



SOLOMON ISLANDS GOVERNMENT

Special Audit Report into the Affairs of the

**IMMIGRATION DIVISION OF THE MINISTRY
OF FOREIGN AFFAIRS, COMMERCE AND
TOURISM**

Reported By

Auditor General

Office of the Auditor General

PO Box G18

Honiara

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FOREWORD

Background

I have pleasure in presenting this Report on a Special Audit into the financial affairs of the Immigration Division of the Ministry of Foreign Affairs, Commerce and Tourism.

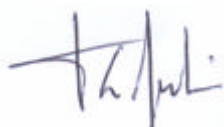
The Ministry through the Division is responsible for the movement of foreign persons arriving, departing and staying in the Solomon Islands and provides public safety over this movement of such persons.

Audit

The audit reviewed the Division's administration and enforcement of the Immigration laws. The audit disclosed many significant issues in the manner in which the Division had operated during the five years from 2001 to 2005.

The Report contains numerous recommendations which have been accepted by the Division and where possible remedial action has been taken.

The lack of adequate systems and processes and documentation to evidence and support decisions in relation to issuance of passports and visas, citizenship applications and other shortcomings were a major concern and I have made a number of recommendations to provide a framework going forward for the Division.



Floyd Augustine Fatai
Auditor General

3 October 2006

OVERVIEW	4
Background	4
Audit Objective	4
Key Findings	4
Conclusion	9
Overall Recommendation	10
1. INTRODUCTION	11
1.1 Background	11
1.2 Mandate.....	11
1.3 Legislation.....	11
1.4 Audit Objectives and Scope	11
2. PASSPORTS	12
2.1 Background	12
2.2.1 Authorisation of Passports by appointed Passport Officers.....	13
2.2.3 Stolen/Lost Passport Register	15
2.2.4 Irregular Maintenance of Travel Document Registers.....	16
2.2.5 Poor Passport Document Management and Security.....	17
2.2.6 Non – Surrender of Ordinary Passport upon receipt of Diplomatic or Official Passport.....	18
2.2.7 Incorrect Issue of Diplomatic and Official Passports	19
2.2.8 Incorrect Issue of Emergency Certificates.....	19
2.2.9 Lack of Control over Receipt of New Passport Stock	21
2.2.10 Inadequate Management of Passports Held or in Stock	21
2.2.11 Lack of Control Over Cancelled Passports	23
2.2.12 Security and Management Weaknesses over Immigration and Passport Records.....	23
3. CITIZENSHIP	25
3.1 Background	25
3.2 Summary of Audit Findings and Recommendations	25
3.2.1 General Overview of Citizenship Procedures	25
3.2.2 Suspected False Documentation Renouncing Citizenship.....	27
3.2.3 Appeals to the Minister - Interpretation.....	28
3.2.4 Granting of Citizenship Contrary to Section 7 (2) of the Citizenship Act	28
3.2.5 Cancellation Citizenship/Passport False Documentation	30
3.2.6 Citizenship/Renewal of Work Permits.....	31
3.2.7 Chinese Passport – Name Change without Proper Declaration.....	32
3.2.8 Citizenship Fees - Uncollected	32
4. PERMITS	37
4.1 Background	37
4.2 Summary of Audit Findings and Recommendations	37
4.2.1 Illegal Immigrants – Significant Leakages of Revenue - Lack of Border Control and Investigative Measures.....	37
4.2.2 Implementation of Amended Immigration and Passport Fees.....	40
4.2.3 Lodgement of Applications - Incomplete Supporting Documentation..	41
4.2.4 Inadequate Permit Recording and Management	41

4.2.5	Lack of Tracking Mechanism For Arrivals and Departures	42
4.2.6	Foreigners illegal due to delays in application for and issue of Residence Permits	43
4.2.7	Inadequate Monitoring of Permit Holders	43
4.2.8	No Register of Permit Conversions	45
4.2.9	Conversion Fees Waived	45
4.2.10	Permit Fees.....	46
5.	CLEARANCE FEES	48
5.1	Background	48
5.2	Summary of Audit Findings and Recommendations	49
5.2.1	Interpretation of the Levying of Clearance Fees under the Regulations	49
5.2.2	Non-Attendance and Clearance Processing	50
5.2.3	Lack of Recording Attendances and Clearances.....	51
5.2.4	Irregular Issuance of Clearance Documents	52
5.2.5	Delay in Raising Clearance Fee Invoice Production and Follow-up	53
6.	DEPORTATION	56
6.1	Background	56
6.2	Summary of Audit Findings and Recommendations	56
6.2.1	Immigration's Deportation Process	56
6.2.2	Deportation Orders Issued during the Period under Review	58
6.2.3	Funding the Deportation of Proscribed Immigrants	59
6.2.4	Registers of Proscribed Immigrants	60
6.2.5	Follow-up of Suspected/Alleged Proscribed Immigrants	61
7.	VISAS	63
7.1	Background	63
7.2	Summary of Audit Findings and Recommendations	63
7.2.1	Passports (Visa Regulations) 1998 - Non-gazettal	63
7.2.2	Visitor Visa and Visa Extension Registers – Not Updated.....	64
7.2.3	Forged Visa Entry Letters.....	65
7.2.4	Non Investigation of Malpractice within the Immigration Division	65
7.2.5	Non – compliance of the Visa Regulations – Forgone Revenue \$4.8 Million.....	66
7.2.6	Absence of Authority for Visa Application Form and Country Categorisation List	67
8.	REVENUE	68
8.1	Background	68
8.2	Summary of Audit Findings and Recommendations	68
8.2.1	Appointment of Revenue Collectors.....	68
8.2.2	Register of General Treasury Receipts (GTRs)	69
8.2.3	Cancelled Receipts (GTRs).....	69
8.2.4	Pay-over of Collections to Treasury	70

OVERVIEW

Background

Our audit of the Immigration Division of the Ministry of Foreign Affairs, Commerce and Tourism was in recognition of the vitally important role it plays in providing an essential service to its own citizens and foreigners and at the same time providing public safety by acting as one of the law enforcement agencies in relation to the movement of people in and out of Solomon Islands.

The Immigration Division also monitors the activities of foreigners staying in the country and carries out the necessary clearance of persons arriving and departing on aircraft, ships and yachts at all declared ports of entry. The Division is also responsible for issuing residence and student permits, passports and other travel documents and visas.

Under the relevant legislations and subsidiary legislations, the Immigration Division is responsible for collecting all the applicable fees prescribed, including amongst other things, is responsible for the prosecution of persons suspected of being in breach of the Immigration Act and associated legislation.

Audit Objective

The principal objective of the audit was to perform sufficient audit work to ensure that the proper administration and enforcement of the Solomon Island Immigration Laws were being implemented and that all fees and charges were being duly collected and brought to account in accordance with the legislation pertaining to control and management of public finance in the Solomon Islands.

Key Findings

We summarize our key findings below.

- **Passports**
 - ***Critical breakdown in passport management*** – In aggregate, we have noted that there were critical breakdowns in the systems of control and monitoring of passport processing, resulting in the overall process being open to abuse and fraudulent activities which is exemplified by the recent charging of Immigration officers in relation to issuing passports fraudulently within the Immigration Division.
 - ***Loss and Stolen Documentation*** – We observed that vital documentations were either lost or stolen within the Immigration Division.
 - ***Poor record keeping*** – There were incidents of irregular maintenance of important manual registers for the issuing, monitoring and control of passports which are the cornerstone of passport management.

- ***Processing Weaknesses*** – We noted lack of proactive scrutiny of the information or documents for accuracy or legitimacy, acceptance of faxed copies of new applications from citizens abroad, incorrect applications being used, approval for the use of relevant forms could not be located, required procedural steps on application form are usually not evidence by immigration officers, “Recommender” on ordinary passport applications in many instances lack authenticity and in other cases are signed by the Principal/Chief Immigration Officer, Immigration Officer charged with issuing passports on a fraudulent basis has password access to the typewriter used in passport processing.
- ***Lack of Control Over Receipt of New Passport Stock*** – Unsatisfactory procedures operate over the receipt of passport stock between the supplier De La Rue, Central Bank of Solomon Islands and the Immigration Division.
- ***Security Weaknesses Over Passport Records*** – The location and accessibility of the Passport Unit Office enables unauthorised access to passport records by other Immigration Officers and the general public whilst the office is unattended. The security along with the apparent disorganisation that appears to exist within the office contributes to the uncertainty over the completeness and integrity of passport documentation.
- **Citizenship**
 - ***Illegally Granting of Citizenship*** – 65% of the applicants sampled have not met the 10 year requirement under Section 7 (2) of the Citizenship Act.
 - ***Analysis of Granting Citizenship*** – 80% of the applicants who have been granted naturalisation certificates and subsequently issued with passports are from Asian background. Eighty five percent (85%) of these Asians are Chinese and 85% of these Chinese are from the Guangdong Province. Given that a high percentage of applicants have been issued Citizenship outside the requirements of the law, the legitimacy of granting naturalisation certificates and subsequently issuing passports to foreigners within the Guangdong Province is questionable.
 - ***Suspected False Documentation For Renouncement of Citizenship*** – Section 2 (h) of the Citizenship Act provides that the person making the application for citizenship shall his renounce, in the prescribed manner, any citizenship, including cancellation of passports, which he may possess. Documentation provided by the Chinese Embassy in Papua New Guinea in renouncing citizenship of Chinese Citizens does not appear to be consistent with what is expected to be seen in official documentation. We have noted an instance in which a citizen of Solomon Islands had travelled on a foreign passport.
 - ***Interpretation of Appeals to Minister*** – Section 12 of the Citizen Act gives the right for applicants, upon rejection of their application by the Commission, to apply to the Minister responsible for further consideration. In a number of cases, we have noted that the Minister has waived the condition set down under Section 7 (2) of the Act, which requires the applicant to have resided in the country for a minimum of ten and fifteen years for women and men respectively. We are unable to ascertain whether this is within the powers of the Minister.

