in this performance audit report (*Management of Duty Concession Scheme*).



## **Committee Recommendation on the Management of Prisoners, Employees and Assets Management System (PEAMS) – Fiji Correction Services (FCS)**

The Committee after reviewing the audit report on the Management of Prisoners, Employees and Asset Management System (PEAMS) concurs with the OAG's recommendations and further recommends the following.

### **Recommendations**

1. The Committee notes the improvement in records management system by the current Management team and recommends the immediate activation of the PEAMS system which will ensure that there is no loss of critical records and data on Prisoners and Employees;
2. That appropriate funding is provided so that the PEAMS system be fully operational and proper records maintained;
3. FCS to consult ITC Services on technical requirements of PEAMS and other relevant stakeholders such as Solicitor General's Office and Ministry of Economy for contract verification and administration; and
4. The Committee recommends that a follow-up audit is to be undertaken by the OAG on the issues identified in this performance audit report [Management of Prisoners, Employees and Asset Management System (PEAMS)].

## **CONCLUSION**

The Committee after reviewing the OAG Audit Report on Management of Duty Concession Scheme (DCS) and the Management of Prisoners, Employees and Assets Management System (PEAMS) looks forward to seeing improvement in the two (2) Departments through a follow-up audit by the Office of the Auditor General (OAG).

We, the Members of the Standing Committee on Public Accounts agree with the contents of this report:



Hon. Alvick Avikirit Maharaj  
(Chairperson)




Hon. Joseph Nitya Nand  
(Deputy Chairperson)



Hon. Vijendra Prakash  
(Member)



Hon. Aseri Radrodro  
(Member)



Hon. Ratu Naiqama Lalabalavu  
(Member)

# APPENDICES



**APPENDIX 1:**  
**PUBLIC ACCOUNTS COMMITTEE QUESTIONS**

## PUBLIC ACCOUNTS COMMITTEE

### QUESTIONS

#### Audit Report on the Management of Duty Concession Scheme ('DCS')

#### (a) Legislation and Frameworks governing DCS & Compliance of Customs Tariff and Trade Section

##### **Legislation:**

##### *3.3 Review of Legislation*

- (1) Please provide to the Committee the records that indicate the actual date the DCS was established in Fiji.
- (2) Please advise the current progress of the review of the Customs Act 1986 that will incorporate all current practices of DCS that are not included in the existing legislation? Also explain your consultation process with relevant stakeholders in this review?
- (3) During this review process, how will FRCS ensure proper governance of the DCS? How does FRCS factor in the staff job description (duties and responsibilities) when there will be changes made to the Customs Act and to accommodate changes in technology, etc.
- (4) Please provide the current duty concession goods under non-sugar agriculture sector? How effective has the stakeholders utilised this duty concession scheme (DCS)?
- (5) The audit noted that there some key arrears still not captured in the legislation such as:-
  - (i) Direction how to deal with applicants appeal in the event when the application is declined;
  - (ii) Direction on how to deal with local manufacturers producing substitutable products, objecting duty concessions applied by an importer; and
  - (iii) Direction on the decision review process.How is FRCS ensuring complying with best practices of administration to the tariff concession system on the above issues?
- (6) What monitoring system is used by FRCS to ensure that duty concession scheme benefits are passed down to consumers?
- (7) After the expiry period of duty concessions goods, does FRCS have a monitoring framework to ensure that goods are not sold at a higher price to customers? Is there any automated system in place to address this?



### *3.4 Standard Operating Procedures for Code 236 and Section 10*

- (8) Explain why the Standard Operating Procedure ('SOP') doesn't specify the treatment for items given that the Harmonise System ('HS') code requires different treatment of items of duty concession?
- (9) Please elaborate on your statement with regards to goods dealt with at Port Level and the treatment of goods dealt with at Tariff and Trade Section.
- (10) Given the current Tax and Customs Compliance Unit, does FRCS have any monitoring mechanism or unit that specifically monitors the concession given at port level and concession approves under Section 10 (Tariff Code 232) to ensure clients are comply with the DCS conditions and requirements?
- (11) Why is there no clear timelines adopted by FRCS in reviewing and processing of concession applications or tariff rulings? Is FRCS benchmarking its processes with the Australian Customs and Boarder Protection Service?
- (12) Please advise when will the SOP be endorsed and implemented for Concession under Code 236 of Part III of the Customs Tariff Act and Section 10 Approval.

### *3.5 Review of SOPs*

- (13) Has FRCS implemented the recommendations highlighted by the Auditor-General listed on page 12? If not, why not? With the change in the position title, does this also affect the staff salary structure? Please advise.

### *3.6 Practice Statements*

- (14) Has the Practice Statements been finalised and issued to the applicants to provide guidance on their application?

### *3.7 Absence of Framework for Appeals Process*

- (15) Has the FRCS developed a framework for applicants lodging appeals in case of internal and external decisions being declined?
- (16) Please advise what is the timeline for the appeal decision?
- (17) What are the reasons for DCS applications been declined by FRCS and how they have been communicated to the applicants?

### *3.8 Guideline for Objection Process*

- (18) What is the approved policy framework for stakeholder objections?

### *3.9 Framework for Internal Reviews*

- (19) What procedures or control measures in place for self-assessment of the DCS internal review system and to ensure its staff are complying with its policies and procedures?

### *3.10 Duty Concessions Scheme Application Process*

- (20) Can you advise the Committee why weren't the information listed on Table 3.10.2: Applications processed, approved and declined were not made readily available to the auditors?



