



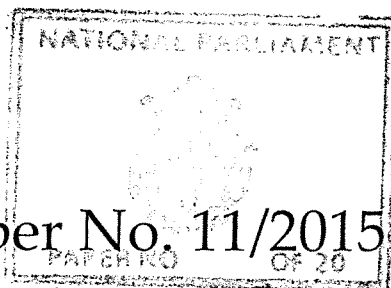
National Parliament of Solomon Islands

Public Accounts Committee

Committee Report

Report on the Inquiry into the:

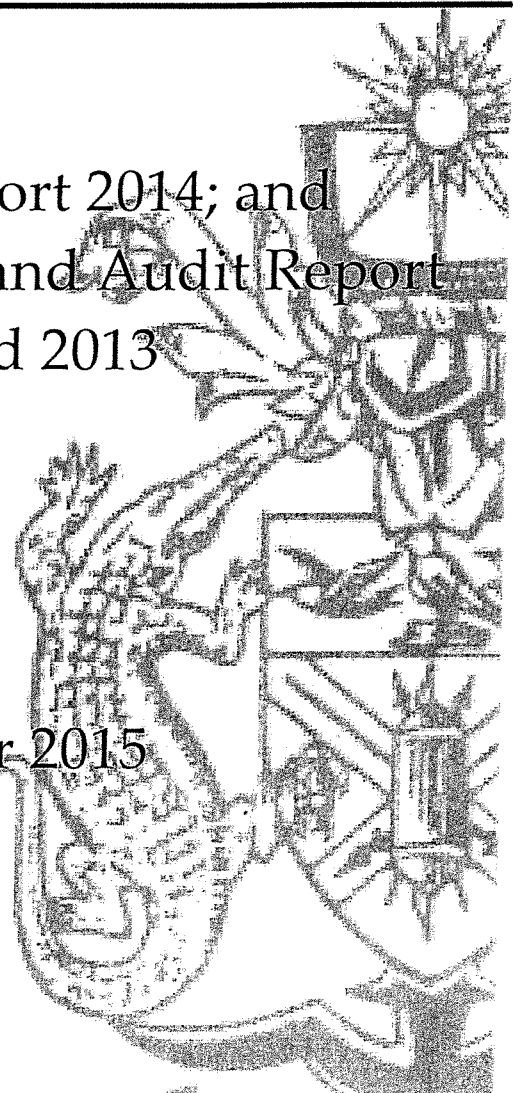
- Auditor General's Annual Report 2014; and
- Audited Financial Statements and Audit Report on the National Transport Fund 2013



NP-Paper No. 11/2015

Presented on 18th September 2015

National Parliament Office





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Hon. Jeremiah Manele, MP

Hon. Matthew Wale, MP

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Hon. Nestor Giro, MP

Hon. Steve Abana, MP

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COMMITTEE FUNCTIONS

The Committee is established under *Standing Order 69*; an Order made pursuant to the *Constitution*¹ and has the functions, together with the necessary powers to discharge such, to:

- (a) examine the accounts prescribed by Section 77 of the Public Financial Management Act 2013, together with the report of the Auditor General thereon, and to report the results of such examination to Parliament;
- (b) establish the causes of any excesses over authorised expenditure and to make recommendations to Parliament on any appropriate measures to cater for such excesses of expenditure;
- (c) examine such other accounts laid before Parliament as the Committee may think fit, together with any auditor's report thereon and to report the results of such examination to Parliament;
- (d) summon any public officer to give information on any explanation, or to produce any records or documents which the Committee may require in the performance of its duties;
- (e) consider in detail the Draft Estimates prepared by the Government in support of the Annual Appropriation Bill;
- (f) summon and examine the Accounting Officers and Technical staff of Ministries and Departments and require the production of background information and explanation in relation to Draft Estimates;
- (g) report to Parliament in such a way that the report may inform Members prior to the Parliamentary debate thereon of the background to the Draft Estimates draw attention to those matters which the Committee feels should be the subject for such Parliamentary debate; and
- (h) make such recommendations as the Committee sees fit and subsequently receive comments and reports on such recommendations from the Government.

¹ Section 62, *Constitution of Solomon Islands* 1978.

CHAIR'S FOREWORD



Hon Rick Houenipwela, MP

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE

Mr. Speaker,

Pursuant to Standing Orders No. 69 (1) [a] of the National Parliament of Solomon Islands, it is an honour and pleasure for me Sir, to present the Report of the Public Accounts Committee on its Mid Term Inquiry into Audit Reports for laying before Parliament.

A handwritten signature in black ink, appearing to read 'R. C. Houenipwela', with a stylized flourish at the end.

Honourable Rick Houenipwela

Chairman

Public Accounts Committee

18th September 2015

TERMS AND ACRONYMS

ADB	Asian Development Bank
CBSI	Central Bank of Solomon Islands
CEO	Chief Executive Officer
CTB	Central Tender Board
ERU	Economic Reform Unit
IPAM	Institution for Public Administration and Management
IRD	Inland Revenue Division
JICA	Japan International Cooperation Agency
MDPAC	Ministry of Development Planning and Aid Coordination
MHA	Ministry of Home Affairs
MID	Ministry of Infrastructure Development
MOFT	Ministry of Finance and Treasury
MPGIS	Ministry of Provincial Government and Institutional Strengthening
MPS	Ministry of Public Service
MTB	Ministerial Tender Board
MTDP	Medium Term Development Plan
NPF	National Provident Fund
NTF	National Transport Fund
OAG	Office of the Auditor General
PAC	Public Accounts Committee
PAYE	Pay As You Earn
PCDF	Provincial Capital Development Plan
PGSP	Provincial Government Strengthening Program
PNG	Papua New Guinea
PS	Permanent Secretary
PV	Payment Voucher
SBD	Solomon Bokolo Dollar
SICHE	Solomon Islands College of Higher Education
SIG	Solomon Islands Government
SIGAS	Solomon Islands Government Accounting Services
SIMTRI	Solomon Islands Malaria Institute and Research Centre
SINU	Solomon Islands National University
SIPA	Solomon Islands Ports Authority
SIVB	Solomon Islands Visitors Bureau
SOE	State Owned Enterprises
TINs	Taxpayer Identification Number
WDG	Ward Development Grants

1.0 BACKGROUND TO REPORT

1.1 Introduction

Parliamentary Committees are an extension of Parliament. Committees are mandated under Standing Orders of the National Parliament of Solomon Islands to make investigations and report to Parliament. In terms of Parliamentary scrutiny on the Executive accountability, Parliament also extends its powers to the Public Accounts Committee to perform such oversight functions. The Public Accounts Committee (the "Committee") is given the power to examine the accounts prescribed by Section 77 of the Public Financial Management Act 2013, together with the report of the Auditor General thereon, and to report the results of such examination to Parliament.

Thus the Public Accounts Committee exercises its oversight functions through the conduction of a midterm examination on accounts laid before Parliament as the Committee may think fit, together with any auditor's report thereon for reporting to Parliament. As such, the Committee has considered two Reports that were being tabled: The 2014 Annual Report of the Auditor General Reporting on the Years Ended 31st December 2012 and 2013 and the Audited Financial Statements and Audit Report on the National Transport Fund 2013.

This report outlines Committee findings on issues described by the auditors responsible. In compliance with the Standing Orders, this Report has been prepared for the information of Parliament Members to inform them in their debates on related issues. It aims to draw to the attention of the Members of Parliament those matters, which the Public Accounts Committee has identified through taking evidence by interviews of the Permanent Secretaries (PS) and officials of the Ministry of Finance and Treasury, the Ministry of Development and Aid Coordination, the Ministry of Public Service, the Ministry of Home Affairs, the Ministry of Infrastructure Development, the Ministry of Provincial Government and Institutional Strengthening, the Governor of the Central Bank of Solomon Islands, the official(s) from the Honiara City Council, the Solomon Islands Ports Authority, the Solomon Islands Visitors Bureau, and the Solomon Islands National University who came before the Committee.

The Committee wishes to put on record its appreciation to the above witnesses who appeared before the Committee and provided valuable information to assist the Committee in undertaking its important oversight role.

1.2 Scope of this Report

Under Standing Order 69, the Committee is responsible to:

- (a) examine the accounts prescribed by Section 77 of the Public Finance Management Act 2013, together with the report of the Auditor General thereon, and to report the results of such examination to Parliament;
- (b) establish the causes of any excesses over authorised expenditure and to make recommendations to Parliament on any appropriate measures to cater for such excesses of expenditure;
- (c) examine such other accounts laid before Parliament as the Committee may think fit, together with any auditor's report thereon and to report the results of such examination to Parliament;
- (d) summon any public officer to give information on any explanation, or to produce any records or documents which the Committee may require in the performance of its duties;

1.3 Methodology

The 2014 Annual Report of the Auditor General for the Years Ended 31st December 2012 and 2013, National Parliament Paper No.1/2015 and the National Transport Fund; Transport Sector Development Project Report 2013, National Parliament Paper No.3/2015, were received by the Speaker of Parliament on 25th March 2015.

On 23rd June 2015 the Committee pursued looking into tabled audited reports as per its mandate under Standing Orders 69. Hence the Committee has consulted in total, 30 witnesses; of which 5 are Accounting Officers and 10 officials from 6 ministries; including the Governor of the Central Bank of Solomon Islands and 14 other senior representatives from State Owned Enterprises and Public Entities. The Hearing was conducted from the 1st July to 4th July 2015.

2.0 2014 AUDITOR GENERAL'S ANNUAL REPORT

2.1 Introduction

The Committee considered the Auditor General's 2014 Annual Report and decided to investigate the audit reports on the national accounts as a whole, the provincial governments' annual accounts as a whole, the accounts and records reports on the internal controls of the Honiara City Council, and the accounts and records reports of selected state owned enterprises and statutory bodies based on their inability to complete annual statements for more than two years. The selected entities were:

- Solomon Islands Port Authority
- Solomon Islands Visitors Bureau; and
- Solomon Islands National University (formerly Solomon Islands College of Higher Education)

The Committee also selected the Central Bank of Solomon Islands due to its concerns that the Bank's accounts were qualified and had difficulty in maintaining its minimum net authorised capital assets.

One issue that became very clear to the Committee was the widespread lack of compliance with statutory requirements by national government ministries and agencies, provincial governments and the Honiara City Council. The Auditor General has expressed his frustration at the continuous failures by administrations of all levels of government to improve their compliance to the laws of the Solomon Islands and hopes this report will continue to add pressure through public exposure for administrations to improve their game.

2.2 Solomon Islands Government National Accounts

The Auditor General's 2014 Annual Report raised issues regarding the timeliness of the national accounts; the quality of the underlying records upon which the accounts were based; and because of the poor quality of the records, the need to issue disclaimer opinions on the national accounts of the country.