- ***Chinese Passport – Name Change Without Proper Declaration*** – A practice was noted whereby applicants, once given citizenship, change their names on the Citizenship Certificate from those names on the passports of the country of origin. In assuming a new identity there is no evidence of official declaration of a name change from the relevant authorities resulting in a risk that documents could be used for illegal purposes, particularly if the old passport has not been cancelled under the old name.
- ***Citizenship Fees – Uncollected*** – Fees are not being collected in accordance with the Citizenship Fees Schedule (1998), nor are they being properly accounted for. Based on fees collected for citizenships where passports have been issued, we estimate a shortfall of \$558,153 for the period 2001 to present. However, this does not take into consideration approved citizenships whereby passports have not been issued.
- ***Citizenship Commission – Approvals Granted Without a Quorum*** – Instances were noted where citizenship approvals had been granted at Citizenship Commission meetings when the required number of members was not present to make a quorum. Results were later circulated to the other members in a memorandum.
- **Permits**
 - ***Illegal Migrants – Significant Revenue Leakages*** – We identified eighty-two (82) illegal migrants working for one Company in the Solomon Islands owing an estimated \$418,000 for labour and immigration permits. This is due to poor border control, ineffective investigative measures being taken to determine the legitimacy of foreign employees. We estimate that there could be several hundred foreigners illegally working within the Solomon Islands. If this were extrapolated taking into consideration labour and immigration permits for other businesses employing foreigners then there could potentially be leakages of several million dollars.
 - ***Inadequate Permit Recording and Management*** – Manual Permit Registers are maintained but these together with other vital records which are incomplete can lead to unauthorised permits being issued and possible fraud and corrupt activities occurring.
 - ***Lack of Tracking Mechanism for Arrivals and Departures*** – One of the major functions of Immigration Division is to record and track the arrival and departure of incoming and outgoing foreigners. A data tracking system previously existed up until 2003 but was corrupted and no records have been kept from then until December 2004.
 - ***Lack of Permit Extension and Expiry Procedures*** – Many permit forms were not stamped indicating whether the holder of the permit has had an extension or the person has returned to their home Country. In some cases renewal did not take place until some considerable time after expiry.
 - ***Inadequate Monitoring of Permit Holders*** – A monitoring register is maintained, but updating has not been carried out. There is no evidence that this register is being reviewed on a periodic basis to determine the status of the permit holders, leading to a strong possibility that many illegal immigrants are residing in the Solomon Islands.

- ***Conversion Fees Waived*** – Section 14 (1) of the Regulations specifies that applications for exemption from any permit requirements shall be made to the Minister through the Principal Immigration Officer. It is uncertain whether the permit requirements referred to the above are solely documentary or whether they also include fees, which are being exempted currently at a cost to the Government.
- **Clearances**
 - ***Interpretation of the Levying of Clearance Fees Under the Regulations*** – Uncertainty exists over the interpretation of these Regulations in that it is believed that the Division is only raising half of the clearance fees stipulated within the regulations and that the fees are not sufficient to meet the Immigration Division staff overtime claims.
 - ***Non-Attendance and Clearance*** – Some vessels and aircraft arriving and departing the Solomon Islands may not be subject to attendance and clearance by Immigration officers, which could also result in revenue being forgone.
 - ***Lack of Recording Attendances and Clearances*** – A register of attendances/clearances is maintained for vessels but not for aircraft. In addition, clearance charge books had been destroyed and we were unable to verify whether clearance fees have been raised and duly collected for all international flights.
 - ***Irregular Issuance of Clearance Documents*** – In relation to vessels, only eighty percent (80%) of the clearance documents could be provided supporting the clearances examined. However, in case of aircrafts, clearance certificates are not issued, but the aircraft manifests are signed.
 - ***Delay in Raising Clearance Fee Invoices and lack of Follow up*** – The issuance of invoices (debit notes) for clearance fees are not being produced on a timely basis, nor is there a follow up mechanism in place to ensure invoices are issued promptly and fees are collected.
- **Deportation**
 - ***Legislative Clarification – Immigration Deportation Process*** – There is uncertainty over the legitimacy of the deportation actions taken to ensure appropriate due process in the deportation of proscribed immigrants and the need to finalise Deportation Regulations 2001 by the Attorney General's Office to specify the content and format of Forms to be utilised under the Deportation Act.
 - ***Delays in Deportation Action by Enforcement Unit*** – We have identified cases whereby proscribed immigrants subject to deportation orders refused to leave the Solomon Islands and there have been delays in action or lack of follow up by the Enforcement Section.
 - ***Insufficient Funding for Deportation of Proscribed Immigrants*** – Proscribed immigrants that refuse to depart voluntarily will have to remain in the Solomon Islands due to lack of funding for deportation.

- ***Registers of Proscribed, Prohibited and Restricted – Not Updated*** – Delay in updating these registers and notifying the respective officers/agents allows proscribed immigrants entering the Solomon Islands without appropriate authority.
- ***Lack of Proper Follow up Action of Suspected/Alleged Proscribed Immigrants*** – Reports are generated highlighting matters attended to during the period but there is no mechanism in place to show whether the matters raised have been resolved or followed up to determine the status of the foreigner, resulting in immigrants remaining in the country illegally for extended periods.
- **Visas**
 - ***Forged Visa Entry Permit Letters*** - There was a recent case of some forged Entry Letters being presented by some foreigners, mostly Asians at the Airport. A measure was taken to rectify the system but this was not successful.
 - ***Non Investigation of Malpractice within the Immigration Division*** -In August 2004, twelve Indonesians came into the Country with forged entry permit letters bearing the Immigration stamp and the responsible Immigration official's mark or signature, yet the matter was not referred to any investigative body within or outside the Immigration Division.
 - ***Passports (Visa Regulations) 1998 - Non-gazettal*** - There was no evidence that these Regulations have been gazetted and thus legitimising their application.
 - ***Visitor Visa and Visa Extension Registers – Not Updated*** – These registers have not been updated on a regular basis, hence foreigners are overstaying their permitted periods, resulting in foreigners illegally staying in the Country.
 - ***Non-Compliance of Visa Regulations – \$4.8 M Forgone*** –Fees set out in the second schedule of the Regulations are not being enforced resulting in an estimate of \$4.8 million being forgone from 2000 to November 2004 for “single entry visas”. Visa applications are not being processed in accordance with the Regulations resulting in foreigners possibly illegally entering the Country.
 - ***Absence of Authority for Visa Application Form and Country Categorisation Form*** – No authority was evident for the use of the Visitor Visa Assessment Form as well as the “Country Categorisation” Form and the legitimacy of the use of these forms could not be established.
- **Revenue**
 - ***Delays in Pay-over of Collections*** – We have observed that during January to April 2003 a total of \$439,825 was held over and expenditure amounting to \$117,392 was paid from the collections.

- ***Non-Compliance of Other Major Revenue Controls*** – Revenue Collectors have not been appointed in accordance with Finance Instruction 99; Register of General Treasury Receipts not maintained in accordance with Finance Instruction 109; cancelled receipts were not being processed in accordance with Financial Instruction 48.

Conclusion

Our audit of the Immigration Division has revealed serious breakdowns in critical management and control systems and procedures in the administration of the Passport Act 1978 and the Passport (Amendment) Act 1998, which has left Immigration open to fraud and corruption. Furthermore, there have been significant leakages of revenue due to various reasons, including the waiving of conversion fees by the Minister, which do not appear to fall with Section 14 (1) of the Regulations.

Many of the critical records were not made available to us, and other records such as manual registers were either not maintained properly or not updated, as these are important records for assessing and monitoring foreigners' arrivals and departures into and out of the Country, whilst recording and controlling key documents such as passports, permits and visas. The result of this is that many foreigners are likely to be illegally staying in the Country and that passports have been illegally issued.

We identified eighty-two (82) illegal migrants working for one Company in the Solomon Islands owing an estimated \$418,000 for labour and immigration permits. This is due to poor border control, ineffective investigative measures being taken to determine the legitimacy of foreign employees. We estimate that there could be several hundred foreigners illegally working within the Solomon Islands. If this were extrapolated taking into consideration labour and immigration permits for other businesses employing foreigners, then there could possibly be leakages of several million dollars.

Citizenship is a prerequisite to obtaining passports. Many foreigners were granted Citizenship outside the rules and there is sufficient evidence to suggest that a network existed whereby Asians, particularly from the Chinese Province of Guangdong were given Citizenship and consequently obtained passports contrary to the requirements provided for in the legislation.

From evidence found during the examination, the Investigation Section is ineffective with senior management in some cases not referring significant incidents to the Investigation Section for investigation.

The overall management and security of the Immigration Division is poor with the existing office layout being fragmented with individual offices being accessible by the general public, rather than an open plan that is transparent, so that meetings with individuals cannot take place behind close doors. Inadequate management of files in that the filing system is freely accessible to all staff occupying or transiting through the front office and the location of files at any point is unknown.

Overall Recommendation

We have submitted a series of important recommendations, however, it is considered that one of the major improvements required in the management of the Immigration Division is to computerise the various registers and monitoring systems so that accurate, complete and timely information is available to enhance the decision making process.

Furthermore, coordination between the Immigration Division, the Department of Labour and the Citizenship Commission should be strengthened so that all the necessary processes are carried out.

Departmental Response

In the response from the Director of Immigration dated 13th September 2006 he advised that the Department had revised its strategic directions and priorities as a consequence of the audit report and provided the following priorities for the Solomon Islands Immigration Division:

- To ensure the relevant Immigration Act (Cap 60) and Passport Act (Cap 61) are amended accordingly to enable the effective implementation of the Visa Regulation 1998;
- To ensure that various Registers and Monitoring Systems in respect of Passports, Residence Permits, Visitors Permits are computerized to enable the availability of accurate, complete and timely information;
- Capacity Building (Human Resources Development) to ensure that Immigration Division has well trained Immigration officials fully equipped with the necessary skills and knowledge, giving rise to productivity and efficiency in the performance of Statutory Functions;
- Further strengthen and enforce border management and control by having the necessary equipment and facilities (logistics and other border surveillance equipment) to avoid unlawful entries by foreigners and
- To ensure necessary amendment in respect of the current three (3) Acts administered by Immigration Division namely the Deportation Act (Cap 58), Immigration Act (Cap 60) and Passport Act are undertaken quickly so that they can be tabled in Parliament.

