



# **NATIONAL PARLIAMENT**

**Report of the Public Accounts Committee**

**on the Parliamentary Service**

**based on**

**the motion of the Parliament**

**"that this Parliament call**

**on the Public Accounts Committee to carry out an**

**Inquiry into the Parliamentary Service as soon**

**as possible and present a Report of its**

**findings at the next meeting of the Parliament".**

**September 2003**

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# THE NATIONAL PARLIAMENT OF PAPUA NEW GUINEA

## PERMANENT PARLIAMENTARY COMMITTEE ON PUBLIC ACCOUNTS

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Parliament House  
**WAIGANI**, NCD  
Papua New Guinea

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### LETTER OF TRANSMITTAL

24 September 2003

Bill Siate CMG, MP  
The Speaker of the National Parliament  
P O Parliament House  
**WAIGANI**  
National Capital District

Dear Mr. Speaker,

I am pleased to report as directed by the National Parliament on the motion passed on 9 July 2003 to carry out an inquiry into financial and administrative affairs of the Parliamentary Service as soon as possible and present a Report of our findings at this session of Parliament.

The inquiry was conducted at the Parliament on 25th and 28th of July 2003 and witnesses appeared and were interviewed by the Committee.

The information and evidences gathered from the inquiry and from other relevant resources were carefully analysed to enable the Committee to present accurate and honest findings to you and the members of Parliament.

Mr. Speaker, I must inform this Honourable House that the investigative work of this inquiry has been severely limited because no funds whatsoever were made available to assist us. We could have included much more information that is of serious concern but have not been able to do so because all funds to my Committee have been stopped. Parliament must now consider this problem. As of the end of July 2003. The Public Accounts Committee has effectively been closed down and can not reopen until funds are made available.

I trust that you will find the report informative and helpful. I hope that Parliament will take immediate action on the recommendations contained herein.

I also wish to register my appreciation to the Clerk of the National Parliament and his staff for their assistance during the course of the inquiry.

I recommend the Report to you and remain.

Yours sincerely,

**HON. JOHN HICKEY, MP**  
Chairman

## 1. **INTRODUCTION**

In accordance with the requirements of the Public Finances (*Management*) Act and the Permanent Parliamentary Committees Act the Public Accounts Committee is comprised of fourteen (14) elected members of the National Parliament.

The following members of Parliament were on the Committee at the time the Committee was involved in conducting a series of meetings and inquires into the Parliamentary Service.

<b><u>Name</u></b>	<b><u>Electorate</u></b>
Hon. John Tongri Hickey, MP — Chairman	Bogia
Hon. Kimson Kare, MP- Deputy Chairman	Wewak
Hon. Anderson Vele, MP	Rigo
Hon. Miki Kaeok, MP	Wapenamanda
Hon. James Togel, MP	North Bougainville
Hon. Tony Aimu, MP	Ambunti-Dreikikir
Hon. Bob Danaya, MP-Governor	Western
Hon. Michael Mas Kal, MP	North Waghi
Hon. John Vulupindi, MP	Talasea
Hon. Mao Zeming, MP	Tewai-Siassi
Hon. Nick Kuman, MP	Gumine
Hon. Malcolm Smith, MP-Governor	Eastern Highlands
Hon. Chris Haiveta, MP-Governor	Gulf

The Committee was assisted by the following Secretariat staff:

Mr Repe Rambe	Secretary
Mr M. Thillaiampalam	Consultant
Ms Cecily Odai	Typist
Mrs Dabu Moro	Assistant

### 1.1 **Observers at the Inquiries**

The following Government Institutions were represented by respective officials as observers during the proceedings of the inquiries conducted by the Committee.

#### 1.1.1 **Auditor- General's Office**

#### 1.1.2 **The Ombudsman Commission**

#### 1.1.3 **Department of Finance**

#### 1.1.4 **Representatives of the News Media**

Representatives of the following media organizations were present:

- EMTV Television
- The Post Courier
- The National News
- The Independent/ Wantok News
- The NBC
- Radio Kalang
- Nau FM Radio

## 1.2 Details of Witnesses

The following witnesses representing the Parliamentary Service were sworn and examined by the Committee during the inquiries held on 25 and 28 July 2003.

<u>Name</u>	<u>Title</u>
Mr. Ano Pala	Clerk of Parliament
Mr. Don Pandan	Deputy Clerk of Parliament
Mr. Kalu Yomilewau	Director — Advisory Services
Mr. Verenagi Ravu	A/Director — Finance & Admin.
Mr. Graeme Whitchurch	SNR. Advisor — Members RBFB
Mrs. Janet Tuakana	OIC — Members Emoluments
Ms Josephine Ombuno	Manager — Human Resource
Ms Sarufa Haro	A/Principal Parliamentary Reporter
Mr. Jack Bagita	Executive Officer — SRC
Mr. Bill Malaga	Secretary — Supply & Tenders Board

## 2. FUNCTIONS OF THE PUBLIC ACCOUNTS COMMITTEE

The functions of the Committee as laid down in Section 216 of the *Constitution of PNG* are as follows:

- (1) The primary function of the Public Accounts Committee is, in accordance with an Act of the Parliament, to examine and report to the Parliament on the public accounts of Papua New Guinea and on the control of and on transactions with or concerning, the public moneys and property of Papua New Guinea.
- (2) Subsection (1) extends to any accounts, finances and property that are subject to inspection and audit by the Auditor-General under Section 214(2) (*functions of the Auditor-General*), and to report by the Auditor-General under that subsection or Section 214 (2) (*functions of the Auditor-General*).
- (3) An Act of the Parliament may expand, and may provide in more detail for, functions for the Committee under Subsection (1) and (2), and may confer on the Committee additional functions and duties not in consistent with the performance of the functions and duties conferred and imposed by those subsections.

The functions of the Committee as laid down in Section 86 of the Public Finances (*Management*) Act are as follows:-

(1) *The functions of the Committee are-*

- (a) to examine the accounts of the receipts and expenditure of the Public Accounts and each statement and report of the Auditor-General presented to the Parliament under Section 214 of the *Constitution* or Section 113(8)(a) of the *Organic Law on Provincial Governments and Local-Level Governments*; and
  - (b) in accordance with Section 87, to examine and report on the accounts of a public body; and
  - (c) to report to the Parliament, with such comments as it thinks proper, any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Parliament should be directed; and
  - (d) to report to the Parliament any alteration that the Committee thinks desirable-
    - (i) in the form of the public accounts; or
    - (ii) in the method of keeping them; or
    - (iii) in the method of collection, receipt, expenditure or issue of public moneys; or
    - (iv) for the receipt, custody, disposal, issue or use of stores and other property of the State; and
  - (e) to inquire into any question in connection with the public accounts that is referred to it by the Parliament, and to report to the Parliament on the question, and include such other duties as are assigned to the Committee by the Standing Orders of the National Parliament.
- (2) Any member of the Parliament may move for the reference to the Committee of any question in connection with the Public Accounts, for the report to the Parliament.