2.2.1 Timeliness of accounts

The *Public Finance and Audit Act 1978* required that the SIG financial statements be presented to the Auditor General within six months of the end of the financial year i.e. 30 June. This requirement was continued for the accounts to be prepared under the *Public Financial Management Act 2013* which commenced for the 2014 national accounts.

The Committee was pleased to note that the Ministry of Finance and Treasury (MOFT) presented the Auditor General with the 2014 SIG financial statements on time but was concerned that the last time it was able to do this was for the 2011 national accounts.

The 2012 SIG financial statements were late and were only delivered on 11 February 2014 – over seven months after the due date. The 2013 financial statements were late as well and were not received by OAG until more than three months after the due date. The reasons for these delays were noted by the Committee as discussed in the following sections of this report.

2.2.2 Insufficient capacity to produce accounts

Systems issues

MOFT agreed that there was heavy reliance on international adviser support to produce the accounts, but that it had also put in place accounting system improvements following upgrade work by the supplier on the reporting function.

MOFT advised that there were a lot more things to be done including interfacing other accounting systems to the main general ledger particularly in relation to revenue management for collections by customs and internal revenue.

Focus on budget preparation

MOFT also had put much weight on budget preparation which had an impact on reporting capability and it needs to place more people into both the reporting and budget units to localise the functions.

Staffing levels and recruitment

PS Ministry of Public Service (MPS) acknowledged that slow recruitment had been an issue but these functions had now been fully delegated to ministries and all ministries are currently required to fill or lose their vacant positions by 30 June 2015 except for nurses, disciplinary forces and ministries on a case-by-case basis.

MPS also advised that meetings of the Public Service Commission had been doubled in frequency and that direct ministries submissions to the Commission are being piloted with Ministry of Health and Medical Services to be followed by MOFT.

Accounting staff technical skills

MOFT acknowledged that its accounting staff required considerable development in reporting skills but that the accounting cadre in the public's service was no longer being provided with training by IPAM and responsibility had been passed back to the Solomon Islands Government Accounting Service (SIGAS) which has not been active in recent years.

The Committee did not accept that an informal group such as SIGAS should be held responsible for the development of accounting skills in Solomon Islands. The poor quality national accounts reflect on the credibility of the country's financial reporting and the development of a knowledgeable and efficient accounting cadre should be the responsibility of MPS and IPAM as it currently is for other professional cadres such as doctors, nurses, lawyers and human resource managers.

Recommendation 1

The Committee recommends that the Ministry of Public Service resume responsibility for the capacity development of accountants through both tertiary education scholarships and IPAM.

Prolonged disciplinary cases preventing recruitment to fill vacant positions

PS MPS acknowledged that there was a backlog of disciplinary cases to be resolved which prevents ministries from filling positions vacated by officers subject to disciplinary action. MPS advised that it had increased its capacity through additional case officers and is currently recruiting a legal officer to reduce the time lost waiting for legal opinions from the Attorney General's Chamber.

2.2.4 Quality of accounts

The Auditor General's 2014 Annual Report reported on a large number of internal control breakdowns, particularly in regard to completeness of records and inadequate management of special imprests. The major control breakdowns comprised of:

Original procurement documents were not able to be located

The Auditor General reported that he was not able to verify a large portion of sampled expenditure as shown in the following graph;

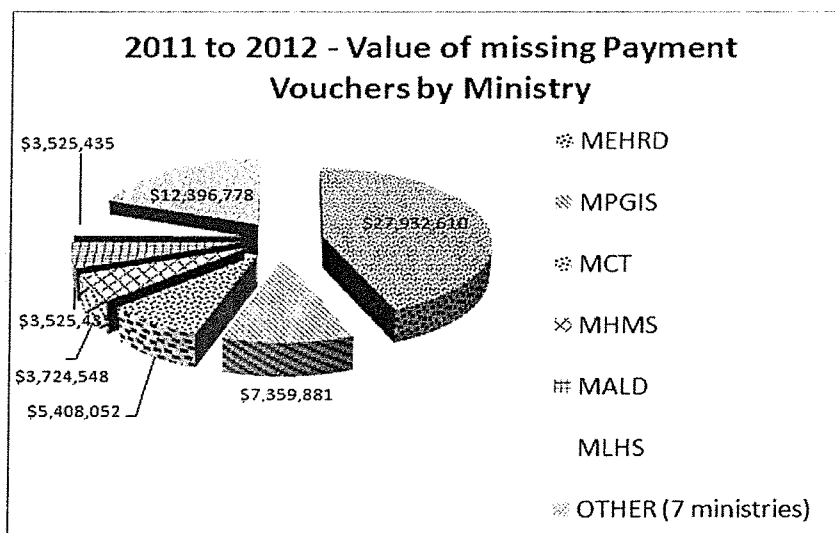


Figure 1: SIG Missing Payment Vouchers

MOFT explained that this had been a big issue in the past and had been exacerbated by the forced moves to enable the new Treasury building to be built. The Committee rejected movement of files as a reasonable excuse for losing control over primary documents.

MOFT advised that controls over primary records in 2014 and currently are much more comprehensive and effective and the Ministry is confident that the national accounts will be able to be fully vouched from 2014 onwards.

Lack of recovery of non-acquittals of special imprests

The Auditor General reported that the internal controls around the management of imprests was poor which could result in monetary loss to the Government or at the least, deferral of planned projects that could benefit the community. There is a high risk that these imprests become unrecoverable from the imprest holders resulting in financial loss to the Government. Further, late receipt of imprests means that the Government is forgoing interest on its bank accounts.

The extent of the issue is shown in the following graph:

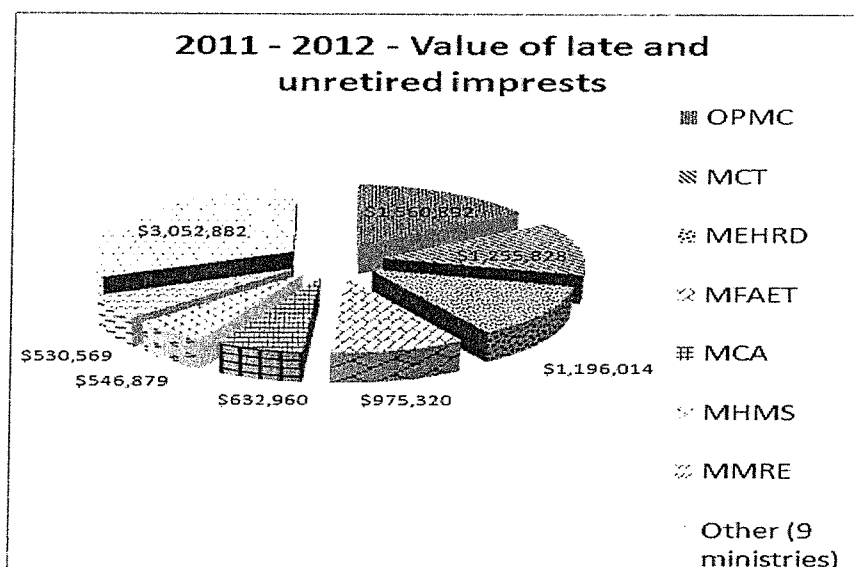


Figure 2: SIG - Late or unretired imprests

MOFT advised that this had been a large problem in prior years but that all outstanding special imprests are now recovered from imprest holders' salaries should they fail to acquit within the required time; and imprests are only issued to the individual officers who are actually travelling and requiring the funds. Furthermore, the payments system now automatically blocks payment of any special imprests to officers who still have outstanding unacquitted imprests.

Committee raised concerns about special imprest being issued to non—public servants but was informed that such advances are no longer made.

Ministries bank accounts not regularly reconciled

MOFT advised that it has put in place procedures so that no line ministry standing imprest bank accounts are replenished until they are fully acquitted. However, MOFT is unable to apply these rules to project accounts established and managed by the line ministries themselves.

Recommendation 2

The Committee recommends that line ministries be appropriately sanctioned if they fail to properly manage and account for bank accounts established and managed by them.

Lack of complete and up-to-date asset registers

Although s.77 of the *Public Financial Management Act 2013* requires the national accounts to capture and report on physical assets, the Auditor General found that almost all line ministries were yet to establish asset registers capable of properly recording all physical assets; and those ministries that did have registers were found to be incomplete and not up-to-date.

MOFT advised that recording all of the national government's assets is a very large task and it has designed a template asset register which is currently being rolled out to line ministries. MOFT also advised that it was still to link asset purchases in its accounting system to asset registers.

Recommendation 3

The Committee recommends that MOFT develop a strategic plan for the complete rollout of the asset register template to all line ministries and a target year for when all ministries will comply with the requirements of the *Public Financial Management Act 2013*.

Other internal control weaknesses

The Committee noted a number of other internal control weaknesses reported by the Auditor General in his 2014 Annual Report which included the following matters:

- Cashbooks not properly maintained;
- Lack of reconciliations of account code controls cards to Treasury information;
- Lack of salary and wages forms to substantiate payroll payments;
- Lack of proper filing system;
- Lack of verification of daily revenue collection;
- Lack of receipts and deposits and poor management of receipt books;
- Lack of segregation of duties in key institutional functions and controls.

Committee reiterated its concerns over the skill levels of the accounting cadre and its recommendation that more attention being given to the development of accountants.

2.2.5 National Government Audit Opinions

The Committee expressed its concern to note that the Auditor General continues to issue a disclaimer of opinion on the SIG Financial Statements. This means that our national accounts cannot be relied on and that "Actual Revenue and Expenditure" figures used to scrutiny public financial management by

PAC, the MOFT Budget Unit, stakeholders and the public may or may not reflect the reality of revenue collections and expenditure of public funds.

In addition to the poor internal controls and lack of primary documentation to support the financial statements, MOFT has experienced great difficulty in producing accountant's working papers which comprehensively map the figures in the statements to the underlying general ledger account balances. These working papers are essential for a successful audit of the financial statements.

Committee again reiterated its concerns over the skill levels of the accounting cadre and its recommendation that more attention being given to the development of accountants.

2.2.6 Procurement

Central Tenders Board operations

The Committee echoed the concerns of previous hearings over the impartiality of the operations of the Central Tenders Board (CTB), including the case of the SIMTRI Building project which ultimately failed due to the CTB changing a previously agreed contractor who had the support of the donor providing the funds. The Committee felt that the CTB was operating without any scrutiny or oversight to ensure that proper and neutral tendering procedures were followed.

MOFT advised that the CTB panel provides a slot for the relevant line ministry whose tender is being considered to be represented.

Recommendation 4

The Committee recommends that MOFT undertake a review of the operations of the CTB to ensure that it is functioning fairly and efficiently.