### *3.12 Comparison of Custom Tariff Act against Tariff & Trade SOP*

- (21) Has FRCS reviewed SOPs for Tariff and Trade section that is aligned to Section 10 and 11 of the Customs Tariff Act whereby delegation of approval for duty concession application **ONLY** rests with the Comptroller of FRCS?

### *3.13 Non-adherence to SOPs of the Tariff and Trade Section*

- (22) Why were the application and vetting process not in accordance with the DCS SOP as listed in Figure 3.10.1 especially granted under HS236, 231, etc.?

### *3.14 Lack of Appropriate Documentations*

- (23) Does FRCS have a records or data management system for DCS alone? What is the current practice for storing DCS files securely? Who is tasked to carry out this responsibility?
- (24) For the DCS applications that were received as listed in Appendix 1.2, please explain the absence of inspection reports and A, B, C Forms? What is value of duty concession for items in Appendix 1.2?
- (25) Is FRCS looking into centralising its database to store, process, vet and approve DCS application?
- (26) Does FRCS have enough storage space capacity for filing of DCS application?

### *3.15 Manual Information Management*

- (27) Has FRCS considered in investing in Electronic Data Management System ('EDMS') to receive, register and process DCS applications as recommended by OAG? If so, when and how much will it cost FRCS?

## **(b) Management and Administration of the Scheme**

### *4.2 General Awareness and Promotional Activities*

- (1) Why is it that DCS promotion and awareness programs not undertaken by FRCS for the past 5 years?

### *4.3 Engagement of Stakeholders for DCS*

- (2) Does FRCS have a communication strategy for DCS? If yes, please elaborate. Also, the Committee noted that DCS guiding materials were not updated on the FRCS website.

### *4.4 Complaints Management*

- (3) How many consultation exercises for DCS have been undertaken with stakeholders such as importers and local manufacturers for the past 5 years?
- (4) What is the timeframe for DCS to address complaints registered with FRCS?
- (5) Please advise whether there is a complaints management system in place specifically for DCS?



(c) Monitoring & Reporting of the DCS

*5.2 Risk Analysis Process and Risk Profiling*

- (1) Is the FRCS considering undertaking a periodic review of the current practices on DCS? If so, please advise and the timeline for the review to be undertaken.
- (2) Has the FRCS finalised the SOPs as recommended by the Auditor-General? If not, why not.

*5.3 Risk of Misuse or abuse of DCS*

- (3) Please explain why is there no risk profiling done on the misuse of DCS?
- (4) What is the current system in place to allow DCS in monitoring and checking successful applicants to not abuse and misuse?

*5.4 Intelligence collection and data analysis*

- (5) Why hasn't FRCS developed a monitoring program to identify customs data to profile abusers of DCS? If not, why not?

*5.5 No Segregation of Duties*

- (6) The current Trade and Tariff section, tasked of approving code 231 and 236 linking to the ASYCUDA World system and processes which are done at Long room assigned to Senior Customs Officer, how has the FRCS addressed the risk of collusion and overcharging of duties as highlighted by the Auditor-General? Has FRCS considered appointing an independent officer as recommended by the Auditors?

*5.6 Constitutional and Budget Announcement Obligations*

- (7) Why wasn't there a committee established to assess and make recommendations on Customs Tariff Section 10 applications if it's outside the ambit of Concession Codes or Standing Section 10 approvals pursuant to the Budget Supplements of Fiji 2015?
- (8) Can the Committee be provided with an update of the SOP and the waiver of customs duty and taxes that is to be reported to the Auditor-General on a timely manner?

*5.7 Monitoring Strategy*

- (9) Can the Committee be provided with a copy of the Memorandum of Understanding ('MoU') between FRCS and FCCC? Please provide a copy of the report to the Committee of the work done by the 2 entities in terms of its "monitoring trickle-down effect of benefits of duty concessions to consumers" as announced in the 2014 National Budget
- (10) How does FRCS gather information on increased in exports and economical multiplier effect of the Duty Concession granted? Please explain

**5.8** *Reporting of Price Surveillance Progress Report and the Tax Free Region Monitoring*

- (11) What is the internal reporting framework adopted by FRCS for price surveillance?
- (12) Can the Committee be provided with a copy of the report of the dates of surveillance as highlighted in Table 5.8: Price Surveillance dates and Reports. Please advise the cases identified for non-compliance?
- (13) Please explain why wasn't the price surveillance exercise not conducted in 2014 as announced in the 2014 National Budget?
- (14) Provide an update on the Tax Free Regions inspected and its monitoring reports prepared.





## Audit Report of Prisoners, Employees and Assets Management System

### (a) Planning for acquisition of the Prisoners, Employee and Asset Database ('PEAMS')

- (1) Was there any feasibility study carried out on the need for the PEAMS? If so, please provide a copy of the Report to the Committee.

#### *3.2 Tender Evaluation and Award*

- (2) For all the 7 bidders, please provide their details and respective tendered amounts. Please advise the Committee who is the supplier for the Fiji Corrections Service's ('FCS') PEAMS? Is this system running/used by all the Correctional Facilities Fiji wide?
- (3) Why weren't FCS maintaining proper records of its Tender awardee at the time when the tender was called?

#### *3.3 Requirements Specification*

- (4) What is the current status of PEAMS as of date? How many updates/improvements has been done to the system since its implementation and what additional costs?
- (5) Is/Are there designated officers responsible for PEAMS?
- (6) Are the staffs been properly trained for PEAMS?
- (7) Were there any disciplinary action taken for those staff responsible for PEAMS Project as recommended by the Auditor-General?
- (8) In terms of recruitment, are there any PEAMS requirement skills needed for the operation of this software?
- (9) Auditors have highlighted that there was unavailability of required documentation which shows poor records maintenance that can adversely affect organizational knowledge retention. Can the FCS indicate to the Committee whether the purpose of FCS in purchasing PEAMS has been fully documented in the system?