### **3. POWERS OF THE PUBLIC ACCOUNTS COMMITTEE**

The Committee applied the following powers in the cause of performing its duties given by the Constitution and the Public Finances (*Management*) Act.

#### **3.1 Power to make Referral**

Section 86A of the Public Finances (*Management*) Act as amended, gives the Committee power of referral which states as follows:

- (1) Where the Committee is satisfied, after making an investigation under this Act, that there is a prima facie case that a person has not complied with the provision of the Constitution and this Act in connection with control and the transaction with and concerning the accounts of a public body, the public moneys and the property of Papua New Guinea, it shall refer the matter, together with its report on the matter, to
  - (a) in the case of a leader who is subject to the Leadership Code, the Ombudsman Commission; or

(b) in the case of a person, other than a leader referred to under Paragraph (a), the Public Prosecutor, for further investigation and prosecution as the case may be,

(2) The Committee shall make such recommendations as it thinks fit in relations to a referral under Subsection (1)."

### **3.2 Power to Summon witnesses**

Section 89 of the Public Finances (*Management*) Act states as follows:

(1) The Committee may summon witnesses to appear before it to give evidence and produce documents.

(2) A summons to a witness-

(a) shall be in the prescribed form; and

(b) shall be signed by the Chairman or Deputy Chairman; and

(c) may be served on the witness either personally or by being left at or sent by post to his usual place of business or of abode.

### **3.3 Power to Sit during recess**

Section 81 of the Public Finances (*Management*) Act states as follows:

The Committee may-

(a) sit and transact business during any adjournment or recess, as well as during a meeting, of the Parliament; and

(b) sit at such times and in such places, and conduct its proceedings in such manner, as it thinks proper.

### **3.4 Power to take evidence on oath or affirmation.**

Section 92 of the Public Finances (*Management*) Act states as follows:

(1) The Committee may take evidence on oath or affirmation, and the Chairman or Deputy Chairman may administer oaths or affirmations to witnesses appearing before the Committee.

(2) The oath or affirmation administered to a witness may be in the prescribed form.

(3) A witness who objects to taking an oath shall not be compelled to take an oath, but may be compelled to make an affirmation.

The Committee has applied these powers in the cause of performing its duties.

#### **4. SCOPE OF WORK**

The Parliament on 9 July 2003 passed a motion which authorized the Public Accounts Committee to conduct an inquiry into the Parliamentary Service and report back to the Parliament.

The motion was moved by the Hon. Paul Tiensten, Member for Pomio and agreed to by majority decision in Parliament.

The motion was passed as follows:-

**"That this Parliament calls on the Public Accounts Committee to carry out an inquiry into the financial and administrative affairs of the Parliamentary Service as soon as possible and present a report of its findings at the next meeting of the Parliament".**

In pursuant to this motion, and in accordance with the powers and functions given under the Constitution and the Public Finances (*Management*) Act, the Public Accounts Committee had conducted a series of meetings and inquiries into the Parliamentary Service.

The Committee conducted inquiries into the Parliamentary Service on 25 and 28 July 2003. A series of questions were put to the Clerk and other Senior Officers who were sworn and appeared before the Committee.

Soon after the inquiries were held, the Committee issued a total of forty-two (42) directives to the Clerk of Parliament, seeking clarification and further information on matters arose from the inquiries.

The Clerk of Parliament had responded to the directives and his response is reproduced in **Item 9** of pages 23-38 of this Report.

The Committee has made several observations and made recommendations based on such observation, details of which are given in **Items 6 and 7** of this Report.

#### **5. DETAILS OF OBSERVATIONS**

During the course of holding inquiries and subsequent correspondence with the Clerk of Parliament, deficiencies were observed in the following areas of operation of the Parliament.

##### **5.1 Financial Position of the Parliament**

The following observations were made:-

Parliament had estimated for expenditure in 2003 for a total of K55,159,293 that made up as follows:-



<u>Function</u>	<u>Description</u>	<u>Estimate</u>
Function 1	Parliamentary Service	K 13,423,093
Function 2	The Parliament	K 39,236,200
Function 3	Special Services	<u>K 2,500,000</u>
		<u>K55,159,293</u>

These estimates were cut by K10,159,293 and actual allocation to the Parliament was reduced to K45,000,000,

The reasons for the budget cut according to the Minister for Finance and Treasury Hon. Bad Philemon was that a total of K9,400,000 as a one-off payment to cater for allowances and other related payments for newly elected members was already paid to the Parliament in July 2002.

However, the Parliament's request made on the 18 June 2002 by the Clerk, was to meet most of the payments due to outgoing members of Parliament.

Details as follows:-

Accrued Recreation Leave	K 2,600,242
Accrued Long Service Leave	K 1,650,211
Retirement Benefits Pensions	K 1,463,249
Outstanding State Contribution to Pension	K 4,400,000
Settling-in-allowance-all new members	<u>K 272,500</u>
	Ki 0,386,202
	===== :

These had resulted in a cut by K10.2 million which led to a revised budget as follows:-

<u>Function</u>	<u>Description</u>	<u>Estimate</u>
Function 1	Parliamentary Service	K 11,008,593
Function 2	The Parliament	K 32,641,407
Function 3	Special Services	<u>K 1,350,000</u>
		K 45,000,000
		===== :

The Committee further noted that unbudgeted expenses also contributed towards the Parliament cash shortage. Details as follows:-

Members Advances	K3,291,126
Medical Expenses	K 332,732
Funeral Expenses	
Members - Fr Louise Ambane & Hon. Paul Wai	K 140,000

Staff - William Taupa & Wesley Ishmael	<b>K 37,000</b>
Change Director — CCS Anvil (PNG) Ltd	<b>K 160,000</b>
Independence Hill Kitoro No. 33 Ltd/ PNG Gardener	<b><u>K 39,966</u></b>
	<b>K4,000,824</b>
	<b>== = = =</b>

It was noted that medical and funeral expenses totaling K509,732 were already covered under respective insurance policies of members and staff with the Workers Mutual Insurance.

Therefore, such payments should not have been incurred by the Parliament. At the time of writing this Report, it was not known whether these expenses were reimbursed by the Insurance Company.

Further noted that advances for school fees were substantial amounts and it was not clear how such advances were fully recovered within the same financial year as required by the SRC determinations.

Vehicle allowances were budgeted to be paid for 12 months however, the SRC determination clearly states that members required an advance at the a maximum of 48 months which caused a strain on the budget. Total Vehicle Allowance paid up to 7 August 2003 amounted to K2,165,465.

The Committee noted that a sum of K10,386,282 was requested by the Clerk, to meet expenses for outgoing members in June 2002. The Department of Finance had allocated a sum of K9.4 million in 2002.

These funds were used for the following purposes:-

Accrued Rec. Leave	<b>K 2,789,550</b>
Accrued Long Service Leave	<b>K 1,837,284</b>
Pensions	<b>K 5,863,249</b>
Settling in Allowance	<b><u>K 272,500</u></b>
	<b><u>K10,762,583</u></b>

Further noted that the total amount of K9.4m was fully used towards meeting the above payments in 2002.