Conflict of interest and collusion

The Committee queried MOFT on the credibility of procurement contracts given a lot of anecdotal evidence of inappropriate payments to suppliers where there is conflict of interest. The Auditor General is increasing his audit procedures in forthcoming audits to better explore the extent of these occurrences in future national accounts audits now that he has proper access to accounting and payroll data as well as company records from Company Haus.

Lack of external scrutiny of contracts

MOFT agreed that conflict of interest within line ministries as well as collusion between public servants and suppliers is an endemic problem – particularly in relation to procurements under \$200,000 which are only subject to 3 quotes and managed within the line ministries.

However, MOFT advised that contracts worth over \$200,000 up to \$500,000 were approved by line ministry Ministerial Tender Boards (MTBs) while contracts worth over \$500,000 were approved by the Central Tenders Board (CTB). Payment claims for contracts approved by MTB and CTB are subjected to additional MOFT claims checks by MOFT when processing for payment including checking for things such as supplier TINs and involvement of related parties through Company Haus registration records.

While CTB contract awards are published on the government website, the MTB contract awards are not. Committee expressed its concern that lack of scrutiny of MTB decision-making within ministries facilitated a large number of small value contracts being awarded for over-priced goods and services or no delivery at all – and the Auditor General advised that there was also a high incidence of waivers being approved which further reduces an effective check of legitimacy and value for money contracts being issued.

The Committee expressed the view that the current practice of publishing the awards of contracts issued by the Central Tenders Board should be extended to decisions made by line ministry Ministerial Tender Boards to make transparent those decisions; and that publication should also include the company registration number of the suppliers.

Recommendation 5

The Committee recommends that:

- all government contracts awarded by Ministerial Tender Boards be published on the government website similarly to those published by the Central Tenders Board; and
- all government contracts published on the government website include the company registration number of the suppliers.

Contract payment claims checking inadequate

In addition, the Committee felt that the current claims checks undertaken by MOFT should also include bank references to ensure the supplier is a legitimate business rather than just a shell company without any business history or credentials.

Recommendation 6

The Committee recommends that MOFT checking of contract payment claims be extended to also include bank references and supplier company registration checks.

Preferred Supplier Lists as an alternative to contracts

The Government has commenced using Preferred Supplier Lists thereby reducing the need for additional claims checking given that the suppliers' bona fides have already been pre-vetted and prices agreed. The Committee recommends that the list be extended to cover a wider range of goods thereby reducing the need for the issue of contracts.

Recommendation 7

The Committee recommends that MOFT review the scope of current Preferred Supplier Lists to extend the list of eligible goods and services thereby reducing the need to conduct tenders for frequently used goods and services.

Pricing of contract variations

Another concern of Committee was the very expensive adjustments to cost whenever there is a contract variation after award of contract; and it recommends that priced variations clauses must be included in contracts to cap the additional costs incurred when contracts are varied.

Recommendation 8

The Committee recommends that all construction contracts include priced units of variation to control cost escalations when the design or scope needs to be varied after commencement.

Weak enforcement of requirement for officers to declare conflicts of interest

MOFT acknowledged that although all public offices are required under regulation is to declare any conflicts of interest in procurements this is not being enforced as part of standard business procedures when considering tenders.

The Committee felt strongly that not enough is being done to require public officers to comply with the requirement to avoid any conflicts of interest as required by Financial Instruction P7.37; and recommends that FI P7.37 be expanded to require the Chairman of any tender board to read out to the board members such a requirement and the consequences for breaching those requirements; and challenge all members to disclose any interests or declare that they have none. The declaration should include any phone calls, gifts or any other support received from contract bidders. The Committee also expressed a zero tolerance towards any failure to declare and that any officer found to be in breach be immediately disciplined including dismissal.

Recommendation 9

The Committee recommends that MOFT revise Financial Instructions to:

- **expand the scope of the existing requirement to avoid a conflict of interest by all public officers to include a description of any phone calls, gifts or any other support received from contract bidders**
- **require the Chairman of any tender board at the commencement of proceedings to read out to the board members the declaration of conflict of interests requirement and the consequences for breaching those requirements; and then challenge all members to disclose any interests or declare that they have none and record their responses in the tender board minutes; and**
- **require any public officers who are subsequently found to have accepted any phone calls, gifts or other support contrary to their declarations should be subject to immediate disciplinary action including dismissal.**

Medium Term Development Plan (MTDP)

In light of the fact that most procurement is funded through the Development Budget, the Committee enquired on the status of the Medium Term Development Plan that is required to be issued by the Ministry of Development Planning & Aid Coordination (MDPAC) prior to the commencement of each financial year.

The Committee subsequently learned that the 2015 – 2019 MTDP, although late, had been tabled in the Parliament as required under s.45 of the *Public Financial Management Act 2013*; and that MDPAC was taking steps to prepare the 2016 – 2020 MTDP for tabling within the required timeframe before the commencement of the 2016 financial year.

2.3 Provincial Government Accounts

The Auditor General's 2014 Annual Report raised issues regarding the outcomes of audit visits to all the provincial governments each year to examine the internal systems of control and to test the financial management systems and then subsequently to undertake a final audit once the Office receives a set of financial statements from respective provincial governments.

2.3.1 Preparation of financial statements using international standards

All nine provincial governments now prepare their annual financial statements using the International Public Sector Accounting Standards - Financial Reporting Under the Cash Basis of Accounting [IPSAS – Cash Basis] as the basis for their financial reporting framework.

All nine provincial governments have also matured from using manual cash book systems and spreadsheets and have adopted computerised accounting software to improve the accuracy, completeness and timeliness of financial reporting. These developments have been driven by the UNDP-led Provincial Governance Strengthening Project which has been in operation since 2009.

2.3.2 Timeliness of annual accounts

The Auditor General observed that there had been a gradual improvement in the number of days it took provincial governments to submit their-certified financial statements to his Office for audit certification.

The following graph shows how the number of provincial governments who were late in presenting their accounts had declined to a third. The Committee learned that since 2012, all but one of the provincial governments (Rennell Bellona) submitted their financial statements to the Auditor General within the required timeframe in 2014.

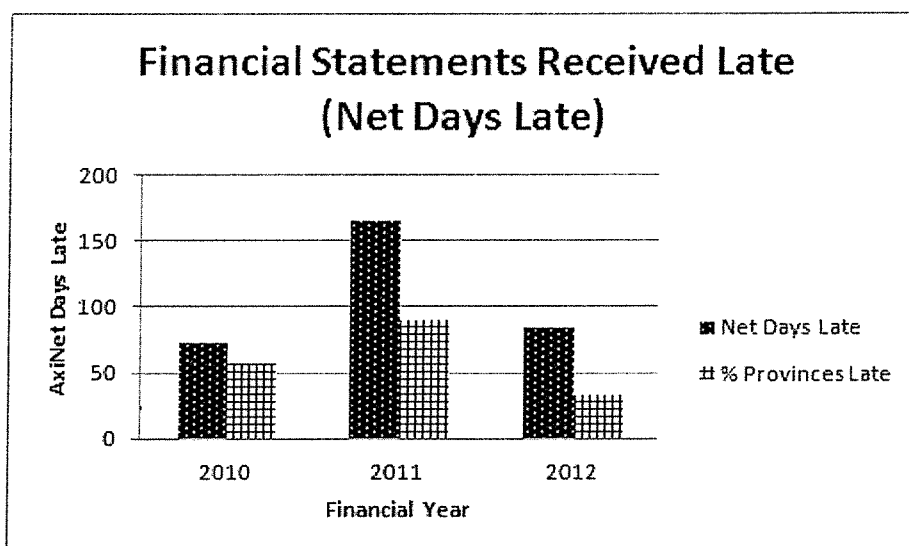


Figure 3: Financial Statements received from Provincial Governments

2.3.3 Quality of annual accounts

During 2012 and 2013 many of the provincial governments continued to battle with the challenges of operating financial management systems in an efficient and effective manner. The problems were similar to those experienced at national government level but the results were more harsh due to the limited resources available to those governments in terms of skills and budgets.

Poor internal controls

Some of the more common internal control problems included:

- Lack of access to, or unsigned or missing Provincial Executive Committee Minutes of meetings
- Inadequate control in collecting and banking of monies
- Incomplete and out of date receivables registers
- Treasury receipt books missing or incompletely recorded
- Revenue collected in the form of equipment, goods or other items
- Missing and unsupported payment vouchers
- Poor controls over issue, registration, filing, acquittal and recovery of imprests and staff advances
- Incomplete and out of date payables register
- Unsupported overtime payments and pay rises
- NPF and PAYE contribution remittances delayed
- Poor management of property, plant and equipment including lack of an asset policy or up to date and complete asset registers

These poor practices have resulted in disclaimers of opinion for all Provincial Governments up until the 2013-14 accounts, but for the 2013-14 accounts Choiseul and Western have improved their records to the point that they received qualified audit opinions rather than disclaimers of opinion.

Internal audit function oversight

Committee queried whether the internal audit function within the Ministry was restricted to Ministry operations or whether also included coverage of the provincial governments. MPGIS advised that the Ministry had two officers who were responsible for the oversight of both the Ministry and the provincial governments. MPGIS does send its internal audit team to assist provincial governments – particularly those provincial governments who are finding it difficult to overcome domestic constraints such as experienced by the Guadalcanal, Malaita and Rennell Bellona Provincial Governments.

Effect of differing statutory controls over public monies

MPGIS operates under the authority of the *Public Financial Management Act 2013* which relates to the national government public monies whereas the provincial governments operate under their respective *Financial Management Ordinances*. The Ministry is reviewing the ordinances to standardise them and to employ the same acquittal forms and processes that apply to national public monies, and the Ministry is currently recruiting a consultant to assist.

PGSP audits of provincial governments and PCDF Fund

In addition to the MPGIS oversight and audits of provincial governments, the Provincial Capital Development Fund (PCDF) arrangements under the Provincial Governance Strengthening Project (PGSP) led by the UNDP also undertakes regular audits of that fund which provides most of the infrastructure projects within each of the provinces. The project has contributed greatly to the improvements in the planning and financial management functions of the provincial governments as part of government's performance hurdles to be eligible for fund monies. These hurdles are very stringent and cover a range of essential internal controls including financial management controls.