1. INTRODUCTION

1.1 Background

Immigration Division within the Department of Commerce, Industries and Employment has not been audited for a long time either by the Internal Audit of the MOF or our Office. This audit, which was carried out pursuant to the provision of Section 108 (3) of the Constitution as read with Section 36(2) (b) of the Public Finance and Audit Act is in recognition of the urgent need for the Solomon Islands Government to improve revenue collection and public administration, and in response to concerns over Solomon Islands sovereignty.

1.2 Mandate

In furtherance of the mandate under section 108(3) of the Constitution, section 34 of the Public Finance and Audit Act provides that the Auditor General “*shall have and may exercise all the powers and authority and shall perform the duties conferred and imposed upon him by this Act and by section 108 of the Constitution.*”

1.3 Legislation

The Immigration Division is part of the Department of Commerce, Industries and Employment and operates under the Deportation Act (Cap 58), Immigration Act (Cap 60) and the Passports Act (Cap 61).

1.4 Audit Objectives and Scope

The principal objective of the audit was to perform sufficient audit work to ensure that proper administration and enforcement of the Solomon Island Immigration Laws were being implemented and that all fees and charges were being duly collected and brought to account in accordance with the legislation.

Our audit also encompassed Citizenship, which is administered by the Department of Home Affairs. It should be noted that citizenship is prerequisite to obtaining a passport.

2. PASSPORTS

2.1 Background

The Legislations which are applicable to passports within the Immigration Division includes:

- *The Passports Act 1978 (Cap 61) and subsequent revisions to 1996, specifies the requirements for the issue of passports and production of passports by persons leaving and entering the Solomon Islands and*
- *The Passport (Amendment) Act 1998 specifies amendments to the Revised 1996 Act.*

These legislations relating to passports deals with passport classifications (diplomatic, official and ordinary), the issue and cancellation of passports, renewal and endorsement of passports, the issue of certificates of identity or other travel documents and the issue of emergency certificates.

Approximate numbers of travel documents issued by the Passport Unit within the Immigration Division between January 2001 and April 2005 are as follows:

Document	2001	2002	2003	2004	2005
Diplomatic	7	22	12	18	8
Official	21	35	26	48	14
Ordinary – New	2065	2270	2244	2270	662 (22.6.05)
Ordinary - Renewals	595	668	719	729	313 (22.6.05)
Emergency Certificates	32	14	16	28	9
Endorsements	52	33	33	27	15
Replacements		89	450	390	250 (22.6.05)

2.2 Summary of Audit Findings and Recommendations

Our summary of audit findings and recommendations are set out below:

2.2.1 Authorisation of Passports by appointed Passport Officers

The Passport Amendment Act 1998 specifies that the Passport Officer is the designated officer authorised to issue passports. The Passport Officer is the person appointed by the Minister and includes any other person designated by the person so appointed.

Apart from the Director of Immigration, other personnel previously holding delegations have had their appointments revoked. However, evidence of the revocation of the appointment of these Immigration officers as Passport officers could not be located at the time of the audit, in particular the previous Director of Immigration who is no longer working for the Immigration Division.

We have noted that the Director of Immigration (DOI), the Deputy Director of Immigration (DDOI) and the Principal Immigration Officer (PIO) (now appointed as the Chief Immigration Officer (CIO)) had authorised passports for processing and issue to passport holders. However, we were unable to sight any appointment by the Minister nor any written delegation by the DOI for the Principal Immigration Officer/Chief Immigration Officer, despite him authorising a significant proportion of travel documents (including passports).

The implication is that passports are not appropriately authorised if officers, that have not been appointed or have had their appointments revoked, sign as Passport Officers.

Recommendation 1

We recommended that the appointments of Passport Officer(s) be reviewed on a periodic basis to ensure that only those officers that should be authorising travel documents (including passports) are appointed and all others are revoked.

2.2.2 Control Weaknesses in Passport Application Processing

Application forms are completed by the passport applicant and are submitted for consideration by the Passport Unit within the Immigration Division. The Passport Unit processes the application form based on information contained therein and accompanying documentary evidence.

We have noted a number of processing control weaknesses that could lead to Passports being issued unlawfully:

- The Passport Unit does not proactively scrutinize the information or documents for accuracy, nor legitimacy, but rather ensures that all the relevant sections of the form have been completed. This concern extends to the acceptance of faxed copies of “New Applications” from citizens abroad.
- The old passport application forms (Form “A” for Ordinary Passports and Form “G” for Diplomatic and Official Passports) were used interchangeably for both the Ordinary and Diplomatic/Passport Applications, whereas they should have been used separately. A new Form “A” was introduced in 2003 which can be used for both Ordinary and Diplomatic/Official Passport Applications.
- Approval by the Minister or Gazettal notice could not be located for Forms “G”, “H”, “E”, “A & B” (old) used over the years for the assessment of Ordinary Passport applications/Renewals and others. Clarification is needed as to the correct process in approving the use, format and content of such forms.
- The “Official Use Only” (back page) sections of the Application Forms, which detail the procedural requirements within Immigration for passport processing, are often not completed by the various designated Immigration Officers evidencing that all the necessary steps have been taken from receiving/vetting the application through to passport issue.
- All Ordinary Passport Applications must include the signature of the “Recommender”; however, there remains concern over the authenticity of the titles and professions provided against the Recommenders’ names, as they are not accompanied by any official designation/affiliation stamp/seal attesting to the authenticity of the respective signature compared to the positions they hold. In many instances, it has been noted that the Principal/Chief Immigration Officer has signed as the “Recommender”, which indicates a partial conflict of interest when the PIO/CIO is also involved in passport processing (including authorising).
- Passport applications were not filed in order in the Registry and it would be desirable that the passport details page (with photo) be photocopied and filed with the application.

- An Immigration Officer, charged with issuing passports on a fraudulent basis, has the password to access the typewriter, which is used for processing passports.

The implication is that the weaknesses in processing controls could lead to unauthorised passports being issued.

Recommendation 2

We recommended that:

- All relevant documents be fully scrutinised and fax applications should not be accepted;
- Where applicable, forms should be gazetted and application forms “A” and “G” should be used for the Ordinary and Diplomatic/Official Passport respectively, and should not be used interchangeably;
- The “Official Use Only” (back page) sections of the Application Forms should be fully completed to ensure all the relevant steps have been taken;
- Authenticity of the title of the “*Recommender*” on all Ordinary Passport Applications should be evidenced and in no circumstances should the Principal/Chief Immigration Officer, and/or any other Immigration officer authorized to process and/or approve passports sign as a “*Recommender*”;
- Passport applications to be filed in sequential order in the Registry and the passport details page (with photo) be photocopied and filed with the application.

2.2.3 Stolen/Lost Passport Register

There are four registers maintained for the processing of ordinary passports, namely the *Allocation Book*, *Passport Register*, *Sign-out Register* and *Renewal Register*. For the period from 2001 to sometime in 2003, the Passport Register, which records authorised passports issued, has been stolen or lost, and as a result the issue of passports cannot be confirmed for accuracy against the application forms.

This is a key register which forms an important control over ordinary passports issued. Because of the absence of this register, it was impossible to match application forms to the passports issued in order to establish their legitimacy.

Implications are that certain parties may have had a reason to steal the register or on the other hand, management failed to safeguard this key document and therefore have not controlled the issue of passports in the period under review.

Recommendation 3

We recommended that proper controls be established over all registers and that a full investigation be carried out as to the whereabouts of the passport register.

2.2.4 Irregular Maintenance of Travel Document Registers

Travel documents issued by the Immigration Division are currently recorded in manual registers. The manual registers currently utilised within Immigration including the following:

- ***All Travel Documents***
 - Vetting Register – record of applications received prior to processing.
- ***Ordinary Passports***
 - Allocation Book – record of passport number allocation after processing.
 - Passport Register – record of authorised passports.
 - Sign-out Register – record of passports issued to holder.
 - Renewal Register – record of authorised renewed passports.
- ***Official/Diplomatic Passports***
 - Official Passport Register – record of authorised official passports.
 - Diplomatic Passport Register – record of authorised diplomatic passports.
 - Official/Diplomatic Passports Sign-out Register – record of passports issued to holder.
- ***Emergency Certificates***
 - Emergency Certificate Register.
- ***Endorsement Certificates***
 - Endorsement Certificate Register.

The content of these registers varies from year to year depending on the size of the book (Register) and the details that are considered necessary to record.

We have noted that the above registers are not being updated on a regular basis and as such the registers do not contain a complete, accurate and timely record for the administration of passports and other travel documents.

Implications are that these registers may reflect incorrect or inaccurate information that could lead to unauthorised passports (and other travel documents) being issued.

Recommendation 4

We recommended that serious consideration be given to computerising these Registers so that the updating of them could be more efficient, complete and timely, thus reducing the risk of unauthorised passports being issued.

2.2.5 Poor Passport Document Management and Security

The location and accessibility of the Passport Unit within the Immigration Division office enables unauthorised access to passport records by other Immigration officers and the general public, whilst the office is unattended.

The security, along with the apparent disorganisation that appears apparent within the office, contributes to the uncertainty over the completeness and integrity of passport documentation. It also presents a significant risk that unauthorised or illegal passports could be processed.

The overall management, location and accessibility of the Passport Unit office has contributed to various breakdowns mentioned above, including the following:

- The respective passport registers and application forms are not stored in a manner that provides for security over documents, nor provides a clear passport status, with regards to whether these applications are: held for processing; applications already processed; passport awaiting authorisation; passports ready for collection etc.
- The filing of processed Application forms, once the passport has been approved and issued, is currently bundled up. However, they are not compiled by passport number, or the respective month to which they relate.
- The Government's Document Retention Policy of 7 years appears not to be observed as passport application records for the years 1998 and 1999 were sighted in a storage room in a manner perceived to be ready for destruction.
- Current passports (including Diplomatic and Official passports) are located unsecured within the Passport Unit, hence, increasing the risk of unauthorised removal and/or damage.
- Passport applications have been either lost or stolen.