It was noted that the Department of Finance to reduce the Parliament's original budget of K55 million to K45 million was considered unfair and, that alone had severe strain on the cash position of the Parliament.

## **5.2 Annual Report of the Parliamentary Service**

The following observations were made:-

- Annual Report of the Parliamentary Service was not prepared on a timely basis as required by Section 4 of the Parliamentary Service Act which states that, "the service shall no later than 31 March in each year, give to the Speaker for presentation to the National Parliament, a report on the work of the service during the preceding period of 12 months with recommendations as to improvements as it thinks proper".
- At the time of writing this report in September 2003, the annual report for the year 2002 was not yet tabled in Parliament, although the Act requires for it to be tabled no later than 31 March 2003.
- Failure to table the annual report for the year 2002 by 31 March 2003 is in direct violation to Section 4 of the Parliamentary Service Act.

## **5.3 Financial Statements**

The following observations were made:-

- Information provided in the Financial Statements for the year 2001 is very limited only to a summary of commitments and expenditures against appropriations, without a detailed break-up of all the expenditures incurred by the Parliament during that year.
- Section 18 of the Parliamentary Service Act states that Part VIII of the Public Finances (*Management*) Act 1995 be applicable to the Parliamentary Service.
- Section 63 (3) (b) states that Financial Statements shall be in a form approved by the Minister in consultation with the Auditor-General.
- A proper financial statements showing details of receipts and payments and a balance sheet reflecting assets and liabilities of the Service have not been presented in the Annual Report for the year 2001 and even for previous years in accordance with the provisions of Public Finances (*Management*) Act.

## **5.4 Members Medical and Life Insurance**

The following observations were made:-

- Insurance Policy for members of Parliament was limited to 65 years of age which excluded those members whose age was over that limit covered by the Policy.
- The Committee directed the Clerk of the Parliament to negotiate with the Insurer to remove the limit set at 65 years of age for members.

- Insurance Policy documents for Medical and Life Insurance were not made available to Members of Parliament for their information and awareness.
- Despite the insurance cover undertaken by Parliament, substantial amounts were paid out of Parliament funds relating to medical and funeral expenses as follows:-

Medical Expenses	K 332,732
Funeral Expenses	K 177,000
	<u>K509.732</u>

- At the time of writing this report in September the Committee was unaware whether, all medical and death claims for two members and two staff were made with the Insurance Company.
- A sum of K197,856 paid towards Medical Plan reflected in the expenditure summary as at 22 August 2003 of the Parliament was not substantiated with relevant details of the payment and also, no details of any benefits being derived out of such payments.

#### 5.5 Members Retirement Benefits

The following observations were made:-

- A Permanent Parliamentary Committee on Pensions and Retirements Benefits was not in existence as required by the Parliamentary Members, Retirement Benefits Act 1997.
- No reports have been prepared and tabled in Parliament in accordance with Section 8 of that Act.
- No evidence of proper management of the Members Retirement Benefits Fund was available which indicated poor administration of the fund.
- During January to March 2003 the fund had no money to pay for pensions and as a result the Parliament was pressured to pay pensions out of Parliament funds.

#### 5.6 Payment made to a Law firm for Investigations

The following observations were made:-

- A motor vehicle part known as a Cylinder Head purchased from Ela Motors for K4,178 had gone missing at the mechanical workshop of the Parliament House.
- A sum of K31,789 was paid to Manjin Lawyer to investigate the missing vehicle part and a further K4,178 was spent to replace the missing part.

- Parliament had ended up spending a total of K39,789 for a vehicle engine part that only cost K4,178 was considered highly extravagant and wasteful.
- Investigations of the missing vehicle engine part could have been done internally or by normal Police investigations at no cost to Parliament.
- At the time of writing this Report in September 2003, no evidence of any action has been taken by management to fix responsibility for the missing vehicle engine part, although the investigation report prepared by Manjin Lawyers have made recommendation for such action to be taken.

#### **5.7 Floor Carpets of the Parliament House**

The following observations were made:-

- A total of five sea containers that have taken up car spaces in the Parliament Car Park have been found to contain floor carpets. These floor carpets were purchased in 1998 at a price of K700,000 to rejuvenate the Parliament Gallery and Offices.
- No action was taken to lay the carpets and they were left in the containers outside the car park for over four years. Rain water leakage through the containers have damaged and rendered majority of the carpets unusable.
- At the time of writing this Report in September 2003, remaining carpets that were in good condition were estimated to be worth only K400,000 and they were yet to be put to good use.

#### **5.8 Internal Audit**

The following observations were made:-

- Audit report of the Auditor-General for the year 2000 states that Parliament does not have an internal audit division that could oversee the accountability and control framework within the organization.
- The concept of internal audit as an independent appraisal activity within the Parliamentary Service for the review of accounting financial and other operations as a vital service to management was found to be absent.
- At the time of writing this report the Committee was informed by the Clerk that arrangements were made to engage an Internal Auditor.

#### **5.9 Contract with CCS Anvil (PNG) Limited**

The following observations were made:-

- Minutes of the Tenders Board Meeting No. 02/2002 held on 30 October 2002 resolved to engage CCS Anvil (PNG) Limited to review the efficiency of the services provided by the National Parliament at a tendered price of K200,000 for a period of 12 months.

- The contract was executed on 12 November 2002 in the following manner;
  - a) 10% of K200,000 to be paid on the date of signing of the contract.
  - b) K15,000 to be paid at the end of each month upon production of invoices by CCS Anvil.
- Additional payments were to be made to CCS Anvil for any work or service provided outside of the terms of reference in the following manner:-

<u>Personnel</u>	<u>Hourly Rate</u>
Director	K300 per hour
Project Manager	K250 per hour
Assistant Project Manager	K200 per hour

- The above clause in the contract that provided for additional work at the given rates were considered to be an open handed contract which committed the Parliament to the extent of K1.4 million.
- At the time of writing this report in September 2003, Parliament had paid CCS Anvil a total amount of K375,779.
- The payment of K375,779 to CCS Anvil had exceeded the original tender price of K200,000 and also exceeded the financial delegate limit for the Clerk of Parliament set at K300,000 by the Parliamentary Service Act.
- Additional payments were made to CCS Anvil amounting to K28,979 which were not provided in the contract, such as for air fares and accommodation.
- Reports prepared in February 2003 by CCS Anvil have not been discussed and implemented by the management of the Parliamentary Service.