### (b) Managing Development, Integration and Implementation of PEAMS

- (1) Why were the payment vouchers and source documents used to support payments for the five phases of the project not provided to the auditors for review?
- (2) Why weren't Human Resource and Prisoners database included in the 2011 budget even though in the Strategic Development Plan 2011 – 2014 these 2 would be established or identified?
- (3) Please provide the reasons why FCS decided to fund for the upgrade of Telecommunications and CCTV Camera from the VAT allocations within the budgetary allocations.
- (4) Can FCS assure the Committee that for any future projects, proper budgetary funding is allocated or obtained?



#### *4.1 System Development and Integration Delivery*

- (5) Please inform the Committee what services were actually provided by the supplier to FCS for the development and integration of the PEAM System under phase 1, 2 and 3?
- (6) On which budget allocation was the sum of \$17,700 paid from?

#### *4.2 System User Acceptance Testing, Bug Fix and Implementation*

- (7) On what basis did the FCS made the payment of \$23,600 for the completion of phase 4?
- (8) What documentation did FCS rely on in order to pay for Phase 4 of the project?

#### *4.3 Project Management*

- (9) Why wasn't the project steering committee not set up in accordance with the Master Service Agreement?

#### *4.4 Timely delivery of PEAMS*

- (10) Please advise the Committee on the reasons for the delay in the project completion? The Committee noted that only the first three phases of the project were completed and for which payments had been made accordingly. The fourth phase was completed and paid six months past the expected delivery date. Please explain!
- (11) Is there any penalty clauses should there be a delay in completion of the project mentioned in Master Services Agreement? If not, why not?
- (12) Was this agreement vetted by the Solicitor-General's Office? If not, why not?
- (13) What payment processes does FCS have when capital projects such as PEAMS are delayed in delivery dates?

#### *4.5 Payments*

- (14) Why was FCS deviating from its Accounting Procedures when making its payments as detailed in Table 4.2: Examples of Source and Supporting Documents not sighted.
- (15) On the payment of retainer that was made 10 months after invoice was issued by the vendor, please explain why weren't there any penalty instituted or charged by FCS for the delays in the completion of works?
- (16) Why were the following cheques not provided for verification during audit? Please provide to the Committee (cheque numbers 627733, 629745 and 631791)
- (17) Can the FCS confirm to the Committee whether it has improved its record keeping process?
- (18) Can the FCS advise the Committee whether there has been any action taken against staffs that were responsible for the PEAMS Projects? If not, why not?

### **(c) Effectiveness of PEAMS**

#### *5.1 PEAMS Utilisation*

- (1) Has the Prisoner Information System been inputted with up-to-date information from all over Fiji? Give sample of records of Prisoners from 1 Centre.
- (2) Has the Prison Officers Information System been inputted with up-to-date information



- from all over Fiji? Give sample of records of Prison Officers from 1 Centre.
- (3) Has the Assets and Stores module been inputted with up-to-date information from all over Fiji? Give sample of records from 1 Centre.
  - (4) What happens to the non-operational vehicle – Registration No. GM909 & GM912 recorded in the system?
  - (5) The following vehicles with Registration No. GN562, 563, 751, 791 & GM909 were recorded more than once, how has FCS allowed this to happen and similarly for GN777 with model description – 'Test'?
  - (6) Has the FCS considered budgetary funding for the full utilisation of PEAMS and engaging dedicated staff to update the data input?
  - (7) Has the PEAM System allowed or enabled FCS to generate the desired benefits and ensure value for money been realised?

## 5.2 Suppliers Support

- (8) Has FCS consulted ITC Services for advice and technical requirements of PEAMS? If not, why not?

## **APPENDIX 2:**

### **WRITTEN RESPONSES:**

- 1) *Fiji Revenue and Customs Services*
- 2) *Fiji Corrections Services*

<ul style="list-style-type: none"> <li>• Section</li> </ul>	<ul style="list-style-type: none"> <li>• Response</li> </ul>
<ul style="list-style-type: none"> <li>• (a) Legislation and Frameworks governing DCS &amp; Compliance of Customs Tariff and Trade Section</li> </ul>	
(1)	<ul style="list-style-type: none"> <li>• The Customs legislation such as the Customs Act, Customs Tariff Act and Excise Act came into effect from 1986. The customs tariff thereafter was developed containing the list of concessions available. This list is reviewed annually during the national budget process and amendments are made accordingly. The previous concessions were known as the rebate certificate on which the manufacturing industries were mostly granted duty concession. Concessions are considered as a government assistance to companies, entities and industries to reduce the cost of doing business.</li> </ul>
(2)	<ul style="list-style-type: none"> <li>• After thirty-three years of amendments, the Customs legislation have lost some of its coherency in terms of different drafters using different terms/language/style and with the reforms 'grafted' onto reforms.</li> <li>• Furthermore, there is a need to merge the Customs Act of 1986 with the Excise Act of 1986, since the administration of these Acts are quite similar with minor differences in application. The merging of this two Acts will ensure that it is easier for Customs Officers to administer.</li> <li>• Phase 1 of the Customs Act Re-Write undertaken by the Customs Review Team was to analyze both the Customs Act of 1986, the Excise Act of 1986 and compare the same to the New Zealand Customs Act of 2018. As indicated earlier, New Zealand is the latest Customs Act to be enacted, and because of its close proximity to Fiji, it is the best ideal Act to benchmark our New Customs and Excise Act. After a comparative analysis was undertaken, some key features in the New Zealand Act were identified and included as part of the new Customs and Excise Act while some sections of the Old Customs Act were identified as important sections that we need to maintain in Fiji. These sections are unique sections that are only applicable in Fiji, hence the need to maintain these sections.</li> <li>• Phase 2 of the Customs Act Re-Write was to convene a meeting with Customs Executives and carry out a comparative analysis and to provide their feedbacks on whether they agree or disagree with the same. A total of 18 meetings was conducted with the Executives to which a proposed Draft 1 of the Customs and Excise Bill was drafted.</li> <li>• Phase 3 of the Customs Act Re-Write was the 1st lockout for the Customs Re-Write conducted with the key internal stakeholders from the various business units (Border, Revenue Management, Intelligence, Compliance and Investigations) on the 26th February 2019.</li> <li>• The next Phase 4 is the proposed consultations with External stakeholders to which the same is</li> </ul>