- The only key for the safe which stores new unissued passports is kept on the Immigration premises when not with one of the Passport Officers.
- Collection of passports can be conducted by persons other than passport holder, whereby the collecting person only needs to sign in the Sign out Register. In addition any Immigration Officer can walk into the Passport Office and retrieve a passport and release it to the person over the counter.

We have noted a number of incidences over the period under review that passports have gone missing in the office. It is imperative that proper security and controls are exercised over passports at all times within the office.

Recommendation 5

We have recommended that a review of security procedures be carried out within the Passport Unit Office so as to identify the weaknesses and take remedial action to strengthen the security over passports.

2.2.6 Non – Surrender of Ordinary Passport upon receipt of Diplomatic or Official Passport

Section 7 of the Passports (Diplomatic and Official) Regulations specifies that on the receipt of a diplomatic or official passport, the Applicant shall surrender his ordinary passport to the Passport Officer, who shall keep such passport in his safe custody.

Indications are that the Division currently retains permanently (unless requested) the ordinary passports of those persons that have been issued with Diplomatic or Official passports. Immigration does not maintain a register of ordinary passports held, nor is there a mechanism to ensure that the Diplomatic or Official passport holder submits their ordinary passport (if they have one) prior to release of the Diplomatic or Official passport.

Section 8 of the Regulations specifies that on completion of the diplomatic or official mission abroad, the diplomatic or official passport may be surrendered to the Passport Officer, who shall then return to the holder of such passport, his ordinary passport that was surrendered at the time of the issue of the diplomatic or official passport.

We also noted that there appears to be a substantial number of Diplomatic passports that are retained by the holder, rather than relinquished to Immigration officers at the airport, upon return from official duties overseas.

If these passports are not properly controlled then they could be lost or stolen and perhaps unlawfully used.

Recommendation 6

We recommended that:

- Diplomatic or Official passports should not be issued until the person's ordinary passport is surrendered to Immigration and a receipt issued to the passport holder;
- Surrendered passports held be included in a register;
- Diplomatic or Official Passports be surrendered at the completion of the diplomatic or official mission abroad, and the ordinary passport returned to the holder.

2.2.7 Incorrect Issue of Diplomatic and Official Passports

We further noted that Official passports are often issued to government officials attending training courses and workshops overseas, which are not included as official business, under Section 3 of The Passports (Diplomatic and Official) Regulations.

In addition, it was noted that persons other than those specified under Section 2 of the Regulations were issued with Diplomatic passports.

Under Section 2, the Permanent Secretary of the Ministry of Foreign Affairs is eligible for a diplomatic passport; however, we noted that the Assistant Secretary for European Affairs had been issued with a Diplomatic passport for an official trip to Europe undertaken in January 2004.

The implication is that official and diplomatic passports are being issued to persons and for reasons that are outside of those specified in the Act, which results in illegitimate travel documents being issued by Immigration Division.

Recommendation 7

We recommended that official and diplomatic passports be issued by Immigration only to persons and for reasons specified in the Act.

2.2.8 Incorrect Issue of Emergency Certificates

Under Section 10 of the Act, an Emergency Certificate may be issued to a foreign national for the purposes of leaving the Solomon Islands, where the Passport Officer is reasonably satisfied that the passport of the foreign national is lost, misplaced, damaged or stolen whilst in the Solomon Islands. An instance was noted where a foreigner was issued with an Emergency Certificate in May 2002 because their foreign passport had expired whilst in the Solomon Islands, which is not grounds for issue under the Act.

We have also identified that Emergency Certificates have been issued to Solomon Islanders in June 2001 and May 2002 so that they could travel to Australia to collect their Solomon Island passports, which we presumed were sent for Visa purposes. We could not clarify the reason why it was necessary for them to travel to Australia for their Visas when facilities for issuing visas are available at the Australian High Commission (Honiara), unless they were obtaining visas for other countries from Embassies/High Commissions in Australia and then departing Australia directly overseas. However, we consider this not to be an appropriate reason for the issuance of an Emergency Certificate.

Furthermore, the Emergency Certificates were being used in lieu of Certificates of Identity. We noted that "The Passport (Certificate of Identity) Regulations 2000" were forwarded for gazetting on 21 March 2000, but at the time of our audit it could not be established whether these Regulations have been gazetted. In addition, these Regulations have not been implemented and fees prescribed therein have not been applied.

The implication is that Emergency Certificates in lieu of Certificates of Identity are being issued to persons and for reasons that are outside of those specified in the Act, which results in illegitimate travel documents being issued by the Immigration Division. The non-gazetting of the "Passport (Certificate of Identity) Regulations 2000" and lack of subsequent application of these Regulations have weakened controls and resulted in a loss of revenue, due to charges under the Regulations not being applied.

Recommendation 8

We recommended that:

- emergency certificates only be issued by Immigration to persons and for reasons specified in the Act;
- clarification be sought as to whether the 'Passport (Certificate of Identity) Regulations' have been gazetted;
- If the regulations are gazetted then these be implemented immediately or as of the date it is deemed to be effective and the relevant charges applied.

2.2.9 Lack of Control over Receipt of New Passport Stock

Passports for the Solomon Islands are produced and supplied from England by De La Rue Security Print. In the last delivery, Central Bank of Solomon Islands (CBSI) received ten (10) cartons of ten (10) boxes (100 per box) of ordinary passports. However, there is no record of how many cartons/boxes that should have been received from De La Rue, nor has CBSI recorded in a register at the time of receipt, the sequence of those passports received.

The passport boxes are only entered into a register and signed for upon being issued to an Immigration Passport Officer. At the time of our audit, there were only three (3) cartons of Ordinary Passports remaining, none of which were recorded in a register as bulk stock on-hand.

The implication is that cartons of passports supplied by De La Rue may have not been delivered to CBSI due to loss or theft. The inadequacies of the system of recording further makes it difficult to ascertain if all passports received are taken on charge.

Recommendation 9

We recommended that at the time of receipt of passports from the supplier, quantities are checked against consignment notes (delivery documentation) and serial number sequences for all passports be recorded in a Stock Register. The Stock Register should also be used for issuing passports to the Immigration Division.

2.2.10 Inadequate Management of Passports Held or in Stock

Currently within the Immigration Division there are various passports held or in stock including the following:

- *Unissued Passports - held within the safe in which only one key exists;*
- *Superseded Unissued Passports (old versions);*
- *Processed Passports - awaiting for approval or to be issued to the passport holder;*
- *Cancelled Passports;*
- *Diplomatic & Official Passports - not in use overseas and*
- *Other Passports - held on behalf of passport holder or have expired.*

With the exception of the Unissued Passports (which are held within the safe), there is limited physical security over all of the above passports, which are freely accessible to other Immigration officers (and possibly the public) when the Passport Unit door is open/unlocked. There is no physical organisation of passports within the Passport Unit office, with all the above mentioned passport types occupying, in a disorderly manner, various locations throughout the office, including on desks and in bookshelves and unlocked filing cabinets. Superseded passports were also identified to be located within an unlocked filing cabinet in the Control Unit office.

Furthermore, the Passport Unit does not maintain a register, with the exception of the recently processed Passports, as to which passports are under their custody at any point in time. This highlights poor system of control over such valuable documents and as a result, the Passport Unit is unable to determine which passports they are accountable for.

Although CBSI maintains a record of new Ordinary passports issued from bulk stock to the Immigration Division, there is no internal register maintained by the Division for new Unissued Ordinary, Official or Diplomatic passports held within their safe. As a result, there would be uncertainty over the number (sequence) of passports held (particularly for Official and Diplomatic), if any were stolen from or destroyed in the safe. We were unable to determine, at the time of audit, whether there is any Unissued Official or Diplomatic passports held as stock by parties (other than CBSI) outside of Immigration Division.

The implication is that there is inadequate management of passports on-hand within Immigration Division, which may result in passport losses, misappropriation and/or misapplication.

Recommendation 10

We recommended that all passports on-hand (issued and unissued) be maintained in a register and any movements between Immigration Division and third parties be appropriately recorded.

We further recommended that the Division should ensure that any passports that are no longer required to be held by the Division are either returned to the passport holder or destroyed in accordance with approved document retention policies.

2.2.11 Lack of Control Over Cancelled Passports

One of the key controls in Passport management is to ensure that proper controls exist over cancelled passports.

We have noted the following control weaknesses in the processing of cancelled passports:

- *no register maintained by Immigration for cancelled passports;*
- *it was observed that the cancellation method (hole punching the document) was only restricted to the internal pages and did not destroy the outer covers (in particular the unused page where passport holder details would be recorded);*
- *we also noted through an examination of the Approved Passport Register indications that some passports shown as current were in fact cancelled and this was supported by the relevant documentation and*
- *for the period August 2003 to the present , we have identified that at least seven passport entries within the Approved Passport Register were either left blank or were indicated as cancelled but no physical passport could be located.*

The implication is that there is uncertainty over whether all passports that have not been issued (i.e. cancelled) have been properly accounted for.

Recommendation 11

We recommended that all cancelled passports are recorded in a register and this register be reconciled to the Register of approved passports.

2.2.12 Security and Management Weaknesses over Immigration and Passport Records

In relation to the security and management of passport and immigration records the following aspects were noted:

- ***Security of Office:*** The Immigration Division occupies the ground level of the Ministry of Commerce Building located within the Finance/Prime Minister's Office Compound. The existing layout is fragmented with individual offices that are directly accessible by the general public, rather than an open plan that is transparent, so that meetings with individuals cannot take place behind closed doors.

- **Staff Attendance Practices:** Immigration staff had indicated that they have insufficient resources to undertake their duties, however, observation of their work practices highlights the fact that many are not at work during the official times and often outside of the office dealing with personal issues.
- **Registry Function:** The Registry is currently co-located in the front office with the Public Enquires Counter, Permit/Passport Unit and Monitoring Unit personnel. The filing system (currently within filing cabinets) is freely accessible to all staff occupying or transiting through the front office. As a result, there is no adequate management of files into and out of the Registry and as a result the location of many files at any point in time remains unknown.