#### **5.10 Contract with Kitoro No. 33 Limited**

**The following observations were made:-**

- **Kitoro No. 33 Limited** which tendered for the maintenance of gardens for K490,248 for a period of 12 months was finally awarded a contract for a period of 3 years from 1 April 2001 to 31 March 2004 thereby committing the Parliament for total cost amounting to K1,470,744.
- Tender Board meeting No. 2 (B)12001 held on 12 April 2001 resolved to award the contract to Kitoro No. 33 Ltd for an amount of K490,248 which was above K300,000 was in breach of Section 61 of the Public Finances (*Management*) Act.
- Recommendations made by the House Committee of the National Parliament and tabled in a Report on 30 November 2000 after the inquiry into the awarding of the Gardening Contract to Kitoro No. 33 Limited by the National Parliament were not implemented. The recommendations were as follows:-

- (0) That legislative action be taken to amend the Parliamentary Services Act 1997 or the Public Finance (*Management*) Act 1995, to clarify the powers of Parliament and the Ministry of Finance & Treasury in relation to the awarding of contracts and the expenditure of public funds by Parliament; and

That appropriate measures be taken to obtain further legal clarification on whether or not the Parliament can execute contracts without the approval of the Minister, after the Parliamentary Service Tenders Board has considered and approved such contracts; and

- (ii) That the Parliament, in consultation with the relevant authorities, takes immediate steps to develop and implement a "Financial Procedures Manual" for use by Parliament in the expenditure of its funds; and
- (iii) That the options for dialogue, consultation and liaison between the Speaker and the Prime Minister and Minister for Finance & Treasury be initiated and undertaken to resolve and bring this whole issue to an amicable conclusion; and

#### 5.11 Reporting Division

The following observations were made:

- The Reporting Division's responsibility is to produce the Hansard for Parliament meetings. A report prepared by CCS Anvil states that the Reporting Division experience heavy work loads during sittings and existing staff experience great stress and fatigue in those periods. As a result deadlines are not being met and draft Hansard is no longer available to Members the morning after Parliamentary sessions.
- The Principal Reporter of the Hansard, Mr. Bunam Lakasa has been sick and unable to perform duties since March 2002.
- Vital equipment such as computers needed by the Division are not available. The following equipment were out of order and remains to be replaced for many years;
  - 1 Photocopier
  - 8 Transcribing machines
  - 6 Computers
  - 3 Scanners
  - 2 Binding machines
- Existing Computers currently used are very old which have been purchased in 1996 and vital items of stationery were lacking in that Division.

### **5.12 Bank Overdraft**

The following observations were made:-

- Parliament maintained a K2 million overdraft facility with the Bank of South Pacific at an interest rate of K16.25% per year.
- Section 36 of the Public Finances (*Management*) Act requires for Ministerial approval for advances and overdrafts.
- No approval was obtained from the Minister despite a letter of request was made by the Clerk on 5 November 1998 and yet Parliament has continually been operating under an overdraft facility of K2 million.

### **5.13 Assets Register**

The following observations were made:-

- A proper assets register is not being maintained to record all the assets of the Parliament and no evidence was available to indicate that a proper physical verification of assets of the Parliament have been carried out by the service.
- Records indicate that a property described as Section 484 Allotment 82 & 83, Gerehu was purchased for a sum of K826,500. Title deeds of the property were not available to confirm the ownership of the property.
- No records were available to indicate whether Ministerial approval was obtained as required by Section 61 of Public Finances (*Management*) Act for the purchase of this property.

### **5.14 Parliament Supply & Tenders Board**

The following observations were made:-

- No Tender Register is maintained by the Secretary of Parliament Supply & Tenders Board to ensure that required information by Financial Procedures Manual are recorded in the Register.
- Tender for Beautification, Landscaping and Gardening project from Kitoro No. 33 Ltd was received on the 12 February 1999 long after the close of tender for the project on 27 November 1998.
- The statement made to the Committee by the Secretary that Paradise Landscaping Ltd changed its name to Kitoro No. 33 Ltd is not a true statement. There is no evidence available to indicate the change of name from Paradise Landscaping Ltd to Kitoro No. 33 Ltd.



Therefore Kitoro No. 33 Limited was awarded several contracts for beautification amounting to K837,728 that did not go into public tender like other bidders.

- The awarding of Parliament Gardens Maintenance Contract to the highest bidder Kitoro No. 33 Ltd for a period of three years from April 2001 to March 2004 at an amount of K1.4 million where as the lowest bidder is only K12,000 per year. Eighteen other bidders were listed however their tender prices were not disclosed.

#### **5.16 Members Emoluments**

The following observation were made:-

- Total advances paid to the members of Parliament from January to August 2003 amounted to K3,291,126. Details as follows;

<b><u>Type of Advance</u></b>	<b><u>Amount</u></b>
Vehicle	<b>K 2,165,465</b>
Housing	K 157,664
School Fees	<b>K 436,165</b>
Furnishing	K 114,400
Medical	<b>K 332,732</b>
Security	K 12,376
Others	<b>K 72,321</b>
	<b><u>K 3,291,123</u></b>

- Among the list of outstanding advances for members of Parliament, the following advances were also made to the Clerk, that remain outstanding.

<b><u>Type of Advance</u></b>	<b><u>Capital Balance</u></b>
Vehicle	<b>K 36,617</b>
Advance	K 5,568
School Fees	K 1,350

- The Committee is at a loss to know why various types of advances to the Clerk of Parliament was paid out of Members Emoluments.

#### **5.17 Parliament Refreshment Rooms**

The following observations were made:-

- The Consultant Company CCS Anvil engaged by Parliament has reported several areas of weakness in the operation of the Parliament Refreshment Rooms and suggested the following corrective measures;
- The need to establish proper accounting systems for all revenue and expenditure by using the current computerized accounting system.

- The need to produce an Income Statement and a Balance Sheet and to submit these documents to Senior Management at the Parliament Services Department so that performance of the Catering Section can be managed appropriately.
- The need to introduce complete stock control procedures that will identify stock misappropriation.
- The management made no indication to confirm whether these areas of weakness as reported have been corrected.

#### **5.18 Purchase of a reconditioned vehicle**

The following observations were made:-

- A ten years old reconditioned vehicle described as a Toyota Hilux single cabin Utility was purchased from Reliance Motors Ltd for K80,000 on 22 April 2003 for the usage of the Security Manager.
- A brand new vehicle of the same make, model and type, was quoted by Ela Motors for K84,487.
- The management of Reliance Motors Ltd was summoned by the Committee to produce importation documents of the ten year old vehicle, by 12 September 2003 however, at the time of writing this Report on 23 September 2003, management has not complied with the summons. This company should be charged by Parliament for contempt.

#### **5.19 Construction of 'ID' Wing of the Parliament House**

The Committee noted that a payment of K685,000 to Peddle Thorp Architects being the 50% of K1,370,000 for Architectural sketch plan for 'D' Wing was made on 21 October 1998. It is also noted that there was no approval from Minister for Finance and Treasury in terms of expenditure exceeding the prescribed limit under Public Finances (*Management*) Act 1995.

During May 2002, a PNG delegation led by the Clerk of Parliament Mr. Ano Pala and his senior staff including Mr. Ken Yapane, the Architect and Consultant from PDE & I Limited visited Malaysia to raise funding for 'D' Wing at a cost over K100,000.