	<p>requested for approval by the Cabinet.</p> <ul style="list-style-type: none"> <li>FRCS plans to invite key stakeholders such as the Customs Brokers Freight Forwarder Council of Fiji, Shipping Agents, Customs Agents, Airline Industry, Manufacturers, Importer, Hotel Industry etc. We also intend to host wider consultations and public hearings to which the individual brokers, freight forwarders and shipping Companies can be provided an opportunity to provide their feedbacks. These actions will be undertaken to ensure that the re-write of the propose Customs &amp; Excise Bill is adaptable to the Fiji environment.</li> </ul>
(3)	<ul style="list-style-type: none"> <li>While concessions are facilitated, FRCS has a number of controls and checklists in place such as SOPs on processes, SIGs on individual concession codes and a Concession Monitoring Team has been established who will continuously review the concessions granted. Additionally, any breach of the concessions is referred to the CIB unit for further investigation, charges and collection of duty liability. Other units are also encouraged to identify anomalies and refer findings to the appropriate section.</li> <li>Staff and technology are updated regularly upon changes to the legislation. Roadshows are undertaken to brief staff along with other awareness programs for internal and external stakeholders.</li> </ul>
(4)	<ul style="list-style-type: none"> <li>The current provisions available for the agriculture section includes:</li> <li>Item 4 Standing Section 10</li> <li>Code 268 for Beekeeping</li> <li>Code 257 for Greenhouse and Hydroponic Farming</li> <li>Code 255 for Floriculture</li> <li>These concessions cover a wide range of specialized goods from beekeeping suites, seedling trays and greenhouse equipment. However, it is to be noted that most agricultural machines are already concessionary at the rates of Free Fiscal, Free Import Excise and 9% VAT. This includes but is not limited to tractors, harvesters and planters.</li> </ul>
(5)	<ul style="list-style-type: none"> <li>A company, individual or entity is entitled to make an appeal or request for reconsideration For appeal of any decline in the duty concession, the applicant may make a written appeal to the CEO, FRCS or the Ministry of Economy. However, the re-assessments are done based on the conditions and policy intention of the concession. If the provisions for duty concession do not exist, we shall advise the applicant accordingly.</li> <li>Currently, FRCS is reviewing concessions granted to manufacturers as part of their concession monitoring. Where it is found that the goods manufactured do not meet the conditions of the</li> </ul>

	<p>concession, the relevant team will consult the manufacturers and advise on the findings. A consultation process occurs and FRCS may revoke the concession to that company.</p> <ul style="list-style-type: none"> <li>• Best Practice of Administration</li> <li>• We have a very transparent approach and the applicant is advised on the requirements and the reasons a particular decision was made.</li> <li>• As stated above, full information is provided and the assessment process is very simple and non-bureaucratic yet comprehensive including all relevant business units of FRCS.</li> <li>• Further review is undertaken at Port level.</li> </ul>
(6)	<ul style="list-style-type: none"> <li>• A price surveillance exercise is carried out to review the process before and after budget announcements – On going. Under the provisions of Section 137E of the Customs Act, it requires that the prices of the goods are to reflect the duty decrease. Persons who fail to comply with this legislation are liable for a fine up to \$100,000 or a term of imprisonment not exceeding 10 years.</li> <li>• A Customs Infringement Notice (CIN) can also be issued.</li> <li>• Team also engages with the Ministry of Economy and FCCC to monitor this. A few companies have also been penalized under the Customs Act who did not reduce their process in accordance to the decrease in the import duties.</li> </ul>
(7)	<ul style="list-style-type: none"> <li>• Goods cleared under concession such as the machinery and equipment, if disposed of within a period of 5 years shall have section 17 of the Customs Tariff Act invoked and the duty liability may be recovered on the unused period of the goods.</li> <li>• The price control jurisdiction lies with FCCC however FRCS assists by providing all the relevant information to FCCC to allow them to carry out their activities.</li> <li>• Where the prices of the goods is not reflected to show the duty decreases, the person may be fined up to \$100,000 or face an imprisonment not exceeding 10 years.</li> </ul>
(8)	<ul style="list-style-type: none"> <li>• There are various concessions under the Customs Tariff on which different items can be linked. The SOP shows the process undertaken to approve concessions. The SIG however gives a more detailed approach on the treatment of such concession goods and what are the approved goods.</li> <li>• This audit was undertaken in 2016. A lot has been done since that time and we have separate SOPs for Tariff and Trade Output and individual SIGs for concession codes.</li> </ul>