Variability of Ward Development Grants

The Committee queried the variability of Ward Development Grants (WDGs) as the Auditor General had reported in his 2014 Annual Report that such grants could vary from 5% to 15% between provincial governments as follows:

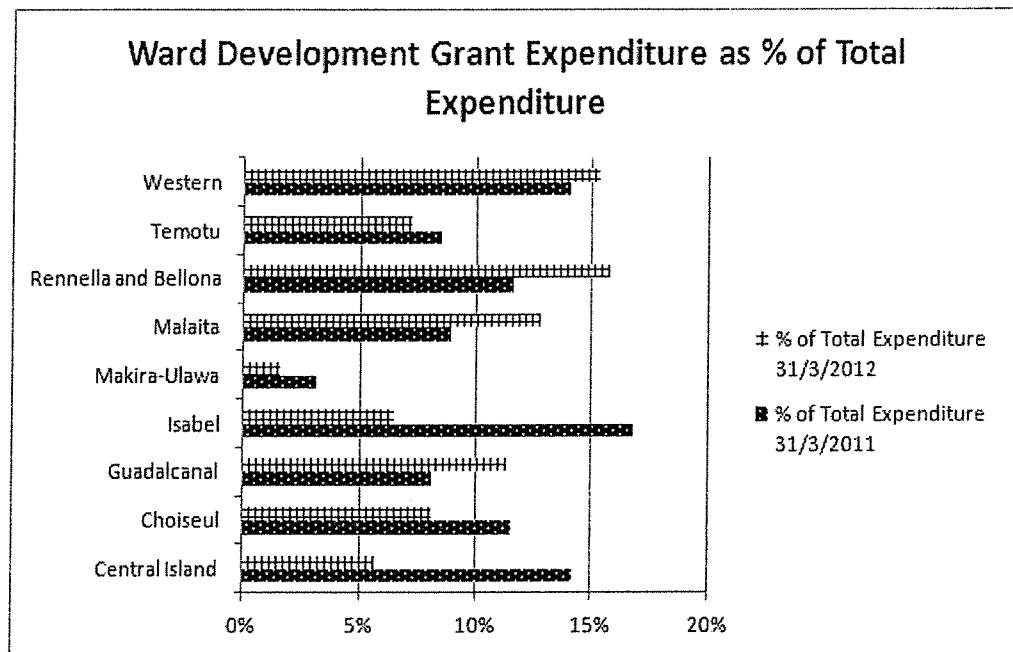


Figure 4: Ward Development Grants Expenditures for 2010-11 and 2011-12

The graph shows that Western (2011 and 2012), Rennell and Bellona (2011), Isabel (2012) and Central (2012) all spent approximately the same share of total expenditure of approximately 15% at one end of the scale, while Makira-Ulawa spent the least at less than 5% on the other end of the scale.

MPGIS advised that there were two types of payments – a ward touring allowance which provided each Member of Provincial Assembly (MPA) an annual grant of \$30,000 which is required to be acquitted to the Ministry, while the WDGs are managed and paid by the provincial governments themselves.

Lack of transparency and accountability of WDGs expenditure

The Committee noted the Auditor General's concern over the continued lack of proper management of Ward Development Grants [WDG] disbursed to MPAs. The Auditor General's audits have found that there was often a lack of supporting documentation available to substantiate the purpose of the expenditure and that it was made to legitimate suppliers. In addition, there was lack of an audit trail to assess whether the money was spent efficiently and effectively or had benefitted the community as a whole. These are indicators of possible financial mismanagement which may result in wastage and financial loss to the community at large.

Recommendation 10

The Committee encourages its colleagues in the respective Provincial Government Assemblies and their administrations to improve the transparency and accountability of their Ward Development Grants through clearer disbursement policies and acquittals of expenditure.

2.3.4 Provincial Government Audit Opinions

The Committee noted that, as a result of the deficiencies found during the Auditor General's audits, all financial statements for each Provincial Government received disclaimed audit opinions across this period 2012 and 2013. It was however noted that there has been noticeable improvements in the quality of the financial statements for the 2013-14 accounts such that Choiseul and Western Provincial Governments received qualified audit opinions instead of disclaimer opinions.

2.3.5 No accountability by provincial development arms to government in the form of financial reporting or payment of dividends

The Auditor General's 2014 Annual Report described how provincial governments initially established business arms to assist in improving locally derived income and lessen reliance on National Government grants. However, he observed that none of those business arms produce annual financial reports or submit them to the Provincial Assembly thereby leaving them totally unaccountable to their owners.

MPGIS agreed that the original intentions were good but the business arms have proved to become a burden rather than a means for increasing revenue for the provincial governments. The MPGIS was of a view that the business arms had become a means for channelling funds outside of the government financial management processes and had carried out studies to demonstrate that the arrangements were not beneficial to the government.

MPGIS was now actively discouraging such business arm activities and encouraging the goods and services that the business arms are supposed to supply to be provided by the private sector.

Recommendation 11

The Committee encourages its colleagues in the respective Provincial Government Assemblies and their administrations to review the effectiveness of their respective business arms and:

- **where goods and services can be better provided by the private sector, that those business**

arms be disbanded; or alternatively

- enforce a requirement that their respective business arms boards and managements issue financial statements on their operations as part of their continuing appointments and employment.

2.3.6 Locally derived revenue incompletely managed and reported

The Auditor General informed the Committee that a review of local revenue generation within the provincial governments was varied but showed an improvement during the life of the Phase I of the Provincial Government Governance Strengthening Program with one notable exception – Malaita Provincial Government.

Although some of the smaller provinces such as Isabel and Choiseul improved local collections since the start of the PGSP program, the largest province Malaita actually reduced its local collections over the period – collecting a mere \$2.36 million in 2013-14 compared to \$10.17 million in Guadalcanal and \$10.53 million in Isabel.

The following table (extracted from *MPGIS PGSP Baseline Study Report 2014*) shows the difference in local revenue collections between 2008/09 and 2013/14 for each of the provincial governments:

Table 4: Comparative analysis of Own Source Revenue as a percentage of Fixed Service Grants 2008/9 to 2013/14

Provinces	Actual own source revenues 2008/9	Actual service grant disbursed 2008/09	% of own source revenue to fixed service grant 2008/9	Actual own source revenues 2013/14	Actual Fixed Service Grant 2013/14	% of Own Source Revenue to Service Grant 2013/14	% Increase/decrease in own revenue efforts 2013 minus 2008
	SBD	SBD		SBD	SBD		
Central Province	521,352	2,703,120	19.3	769,309	3,049,703	25.2	5.9
Choiseul	1,434,787	3,688,335	38.9	3,047,959	3,734,782	81.6	42.7
Guadalcanal Province	1,706,342	3,567,232	47.8	10,169,676	7,780,836	130.7	82.9
Isabel Province	785,158	1,413,498	55.5	10,534,128	2,318,239	454.4	398.9
Makira Ulawa	576,564	1,728,647	33.4	1,420,602	5,094,069	27.9	-5.5
Malaita Province	1,334,858	4,168,155	32.0	2,362,375	12,066,876	19.6	-12.4
Renbel Province	414,900	1,965,387	21.1	794,000	1,365,650	58.1	37.0
Ternotu Province	388,696	2,357,709	16.5	743,333	3,039,396	24.5	8.0
Western Province	3,733,822	9,757,460	38.3	11,420,968	7,957,338	143.5	105.3
Total actual receipts	10,896,479	31,345,543	34.8	41,262,350	46,406,889	88.9	54.2

Source: MPGIS PGSP Baseline Study Report September 2014

MPGIS advised that whilst it had encouraged provincial governments to improve their fee collection arrangements, some of the causes of under collection or underreporting of local revenue were:

- a lack of capacity to monitor and collect fees
- resistance from fees payers who felt that they were not receiving the services for which they paid the fees
- the logistical costs involved in monitoring eligible fee payers or them making payments to the provincial government
- weak governance arrangements within the provincial administration to ensure that all fees were collected and reported

Recommendation 12

The Committee encourages its colleagues in the respective Provincial Government Assemblies and their administrations to review the effectiveness of their respective revenue collection arrangements and implement the necessary reforms required.

2.4 Honiara City Council

2.4.1 Introduction

The Committee was concerned over publicised rumours that elected members of the Honiara City Council and the Guadalcanal Provincial Government were becoming personally involved in the administrative affairs of the two governments, often intruding into the territory of their respective neighbours, and including allegedly selling public assets.

The lack of precision over the geographical boundaries between the two jurisdictions has resulted in transfers of public assets by elected officials and public officers outside of their boundaries.

In addition, interference in the machinery of government by elected officials creates problems in ensuring that operational plans are carried out efficiently and effectively in accordance with the respective Council and Assembly approvals and budgets, as well as injuring the integrity of the respective governments' accounts and record keeping.

Recommendation 13

The Committee encourages its colleague elected officials from both the Honiara City Council and the Guadalcanal Provincial Government to:

- refrain from becoming personally involved in the administrative affairs of the two governments and focus on establishing policy, approving budgets and overseeing the operations of their respective administrations;
- review existing legislation to clarify the geographical boundaries between the Honiara City Council and the Guadalcanal Provincial Government; and
- pass legislation which would prohibit such direct involvement by elected officials and include a breach of such a prohibition as grounds for national government intervention under the respective legislations.

2.4.2 Lack of financial reporting since 2010

The Auditor General's 2014 Annual Report disclosed that the most recent set of financial statements prepared by Honiara City Council was for the year ended 31 December 2010. They were audited by the Auditor General and received a qualified opinion. The basis for the qualified audit opinion was that there was not sufficient appropriate audit evidence in relation to the classification of expenditure. Except for this issue, the accounts presented fairly in all other respect in accordance with International Public Sector Accounting Standards – Cash Basis.

The Auditor General expressed his deep concern over the lack of reporting in subsequent years given the large budget that the Council is managing without being held to account – some \$19 million in 2010 as follows:

	Council Controlled Transactions	Third Party Controlled Transactions
Receipts		
Grants & Aid		
SIG Grants	1,906,809	1,012,531
External Assistance		
Multilateral Agencies (World Bank REP)	1,592,349	
Other Grants & Aid		
Non Governmental organisations assistance - Commonwealth Local Government Forum (CLGF)	1,292,321	5,935,157
Other Receipts		
Fees, Rates and Licenses	13,910,441	
House Rental Income	116,950	

Income from Commercial Activities / Investments	22,344	
Sundry Receipts	264,117	
Councillors Advances (Repaid)	10,955	
Staff Advances (Repaid)	6,312	
Total receipts	19,122,599	6,947,688
Payments		
Operations		
Salaries and Wages	2,618,160	
Employee Expenses - Non-Direct Employees		6,109,182
Allowances (Employees)	1,438,644	
Allowances and Grants (Elected Members)	2,070,534	
Operating Disbursements / Office Expenses	7,439,674	838,505
Repairs & Maintenance	1,377,413	0
	14,944,425	6,947,688
Capital Expenditures		
Plant & Equipment	587,129	
Vehicles	322,412	
Land & Buildings	2,324,990	
Total Capital Expenditures	3,234,531	0
Total Payments	18,178,955	6,947,688

At an unreported PAC hearing held in June 2014 in the 9th Parliament the Council undertook to provide its outstanding financial statements within a matter of weeks – to date nothing has eventuated.