The implications are that security of Immigration information is inadequate which may result in files being lost or stolen without Registry's knowledge.

Recommendation 12

We strongly recommended that the Immigration Division should segregate the Registry function from other operational areas and all immigration documents be registered on arrival and departure from the Registry Office.

3. CITIZENSHIP

3.1 Background

Section 4 (1) of the Passport Act specifies that “the Passport Officer shall, upon application made to him in the appropriate form, issue to any citizen of Solomon Islands who satisfies such conditions as may be prescribed, a passport in an approved form”.

Section 2 of the Passport Regulations requires that, each application for a passport shall be made to the Passport Officer in the appropriate form and witnessed by an approved person, and shall be, amongst other things, accompanied by sufficient proof of the applicant’s citizenship.

Section 6 (i) states that passports shall be issued to citizens of the Solomon Islands applying, provided all conditions for issue of such passports have been met.

The Citizenship Act established a Citizenship Commission which is vested with the following functions:

- *to make provision for the acquisition of Citizenship by way of adoption and naturalisation;*
- *to regulate the circumstances in which citizenship may be renounced or lost; and*
- *for matters incidental thereto.*

Our audit focussed on the requirement that passports can only be issued to Solomon Island Citizens and the linkage between the Immigration Division and the Citizenship Commission within the Department of Home Affairs in the granting of citizenship to foreigners, prior to them being issued with passports. All the relevant information was obtained from the Passports Unit with the Immigration Division and verified with the Citizenship Commission records administered by the Ministry of Home Affairs.

3.2 Summary of Audit Findings and Recommendations

The following is a summary of our findings and recommendations:

3.2.1 **General Overview of Citizenship Procedures**

During our examinations of the stated documents, we have identified foreigners applying for passports to have been originating mainly from Asian countries (mainly Chinese, Malaysian, Korean, Indonesians nationals) with a proportionately smaller minority originating from the Pacific region (e.g. Kiribati, Tuvalu, Australia etc.)

Below is the summarized data by originality, race and zones from a total sample of 349 applications we reviewed.

DATA: BY RACE (%)

ASIAN	80%
NON-ASIAN	20%

DATA: ASIAN BY COUNTRY (%)

CHINESE	85 %
NON CHINESE	15 %

DATA: CHINESE BY PROVINCE (%)

GUANGDONG	85%
NON GUANGDONG	15 %

Our audit sample was based on the passports issued by the Immigration Division, which requires the prerequisite of obtaining citizenship. From the above statistics the majority of Chinese applying for passports who have been granted naturalisation certificates are from Guangdong Province (i.e. 58% of total passports issued to foreigners). The above statistics indicates that there is a network in the recruitment and securing citizenships for Chinese nationals particularly from the Guangdong Province.

However, we could not determine any particular reason for this trend, such as special skills why so many naturalisation certificates have been issued to foreigners from Guangdong Province. Given that much citizenship have been granted outside of the laid down criteria (as set out later in this report) the legitimacy of granting naturalisation certificates and subsequently issuing passports to foreigners within the Guangdong Province is a matter of concern. In addition, there does not appear to be any analysis carried out to determine trends, patterns etc of the flow of immigrants that might highlight risk areas, which may require further investigation.

The implication is that without proper analysis and investigation there could be a risk that there is a network within the Solomon Islands which allows the flow of illegal migrants.

Recommendation 13

We recommended that proper analysis be carried out in relation to the flow of migrants and where necessary investigative action be taken.

3.2.2 Suspected False Documentation Renouncing Citizenship

Citizenship Act Section 7 (2) states that “*where, on an application made pursuant to subsection (1) and as a result of such inquiries (if any) as the Commission may cause to be made, the Commission is satisfied that the person making the application, other than the female person to whom an application made under subsection (4) relates—*

(h) has renounced in the prescribed manner any citizenship which he may possess;”

the Commission may grant the application, but otherwise shall refuse it.

We have noted from the documentation from the Chinese embassy in Papua New Guinea, that during the review period most passport cancellation letters coming from this embassy seem to bear the same signature(s). These letters are normally dated a few days before naturalization certificates and they do not bear any evidence of them being either sent by fax, e-mail or post.

The criteria used in ascertaining the validity of cancellation is not known, if for instance passports are being verified etc. In addition, no evidence could be found requesting cancellation unless verified through persons concerned.

Furthermore, the letterhead used in cancellation letters from the Peoples Republic of China’s embassy in PNG is not standardized and does bear some marks of alterations.

The implication is that these instances noted raises questions of whether the documentation provided as required by Section 2 (h) of the Citizenship Act is genuine and as a result applicants for Naturalisation could be illegally receiving Citizenship.

Recommendation 14

We recommended that any document which does not appear to be authentic should be investigated by Immigration officers and, if necessary, be referred to the Solomon Island diplomatic service for verification.

3.2.3 Appeals to the Minister - Interpretation

The Citizenship Act states, the combination of the Citizenship Commission requirements and criteria's validating an applicant's right to citizenship. However, Section 12 gives the right for applicants upon rejection of their application by the Commission, to apply to the Minister responsible for further consideration.

We have noted that the Minister has waived, in a number of the cases examined, the condition set down under Section 7 (2) of the Citizenship Act and granted citizenship to applicants who have not met established criterions and conditions. It is not clear under Section 12 of the Citizenship Act whether the Minister has these powers.

It is further understood that the Citizenship Commission is currently working on draft amendments to this Section of the Act.

The implication is that if the Minister does not have the power to waive the conditions set down under Section 7 (2) to the Act, then applicants whose cases were considered and waived by the Minister are being illegally granted citizenship.

Recommendation 15

We recommended that the matter of the appeals under Section 12 of the Citizenship Act be referred to the Attorney General to determine whether the Minister has the power to waive the requirements under Section 7 (2) of the Act.

3.2.4 Granting of Citizenship Contrary to Section 7 (2) of the Citizenship Act

Section 7 (2) of the Citizenship Act states, inter alia, that the Commission must be satisfied that the person making the application complies with the following conditions:

- (a) *is, on the date of application, and has been, during the period of ten years immediately prior to that date ordinarily resident in Solomon Islands;*
- (b) *intends to continue to reside in Solomon Islands;*
- (c) *is of good character;*
- (d) *unless prevented by physical or mental disability, is able to speak and understand sufficiently for normal conversational purposes English, Pidgin or a vernacular of Solomon Islands;*
- (e) *has a respect for the culture and the way of life of Solomon Islands;*
- (f) *is unlikely to be or become a charge on public funds;*

- (g) *has a reasonable knowledge and understanding of the rights, privileges, responsibilities and duties of citizenship;*
- (h) *has renounced in the prescribed manner any citizenship which he may possess and*
- (i) *has taken and subscribed to the oath of allegiance.*

We have noted that:

- a large number of applicants who have not met the ten (10) year requirement [Section 7 (2) (a)] have either been granted citizenship by the Commission during its meetings or through the Minister concerned under an appeal, although most of which are being granted by the latter. From a 20% sample (70 applicants) it was noted that sixty-five percent (65%) of these applicants for citizenship have failed to meet the basic criteria of residing in the country for a minimum period of ten years, however, have been granted citizenship by the Commission and/or the Minister concerned. This was more evident during the years 2001 to 2003.
- In the case of the Minister, he has granted many appeals in accordance with Section 12 of the Citizenship Act, which are, contrary to (Section 7 (2) (a)) in particular the 10-year rule. In the undermentioned case no reason was given for granting the applicants citizenship:
“An applicant, the spouse and two children have been approved to become citizens on 11 July 2001 after an appeal through the Minister. The appeal was made after the Commission rejected their application earlier for not residing in the country for more than ten years. The reasons cited by the Minister to grant them citizenship was not based on any part of the provisions of the law, but on a biased opinion in favour of the applicants with no confirmation on the reasons stated.”
- The Citizenship Commission prior to giving any consideration for granting of citizenship to any applicants requires the provision of police records from their original country of residence. None were sighted whilst approvals were granted. Police clearance records from the Solomon Islands Police were, however, attached.

The implications are that Citizenship has been given to many applicants in contravention to the requirement of Section 7 (2) of the Citizenship Act.

Recommendation 16

We recommended that the Citizenship Commission and Minister follow the requirements of Section 7 (2) of the Citizenship Act and that all relevant documentation be presented to the Commission before an application for citizenship is considered and granted.

3.2.5 Cancellation Citizenship/Passport False Documentation

As indicated under Section 7 (2) of the Citizenship Act, there is a requirement to renounce in the prescribed manner any citizenship, which the applicant may possess in any other Country, prior to his application for Solomon Islands citizenship.

Due to inadequate controls operating over management of passports, there is a risk of foreigners holding dual citizenships, as there is no evidence to confirm that Embassies or the home country has cancelled previous passports. Only the cancellation letters described earlier are available to confirm a cancellation of the previous passport. In many countries as confirmed by Immigration officials, cancelled passports have to be clearly marked cancelled and a hole punched through the passport at which the latter was not evident and photocopies available cannot be verified to ascertain the genuineness.

There is evidence that false documents may have been provided by applicants upon request for citizenship. In our examination of the relevant records, we have noted an applicant of Asian decent who holds an Australian passport. The application was certified and the applicant became a citizen on 9 July 2001. Prior to granting of citizenship, the applicant was required to surrender and renounce his Australian passport.

However, we have noted that the applicant continued to hold on to and travelled on his Australian passport after July 2001. The matter was detected by RAMSI and conveyed to the Commission.

The implication is that unless satisfactory controls are exercised over the relevant documentation, there is a risk that the passports not cancelled may be used for other purposes that may be illegal.

Recommendation 17

We recommended that passports from the Country of origin be properly cancelled and that any documentation renouncing Citizenship of the Country of origin be carefully scrutinised by Immigration officials and if not satisfied, then follow up investigations must be carried out.