The Committee notes that substantial amounts have been spent over a period of 5 years without any approval from the Minister.

## **7. RECOMMENDATIONS**

### **7.1 Financial Position of the Parliament**

The Committee makes the following recommendations:-

- The National Parliament must ensure that K10 million deducted from the original budget of K55 million by the Department of Finance & Treasury for the year 2003 be reinstated to the original estimate of K55 million in order to cater for current members salaries, allowances and advances.
- Reinstating the budget by K10 million will alleviate the current cash shortage faced by Parliament.

### **7.2 Annual Report**

The Committee recommends that the Annual report of the Parliament for the year 2002 be tabled in Parliament as soon as possible.

Annual Reports of the Parliamentary Service must be tabled in Parliament no later than 31 March in each year as required by Section 4 of the Parliamentary Service Act of 1997.

### **7.3 Financial Statements**

It is recommended that a proper financial statements for the Parliamentary Service be prepared in a form approved by the Minister for Finance & Treasury in consultation with the Auditor-General in accordance with Section 63 (3) (b) of the Public Finances (Management) Act.

The Financial Statements in such format be prepared and presented in Parliament for the year 2003 by no later than 31 March 2004.

### **7.4 Members Medical and Life Insurance**

It is recommended that :-

- Parliament negotiate with the insurer to remove the age limit set at 65 years for members of Parliament.
- Policy documents for Medical and Life insurance be made available to members.
- All claims must be made with the insurer for medical and death benefits as soon as the events occur.
- No claims of such nature be paid out of Parliament funds as they have been covered under the insurance policy.

## **7.5 Members Retirement Benefits**

It is recommended that:-

- A Parliamentary Committee on Pensions and Retirements Benefits be appointed immediately to deal with matters relating to Pensions and other benefits to members and also to report to Parliament as required by the Parliamentary Members, Retirement Benefits Act.
- All pension payments must be paid out of the fund and not out of Parliamentary Service funds.

## **7.6 Payment made to a Private Law firm for Investigations**

It is recommended that:-

- Immediate action be taken to fix responsibility for the missing vehicle part.
- The payment of K39,789 is considered to be improper and excessive therefore officers of the Parliament involved in the payment must be held responsible and appropriate action be taken against them.

## **7.7 Floor Carpets of the Parliament House**

It is recommended that:-

- Appropriate action be taken against officers responsible in the whole process of purchase, custody and use of the floor carpets and salvaged carpets must be utilized immediately.

## **7.8 Internal Audit**

It is recommended that an internal audit division in the Parliamentary Service be established immediately and an officer be appointed as the internal auditor.

Copies of internal audit reports be furnished to the Public Accounts Committee on a regular basis.

## **7.9 Contract with CCS Anvil (PNG) Limited**

It is recommended that appropriate action be taken against Officers responsible in tendering, awarding and executing the contract by committing the Parliament to the extent of K1.4 million when the original tendered price was only for K200,000.

Additional payments made to CCS Anvil totaling K28,979 for expenses not covered in the contract be recovered immediately.

Reports on the National Parliament efficiency programme prepared and submitted by CCS Anvil on 21 February 2003 be considered and appropriate actions be taken accordingly before the date of expiry of the contract in 11 November 2003.

#### **7.10 Contract with Kitoro No. 33 Limited**

Appropriate action be taken against Officers of the Parliamentary Service who were responsible for tendering, awarding and executing the contract by committing the Parliament to the extent of K1.5 million beyond the limits set by the Public Finances (*Management*) Act.

The Contract with Kitoro No. 33 Limited be terminated immediately and responsibilities of maintaining the Parliamentary gardens to come under the management of the Parliamentary Service.

Recommendations made by the House Committee in its report tabled in Parliament on 30 November 2000 be implemented immediately without further delay.

#### **7.11 Reporting Division**

It is recommended that:-

A competent officer be appointed to be the Principal Reporter who will ensure that Hansard is prepared and made available to members on time.

All outstanding Hansard be prepared and made readily available.

All vital equipment that are urgently needed by the Reporting Division be acquired and provided to that Division in order for the efficient operation of the Reporting Division.

#### **7.12 Bank Overdraft**

It is recommended that the bank overdrafts must be liquidated immediately as it is considered to be unauthorized borrowings.

#### **7.13 Assets Register**

It is recommended that a proper assets register be maintained information of all assets acquired and owned by the Parliament.

Physical verification of all existing assets be carried out and be reconciled with the assets register.

Title deeds of the property described as Section 484 Allotment 82 and 83 in Gerehu costing K826,500.00 be made available to the Public Accounts Committee for verification of ownership.

Copies of ministerial approval for the acquisition of the property be made available to the Public Accounts Committee for confirmation.

#### **7.14 Parliament Supply & Tenders Board**

It is recommended that:-

Appropriate action be taken against the Secretary to the Parliament Supply and Tenders Board for failing to maintain a proper Tenders Register as required by the Public Finances (Management) Act and also for misleading the Committee in stating that the change of name from Paradise Landscaping to Kitoro No. 33 does not in any way affect or alter the content.

#### **7.15 Members Emoluments**

It is recommended that various types of advances made out of the Members Emoluments and paid to the Clerk be ceased and such entitlements be made out of Parliamentary Services vote and reimbursed to Members Emoluments vote.

#### **7.16 Parliament Refreshment Rooms**

All price variations including the price of beverages must be duly authorized and approved by the House Committee of the Parliament.

All recommendations made in the report prepared by CCS Anvil be implemented by the management of the Refreshment Rooms.

#### **7.17 Purchase of a reconditioned vehicle**

It is recommended that the Principal of the reconditioned vehicle Dealer trading as Reliance Motors Limited be referred to the Public Prosecutor for failing to produce to the Committee, the documents requested through the issue of a summons dated 10 September 2003, in accordance with Section 90 of the Public Finances (*Management*) Act.

#### **7.18 V' Wing Parliament House**

It is recommended that management to review this project and ensure that all expenditures are properly approved before committing any more funds from Parliamentary Service.

## **Notes to the Appendixes**

Relevant Appendixes referred to in the Managements responses dated 4 September 2003 to the Committee are available on file and held by the Committee Secretariat . The Secretariat can be contacted on telephone 3277-783 and located in Office Number BG-02 of the Parliament House.

Any Member of Parliament may request for copies of the Appendixes for further information on this Report.

Transcripts of the inquiries held into the Parliamentary Service are quite bulky and could not be included as Appendix to this Report. They are also available on file for further reading and information on this Report.



OFFICE OF THE CLERK

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04<sup>rd</sup> September 2003

**Hon. John Hickey, MP**

Chairman

Permanent Parliamentary Committee on Public Accounts

National Parliament

Post Office Parliament House

**Waigani** NCD

Dear Chairman,

**SUBJECT: PAC INQUIRY INTO THE PARLIAMENTARY SERVICE**

Reference is made to the above subject matter, and your subsequent letter dated 21st August 2003 directing me to provide explanations and or courses (If action taken by the Parliamentary Service since the PAC Inquiry of 25th and 28th July 2003.