(9)	<ul style="list-style-type: none"> <li>• Tariff and Trade is responsible for the administration of duty concessions under the Customs Tariff. However, due to the number of concessions and for ease of clearance from the wharf customs officers at different ports can facilitate on certain concessions. Concessions under part 2 of the Customs Tariff and certain concessions under Part 3 of the Customs is clearly stipulated under the Tariff. This can be facilitated by the Revenue Assessment units to reduce red tapes and facilitate trade faster.</li> <li>• Complex concessions that require more clarifications, inspection and more prone to abuse are granted approval via written response from Tariff and Trade. The HS codes are then approved to be linked in the AW system by the Chief Customs Officers of the Assessment units.</li> </ul>
(10)	<ul style="list-style-type: none"> <li>• The concession monitoring unit undertakes review of concessions granted. The report on each concession can be run by the team and any breach identified including any referrals that may need to be made to the Compliance, Investigation and Fraud unit. The intelligence team has also been set up comprising of Tax and Customs Officials.</li> </ul>
(11)	<ul style="list-style-type: none"> <li>• Timelines are available in the SOP; 5 to 7 working days provided all information is up to date. The SIG contains the detail process which states that a site inspection is also required at times.</li> </ul>
(12)	<ul style="list-style-type: none"> <li>• FRCS has reviewed and finalized the SOP for Tariff and Trade. This will cover all processes and procedures carried out by the Section such as Code 236, Code 232 and Section 10. The SOP's have been placed on the intranet.</li> <li>• SIGs on Code 236 and 231 including others has been uploaded on the FRCS Website.</li> </ul>
(13)	<ul style="list-style-type: none"> <li>• All SOPs are reviewed and updated with Organizational changes factored in.</li> </ul>
(14)	<ul style="list-style-type: none"> <li>• FRCS has created SIG (Standard Interpretative Guidelines) on a number of concessions. The SIG's are posted online for importers to read. There are currently 22 SIG's loaded on our website. This includes all the highly sought concessions.</li> </ul>
(15)	<ul style="list-style-type: none"> <li>• There is an appeals mechanism in place for tariff opinions. For appeal of any decline in the duty concession, the applicant may make a written appeal to the CEO FRCS or the Ministry of Economy. However, the re-assessments are done based on the conditions and policy intention of the concession and any additional information provided. If the provisions for duty concession do not exist, we shall advise the applicant accordingly.</li> <li>• The advice is strictly based on the legislative framework.</li> </ul>



(16)	<ul style="list-style-type: none"> <li>The re-assessment of an appeal on the duty concessions can take a minimum of 7 working days provided any additional information has been completely submitted.</li> </ul>
(17)	<ul style="list-style-type: none"> <li>Applications have been declined if the conditions under the legislative provisions are not fulfilled.</li> <li>It is communicated via a written response with reasons for decline.</li> </ul>
(18)	<ul style="list-style-type: none"> <li>The policy framework is currently on the tariff opinion ruling issued by FRCS. Section 154G of the Customs Act states that if an importer is dissatisfied with a decision on Tariff Classification / Valuation / ROO ruling provided by the Comptroller of Customs, the importer may lodge an appeal within 28 days from the date of the decision to a Court of Review against that ruling or decisions.</li> </ul>
(19)	<ul style="list-style-type: none"> <li>A concession code linking protocol is in place. Not all assessment officers have an access in the AW system for concession linking. All linking is approved by Chief Customs Officers before the assessment officer may link in the AW system. The customs agent shall fill out a linking template which is verified by the CCO before linking. Approved HS codes are issued by Tariff &amp; Trade for Concession Code 236. Ad hoc concession linking's without prior approval especially under Code 236/231 is referred back to the Tariff &amp; Trade section for clarity.</li> </ul>
(20)	<ul style="list-style-type: none"> <li>All records are maintained in the database. The records are maintained according the concession types. A detailed report is now done weekly which shows the applications received and the status which is consolidated in line with the TRIM. The folders are stored on the drive which is on the server and not on individual PC – c drives. The folders are clearly separated by the concession types, draft and final versions, recommendations, inspection reports etc.</li> </ul>
(21)	<ul style="list-style-type: none"> <li>This is continuously reviewed and changes are factored in accordingly. The delegation of power is already mentioned in column (8) of Concession Code 232. All recommendations issued to the Minister are signed solely by the CEO (Comptroller) of FRCS.</li> </ul>
(22)	<ul style="list-style-type: none"> <li>The SOP that was used did not reflect the structure of Tariff and Trade at that time. The applications were still vetted by the Manager –Tariff and Trade instead of the National Manager Revenue. We have also streamlined our processes in order to efficiently process and advise applicants.</li> <li>This process has now been adequately captured under the updated SOP's.</li> </ul>
(23)	<ul style="list-style-type: none"> <li>Files for each concession is available and a database is maintained. ASYCUDA WORLD also provides details of each concessions granted and that can be extracted at any time. The AW</li> </ul>