3.2.6 Citizenship/Renewal of Work Permits

The Labour Division in some cases states a set of special conditions on which the permit is granted upon expiry. There are penalties to be applied if these conditions are not met. In our audit, we have noted that:

- *These conditions in some instances have not been adhered to. The Deputy Commissioner of Labour has confirmed that in many instances where conditions have been set in place for foreigners applying for work permits, the Minister responsible have directed staff to waive conditions or renew permits, although there are rules and regulations in place governing the work of the Division. In July 1999, for example, a permit was issued to an Asian who applied to work as manager for a local firm owned by another Asian, under the condition of non renewal upon expiry in 2001 and that the post to be filled by a local thereafter. That failed and the applicant continued to work under the same conditions and was granted citizenship in December 2000 having been in the country for just over one year.*
- *Where work permits were initially granted, there was no evidence that after the expiry date, these permit were renewed either at expiry or during the term of their resulting residency. This not only contravenes the laws but it also results in a loss of revenue for the Government. It was further noted that previous records of some applicants have claimed their occupation in China as farmers and when applying for work permits state their occupation as accountants.*

The implication is that work permits are being extended without fulfilling the requirements and regulations laid down by the Labour Division, thus, allowing foreigners to stay in the country longer than originally prescribed. Furthermore, in some cases, work permits have not been renewed which results in some applicants overstaying and becoming illegal immigrants or subsequently granted citizenship improperly.

Recommendation 18

We recommended that stricter controls should be exercised over approval and issue of work permits by the Labour Division and that it should liaise closely with the Immigration Division, particularly where work permits have not been renewed so that the Immigration can ensure that the relevant foreigners are deported.

3.2.7 Chinese Passport – Name Change without Proper Declaration

We have noted a practice whereby applicants once given citizenship change their names on the Citizenship Certificate from those names on the passports of the country of origin. In assuming a new identity, there is no evidence of official declaration of a name change from the relevant authorities.

An example of this is the case of one person who was granted citizenship of the Solomon Islands with effect from 24 January 2002 and was issued with SIC No2700. His family of five (5) other persons' were also granted citizenship. All names on the certificates differed from those on the person's passport.

The official granting of the Solomon Island citizenship was in a letter dated 22 January 2002, which stated the names shown on the respective passports and not the names shown on the certificates. We were unable to sight evidence pertaining to the reason(s) for the name change, neither could we sight evidence that the name change has been authorised by the appropriate authorities in the Solomon Islands.

The implication is that if a change of identity is not properly processed, then there is a risk that documents could be used for illegal purposes, in particular if old passports have not been properly cancelled under the old name.

Recommendation 19

We recommended that a change of name not be approved unless there is a proper declaration made, to avoid applicants hiding under a new identity and perhaps avoiding detection of a bad record in the country of origin.

3.2.8 Citizenship Fees - Uncollected

The following fees apply as according to the Citizenship Fees Schedule (1998):

Application fees (adult)	\$1,050
Accompanying spouse	\$250
Accompanying child (each)	\$200
Certificate	\$3000
Oath of allegiance	\$500
Search fee	\$50

All application forms are paid at the Solomon Islands Printers Ltd; a government wholly owned firm, office at ten dollars (\$10.00) per copy.

The table below depicts our estimate of revenue estimated based on fees collected in accordance with the Citizenship Fees Schedule (1998) where passport have been issued. It does not take into account citizenship fees where passports have not been issued. The estimate of fee is compared to the actual revenue received by the Department of Home Affairs.

Year	Audit Estimate (\$)	Actuals (\$)	Difference (\$)
2001	373,100	147,620	225,480
2002	334,500	28,750	305,750
2003	65,850	63,127	2,723
2004	22,750	16,950	5,880
2005	27,300	8,900	18,400
TOTALS	823,500	265,347	558,153

Listings were taken from the Immigration Division and compared with the Department of Home Affairs records.

It is noted that the above table shows an estimated shortfall of \$558,000 over the five (5) years and this amount would be expected to be substantially higher as it did not take into account those applicants for citizenship that did not apply for passports after becoming a citizen. We have noted that some of the contributing factors are as follows:

- *Controls over fees received were inadequate in that it was not possible to verify that receipts had been deposited into the appropriate bank accounts due to the unavailability of bank records etc. from either the Department of Home Affairs or the Treasury Division of MOF.*

However, for confirmation we have obtained total balances from the Treasury Division on the actual receipts for payments related to citizenship.

- *Fees are not being charged in accordance with the Citizenship Fee Schedule 1998 noted above in that some charges are not being paid by applicants, such as application fees for spouses and children.*
- *Many instances were noted where, in the case of families, only one payment was made for Citizenship Certificates and Oath of Allegiance which is \$3,500 instead of the same being charged for each member of the family inclusive of children. As confirmed by the current officer responsible for Citizenship, each applicant is to pay a separate application, certificate and oath fee, regardless of them being adults or children.*

In an example sighted the applicant had applied in March 2001 for citizenship including the spouse and three children with another two sons entering the country in June 2001. It was noted that they were not issued with a Chinese passport until February 2001 and were granted Solomon Island citizenship in July 2001. The following indicates what was paid as against what should have been paid.

Applicants	Date of Citizenship	Details of Costs	Amount Due (\$)	Amount Paid (\$)	Difference (\$)
Mr. X ¹	March 2001	Appl. Fee Cert Oath	1,050 3,000 500	1,050 3,000 500	
Spouse	March 2001	Appl Fee Cert Oath	250 3,000 500	250	
3 Children	March 2001	Appl Fee Cert. Oath	600 9,000 1,500	600	
2 Sons (one over 18yrs)	July 2001	Appl Fee Cert. Oath	1,250 6,000 1,000		
Total			27,650	5,400	22,250

It was noted that the two sons who came to the Solomon Islands in June 2001, did not pay, but rather only cited the previous payment made by the family earlier (22 March 2001) on receipt #659309 for \$3,500.

The implication is that there has been a significant loss of Government revenue and the risk that fraudulent activities have taken place.

Recommendation 20

We recommended that the application of the schedule of fees be reviewed and applied correctly, and that all payments due by applicants be paid into the Central Revenue Cashier at the Treasury Division.

¹ Applicant's name not provided although all other information are genuine based on the records held at the Department.

3.2.9 Citizenship Commission – Approvals Granted Without Quorum

Section 3 of the Citizenship Act established the Citizenship Commission and Section 4 provides for a Schedule, which applies to and with respect to the Commission. Subsidiary legislation provides for the Citizenship Commission Rules.

Quorum

The Schedule requires the Citizenship Commission to have a minimum of five or no more than seven members and Rule 6 states that the quorum of the Commission shall be two-thirds of all its members.

We have noted that in some instances approvals have been granted at meetings when there has not been the required number of members to make up the quorum and the results circulated to the other members later in a memorandum. For example, the 12 May 2003 meeting only had three (3) members in attendance in lieu of the five (5), and furthermore it was also noted that the last meeting prior to this one was June 2002, with many applicants waiting on a decision during the intervening period.

Interviews

Rule 13 (1) states “*the Commission may, in its absolute discretion by notice, request an applicant to appear on such date and at such time and place as the Commission may specify in the notice before the Commission or before a member duly authorised by the Commission and approved by the Minister for the purpose, for an interview with the Commission or the member, as the case may be, in relation to the application.*”

We have noted that in cases where interviews are required, to ascertain the validity of the applicant’s documents, the Secretary of the Commission who is normally a staff member of the Department of Home Affairs carries this out. Information obtained during the interviews is presented to other Commission members during the meetings and it is during such meetings that the decisions are reached on an application. We consider that it makes good sense for the integrity of the process that two or more people attend such an interview.

The implications are that if citizenships are granted when a quorum of members is not in attendance, then these are illegal. And in relation to the current interviewing procedures there is a risk that the integrity of the information could be flawed or false.

Recommendation 21

We recommended that the processes within the Commission be strengthened and that meetings be held on a regular basis and consideration be given to changing Rule 13 and 14 to include that at least two members of the Citizenship Commission shall attend interviews.

4. PERMITS

4.1 Background

The legislations applicable to permits within the Immigration Division include:

- *The Immigration Act 1978 (Cap 60) and subsequent revisions to 1996, specifies the control of immigration within the Solomon Islands and the requirements for the issue of permits.*
- *The Immigration (Amendment) Act 1998 makes amendments to the revised 1996 Act.*
- *The Immigration (Permit) Regulations 1999 specifies the requirements for application and alteration of permits.*

The various permit types include:

- *Permit to Enter and Reside*
- *Student's Permit*
- *Visitor's Permit – Holiday, Business, Transit*

4.2 Summary of Audit Findings and Recommendations

The following is a summary of audit findings and recommendations:

4.2.1 **Illegal Immigrants – Significant Leakages of Revenue - Lack of Border Control and Investigative Measures**

Role of Investigative Unit

The role of the Investigation Unit within the Immigration Division is to carry out inspections of businesses (including logging and fishing companies) to determine that all employees have been granted Entry/Residency Permits. Likewise, it is the role of the Commissioner of Labour to inspect employees within local businesses for valid Work Permits.

Work Permit Approvals

The process for obtaining approval for employment within the Solomon Islands is for an applicant to be granted an approved Work Permit from the Commissioner of Labour, prior to obtaining a Entry/Residency Permit from the Immigration Division. It is the role of both government agencies to ensure that every foreign employee within the Solomon Islands (unless officially exempted by legislation) has both a Work Permit and Entry/Residency Permit.

Illegal Migrants

It has been identified that foreign employees are working/residing within the Solomon Islands without either a Work Permit or Entry/Residency Permit. An illustrative example of this is foreign sailors working for the foreign fishing company (Yung Huang Fishing Company), which was contracted by the local firm Solgreen to carry out fishing in local waters.

Solgreen company documents specify that eighty two (82) foreign sailors (fishermen) have been working/residing within the Solomon Islands without Work Permits. Many of the fishermen have been in the Solomon Islands for at least several months and some greater than five (5) years without permits.