As directed, I provide the following information relating to certain aspects of the financial and administrative affairs of the Parliamentary Service, including a summary of Parliament's current financial situation: -

1. Financial Position of the Parliament

Parliament's actual Budget Appropriation for the year 2003 is K45m - less K32.240m received as grants from the Departments' of Finance and Treasury. The remaining funds (grants) from Sept. — Dec. 2003 is K12.760m.

For the purposes of this brief, I enclose figures encompassing actual expenditure up to 22nd August 2003, outstanding debts, and anticipated expenditure up to December 2003 [Refer **Appendices 1**].

• Actual Expenditure (up to 22/8/03)	K33,427,979.75
• Outstanding Debts	K 2,135,780.90
• Anticipated Expenditure (Sept. — Dec.2003) :	K16,565,632.00
• Total Anticipated Expenditures for 2003	K52,129,392.65
• Less 2003 Appropriation	K45,000,000.00
• Anticipated Over-expenditure for 2003	K 7,129,393.65



1.1 Why there is a severe cash flow problem!

At the outset, it has to be highlighted that Parliament had brought forward an overdrawn amount of K1,478,292.77 from 2002 to commence the year 2003. This amount greatly affected operations right from the beginning of this year. The amount above was a direct result of various advances obtained by MPs after the 2002 General Elections.

The National Parliament Budget submitted at K55.2m was cut by K10.0m thereby allowing only K45.0m as the total appropriation for the year 2003. A copy of the 2003 Budget Submission is attached as **Appendices 2**. The K10.0m cut was absorbed in the following votes/expenditures as per the attached list [**Appendices 3**].

I had written to the Treasurer pointing out the implications of the K10.0m budget cut which is enclosed as **Appendices 4**.

The major cause of the cash flow problem facing the Parliament is related to Advances paid to Members of Parliament in accordance with the Salaries and Remuneration Commission Determinations. These advances are taken for Motor Vehicles; Housing; School Fees; Furniture; Security; and Medical Costs.

As of 22nd August 2003 (17 pays), the Parliament paid a total amount of **K17,788,504.77** to Members as Salaries and Allowances for the above purpose against the budget amount of K15,181,472.00 for this period.

A total amount of **K3,291,126.86** was paid as advances to **74 Members** of Parliament from January 2003 to August 2003 as indicated in **Appendices 5**.

Let me draw your attention to the following facts:

1.1.1 Total Appropriation for 2003 is K45 million.

1.1.2 On a monthly allocation, this amounts to K3.750 million.

- 1.1.3 Under the SRC Determinations, a Member is entitled to a 12-month advance against his allowances. I tried to provide advances to as many Members as possible within the monthly cash flow. It has been the practice to spend nearly 50% of the Budget within the first quarter to meet the Members advance requirements under the Determinations. However, because of the cash flow problems, I could not meet the advance demands of the Members.
- 1.1.4 **CASH FLOW** really means cash availability to spend. While on paper we have funds to spend, the actual cash has not been available. If the Speaker and the Clerk are allowed to run Parliament and fulfil all Parliaments national and international commitments, the required budget is K52 million. For this year, the budget is K45 million with the outstanding K2 million carried forward from 2002. Our over expenditure is likely to be over K9 million.

For the last 3 months, Parliament has received only the salary and pensions component of the Budget i.e., K2.8 million per month. This in fact means that we have not received any extra cash for the last 3 months.

For the public utilities outstanding bill of K1.348 million, I made a special request to the Secretary for Finance and an amount of K643,600.00 was released which was used to pay 50% of these bills before the services were disconnected.

The reality of the situation is this — if the Government wishes to keep us within the K45 million appropriation and restrict us to just K2.8 million a month, the only thing that will happen is that - Members will have received all their salaries and entitlements for the year and that there would be no funds left for any other activities.

As earlier indicated, the Departments' of Finance and Treasury are now **ONLY** releasing the budget component of Salaries and Pensions on a fortnightly basis and this is making it extremely difficult for the Parliament to meet MPs advances and operational costs including public utilities and committees.

If the current trend continues, Parliament will be faced with the following:

- There will be no funds to hold Parliament and Committee meetings;
- Public Utility costs will not be paid resulting in services cut;
- No emergency maintenance;
- All Parliament vehicles will be grounded;
- No casual employees;
- No Leave fares for staff;
- Contractors will not be paid;
- 'C' Block will be closed down;
- Security around Parliament will be restricted;
- At present the Parliament Security System is down because of non-payment of the rental fees including the two-way radio network;
- No advances to Members; and
- All overseas engagements will have to be cancelled, etc.

## 1.2 Unbudgeted Expenditures and Justifications

Members Advances — SRC Determinations stipulates that for ***Motor Vehicles***, Members are entitled for an advance not exceeding 48 months. This provision has been utilised for a number of Members (particularly for new Members) to purchase motor vehicles. Parliament's budget initially catered for all advances up to 12 months. Therefore, advances paid for Motor Vehicles up to 48 months, has seriously affected the cash flow.

**Medical Expenses** - Parliament paid a total of 1032,732.84 for Hon. Anderson Vele, Hon. Arthur Somare, the late Fr. Louis Ambane and the late Hon. Paul Wai.

**Funeral Expenses** - Parliament met total costs of funeral expenses for two Members of Parliament; the late Hon. Fr Louis Ambane and late Hon. Paul Wai. A total expense for these two Members was **K140,000.00**. In addition, Parliament also met funeral and related costs for two (2) Parliamentary Service staff; the late William Taupa and the late Wesley Ishmael. These expenses totalled **K37,000.00**.

**Change Directors Fees** — As explained in Part 8 of this Brief, Parliament paid a total of K160,000.00 (4 months) for work undertaken by the Change Director.

**Independence Hill** — The total value of the contract signed between the National Parliament and PNG Gardener on 01<sup>st</sup> April, 2003 is K92,900.00 for a period of 12 months. This expires on 31<sup>st</sup> March, 2004. Parliament has so far paid a total of K39,966.64 to PNG Gardener for maintenance of the historical monument, Independence Hill. The break-up is as follows:

El	First Payment upon signing of the contract	K 9,000.00
	Monthly Payment of K7,741.66 (May - Aug.)	• <u>K30,966.64</u>
	<b>Total Payments so far</b>	• <b><u>K39,966.64</u></b>

## 2. Annual Report of the Parliamentary Service

- 2.1 The Annual Report of the Parliamentary Service (Clerk's Annual Report) for the year 2002 is nearing completion. Following my approval of the final draft, the Report will be submitted for publishing and ready for tabling towards the end of the September Session of Parliament. However, given the current financial situation, the Report may not be printed in time for tabling as envisaged.

## 3. Financial Statements

- 3.1 Following the PAC Inquiry, I had written to the Auditor General's Office on the your Committee's concern relating to Section 63 (3)(b) of the Public Finance Management Act, and in particular, the format to be used by Parliament as per the preparation of Financial Statements. The letter in brief sought the views and assistance of the Auditor General in confirming an appropriate format to be used in future reports. A copy of this letter is annexed as **Appendices 6**.