	maintains copies of all customs SAD's together with the relevant documents. The system also provides the monetary value of the concessions.
(24)	<ul style="list-style-type: none"> <li>• It is to be noted that the Schedule A, B and C is only filled by the applicant when applying for Code 236 (incentive to the manufacturer or producer). It is for this reason that we request for the company details, list of raw materials, machines etc.</li> <li>• This form does not need to be filled when application are for concessions relating to greenhouses, hotel equipment, lifesaving equipment as mentioned in Appendix 1.2 or other concessions as mentioned under Part 2 and Part 3 of the Customs Tariff.</li> </ul>
(25)	<ul style="list-style-type: none"> <li>• The current structure of Tariff and Trade does facilitate this. Written approvals for complex and time consuming applications such as Code 236 (Manufacturers and producers), Code 235 (Hotels and Resorts) and Code 232 (Standing Section 10) are provided to the applicants or to the Ministry of Economy.</li> <li>• Concessions that do not require written approval are cleared at port level for ease of clearance.</li> <li>• Additionally, we have created a database on our intranet for the storage and access of responses for all staff. This will ensure that officers have access to responses on concession approvals or rejections from all ports.</li> </ul>
(26)	<ul style="list-style-type: none"> <li>• Yes</li> </ul>
(27)	<ul style="list-style-type: none"> <li>• Automated system will be available for concessions such as Tax Free Region. Customs concession assessments are still undertaken manually.</li> </ul>
• (b) Management and Administration of the Scheme	
(1)	<ul style="list-style-type: none"> <li>• Currently we promote and advice on concessions via "Talk Tax" on newspapers, radio and television talkback shows. The SIG does also play a vital role in informing users of the conditions and requirements of our concessions.</li> <li>• Awareness has been ongoing and has only intensified over the years.</li> </ul>
(2)	<ul style="list-style-type: none"> <li>• The talk tax articles are published weekly concentrating an areas of duty concession and other taxes so that our stakeholders are duly informed. Furthermore, radio talk back shows are also held as a means of communication to the greater public. Stakeholder awareness programs has now been started where all customs agents and brokers had been invited for this awareness. Areas from compliance, revenue and border were all part of this presentation (including tax &amp; customs matters).</li> </ul>

(3)	<ul style="list-style-type: none"> <li>•</li> </ul>
(4)	<ul style="list-style-type: none"> <li>• Customer service is paramount in FRCS and complaints are given urgent attention. There is no specific timeframe given for this as the issues vary and the time frame to resolve it varies.</li> </ul>
(5)	<ul style="list-style-type: none"> <li>• Yes, there is a complaints management system (mySay Portal) in place that was implemented for both taxation and customs issues. The portal is ensuring that customer complaints are documented and responded to in a timely manner. A hotline is also in place where people can call and state their complaints. The number is 1326.</li> <li>• In addition to the Portal, customers can contact FRCS through various means such as Social Media, email, Telephone or simply by walking in the FRCS Customer Service Center.</li> </ul>
• (c) Monitoring & Reporting of the DCS	
(1)	<ul style="list-style-type: none"> <li>• Yes, through PMS (Performance Management System) we are required to improve our processing time for efficiency of service delivery. Our SOP's are also reviewed annually for document improvements in processing time.</li> </ul>
(2)	<ul style="list-style-type: none"> <li>• Yes</li> </ul>
(3)	<ul style="list-style-type: none"> <li>• A risk profiling provision does exist in the AW system. Where there is reason to doubt, the importer can be profiled into the system by the relevant units for further investigation etc. the profiles can be created on the importer, HS codes, country of origin etc which may pose a high risk to revenue or border control.</li> </ul>
(4)	<ul style="list-style-type: none"> <li>• We have set up the Concession Monitoring Team that is specifically tasked with monitoring of duty concessions approved.</li> </ul>
(5)	<ul style="list-style-type: none"> <li>• This exercise is currently in place by the concession monitoring team through the review of their concessions. They are finalizing their findings on the concession code 236/231 and if anomalies are discovered, the profiles can be raised accordingly in the AW system.</li> </ul>
(6)	<ul style="list-style-type: none"> <li>• The linking of Code 236 and Code 231 automatically reduces the duty rate to Free Fiscal as is the approved rates under this concession and the same rules have been created in the system accordingly. The approved HS codes are now mostly provided with the letter. The customs agent should lodge a linking template with the assessment unit which is verified by the CCO before it is linked in the system. Duty cannot be overcharged.</li> </ul>

(7)	<ul style="list-style-type: none"> <li>• The applications for recommendation under Section 10 are carried out by the Policy team. . The procedure is as follows:</li> <li>• When application is declined by FRCS the applicant requests for approval from the Ministry of Economy (MOE)</li> <li>• MOE sends a request for assessment and recommendation to FRCS</li> <li>• FRCS prepares the necessary information (duty foregone, profits) and makes a recommendation in line with the conditions of Section 10 and the available concessionary provisions.</li> <li>• The response is vetted and approved by the Manager, Deputy Directors, Director and the CEO before a response is sent to MOE</li> <li>• Upon receiving the response from FRCS, MOE shall use our recommendation and make a decision regarding the request.</li> <li>• The Ministry's decision is final and a response if used to the applicant by MOE. A copy is sent to FRCS for reference and further processing in terms of clearance of goods.</li> </ul>
(8)	<ul style="list-style-type: none"> <li>• SOP's are in place for Tariff &amp; Trade on all outputs which has been placed on FRCS intranet.</li> </ul>
(9)	<ul style="list-style-type: none"> <li>• A MOU is in place between FRCS and FCCC. The two Organizations engage for sharing of information particularly to monitor if duty concessions are reflected in the price of goods.</li> </ul>
(10)	<ul style="list-style-type: none"> <li>• Policy undertakes these analysis such as gathering information for the National Export Strategy.</li> <li>• FIBOS is also provided with Monthly trade data.</li> <li>• MTC GDP, Trade and BOP.</li> <li>• MPC.</li> </ul>
(11)	<ul style="list-style-type: none"> <li>• Reports are in place and non-compliance are referred to Intelligence, Compliance and Investigation Division. Ongoing process. A number of Infringement Notices have been issued by FRCS to non-compliant tax payers.</li> </ul>
(12)	<ul style="list-style-type: none"> <li>•</li> </ul>
(13)	<ul style="list-style-type: none"> <li>•</li> </ul>

(14)	<ul style="list-style-type: none"><li>• Policy and ICI undertake a number of inspection relating to TFR for monitoring purposes.</li></ul>
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# PUBLIC ACCOUNTS COMMITTEE

## QUESTIONS

### Audit Report of Prisoners, Employees and Assets Management System

#### (a) Planning for acquisition of the Prisoners, Employee and Asset Database ('PEAMS')

- (1) Was there any feasibility study carried out on the need for the PEAMS? If so, please provide a copy of the Report to the Committee.