In our review of the Immigration documents for entry into the Solomon Islands for these eighty-two (82) Solgreen employees, we have noted the following:

Number of Foreigners	Records within the Immigration Division
1	Identified by Immigration in November 2000 as not possessing proper work or residency permits with no evidence of him leaving the country
12	Granted one (1) month visitor permits which have all expired
2	Granted two year work and residency permits which expired on 21/9/04
67	No Immigration record of foreigners being within the country
82	

Note: Two of the immigrants granted one (1) month visitor permits had voluntarily left the country in October 2004 as restricted immigrants, however, were back within the Solomon Island at the time of our audit in August 2005.

Leakages of Labour and Immigration Fees – Estimated Losses Millions of Dollars

From the Company's records, the Commission for Labour has calculated that the value of unpaid Work Permits for these 82 foreigners amounts to \$146,900, however, there is uncertainty over the accuracy of the Solgreen documents with regard to arrival date of the foreigners within the Solomon Islands (and therefore the foreigners were not included in the calculation).

Due to the fact that the Labour Division had never issued Work Permits for these foreign fishermen (with the exception of two), Entry/Residency Permits have not been processed by the Immigration Division to allow these foreigners to work/reside within the Solomon Islands. Apart from these immigrants being illegal, there has been considerable loss to the Government in terms of revenue derivable from the Immigration permits.

We have estimated fee leakages for Labour and Immigration Permits based on the above 82 illegal migrants as \$418,386 as shown in the table below:

Nationality	Labour Permits (\$)		Immigration Permits (\$)			Total (\$)
	Application	Approval	Application	Approval	Conversion	
Chinese	11,600	63,800	14,270	81,720	42,000	213,390
Indonesian	11,000	60,500	15,710	95,736	22,050	204,996
TOTAL	22,600	124,300	29,980	177,456	64,050	418,386

Note: This table assumes that both the Work and Entry/Residency Permits are issued in two yearly (24 months) increments.

This only represents one company, however, if this were to be applied to all business operating within Solomon Islands, with what appears to be a high rate of illegal immigrant working and living in the country, several million dollars of fees are being lost to the Government.

Border Control

We have noted that some fishing companies have been picking up crews by fishing vessel from other Pacific nations. It was identified in March 2003 that arrangements were made for 15 Chinese nationals to fly from China to Fiji (via Seoul – Korea) and for a fishing vessel operating in the Solomon Islands to pick the crew up in Fiji. Whilst the crew (Chinese) intended to obtain an entry permit in Fiji, there is no evidence that permits were obtained for the Solomon Islands. This practice highlights the means by which foreigners enter the Solomon Islands without Immigration becoming aware.

We were unable to locate any policy documents setting out the initiatives to control and protect the Solomon Island borders, nor is there any evidence that any action has been taken by the Immigration Division (or any other authority) to inspect businesses (particularly fishing and logging companies) to ensure that the foreign employees have approved permits for working and residing in the Solomon Islands.

Implication

The implication is that without proper border control, effective investigative measures necessary to determine the legitimacy of foreign employees cannot be undertaken. We estimate that there could be several hundred foreigners illegally working within the Solomon Islands. If the statistics identified above were extrapolated taking into consideration labour and immigration permits that probably may not have been obtained by foreigners working in many other businesses, then there would be leakages of several million dollars.

Recommendation 22

It is recommended that:

- Investigative Measures with the Immigration Division and the Department of Labour be strengthen;
- Policies be formulated setting out initiatives to control and protect the Solomon Island borders, and for appropriate action to be taken by the Immigration Division;
- Coordinative arrangements be made between the Department of Labour and Immigration Division in granting their respective permits and the collection of revenue arising from this process.

4.2.2 Implementation of Amended Immigration and Passport Fees

The Passports (Amendment) Regulations 2003 provide the revised passport fees as amended and replacing those fees specified in the Passport (Amendment) Regulations 1997. The Regulations 2003 gazetted on 6 January 2003 were not dated as approved by the Minister of Commerce, Employment and Trade until 20 January 2003. However, Part 1 of the (Amendment) Regulations 2003 specifies that the Regulations shall come into operation on the date of publication of the Gazette.

Similarly, the Immigration (Fees and Forms) (Amendment) Regulation 2003, which should replace the Immigration (Fees and Forms) (Amendment) Regulation 1997 and 1999, were also gazetted on the 6 January 2003, whilst not dated as approved by the Minister until 20 January 2003. The sequence of dates leads to uncertainty over the actual commencement date of operation of both of these Regulations.

Aside from the uncertainty over the legislative operational commencement of the Regulations, the Director of Immigration on 21 March 2003 issued a Public Notice that the increase in immigration and passport fees would be effective from 21 April 2003. This effective date is three months after the latest date (i.e. 20 January 2003) that the Regulations would be assumed to be operational under the gazettal process.

The implication of the delay in implementation of these revised fees is that the Immigration Division has forgone revenue during the three-month interim period.

Recommendation 23

We recommended that the Division needs to:

- ensure the wording of the Gazettal notice is sufficiently clear so as to determine the effective date of these subsidiary legislations; and
- observe the date of gazetting and not an arbitrarily determined future date.

4.2.3 Lodgement of Applications - Incomplete Supporting Documentation

Section 3 (g) of the Immigration Permit Regulations require, amongst other things, a certified copy of a medical certificate or report certifying the applicant's health and medical condition when applications for permits are lodged.

We have noted that up to the appointment of the current Director of Immigration, the above requirement was not being carried out when applications for permits were lodged.

The implication is that applications lodged without the correct supporting documentation have contravened the regulation and respective permits illegally issued.

Recommendation 24

We recommended that all supporting documentation, as required by Regulation 3 (g), be checked to ensure that it supports the application.

4.2.4 Inadequate Permit Recording and Management

In the processing of applications for permits it is essential that proper recording and management practices and procedures take place.

We have noted that the Permit Section still maintains registers manually and these registers are mainly for permits issued, new applications, renewals, extension approvals as well as closed permits. According to the Immigration Officer several attempts have been made in the past to put in place a proper computer system, but to date nothing has been forthcoming.

We are concerned that most of the records were incomplete and not in proper sequence, especially “Permit Holders Granted Citizenship Register” and “Closed Permit Register”. These two registers are interrelated and there were significant variations, for example in 2002, 26 permit holders were granted citizenship and 109 closed permit files. We could not verify whether the 26 permit holders granted citizenship were part of the 109 closed permit files. In addition many permit files could not be located.

The implication is that incomplete and lost records can lead to unauthorised permits being issued and possible fraud and corrupt activities.

Recommendation 25

We recommended that a study be carried out with the aim of computerising the relevant registers and other processes. In the meantime, proper updating of records should be carried out and proper security should be exercised over all records.

4.2.5 Lack of Tracking Mechanism For Arrivals and Departures

One of the major elements of the functions of the Immigration Division is to record and track the arrival and departure of incoming and outgoing foreigners.

We have noted that a database tracking system previously existed up until September 2003 at which time the information was corrupted, however, a hard copy exists in alphabetical order up to this period.

In the intervening period (October 2003 to December 2004) a database did not exist with the source documents (embarkation/disembarkation cards) being the only information available for referral.

Since then a Microsoft Access Database has been initiated to record and track arrival and departure details for incoming and outgoing foreigners.

This system is an essential element of the management of arrival and departure of travellers in and out of the country. If this mechanism is not operating then illegal immigrants could gain access to and/or remain in the country.

Recommendation 26

We recommended that the current system be reviewed with the aim of determining its adequacy and that the period (October 2003 – December 2004) when the database was not operating be reconstructed and entered into the system.

4.2.6 Foreigners illegal due to delays in application for and issue of Residence Permits

We have noted many instances where permit forms have not been stamped indicating whether the permit holder's expiry date has been extended or he/she has left the country. It has also been noted that where extensions have been granted, considerable gaps between the date of expiry and the date of renewal have occurred thus rendering the foreigner as an illegal immigrant.

If proper procedures are not followed in processing the permit forms, such as stamping them with extension dates or indicating that the permit holder has departed the country, the implications are that foreigners could be remaining in the country illegally.

Recommendation 27

We recommended that all permit forms be properly processed with a stamp indicating the status of the immigrant (extension or departed).

4.2.7 Inadequate Monitoring of Permit Holders

Monitoring is one of the sections in the organization that comes under the Investigation/Prosecution Unit. Its main function is to monitor all permit holder arrivals and departures from the Country both at seaports and airports.

We have noted that there is a lack of a comprehensive monitoring system over the control of issuing and expiration of permits. There are significant weaknesses in the monitoring system, which provides the opportunity of expired permit holders to remain in Country. The following issues were noted:

- *A Monitoring Register has been established for the monitoring of permit expiries and the Permit Unit is required to update it. Audit examination indicated, however, that the updating has not been carried out on a consistent basis and that the completeness and accuracy of the register cannot be assured.*
- *Audit inquiries from the Permit Unit indicated that the expiry should be recorded both two months prior to the permit expiry and in the month of expiry. The audit was unable to confirm that this practice was being undertaken correctly, with some permit expiries recorded two months prior, but not in the month of actual expiry and vice versa.*

- *There is no evidence of the Monitoring Register being reviewed on a periodic basis (ie. monthly) to determine whether the permit holders either:*
 - *have either left the country*
 - *have extended their permit, or*
 - *are residing without a valid permit*

The Monitoring Register does not have provision for notation of follow-up undertaken by Immigration Officers to determine the status of each permit holder.

- *In the case where permits had expired, Audit identified a large proportion of permit files, which did not have any indication as to the status of the permit holder, with many immigrants suspected of residing within the Solomon Islands without a valid permit. It was also noted that no record was maintained in the permit file of details of departure dates and flight/vessel details.*
- *Given that documents received by Immigration are in many cases important and confidential there is an absence of a “date received” stamp on all documents sighted.*
- *The maintenance of the data registry was poor in that embarkation and disembarkation cards were all over the office. The reason for this was a claim that there was shortage of staff.*
- *The existing Microsoft Access Database for recording foreigner arrival and departure information has not been configured to include foreigners permit details, in particular the expiry date, to enable monitoring to be conducted in an efficient and effective manner through the Database’s reporting function.*

The implication is that the above weaknesses indicate inadequate monitoring of permit holders and this could lead to illegal immigrants staying in the Solomon Islands.