## 4. Members Medical and Life Insurance

- 4.1 Age limit for Life and Health Care benefits with WMI

Negotiations are in place with Workers Mutual Insurance Ltd regarding flexibility in the age limit category for Members of Parliament. Workers Mutual Insurance have agreed to the adjustment in the age limit and are drawing up the Life Insurance Policy to exclude the 65 years age limit.

- 4.2 A copy of the Medical Insurance Policy for Members of Parliament has been circulated to Members. Should additional copies be required Members Emoluments will provide the extra copies.
- 4.3 The Life Insurance Policy copy will be distributed to all Members of Parliament once WMI delivers the Policy to Parliament.
- 4.4 The Parliamentary Service currently has no arrangement with the Pacific International Hospital (PIH) and as such, there are no records of payments made by Parliament for medical check-ups etc as requested. All arrangements with PIH are personal and made by staff individually. The Committee can obtain these records from the Hospital. For the record, Parliament only has an arrangement with WMI Ltd covering both Members and staff.

## **5. Members Retirement Benefits**

- 5.1 The responsibility for proposing the appointment of a Permanent Parliamentary Committee on Pensions and Retirements Benefits lies with the Leader of Government Business. The need for such a Committee has at various times, drawn to the attention of the Prime Minister, the Minister for Treasury, and the Leader of Government Business. The Parliamentary Service cannot progress this issue. It must be a Government Initiative. Once appointed, it will be the Committee's responsibility to table the required Report to Parliament. As an interim measure, a Report on the workings of the Act has been provided to the Minister responsible for the Legislation. [Refer **Appendices 7**].
- 5.2 In the 21 years of the Fund's existence, pensions have been paid from the Fund for all but the period 1<sup>st</sup> January to 31<sup>st</sup> March 2003. During this period, the Fund in cash terms insolvent with no funds whatsoever to pay pensions. In the interest of pensioners, the Parliamentary Service was pressured into making direct payments, as the Fund has no overdraft facilities and had no funds other than those owed to it by the State. The statement that pensions are paid out of Parliament funds as a practice is entirely without foundation.
- 5.3 The Fund currently has funds invested in Treasury Bills as per **Appendices 8**.

It is impractical to invest any further funds as sufficient cash must be kept on hand to act in accordance with PAC's directive (Point 10) and to pay Members such as Mao Zeming, when their Parliamentary career comes to an unplanned end. Parliament's cash flow position is well enough appreciated to the extent that cash reserves sufficient to meet one fortnight's pensions are maintained as an absolute minimum.

- 5.4 In the opinion of the Secretary, recognition of reality requires no specific authorisation. Reality being that the State has failed in its duty to remit to the Fund pension reimbursements due. This lack of income can be treated in no other way and the Auditor General's Office in Audits in 1997, 1998, 1999 and 2000 agreed that the problem be addressed in this way.
- 5.5 The responsibility for fixing interest rates lies with the Board. Prior to the 1992 elections, it was necessary to fix an interest rate so that entitlements falling due as a result of the election could be paid 9% p.a. was agreed on by the Chairman at that time, the Member for Unggai Bena and the Secretary. The rate was fixed taking into account rates then payable on both IBDs and Treasury Bills with the average Treasury Bill rate used.

## **6. Members Emoluments**

### **6.1 Members payroll "QED" operators Manual**

As directed, the Emoluments Division has been instructed to provide copies of the Manual to be presented to the Public Accounts Committee (PAC).

The 4 Operators responsible for the Operation of Payroll System are:

1. Janet Tuakana
2. Eta Dindillo
3. Renagi Kila
4. Naomi Rima

## **7. Payment for Manjin Lawyers for Investigations**

7.1 Copies of the Report (including the Addendum) and the recommendations have been furnished to the Committee. Payment details are attached as **Appendices 9**.

7.2 The management has not yet made any decisions on the appropriate actions to be taken until after the Committee's investigations. I feel that my decision on the matter and any final recommendations to the Speaker, should not be seen to have been influenced by the CoMmittee's interest on the matter.

7.2.1 I will be considering two (2) possible actions - Criminal Prosecution and/or Disciplinary Action. For criminal prosecution, the Standard of Proof is a lot tougher than disciplinary action, which involves questions relating to breaches of security procedures, conspiracy within staff at that level of operation, and security of Parliament and Members assets in the building.

7.2.2 Actions to be considered in my view, include closing down the motor vehicle and maintenance workshop and retrenching the staff within the Transport Section.

## **8. Contract with CCS Anvil (PNG) Limited**

8.1 Steps are being taken to remedy this situation by seeking the Speaker's written approval to act on either of the following:-

- (i) Formalize the payments in accordance with the terms of the contract, as provisions exist within the Agreement, which allows the Clerk to approve further payments, after a consideration of a submission from the consultant, in relation to the engagement of further consultants and payment of extra costs.
- (ii) If the payments are not formalised, appropriate reimbursement would have to be obtained from the monthly payments to the consultant.

- 8.3 The change Director was paid a monthly fee of K40,000 00 to urgently undertake work relating to regaining control of our financial management system, and this required the engagement of an extra consultant, apart from the ones already engaged on the efficiency program, to undertake this work. The Speaker and the Clerk in accordance with the terms of the contract approved this engagement.

Such an engagement warranted the payment of extra charges.

- 8.4 To date, the Management has not met to consider the reports and make a decision on what matters contained in these Report need to be implemented.
- 8.5 Divulging of any information on matters undertaken under the Contract must be approved by the Clerk. In the matter referred to, this provision would have been breached, if no approval was given. On the other hand, the action would be considered acceptable, if approval was given, either by the Clerk or the Speaker.
- 8.6 Parliament has noted that there may have been a possible violation of the "confidentiality" clause. Following this, I had raised the matter with the company and expressed my concern at the manner in which such an action was taken. I had sought clarification from the Speaker and his response is annexed as **Appendices 10**.
- 8.7 All the payments were made under the terms of the Agreement but certain procedures were not followed in respect to the approval of the engagement of consultants. Steps have since been taken to rectify this situation. Comments in your paragraph 17 are applicable.

## **9. Contract with Kitoro No. 33 Limited**

- 9.1 Following advice from the Parliamentary Counsel, I wish to inform you that the review of this matter by your Committee is deemed to be contrary to both *Section 21 of the Permanent Parliamentary Committees Act 1994*, and *Standing Orders 76*.

For ease of reference, both Section 21 of the Permanent Parliamentary Committees Act 1994 and Standing Orders 76 are quite clear on such matters i.e.,



**IC Section 21 Review of Reports**

*(1) Subject to Subsection (2), where a Committee has made a report concerning a referral, the Committee (including a subsequent Committee), may, of its own motion, review the report and make a further report to the Parliament concerning the referral.*

*(2) A Committee shall not undertake the review of a report after the matter referred to has been proceeded with.*

**IC Standing Orders 76 Reflection upon vote of the Parliament**

*No Member may reflect upon any vote of the Parliament, except on a motion that the vote be rescinded.*

The review by your Committee therefore, could possibly contravene the Act and the Standing Orders and may amount to Contempt of Parliament and or Breach of Privileges.