FCS cannot locate any document to confirm if a feasibility study was conducted.

#### **3.2 Tender Evaluation and Award**

- (2) For all the 7 bidders, please provide their details and respective tendered amounts. Please advise the Committee who is the supplier for the Fiji Corrections Service's ('FCS') PEAMS? Is this system running/used by all the Correctional Facilities Fiji wide?

a) Of the seven vendors bided below, four highlighted met the requirements:

Srl	Vendor	Amount
1	Internet Fiji (DATEC)	\$118,000.00
2	LINK	\$130,928.00
3	Daltron	\$226,560.00
4	Digital	\$224,250.00
5	Connect	\$154,720.00
6	Prosifik	\$95,000.00
7	V-Tech	\$73,145.00

b) Refer **Appendix 1**, Internet Fiji (DATEC) was awarded the FCS PEAMS based on the justifications and evaluation analysis below:

- Stage 1, Administrative Analysis : 8/10
- Stage 2, Technical Evaluation: 14/14
- Stage 3, Cost comparison : \$118,000.00

c) The system was designed to run in all Correctional facilities Fiji wide after its trial period.

- (3) Why weren't FCS maintaining proper records of its Tender awardee at the time when the tender was called?

The comment is noted.

There was no trail of record maintained during this period to verify, however, FCS has improved its current process whereby proper records are maintained including records of tender processes.



### 3.3 Requirements Specification

(4) What is the current status of PEAMS as of date? How many updates/improvements has been done to the system since its implementation and what additional costs?

- a. The PEAMS application was implemented in June 2011 and was discontinued and not utilized from then until to-date.
- b. There was no update done to the system application and there was no additional cost incurred after the project was discontinued.

(5) Is/Are there designated officers responsible for PEAMS?

Former FCS IT Manager

(6) Are the staffs been properly trained for PEAMS?

Staff went through training as part of the Master Agreement.

(7) Were there any disciplinary action taken for those staff responsible for PEAMS Project as recommended by the Auditor-General?

Staff responsible had left FCS in 2012 prior to the conduct of this audit.

(8) In terms of recruitment, are there any PEAMS requirement skills needed for the operation of this software?

Yes, knowledge on the Technical and in-depth IT support is required for the operation of this PEAMS software. The candidate will need to be computer literate on inputting of data or a qualified IT Analyst for maintaining the system application.

(9) Auditors have highlighted that there was unavailability of required documentation which shows poor records maintenance that can adversely affect organizational knowledge retention. Can the FCS indicate to the Committee whether the purpose of FCS in purchasing PEAMS has been fully documented in the system?

Should this application continue, it would have resolved and captured a lot of very informative data then, however this application will need upgrading and improvement due to the lapse in time and change in information required.

(b) Managing Development, Integration and Implementation of PEAMS

- (1) Why were the payment vouchers and source documents used to support payments for the five phases of the project not provided to the auditors for review?

FCS assisted the Auditors in the provision of the required documents that are available in our records during the time of the audit in 2018. Due to the relocation of FCS from Civic House to FBEU Building, most documents for prior years were misplaced, destroyed or not properly maintained thus only can provide a few.

FCS has improved in its record management as part of our lesson learnt and we ensure that documents are properly maintained in our record as per our financial agency manual.

- (2) Why weren't Human Resource and Prisoners database included in the 2011 budget even though in the Strategic Development Plan 2011 – 2014 these 2 would be established or identified?

The comments are noted.

The current management team was not present during this period and nothing on record to assist in our response.

- (3) Please provide the reasons why FCS decided to fund for the upgrade of Telecommunications and CCTV Camera from the VAT allocations within the budgetary allocations.

The comments are noted.

This was funded from SEG 8, Upgrade of CCTV and Telecommunication vote and its vat component of 15% from SEG 13 refer **Appendix 2**.

- (4) Can FCS assure the Committee that for any future projects, proper budgetary funding is allocated or obtained?

FCS confirms that the above will not be repeated. We have submitted a proposal in the 2019/2020 Budget Submission for the Upgrade of Database Management System to accommodate this PEAMS software or any other software required in the future.

*4.1 System Development and Integration Delivery*

- (5) Please inform the Committee what services were actually provided by the supplier to FCS for the development and integration of the PEAM System under phase 1, 2 and 3?

The services provided by the suppliers for the 3 phases were:

- a. Analysis of Business Processes
- b. Compilation of Requirements specification
- c. System Design and coding

- (6) On which budget allocation was the sum of \$17,700 paid from?

This was funded from SEG 8, Upgrade of CCTV and Telecommunication vote and its vat component of 15% from SEG 13 refer **Appendix 2**.

#### 4.2 *System User Acceptance Testing, Bug Fix and Implementation*

- (7) On what basis did the FCS made the payment of \$23,600 for the completion of phase 4?

The comment is noted.

FCS currently receives the completion certificate issued by the contractor to be the basis of payment upon completion of a contract. This is inspected before its handing over. FCS has improved its payment processes based on the requirements under Contract Agreements.

- (8) What documentation did FCS rely on in order to pay for Phase 4 of the project?

The comment is noted.

FCS currently receives the completion certificate issued by the contractors to be the basis of payment upon completion of a project. This is inspected before its handing over. FCS has improved its payment processes based on the requirements under Contract Agreements.