2.4.3 No ability to monitor or report on Council finances

The Committee enquired as to the reasons why the Council was unable to produce its accounts and was advised by the Council Treasurer that the Council was in the process of hiring a private firm to help prepare its accounts; and a timetable had been established whereby the 2011 financial statements would be submitted to the Auditor General in coming days, the 2012 statements by end of July and the 2013 statements by end of August.

Limited in-house accounting skills

It became very clear to the Committee that the Honiara City Council accounting staff have insufficient ability to effectively oversight or report on the finances of the Council – either in terms of its ability to

ensure all revenues were collected, banked and reported on or to effectively manage, monitor or report on its expenditure.

The Committee was of the view that part of the problem related to poor terms and conditions for accounting staff as much as in ineffective capacity development since the departure of an international adviser in 2010.

Recommendation 14

The Committee recommends that the Council review the employment terms and conditions of its accounting staff including its direct employees, and align them to market conditions so that the Council attracts the right people and retains them.

Ineffective internal controls

The Auditor General was also concerned about the apparent lack of internal controls within the Council's financial management systems and undertook a comprehensive audit of the Council's internal controls in 2014.

His audit disclosed 57 major deficiencies that existed within the Council's internal controls relating to revenue, the accounting system, assets and inventories, procurement, payroll, and budgeting. It was telling that the Council Treasurer informed the Committee that a New Zealand international adviser was joining the Council who would be able to provide responses to the Auditor General's report. Given the very basic internal controls involved, the need to rely on an outside expert to tell the accounting staff how to address the deficiencies supported this view that the accounting staff was unable to do its jobs.

The Committee reiterated its recommendation that the Council urgently needs to upgrade its accounting staff and commence implementing the recommendations made by the Auditor General to improve its financial management internal controls.

Lack of an internal auditor

The Council advised that it was currently attempting to recruit an internal auditor to assist the council with preparing its accounts. This was of concern to the Committee because the role of the internal

auditor is to make recommendations on improving internal controls and not to do the accounts which is the role of an accountant.

Recommendation 15

The Committee recommends that the Council review and revise the intended role of the internal auditor so that the position is responsible for monitoring internal controls and not for preparing accounts.

Lack of engagement by executive management

Of even more concern to the Auditor General was that the Council has never responded to his findings on the Council's internal controls to this day which indicates either a reluctance or an inability to address the management problems. The Treasurer explained to the Committee that the reason for a lack of response was due to a current focus on finalising the outstanding financial statements.

The Committee formed the view during the hearing that in addition to a lack of accounting staff skills, there was no apparent engagement from the executive management which was also demonstrated by the fact that it did not attend the hearings but sent the Treasurer to represent it.

This view was also supported by the Ministry of Home Affairs (MHA) which advised that it had called for a meeting with the Council to determine the areas of joint responsibility for the oversight and management of the Council's affairs under the *Honiara City Council Act 1999*.

MHA advised that the Council budget was now up to around \$30 million but still required a 5% subvention from the national government through the Ministry. This support would most likely not be required if the Council properly managed the collection and expenditure of its fees revenue.

Recommendation 16

The Committee recommends that the Ministry of Home Affairs review the operations of the Council as a matter of urgency and agree with the Council the steps required to bring its financial affairs under proper control.

The Committee also recommends that the Council members and executive management take

more responsibility for ensuring proper oversight and reporting of its finances – timely reporting is essential to ensure that management has reliable information to base its day to day decisions as well as minimise opportunities for theft or fraud.

2.5 Statutory Bodies

2.5.1 Introduction

In addition to the matters raised by the Auditor General in his 2014 Annual Report, the Committee expressed its concern that a large number of annual reports that are required to be tabled in the Parliament are being sent to the responsible Minister for tabling but that these are not being transmitted to the Speaker in accordance with Parliamentary procedures if at all.

Recommendation 17

The Committee recommends that Ministers be reminded of their statutory responsibility for tabling annual reports in the Parliament following proper procedures for those statutory entities for which they are accountable.

2.5.2 Solomon Islands Ports Authority

The Auditor General outsourced the audit of the accounts of the Solomon Islands Ports Authority (SIPA) for the period 2011 to 2014.

Failure to table previous annual accounts in Parliament

The *Ports Act* [Cap161] does not specify the format or timeframe by which the Authority produces its annual reports to the Minister. However, under s.14(1) of the *State Owned Enterprises Act 2007* (SOE Act), the Authority is required to submit its audited accounts to the Minister within 3 months after end of financial year; and under s.17(1) of the Act the Minister is required to table those accounts and audit report in the Parliament within 5 days of receiving them.

At the unreported 2014 PAC hearings into the Authority the accounts from at least 2008 to 2010 had not been submitted to Parliament as required under the SOE Act. SIPA was unable to advise the Committee whether this had now been attended to.

Recommendation 18

The Committee recommends that the Solomon Islands Ports Authority establish whether or not previous annual reports and certified financial statements had been tabled in the Parliament and take immediate steps to arrange the tabling of those reports that are still outstanding.

Latest set of accounts received for 2011 is still being audited

The draft 2011 financial statements were not received from SIPA until 6 January 2014 and it took another 4 months to resolve a number of accounting issues on the:

- ADB funded SIG loan;
- 42 corrections to the accounts due to mis-postings and inaccuracies;
- completeness of revenue and receivables following advice of legal action being commenced by a port user due to him (and a number of others) allegedly being incorrectly 'black balled' under orders of management;
- long service leave balances not being discounted back to net present values; and
- asset valuations not performed for 2011

Accordingly, a signed set of statements was not provided to the Auditor General until 27 May 2014.

The Committee was advised that all outstanding matters had now been finalised and that a set of signed statements would be submitted to the Auditor General shortly.

2.5.3 Outstanding financial statements***Current status of outstanding accounts***

Because of the issues that were preventing the finalisation of the 2011 accounts, subsequent accounts could not be finalised until the closing balances were established. SIPA advised that the audit of the 2012 accounts has now been finalised and submitted to the Auditor General for review.

SIPA also advised that it had now finalised the 2013 accounts and the audit had commenced, while the 2014 accounts are currently being compiled and will be ready for audit by end of August 2015. Management has set a target of six weeks to compile the 2015 financial statements after its 30 September balance date ready for audit.

Reasons for the delays

SIPA advised that the management of the Authority two or three years ago was very unstable with changes in executive management and boards. This led to a dislocation between executive management and staff which resulted in a large backlog.

SIPA advised that under the new set of arrangements and major reforms being implemented within the administration of the Authority, a much more strategic approach to finalising long outstanding matters is being taken.

2.5.4 Statement of Corporate Objectives not being produced

The Committee enquired as to the current status of the production of Statements of Corporate Objectives which are required to be produced by all state owned enterprises under the *State Owned Enterprises Act 2007* before the commencement of each year. S.13(1) of the SOE Act requires SIPA to produce a 3 year draft statement of corporate objectives for presentation to the Minister 1 month before commencement of each financial year; and adopt a final statement at commencement of the financial year.

SIPA advised that it was now working with the Economic Reform Unit (ERU) in MOFT to overcome previous obstacles and has completed a first draft for review by ERU.

2.5.5 Singaporean consultants

The Committee expressed concerns over publicised rumours that the new CEO was commercially tied in to a number of fellow countrymen consultants charged with designing and implementing the reforms within the Authority.

SIPA reassured the Committee that this was not the case, and that the reform consultants had been working for over a year before the CEO was appointed; and were assigned to specific specialist tasks involved in reforming the administration and operations of the Authority.

2.5.6 Expansion of the port

SIPA briefed the Committee on the proposed expansion of the port currently being funded by JICA which would provide sufficient facilities for the next 35 years, particularly as vessels are ever increasingly larger. This will greatly enhance the current facilities which were originally built in 1956.

Any further increase in facilities will have to be located away from Point Cruz as this is becoming a chokepoint for both the port operations as well as neighbouring central business district activities.

2.5.7 Commercialisation of vacant SIPA land

Vacant land adjacent to the port

The Committee was briefed on current proposals to develop vacant land owned by the Authority and reminded the Committee that attempts to do so in the past have all be unsuccessful. In fact, the Authority almost lost the land some years ago and only managed to reclaim it through the High Court.

The Authority is currently exploring potential partners under a Public Private Partnership arrangement to develop port infrastructure which would facilitate improved port operations and increased capacity to accommodate tourists and larger tourist vessels. The current CEO has much commercial experience of these types of operations and is committed to modernising the port.

Land used for fuel storage tanks

The Committee queried what was to become of the large fuel storage tanks that are also located on SIPA land given that they are becoming increasingly hazardous due to the rapid expansion of the central business district of Honiara.

SIPA agreed that this was an urgent issue but nothing was going to happen unless and until there was engagement from the government at high level due to the immense logistical barriers that need to be overcome

Recommendation 19

The Committee recommends that the Government and the Authority commence an urgent dialogue for planning the safe relocation of the existing fuel tanks away from the centre of the central business district of Honiara before the city is subjected to a catastrophic event.

Small ships jetties

The Committee queried what was to become of the small ships area where it encroached on the proposed expansion of the port. SIPA advised that it was preparing to create four new jetties located in front of Hyundai Mall which would be wider and longer to facilitate larger vessels and improve

ease of access of transport. However, there were currently legal challenges before the courts to resolve before this development can happen.

Half yearly operations reports

S.15 of the SOE Act requires SIPA to produce a report on its operations for the first half year within two months after the first six months of the year. SIPA advised that it has commenced producing such reports with the first one being issued in March 2015.

2.6 Solomon Islands Visitors Bureau

2.6.1 Lack of financial reporting since 2010

The Auditor General reported that he still had not received signed financial statements of Solomon Islands Visitors Bureau for the years ending 31 December 2010, 2011 and 2012. This was still the case at the time of the PAC hearings. Furthermore, the audit of the signed 2009 financial statements could not be completed because the statements were still being corrected by SIVB after many erroneous attempts by the Bureau. Sometimes the errors requiring attention are not taken up or, when they are properly corrected, new ones are introduced or old errors reintroduced.

The Auditor General expressed the view that the SIVB does not have proper control over its reporting function and keeps reverting to earlier incorrect versions rather than steadily improving its new version until all errors are corrected; and the subsequent year accounts cannot be finalised until the 2009 statements are completed.

SIVB acknowledged that this had been a problem for some years and there has been a shakeup within the administration to improve staff attention to these essential matters.