You will recall that this matter was subject of a House Committee Inquiry, and that a Report was made to, and subsequently adopted by Parliament on 30<sup>th</sup> November 2000.

Based on the above, it would be our humble advise that this matter not be pursued further as the PAC is legally prohibited from undertaking a review as Parliament has already dealt with the matter [Section 21].

Such a prohibition is necessary to prevent a continued debate on a matter that has been concluded and more importantly, to ensure that there is finality to the decisions made by the Parliament.

Basically, any inquiry into the matter including the report, is a **Reflection upon the vote of the Parliament** [Standing Orders 76].

In such a situation, your Committee can only review this matter after a vote is taken in the Parliament to rescind the previous vote on this matter.

As it is, the vote has not been rescinded and therefore, the Committee, by law, is prohibited from undertaking any further review of this matter.

- 9.1 No action was taken to educate the relevant staff of Parliament on the services provided under the contract for its proper management and administration.

The contractor was unable to carry out this requirement given the Parliamentary Services desire to retrench all the gardening staff and the consideration of an arrangement for the current gardening staff to be employed by the contractor.

However, due to our severe funding situation, the Parliament was unable to retrench these staff to enable their engagement by the contractor.

Steps will be taken to request the contractor to prepare and compile a document on the services provided under the Agreement for the information of the Parliament for the proper management, operation, maintenance and administration of the products supplied under the contract. This document will be provided prior to the expiration of the current contract.

- 9.2 The Contractor provided Monthly Reports on the work carried out as required under the contract. Copies are attached as **Appendices 11**.
- 9.3 The appropriate documentation in relation to the tender procedures is attached as **Appendices 12**.
- 9.4 All necessary documentation relating to payments including Invoices is annexed as **Appendices 13**.
- 9.6 Steps will be taken to implement the recommendations.

## **10. Parliament Supply & Tenders Board**

- 10.1 The letter referred to in your inquiry is actually a follow-up letter relating to the beautification project and therefore should not be reviewed as being the accepted tender application relating to this project.

The original proposal, which subsequently received the Board's approval, is dated 17-4-2014, a copy of which has already been forwarded to the Committee.

10.2 The change of name from Paradise Landscaping Limited to Kitoro No. 33 Limited does not in any way affect or alter the content of the expression of interest furnished to the Parliament as it was considered proper and orderly in terms of company ownership as well as the expertise possessed by the company. These changes occurred on 03 May, 2000.

10.3 Paradise Landscape Limited (at the time of its acceptance by the Board) was duly incorporated company within the meaning of the Companies Act.

## **11. Bank Overdraft**

Bank South Pacific (BSP) has written directly to the Minister for Finance & Treasury informing him of the current arrangements and at the same time, seeking approval for the current overdraft facility to continue. A copy of this letter is annexed as **Appendices 13**.

11.2 Interest payments were made from the following votes with the bank applying the Indicator Lending Rate (ILR) for the year plus a margin of 3%:

2000 - Operational Expenses Vote. Interest Rate of 17.25% pa.  
2001 — Unforeseen Expenses Vote. Interest Rate of 16% pa.  
2002 — Operational Expenses Vote. Interest Rate of 14.25% pa.  
2003 — Operational Expenses Vote. Interest Rate of 13.25% pa.

*It should be noted that Bank Charges are based on ILR 's of National Parliament Accounts daily bank balance. The Bank's financial year runs from June to July the following year.*

## **12. Internal Audit**

12.1 Arrangements are well in hand to engage an auditor (with the approval of the Speaker), to undertake and oversee internal audit of the National Parliament.

**13. Assets Register**

13.1 An Assets Register is in operation and has been since the last audit inspection carried out by the Auditor General's Office. It is being maintained and updated to record all assets of the Parliament. The Register is available for inspection.

**14. Carpets**

14.1 Copies of original invoices confirming purchase of the carpets are attached as **Appendices 14.**

14.2 Arrangements are in place to secure an appropriate company to proceed with recarpeting of both the A & B Wings of Parliament using the normal tender processes and or procedures.

**15. Parliament Refreshment Rooms**

15.1 A copy of the appropriate Instrument is attached as **Appendices 15** confirming the approved signatories to the NPRR Bank Account.

**16. Reporting Division**

16.1 The current situation as it relates to the Reporting & Hansards Division is that sessional staffs are recruited during Sessions of Parliament to cater for the expected influx of duties and responsibilities. These staff are laid off during non-Sessional periods - the reason being that the workload is not so much during these periods and it would be cost-effective. Funding again is a major draw back however; the management is determined to solving the problems (equipment, manpower, etc) affecting the division.

**17. Purchase of Reconditioned Vehicle from Reliance Motors**

17.1 **The** Speaker had instructed that the Parliament provide vehicles on a 24-hour basis to: -

- Chief of Security;
- 0 Sergeant-at-Arms; and
- 0 Officer-in-Charge (Transport).

17.2 Approval was given for the purchase of the above vehicle following a submission by both the OIC Transport and the a/Chief of Security.

17.3 Owing to cash flow problems, a vehicle was arranged for pick up from Reliance Motors Ltd to be paid for when Parliament's cash flow situation improved. The vehicle has since been paid for. Details of the purchase are attached as **Appendices 16**. The vehicle is for use by the Security Division on a 24-hour basis and is in the control of the Chief of Security.

#### Chairmen of all Parliamentary Committees

18.1 The revised list of Parliamentary Committees including Chairmen and full membership is attached as **Appendices 17**.

18.2 A brief report of activities and performance (-f all Parliamentary Committees [Permanent, Referral and Special Committees] is attached as **Appendices 18**. Entitlements for all Chairmen are determined by the SRC.

18.3 The Committee Secretariat staff (Parliamentary Service) are: -

0 Paul Markis	Director
0 Simon Ila	Secretary
0 Joseph Warau	Secretary
Repe Rambe	Secretary (PAC)

18.4 Salaries and Allowances are paid together. Allowances are built into the Committee Chairman and Members Allowances.

You will note from the above information that I have attempted to provide explanations on all the queries raised in your letter of 21<sup>st</sup> August, 2003.

At the same time, I have also provided the necessary documentation in relation to the above which I trust, will assist you and your Committee, in your deliberations.

As a matter of courtesy, as well as to comply with procedure, I have copied this response to the Speaker of the National Parliament, Hon. Bill Skate, CMG, MP for his information and records.

Yours Sincerely,

A handwritten signature in black ink, appearing to be 'A. Pala', with a large, stylized initial 'A' and a long, sweeping horizontal stroke extending to the right.

**Ano Pala, ISO, LLB**  
Clerk of the National Parliament