#### 4.3 *Project Management*

- (9) Why wasn't the project steering committee not set up in accordance with the Master Service Agreement?

The comments are noted.

The current management team was not present during this period. It is a lesson learnt as FCS has improved on its systems and processes through close monitoring of schedule of payments with justifications and progress of work on the projects as per scope of works.

#### 4.4 *Timely delivery of PEAMS*

- (10) Please advise the Committee on the reasons for the delay in the project completion? The Committee noted that only the first three phases of the project were completed and for which payments had been made accordingly. The fourth phase was completed and paid six months past the expected delivery date. Please explain!

This comment is noted.

- (11) Is there any penalty clauses should there be a delay in completion of the project mentioned in Master Services Agreement? If not, why not?

Yes, there is a penalty clause 2.3 under the General Terms of the Master Agreement as per **Appendix 3**.

- (12) Was this agreement vetted by the Solicitor-General's Office? If not, why not?

The comment is noted.

We cannot confirm if this agreement was vetted by SG's office as there were no records maintained to verify.



- (13) What payment processes does FCS have when capital projects such as PEAMS are delayed in delivery dates?

FCS have currently improved its current practice and relied upon contract agreements and tender documents on the following:

- Liquidated Damages,
- reserving Retention funds
- Performance Security Bond.

This recovery is usually done on the final claims or the retentions funds held back during the duration of the project.

#### 4.5 Payments

- (14) Why was FCS deviating from its Accounting Procedures when making its payments as detailed in Table 4.2: Examples of Source and Supporting Documents not sighted.

The comment is noted.

FCS have now improved and ensured that all financial procedures are adhered to as per the Agency Financial Manual before a payment process is facilitated.

- (15) On the payment of retainer that was made 10 months after invoice was issued by the vendor, please explain why weren't there any penalty instituted or charged by FCS for the delays in the completion of works?

The comment is noted.

The current management team was not present during this period and nothing on record to assist in our response.

- (16) Why were the following cheques not provided for verification during audit? Please provide to the Committee (cheque numbers 627733, 629745 and 631791)

FCS Team were unfortunate in locating this payment vouchers but were able to obtain payment information from the FMIS GL system. Most documents were destroyed, not located and not properly maintained for the prior years due to the relocation and staff turnover.

- (17) Can the FCS confirm to the Committee whether it has improved its record keeping process?

FCS can assure the Committee that drastic improvements have been maintained in our record keeping of all source documents. This can be confirmed through unqualified AFS audits for 2015-2016 & 2016 - 2017. Payment vouchers are kept in the office during and after audits for a period of 6 years. This is filed in cheque sequential order and registered manually in cash registers for easy retrieval.



- (18) Can the FCS advise the Committee whether there has been any action taken against staffs that were responsible for the PEAMS Projects? If not, why not?

No.

The officer responsible had resigned from the service in 2011. These are the reasons to which the current COMCOR had instructed our Internal and Audit Compliance unit to conduct a Board of Inquiry followed by his request for a Special Audit by the Auditor General's Office refer **Appendix 4**.

(c) Effectiveness of PEAMS

5.1 *PEAMS Utilisation*

- (1) Has the Prisoner Information System been inputted with up-to-date information from all over Fiji? Give sample of records of Prisoners from 1 Centre.

No. As of the current status of the hardware, we cannot give sample record of the three systems (Prisoners Information Systems, Human Resource Information System and Asset Management System). The hardware will require servicing and maintenance in order to run a sample record.

- (2) Has the Employees Information System been inputted with up-to-date information from all over Fiji? Give sample of records of Prison Officers from 1 Centre.

No. As of the current status of the hardware, we cannot give sample record of the three systems (Prisoners Information Systems, Human Resource Information System and Asset Management System). The hardware will require servicing and maintenance in order to run a sample record.

- (3) Has the Assets and Stores module been inputted with up-to-date information from all over Fiji? Give sample of records from 1 Centre.

No. As of the current status of the hardware, we cannot give sample record of the three systems (Prisoners Information Systems, Human Resource Information System and Asset Management System). The hardware will require servicing and maintenance in order to run a sample record.

- (4) What happens to the non-operational vehicle – Registration No. GM909 & GM912 recorded in the system?

This is a status report on the data inputted into the Asset Management System on which it generates details and the status of a particular vehicle.

- (5) The following vehicles with Registration No. GN562, 563, 751, 791 & GM909 were recorded more than once, how has FCS allowed this to happen and similarly for GN777 with model description – 'Test'?

This is a test Data from the old version during the testing period before it was deployed. This means that data operators were not aware of the inputs or what's already in the system during the test.

- (6) Has the FCS considered budgetary funding for the full utilisation of PEAMS and engaging dedicated staff to update the data input?

We are currently trying to revive the system; FCS has considered the utilization of the system and its budget together with staff for implementation. This is also included in the 2019/2020 budget submission to Ministry of Economy for the Upgrade of the Database Management System. This submission is to cater for the upgrade the current application and Service Level agreement with the vendor. All institutions currently have internet connections, Data/Reception clerks and IT personnel. They will assist in the updating of prisoners data input.

- (7) Has the PEAM System allowed or enabled FCS to generate the desired benefits and ensure value for money been realised?

FCS have not fully complied with the desired outcome of the system since its implementation in 2011, however we noted the importance of information captured by this software application. This software should address the unnecessary delays encountered through the provision of information in decision making and also to relevant stakeholders.

5.2 *Suppliers Support*

- (8) Has FCS consulted ITC Services for advice and technical requirements of PEAMS? If not, why not?

FCS and ITC are currently working together on the way forward to revive this Application and has been the basis of our budget request for 2019/2020 submission as in **Appendix 5**.