2.6.2 Unlicensed operators and operators not paying bed tax

The Bureau collects a bed tax from accommodation providers and relies on monthly returns to assess revenue due and paid. Any accommodation provider who does not pay can lose their licence to operate. However, the only time that the Bureau conducts spot checks of monthly returns is when Auditor General conducts them as part of its audit of the Bureau's accounts.

Also some operators appear to be able to continue to operate without operating licences. This penalises other operators who are paying their licences and bed tax.

SIVB acknowledged that this was a problem particularly as there were some 1,300 rooms in the whole country but 80% of those rooms are located in Honiara, and some of the operators refused to pay their bed tax. SIVB has the statutory power but would need to take a case to court to test it in order to send a message out to providers the consequences of acting illegally.

Recommendation 20

The Committee recommends that the Solomon Islands Visitor Bureau take an unlicensed accommodation provider who refuses to pay bed tax to court in order to test the legislation and send a message to other providers that compliance is not only fair to other operators but essential for the development of the tourism industry.

2.6.3 Growth of the tourism industry

Opportunities and barriers to growth

The Committee asked the SIVB on its plans and expectations for the growth of the tourism industry in Solomon Islands. SIVB expressed the view that it was very optimistic in terms of opportunity given Solomon Islands' attractions compared to its main competitors Vanuatu and Fiji. Major barriers to the development of the industry relate to the lack of beds – particularly beds in sufficiently large blocks to be attractive to wholesalers to be interested in taking on bookings arrangements; the location of Solomon Islands in relation to major feeder ports of Melbourne Sydney and Brisbane; and the expansion of the ports facilities currently being undertaken by SIPA which are yet to be completed.

SIVB strategies for expanding tourist numbers

SIVB briefed the Committee on initiatives that it is taking such as undertaking a stock take of existing beds and eventually classifying the standards of accommodation; increasing media exposure in target markets; and developing a Solomon Islands Internet Portal which will allow all operators to provide links as well as allow tourists to make prepaid bookings through the portal thereby also enabling SIVB to recover its bed tax from those bookings.

The Committee observed that it is essential for the SIVB to improve its financial management, accounting and reporting functions if it is going to take on the additional transactional load of managing operators' bookings and recovery of bed tax from those bookings.

2.7 Solomon Islands National University

2.7.1 Lack of financial reporting since establishment

The most recent set of financial statements for the institution received by the Auditor General was the final set of accounts for its predecessor, the SICHE for 2012.

The SINU has been operating since 2013 but is yet to produce its first set of accounts. The Auditor General was advised that the SINU is reposting all of its and SICHE's receipts data to overcome major deficiencies in the recording of its revenue. It does not expect to complete this exercise until later in 2015.

The Committee queried the SINU as to why it does not accept the Auditor General's recommendation that it focus on the 2013 accounts to rectify deficiencies in historical records but was advised that it made more sense to populate new accounting systems with correct figures than to import errors from prior periods.

2.7.2 Missing and lack of signed Council minutes

The Auditor General reported a number of deficiencies in Council meeting minutes in relation to:

- failure to sign them to verify their authenticity
- attendees did not sign the meeting register to confirm their attendance
- the minute register is very poorly maintained; and
- 8 minutes were found to be missing after reconciling the register to the secretariat's meeting schedules recorded during 2012.

The Auditor General also noted instances where council members were claiming sitting fees even though they were not attending meetings, and the lack of minutes assisted in them undertaking such practices. SINU advised that it had now put in place attendance sheets which are required to be signed off by attending council members before sitting allowances will be paid – this time by cheque rather than cash.

The Committee is of the view authenticated meeting minutes are an essential tool for ensuring the validity of decisions made by the executive as well as the completeness of minutes are essential for ensuring that all the decisions are carried out by administration.

SINU advised that it was still experiencing difficulties in managing and signing off minutes due to lack of staff.

Recommendation 21

The Committee recommends that the Solomon Islands National University implement a standard business practice of ensuring all minutes are presented and verified at a subsequent meeting and signed by the chairman at that meeting.

2.7.3 Poor management of revenue

Understatement of school fee revenue account

The Auditor General noted an understatement of the student fee account by \$4,501,414. The balance for student fees in the 2012 statement was \$31,568,823 compared to the student detail ledger's balance of \$36,070,238. This balance includes cash receipts and receivables for 2012 year 1 and year 2 admission lists but excludes a student refund of \$606,640.

Undisclosed Revenue

The Auditor General further noted from the provided listings (summary and detail) that two programs offered at the school of finance were not disclosed in the 2012 student fee revenue account. Total undisclosed revenue was \$317,950. Therefore, total understatement of the student fee revenue account was \$4,619,365.

Incorrect accounting treatment

The adjustment of prior year receivables in the 2012 revenue accounts added to the understatement of the student fee revenue for 2012. The adjustment includes 2010, 2011 and 2012 receivables that were debited in the revenue account totalling \$15,504,790.

SINU described the causes of these problems as being the result of previous administrative arrangements whereby individual schools collected school fees and recorded them on spreadsheets rather than using proper accounting systems, thereby making it very difficult to reconcile student registrations with these collections.

SINU also advised that it was experiencing great difficulty in separating out part-time from full-time student registrations and had currently suspended part-time registrations until it could establish a new 'Lifelong and Community Centre' to conduct all short term and part-time courses. In addition, a new student management system was being procured which centralises all the registration processes and associated fee collections. SINU expected part-time courses to recommence in 2016 and had already allocated a building for the purpose.

Poor procurement controls

The Auditor General reported that his audit disclosed instances of failure to tender for some of the purchases amounting to a total of \$873,003, and another instance where SICHE paid \$364,964 in advance for a student database software but this was never received.

SINU advised that it was now revising its procurement policy to align with current government procurement guidelines as well as centralising the procurement processes.

Deficiencies in valuation and reporting of property, plant and equipment

The Auditor General reported that SINU's fixed assets were last revalued in 1991 and assets acquired in 1992 onwards are carried at cost in accordance with a Council decision not to revalue its assets. Payments for new assets in 2012 lack sufficient supporting documents. Total payments without invoices or receipts from suppliers amounted to \$202, 981.

SINU advised that it was only focusing on capitalising new purchases which are now being processed through a central system rather than scattered amongst the different schools but there is still the challenge of obtaining all the original documentation held by the schools.

The Committee is of the view that this is inadequate in view of contemporary financial reporting requirements and that the SINU should undertake a comprehensive stock take of all of its assets including revaluations of buildings and land.

Recommendation 22

The Committee recommends that the Solomon Islands National University undertake a comprehensive stock take of all of its plant, property and equipment and revalue its buildings in accordance with accepted international reporting standards.

2.7.4 Loss of sponsored boarding students

SINU advised that it was experiencing unprecedented vacancies in its hostels due to a sharp decline in sponsored teachers and nurses students who have previously been sponsored by the government. For example, in 2015 only 200 out of the available 1,000 beds were occupied by student teachers.

The cost of sponsored accommodation is too high for private students and options for reducing the cost by not providing meals raises the issue of protecting the buildings and the safety of the boarders if they were to be allowed to start cooking their own meals.

This is creating major revenue shortfalls for the university and it is currently in the process of converting some of the hostel space into teaching space.

2.7.5 Unremitted taxes and NPF contributions

The Auditor General had reported that SICHE had not been paying its PAYE tax to the Inland Revenue Division (IRD) on a monthly basis as required by the *Income Tax Act, 2012* amounting to \$12,652,490, nor did it pay withholding tax due to IRD totalling \$2,907,106.

SINU advised that its predecessor had taken these steps due to pressure on its cash flow but has now subsequently caught up on all of its obligations including contributions to NPF.

2.7.6 Inadequate security over landholdings

The Committee queried the effectiveness of the fencing that has been erected by the University along the front of the property but the rear boundaries were not so protected from unauthorised public entry or encroachment by squatters.

SINU acknowledged that it had large landholdings and had plans to complete the front fence to fully enclose all of its properties but this required an estimated budget of \$12 million to be funded through the Development Budget. In anticipation of obtaining funding the SINU is preparing a tender for the remaining lengths of fencing.

2.7.8 Poor repair and barricading of cultural village

The Committee express dismay at the poor repair of the cultural village which was supposed to have been maintained in good condition for use by the community and official events including the

impending Melanesian Festival in 2018. The SINU fence also barricaded the village from public access.

SINU advised that much of the damage was done while the village was used as a refugee camp for displaced Honiara residents following the April 2014 floods. SINU advised that it is currently in discussions with the Ministry of Culture & Tourism to obtain assistance to rehabilitate the village.

2.8 Central Bank of Solomon Islands

2.8.1 Insufficient in – house accounting skills

The Auditor General had raised the concern that the Bank did not have sufficient in-house accounting skills to complete the financial statements to the standard required under IFRS international reporting standards as required by the *Central Bank of Solomon Islands Act 2012*. As a result, the Auditor General recommended to the Bank that it outsource the preparation of its 2014 financial statements to a large accounting firm which the Bank accepted and employed PwC Fiji for this purpose.

The Committee asked the Bank what it was doing to replace the outsourced accounting support by improving the accounting knowledge of its internal staff. The Bank attributed much of the difficulty in 2013 to a change in the outsourced auditor employed by the Auditor General from Deloitte PNG to KPMG Fiji – with the new auditor taking quite a different focus and approach to reporting requirements.

The Bank treated the outsourcing as an ‘one-off’ experience and would be using its own internal staff to prepare the 2015 accounts.

2.8.2 Deficiency of authorised capital

CBSI is required to hold a net capital position of \$50 million and if this amount went below the minimum amount at balance date, it is required to request a capital injection from Government. under s.56 of the CBSI Act 2012.

As at the balance date of the 2013 financial year the Bank had a net position of only \$10 million but by the time the accounts were issued the position had improved so that a request was not deemed necessary. However, the position worsened in 2014 so that the Bank had a net deficit position of

(\$18.8 million) as at balance date and has advised the Auditor General that it will approach the Government for a capital injection.

The Auditor General's contract auditor KPMG Fiji has suggested that the Bank needs to review its reserve management strategy more proactively to reduce the risks attached to its current holding strategy.

CBSI advised that it had submitted a request to the government in accordance with the requirements of the Act and the government has 30 days to respond. The capital injection need not be in the form of cash but also in the form of a debt instrument which is relatively easy to arrange, and the Bank is still waiting for a response from the government.

The Committee queried whether this was likely to be a continuing recurring situation and the Bank explained that the increase in liabilities was due to government deposits which could be wound back out again to reduce the liability thereby improving the net authorised capital balance; and that much of the revenue and expenditure in the Bank's income statement are unrealised exchange rate losses against the Australian and New Zealand dollars.

The Bank could have also taken the approach of devaluing the Solomon Island Dollar but chose not to do so as it would have penalised importers. The Committee queried whether the Bank's current basket of currencies used to determine the SBD exchange rate took into account current levels of trade with China. The Bank agreed this needed to be considered as it moves out of the Australian and New Zealand Dollars into US Dollars and other currencies to stem its current losses. The Bank has endorsed in principle the inclusion of Chinese currency in the currencies basket, but is still completing its analysis which it intends to finalise before end of year.

2.8.3 Problematic reconciliation of currency-in-circulation

The Auditor General reported that the Bank monitored the issue and removal of currency in three separate registers operating at different phases of its business processes. However, the Bank was unable to reconcile the balances between the three registers sufficiently for OAG's auditor to satisfy itself that the recorded amount of currency in circulation was reliable and, as a result, qualified the accounts in 2013 and again in 2014.

The discrepancy amounted to \$3.2 million but the auditor's concern was the monthly fluctuations in discrepancy which indicated a high risk that the accounting for currencies circulation was flawed and the actual discrepancy could in fact be much larger. It is this uncertainty that prevents the auditor from accepting the balance as being non-material.

The Bank agreed that such was the situation and that the new contract auditor requires a reworking of all the records back to 2009 to establish a reliable account balance

3.0 AUDITED FINANCIAL STATEMENTS AND AUDIT REPORT ON THE NATIONAL TRANSPORT FUND 2013

3.1 Introduction

The Committee reviewed the audited 2013 financial statements of the National Transport Fund (NTF) which is managed by the Ministry of Infrastructure Development (MID) and funded by the Solomon Islands Government and currently the Australian Government. The report included the results for three years commencing 2011 to 2013.

The financial report also included the audit findings reported by the auditor appointed by the Fund. The issues raised by the auditor were not so material that he was required to issue a qualified opinion and, accordingly, the financial statements were given an unqualified certification.

Financial Statements 2011 – 2013

	2013	2012	2011	TOTAL
RECEIPTS				
DFAT Contribution	25,735,195	6,909,120	116,927,480	157,522,600
SIG Contribution	37,487,589	10,000,000	3,057,686	50,545,275
Total [after contractor refund in 2013 of \$27,718]	63,250,501	24,859,925	119,985,156	208,095,592
PAYMENTS				
Consulting services	1,157,779	2,165,710	0	3,323,489
Survey & design	0	486,680	0	486,680
Road maintenance costs	40,585,008	65,989,995	10,630,687	117,205,690
Bridge maintenance	0	91,818	0	91,818
Emergency/disaster relief	2,551,556	0	0	2,551,556
Operational costs	479,262	596,779	54,773	1,130,814
Non NTF expenses	9,113,161	3,300	0	9,116,461
Total	53,886,766	69,334,282	10,685,460	133,906,503

3.2 Ineligible expenditure able to be paid out of the Fund without authority

The Committee was concerned to see that Note 7 to the accounts disclosed expenditures that were not approved by the NTF Board amounting to \$9,113,161 which comprised the following payments:

- o Tangarere – Kusaba Road West Guadalcanal 370,500

o Ulawa Coastal Ring Road	1,689,726
o Munda Airstrip [Downer NZ]	6,891,852
o IT support [AGSYST Consulting Ltd]	59,703

MID advised that the payments were raised in MID-but were paid by MOFT and there was insufficient communication between MID and MOFT to enable the NTF Board to monitor expenditure effectively.

The auditor reported in his findings that he found a further four non-NTF payments totalling \$4,865,425 which had come out of the Fund that needed to be reversed and cleared by MOFT. MID confirmed that the ineligible expenditure would be refunded to the Fund by SIG.

During the hearing the Committee was unable to determine what was actually allowing ineligible and unauthorised road works expenditures to be paid out of the Fund. The auditor in his report on audit findings also does not explain what internal control breakdowns have occurred to allow such expenditures to be made without proper authority.

Recommendation 23

The Committee recommends that the Ministry of Infrastructure Development undertake a review of the project expenditure claims approval process to see what is allowing unauthorised payments to be made out of the National Transport Fund and take steps to remedy those internal control weaknesses as a matter of priority.

3.3 Custody of primary accounting records

MOFT currently is responsible for the custody of all original payment claims, not all of which could be located by the auditor during the audit of the 2013 accounts. The Committee queried whether these could not be held by MID and was advised that the Ministry was currently improving its systems and recruiting staff to better manage the Fund but is relying on MOFT in the meantime for transactions and reporting.

3.4 Selection of contractors for road works

3.4.1 Encouraging community contractors to participate

The Committee queried MID on how it screened contractors and determined their suitability for rural based projects. MID advised that there was an open procurement process which also enabled local communities to bid for small rural contracts. MID provides training to local communities on how to prepare Bills of Quantity and cost them; conducts mock tenders so that they understand the bidding process; and allows them to bid without having to register or take out insurance until and unless they are successful in their tender.

These procedures are essential because in many rural communities there are local preferences as to who should be awarded the contracts; and any outside contractors not acceptable to the communities would find it difficult if not impossible to carry out the contract in these circumstances.

3.4.2 Managing community contracts completion

The Committee expressed some concerns over how MID is able to manage such contract arrangements which occasionally result in contractors abandoning the project in a semi-complete state which could lead to even further damage than what was originally being repaired.

MID advised that it does monitor all projects and has used alternative means for reinstating the works or the contract to ensure that the project is completed – for instance, using alternative funds such as climate change monies to complete works which are under threat of sea rise.

3.5 Selection of road projects

3.5.1 National Transport Plan

The Committee queried how MID selected which roads are to be repaired and how does it prioritise that selection. MID advised that it managed a three year rolling action programme under its National Transport Plan. The plan provides for a mix of different projects to maintain 1,700 km of roads around the country of which 1,000 km are in urgent need of maintenance.

3.5.2 NTF funds are limited to maintenance of existing roads

The NTF monies are only used for maintenance of roads rather than the construction of new roads, and much of the work is split between machine based contracts which involve rehabilitation of road

surfaces and labour based contracts which involve maintenance of verges and drainage by way of grass cutting etc.

3.5.3 Road project priorities for 2015

The current focus of the government in terms of new roads is in the development of rural road transport infrastructure for which \$61 million has been provided in the 2015 Budget and which will be funded outside of the NTF.

3.5.4 Road priority assessment under the National Transport Plan

MID takes into account a number of considerations when identifying priorities for maintenance of existing roads and the construction of new roads. In addition to the priorities established by the government, MID surveys the existing condition of roads; the populations and community needs of the various roads in terms of social and economic needs – including opening up new productive agricultural areas; the terrain which, if too difficult, results in building wharfs for sea transport rather than roads and bridges; and equitable distribution to all parts of the country – as well as the size of the budget which is inevitably much smaller than the needs given the very high cost of roadworks.

MID will also include contiguous projects in the more remote provinces to reduce the cost of logistics which can be up to 40% of the total cost of projects such as in Temotu.

4.0 RECOMMENDATIONS SUMMARY

The following is a summary of all recommendations highlighted in this Report.

Recommendation 1

That the Ministry of Public Service resume responsibility for the capacity development of accountants through both tertiary education scholarships and IPAM.

Recommendation 2

That line ministries be appropriately sanctioned if they fail to properly manage and account for bank accounts established and managed by them.

Recommendation 3

That MOFT develop a strategic plan for the complete rollout of the asset register template to all line ministries and a target year for when all ministries will comply with the requirements of the *Public Financial Management Act 2013*.

Recommendation 4

The Committee recommends that MOFT undertake a review of the operations of the CTB to ensure that it is functioning fairly and efficiently.

Recommendation 5

The Committee recommends that:

- all government contracts awarded by Ministerial Tender Boards be published on the government website similarly to those published by the Central Tenders Board; and
- all government contracts published on the government website include the company registration number of the suppliers.

Recommendation 6

The Committee recommends that MOFT checking of contract payment claims be extended to also include bank references and supplier company registration checks.

Recommendation 7

The Committee recommends that MOFT review the scope of current Preferred Supplier Lists to extend the list of eligible goods and services thereby reducing the need to conduct tenders for frequently used goods and services.

Recommendation 8

The Committee recommends that all construction contracts include priced units of variation to control cost escalations when the design or scope needs to be varied after commencement.

Recommendation 9

The Committee recommends that MOFT revise Financial Instructions to:

- expand the scope of the existing requirement to avoid a conflict of interest by all public officers to include a description of any phone calls, gifts or any other support received from contract bidders
- require the Chairman of any tender board at the commencement of proceedings to read out to the board members the declaration of conflict of interests requirement and the consequences for breaching those requirements; and then challenge all members to disclose any interests or declare that they have none and record their responses in the tender board minutes; and
- require any public officers who are subsequently found to have accepted any phone calls, gifts or other support contrary to their declarations should be subject to immediate disciplinary action including dismissal.

Recommendation 10

The Committee encourages its colleagues in the respective Provincial Government Assemblies and their administrations to improve the transparency and accountability of their Ward Development Grants through clearer disbursement policies and acquittals of expenditure.

Recommendation 11

The Committee encourages its colleagues in the respective Provincial Government Assemblies and their administrations to review the effectiveness of their respective business arms and:

- where goods and services can be better provided by the private sector, that those business arms be disbanded; or alternatively;
- enforce a requirement that their respective business arms boards and managements issue financial statements on their operations as part of their continuing appointments and employment.

Recommendation 12

The Committee encourages its colleagues in the respective Provincial Government Assemblies and their administrations to review the effectiveness of their respective revenue collection arrangements and implement the necessary reforms required.

Recommendation 13

The Committee encourages its colleague elected officials from both the Honiara City Council and the Guadalcanal Provincial Government to:

- refrain from becoming personally involved in the administrative affairs of the two governments and focus on establishing policy, approving budgets and overseeing the operations of their respective administrations;
- review existing legislation to clarify the geographical boundaries between the Honiara City Council and the Guadalcanal Provincial Government; and

- pass legislation which would prohibit such direct involvement by elected officials and include a breach of such a prohibition as grounds for national government intervention under the respective legislations.

Recommendation 14

The Committee recommends that the Council review the employment terms and conditions of its accounting staff including its direct employees, and align them to market conditions so that the Council attracts the right people and retains them.

Recommendation 15

The Committee recommends that the Council review and revise the intended role of the internal auditor so that the position is responsible for monitoring internal controls and not for preparing accounts.

Recommendation 16

The Committee recommends that the Ministry of Home Affairs review the operations of the Council as a matter of urgency and agree with the Council the steps required to bring its financial affairs under proper control.

The Committee also recommends that the Council members and executive management take more responsibility for ensuring proper oversight and reporting of its finances – timely reporting is essential to ensure that management has reliable information to base its day to day decisions as well as minimise opportunities for theft or fraud.

Recommendation 17

The Committee recommends that Ministers be reminded of their statutory responsibility for tabling annual reports in the Parliament following proper procedures for those statutory entities for which they are accountable.

Recommendation 18

The Committee recommends that the Solomon Islands Ports Authority establish whether or not previous annual reports and certified financial statements had been tabled in the Parliament and take immediate steps to arrange the tabling of those reports that are still outstanding.

Recommendation 19

The Committee recommends that the Government and the Authority commence an urgent dialogue for planning the safe relocation of the existing fuel tanks away from the centre of the central business district of Honiara before the city is subjected to a catastrophic event.

Recommendation 20

The Committee recommends that the Solomon Islands Visitor Bureau take an unlicensed accommodation provider who refuses to pay bed tax to court in order to test the legislation and send a message to other providers that compliance is not only fair to other operators but essential for the development of the tourism industry.

Recommendation 21

The Committee recommends that the Solomon Islands National University implement a standard business practice of ensuring all minutes are presented and verified at a subsequent meeting and signed by the chairman at that meeting.

Recommendation 22

The Committee recommends that the Solomon Islands National University undertake a comprehensive stock take of all of its plant, property and equipment and revalue its buildings in accordance with accepted international reporting standards.

Recommendation 23

The Committee recommends that the Ministry of Infrastructure Development undertake a review of the project expenditure claims approval process to see what is allowing unauthorised payments to be made out of the National Transport Fund and take steps to remedy those internal control weaknesses as a matter of priority.

5.0 APPENDIX

5.1 Minutes of Proceedings



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

MINUTE 1/2015

Minutes of Proceedings
Committee Hearing

Hearing 1/2015

Wednesday 1st July CR II, Parliament House 3:13 pm

1. Members Present

Hon. Rick Houenipwela, MP Chairman
Hon. Connelly Sandakabatu, MP
Hon. Jeremiah Manele, MP
Hon. Matthew Wale, MP
Hon. Derrick Manu'ari

Secretary: Mr. Robert Cohen- Auditor General (Acting)

Absent: Hon. Steve Abana, MP

Apologies – Hon. Nestor Giro, MP

Secretariat

Mrs Jasmine Waleafea, Committee Secretary
Mr. Davidson Kukuti, Hansard Reporter
Mr. Moffett Maenao, ICT
Mr. Stephen Hachi, Camera

2. Welcome- The Chairman Hon. Rick Houenipwela calls the hearing to order.

3. Committee Hearing into the National Transport Fund; Transport Sector Development Project 2013 Audit Report

The following witnesses from the Ministry Of Infrastructure Development were admitted;

Witnesses

Mr. Moses Virovolomo, Permanent Secretary, Ministry of Infrastructure Development
Mr. John Hinges, Advisor to the NTF, Ministry of Infrastructure Development
Mr. Harry Rini, Director Transport, CPIU
Miss Mynra Hernandez, FMS, CPIU

The committee examines the witnesses and the collection of evidence concluded

3. Adjournment: The committee adjourned hearing at 4:24 pm

4. Documents Tender:

a. List of Roads, Bridges and Wharves

**PUBLIC ACCOUNTS COMMITTEE****NATIONAL PARLIAMENT OF SOLOMON ISLANDS**

MINUTE 2/2015

Minutes of Proceedings
Committee Hearing

Hearing 2/2015

Thursday 2nd July CR II, Parliament House 10:15 am**1. Members Present**

Hon. Rick Houenipwela, MP Chairman
Hon. Connelly Sandakabatu, MP
Hon. Jeremiah Manele, MP
Hon. Matthew Wale, MP

Secretary: Mr. Robert Cohen- Auditor General (Acting)

Absent: Hon. Steve Abana, MP

Apologies – Hon. Nestor Giro, MP, Hon. Derrick Manu'ari

Secretariat

Mrs Jasmine Waleafea, Committee Secretary
Mr. Davidson Kukuti, Hansard Reporter
Mr. Ignatius Talifilu, Hansard Reporter
Mr. Moffett Maenao, ICT
Mr. Stephen Hachi, Camera

2. **Welcome-** The Chairman Hon. Rick Houenipwela calls the hearing to order and opened with a word of prayer.

3. Committee Hearing into the Office of the Auditor General Annual Report 2014; covering 2012 and 2013

The following witnesses from the Ministry Of Finance and Treasury, Ministry of Public Service and the Ministry of Development, Planning and Aid Coordination were admitted;

Witnesses

Mr. Harry Kuma, Permanent Secretary, Ministry of Finance and Treasury
Miss Merrylyn Kodoleke, Deputy Accounting General, Ministry Finance and Treasury
Mr. Nego Sisiolo, Permanent Secretary, Ministry of Public Service
Mr. Drummond Rupert, Secretary Public Service Commission, Ministry of Public Service
Mr. Andrew Idutee, Financial Controller, Ministry of Public Service
Mr. Manasseh Taloafiri, Human Resources Manager, Ministry of Development Planning and Aid Coordination
Mrs. Judith Sisiolo, Financial Controller (Supervising), Ministry of Development Planning and Aid Coordination

The committee examines the witnesses and the collection of evidence concluded at 11:38 am.

Hearing resumes at 11:48 am and the following witnesses from the Ministry of Home Affairs and the Honiara City Council were admitted;

Witnesses

Mr. George Palua, Permanent Secretary, Ministry of Home Affairs
 Mr. Freddie Irofiau, Undersecretary Cooperate, Ministry of Home Affairs
 Mr. Moses Kaukui, Treasurer, Honiara City Council

The committee examines the witnesses and the collection of evidence concluded at 12:41 pm for
Lunch

Hearing resumes at 1:41 pm and the following witnesses from the Solomon Islands Ports Authority were admitted;

Witnesses

Mr. Glyn Joshua, Director Commercial, Solomon Islands Ports Authority
 Mr. George Rausi, Director Finance, Solomon Islands Ports Authority
 Mr. Hugo John Bugoro, Director Operations, Solomon Islands Ports Authority
 Mr. Benny Lehua, Director Corporate, Solomon Islands Ports Authority

The committee examines the witnesses and the collection of evidence concluded at 2:48 pm. Hearing resumes at 2:53 pm and the following witnesses from the Solomon Islands Visitors Bureau were admitted;

Witnesses

Mr. Josefa Tuamoto, Chief Executive officer, Solomon Islands Visitors Bureau
 Mr. Tanny Maelasi, Manager Finance, Solomon Islands Visitors Bureau

The committee examines the witnesses and the collection of evidence concluded at 3:27 pm. Hearing resumes at 3:32 pm and the following witnesses from the Ministry of Provincial Government and Institutional Strengthening were admitted;

Witnesses

Mr. Stanley D Pirione, Permanent Secretary, Ministry of Provincial Government and Institutional Strengthening
 Mr. Chris Siala, Chief Admin Officer, Ministry of Provincial Government and Institutional Strengthening
 Mr. Peter Tolifaeki, Internal Auditor, Ministry of Provincial Government and Institutional Strengthening
 Mrs. Lindina Kopana, Chief Accountant, Ministry of Provincial Government and Institutional Strengthening

The committee examines the witnesses and the collection of evidence concluded.

3. Adjournment: The committee adjourned hearing at 4:27 pm

4. Documents Tender:

- a. Honiara City Council Cooperate Plan (Pending)
- b. Solomon Islands Ports Authority - Graphic Picturesque of the New Berth
(Submission 1: Thursday 2nd July 2015)



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

MINUTE 3/2015

Minutes of Proceedings
Committee Hearing

Hearing 3/2015

Friday 3rd July CR II, Parliament House 10:36 am

1. Members Present

Hon. Rick Houenipwela, MP Chairman
Hon. Connelly Sandakabatu, MP
Hon. Jeremiah Manele, MP
Hon. Matthew Wale, MP

Secretary: Mr. Robert Cohen- Auditor General (Acting)

Absent: Hon. Steve Abana, MP Apologies – Hon. Nestor Giro, MP, Hon D Manu'ari, MP

Secretariat

Mrs Jasmine Waleafea, Committee
Secretary
Mr. Davidson Kukuti, Hansard Reporter

Mr. Moffett Maenao, ICT
Mr. Eric Wate, Camera

2. Welcome- The Chairman Hon. Rick Houenipwela calls the hearing to order.

3. Committee Continues Hearing into the Office of the Auditor General Annual Report 2014; covering 2012 and 2013

The witness from the Solomon Islands National University was admitted;

Witnesses

Mr. Walter Maesugea, Director Finance, Solomon Islands National University

The committee examines the witness and expressed their dissatisfaction on the statements given, thus the collection of evidence suspended at 11:16 am and the hearing for the Solomon Islands National University was rescheduled for Sunday 5th July 2015. Hearing resumes at 11:51 am and the following witness from the Central Bank of Solomon Islands was admitted;

Witnesses

Mr. Denton Rarawa, Governor, Central Bank of Solomon Islands

The committee examines the witness and the collection of evidences concluded.

3. Adjournment: The committee adjourned hearing at 12:19 pm

4. Documents Tender:

No Documents Tendered



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

MINUTE 4/2015

**Minutes of Proceedings
Committee Hearing**

Hearing 4/2015

Sunday 5th July CR II, Parliament House 2:18 pm

1. Members Present

Hon. Rick Houenipwela, MP Chairman
Hon. Connelly Sandakabatu, MP
Hon. Jeremiah Manele, MP
Hon. Derrick Manu'ari, MP

Secretary: Mr. Robert Cohen- Auditor General (Acting)

Absent: Hon. Steve Abana, MP

Apologies – Hon. Nestor Giro, MP, Hon. Matthew Wale MP

Secretariat

Mrs Jasmine Waleafea, Committee Secretary
Mr. Ignatius Talifilu, Hansard Reporter
Mr. Moffett Maenao, ICT
Mr. Eric Wate, Camera

2. Welcome- The Chairman Hon. Rick Houenipwela calls the hearing to order.

3. Committee Continues Hearing into the Office of the Auditor General Combine Annual Report 2014; covering 2012 and 2013

The following witnesses from the Solomon Islands National University were admitted;

Witnesses

Dr. Glyn Galo, Vice Chancellor, Solomon Islands National University
Professor Basil Marasingho, Pro-Vice Chancellor Academic, Solomon Islands National University
Mr. Donald Malasa, Pro-Vice Chancellor Cooperate, Solomon Islands National University
Mr. Peter C Asaph, Manager Student Academic Services, Solomon Islands National University
Mr. Walter Maesugea, Director Finance, Solomon Islands National University

The committee examined the witnesses and the collection of evidences concluded.

3. Adjournment: The committee adjourned hearing at 3:41 pm

4. Documents Tender:

No Documents Tendered

5.2 Submissions

No	Author
1	Ministry of Infrastructure Development
2	Solomon Islands Ports Authority