Recommendation 28

We recommended that:

- Updating and maintaining the monitoring register;
- Action be taken to ensure that expiry of a permit should be recorded both two months prior to the permit expiry and in the month of expiry;
- Within the Monitoring Register a provision be made for notation of follow-up undertaken by Immigration Officers to determine the status of each permit holder. This should be carried out on a regular basis;

- Permit files be maintained and actioned to ensure that only valid permit holders remain in the Country and that these files contain the status of permit holders and details of departure dates and flight/vessel details;
- All documents received by the Immigration Division have the “date received” stamp on them;
- The data registry be maintained in an orderly fashion, particularly the embarkation and disembarkation cards;
- The Microsoft Access database be configured to include foreigners permit details.

4.2.8 No Register of Permit Conversions

Section 9 (2) of the Immigration (Permit) Regulations 1999 specifies that a conversion of a Visitor’s Permit to a Permit to Enter and Reside may be granted by the Principal Immigration Officer where the nature of business, employment or profession required by the Visitor’s Permit holder requires his remaining in the country pending the processing and approval of his application for a Permit to Enter and Reside.

Immigration does not maintain a register of conversions by foreigners from a Visitor Permit to either a Permit to Enter and Reside or a Student Permit. Records of conversions are only maintained in either the Permit Holders file or in the Employing Company’s file, hence, difficult to locate.

In order to control the permit conversion there is a need to maintain a register of conversions by foreigners from a visitor’s permit to either a Permit to Enter and Reside or a Student Permit.

The implication is that if a register is not maintained then the process of permit conversion is not transparent and effective, monitoring cannot be carried out and this could lead to loss of government revenue and the likelihood of illegal migrants working and living in the country.

Recommendation 29

We recommended that a “Permit Conversion Register” be maintained.

4.2.9 Conversion Fees Waived

Section 14 (1) of the Regulations specifies that applications for exemption from any permit requirements shall be made to the Minister through the Principal Immigration Officer. It is uncertain whether the permit requirements referred to above are solely documentary or whether they also include fees.

During the audit, we have observed indications that the Minister has exempted various foreigners from paying one hundred percent (100%) of the required \$7,000 conversion fee. At the time of our audit (5 May 2005) the Minister did exempted five (5) persons engaged by Solomon Plywood Ltd from the requirements of the Immigration Regulation 1999 (conversion permits requirement). The Solomon Plywood Ltd file has been retained by the Minister hence has not been subject to audit review.

From our inquiries with Immigration officers, the current Minister has waived a substantial number of conversion fees (100% of the \$7,000), and records of these are not being maintained in a register but are kept on an ad hoc basis in the respective company files or in the permit holder's files. As a result it was difficult to estimate the total revenue forgone by the Government.

In effect we could not establish the Minister's authority to waive these conversion fees and due to inadequate records we were unable to ascertain the cost to the government from the Minister waiving such fees. Furthermore, we were also unable to sight the criteria set down for waiving such fees.

The implication is that Immigration is forgoing a substantial amount of conversion fees and this with the lack of proper records could lead to illegal and improper practices occurring resulting in a loss of revenue and foreigner's illegally working and living in the country.

Recommendation 30

We recommended that:

- A ruling be obtained from the Attorney General to determine whether the waiving of the conversion fee falls within Section 14 (1) of the Regulation;
- Proper records be kept of the conversion fees exempted and paid.

4.2.10 Permit Fees

In accounting for permit fees, a record should be maintained recording permit fees due and received.

We were unable to determine whether all permit fees due have been properly received and accounted for. It is considered that there is a need for a separate cashbook to be maintained in the permit section for proper recording of permit fees received. The cashbook would provide an ease of referencing and be given to the Ministry's Accounting Section for reconciliation purposes and determination of total permit fees collected. At the moment receipts were filed together with the permit documents and there is no reconciliation of fees due and collected.

The implication is without proper controls over fees due and collected money could be misappropriated and/or revenue due are not properly followed up and collected.

Recommendation 31

We recommended that a cashbook be maintained within the Permit Section to record the permit fees paid.

5. CLEARANCE FEES

5.1 Background

The legislations applicable to clearance fees within the Immigration Division include:

- The Immigration (Amendment) Act 1998 specifies in Section 13C (1) that no person other than:
 - a) *Captain or master;*
 - b) *Government officer;*
 - c) *Owner, charterer or agent; or*
 - d) *Accredited representative of country to which ship or aircraft belongs,*

shall leave or board a ship or aircraft arriving in or departing from Solomon Islands until the ship or aircraft has been examined and cleared by an immigration officer on its arrival or prior to its departure, so however, that the aforesaid restriction shall not apply to a member of the crew.
- The Immigration (Fees and Forms) (Amendment) Regulation 1999 amends the Subsidiary Legislation by adding the following fees to the end of the existing Regulations 1997.

On clearance in respect of each international flight landing on or departing from an airport in Solomon Islands	\$200
On clearance in respect of ships entering or departing from any port in Solomon Islands	\$200
On clearance in respect of yachts or other pleasure craft entering or departing from any port in Solomon Islands	\$100

- The Immigration (Fees and Forms) (Amendment) Regulations 2003 specifies in Regulation 14 that there shall be payable by the owner, master or agent of the vessel, aircraft or yacht concerned in respect of the boarding of, clearance or attendance on such vessel, aircraft or yacht or other pleasure crafts by an Immigration Officer during official hours or after hours the sums as specified below:

On attendance and clearance of passengers and crew in respect of each international flight landing on and departing from an airport in Solomon Islands	\$200
On attendance and clearance in respect of ships entering or departing from any port in Solomon Islands	\$200
On attendance and clearance in respect of yachts or other pleasure crafts entering or departing from any port in Solomon Islands	\$100

The claims of working after official hours by an Immigration Officer shall be payable out of the sums paid pursuant to the above.

In any proceeding for the recovery of such sums as are due, a form or document signed by the Immigration Officer conducting the boarding or in attendance shall be prima facie evidence on such boarding and attendance and of the amount due by any person or body named therein.

5.2 Summary of Audit Findings and Recommendations

The following is a summary of audit findings and recommendations:

5.2.1 Interpretation of the Levying of Clearance Fees under the Regulations

The Immigration (Fees and Forms) (Amendment) Regulations 1999 and 2003 (Sections (xxxiii) to (xxxv)) provides for clearance fees on attendance of Immigration officers to such vessels, aircrafts or yachts.

There is some uncertainty over the interpretation of these Regulations, as to whether the clearance fee of \$200/\$100 is levied for each arrival and each departure, or if these Regulations should be interpreted as \$200/\$100 inclusive for both the arrival and departure.

Current estimates undertaken by the Immigration Airport Supervisor of the cost of overtime claims for immigration officers (eight plus driver) to attend and clear aircraft on a weekday after normal business hours (at time and a half) is \$320. Overtime allowances for Saturdays are double time and Sundays/Public Holidays is triple time.

The implication is that Immigration is only raising half of the clearance fees stipulated within the Regulations and that the fees charged are not sufficient to meet the Immigration staff overtime claims.

Recommendation 32

We recommended that the intentions under the Regulation for the levying of the clearance fees on vessels and aircraft be determined and the fee structure be revised to ensure that the fees levied are commensurate with all related costs including the overtime claims.

5.2.2 Non-Attendance and Clearance Processing

The attendance and clearance of international aircraft and vessels is the responsibility of the Control Unit within the Immigration Division. The attendance/clearance of aircraft and vessels within Honiara is conducted by two separate immigration officers. In addition, outside of Honiara, the function of attending/clearing aircraft and vessels is conducted by the immigration officer stationed within the provincial outposts. There are currently only two provincial immigration officers appointed, with these officers stationed at the provincial outposts of Munda (Western Province) and Lata (Temotu Province) within the Solomon Islands. The Honiara based vessel clearance officer also provides coverage for the ports of Yandina and Tulagi in the Central Province. In addition there is a retired immigration officer at Gizo (Western Province) who is providing services and a newly appointed immigration officers who will in the future be stationed at Korovou (Shortlands – Western Province).

Designated Ports within the Customs and Excise Regulations are as follows:

1. Honiara
2. Gizo
3. Yandina
4. Nila (Korovou)
5. Ringgi Cove (Noro)
6. Graciosa Bay (Lata)
7. Tulagi
8. Lever and Mbaeni Harbour (Yandina?)
9. Munda (Customs Aerodrome)
10. Yandina (Customs Aerodrome)
11. Henderson (Customs Aerodrome)
12. Gizo-Nusatupe (Customs Aerodrome)
13. Graciosa Bay (Customs Aerodrome)

Authorised Aerodromes within the Immigration Regulations are as follows:

1. Honiara (Henderson) Aerodrome - Guadalcanal
2. Munda Aerodrome – New Georgia
3. Gizo (Nusatupe) Aerodrome – Western
4. Graciosa Bay (Luova) Aerodrome - Temotu
5. Balalai Aerodrome - Shortlands

As a result, there are a few designated ports/authorised airports, which are not effectively covered by an immigration officer.

The implications are that there may be vessels and aircraft arriving and departing the Solomon Islands that are not subject to attendance and clearance by Immigration officers, which also results in revenue forgone.

Recommendation 33

We recommended that Immigration instigate a mechanism to ensure that all vessels and aircraft are subject to attendance and clearance by delegating the responsibility, where insufficient immigration resources exist, to other government agencies (e.g. Customs).

5.2.3 Lack of Recording Attendances and Clearances

In relation to attendance and clearance, Immigration should maintain registers for both vessels and aircraft. We have noted the following:

Vessels Clearances	A register is maintained of vessel attendance/clearance undertaken by the designated vessel clearance immigration officer. The content of the register has evolved over time with the most recent records including invoice details. (Due to apparent shortages of stationery, a copy of the documents issued by the immigration officer is often not retained by Immigration for record purposes.)
Aircraft Clearances	A register is not maintained for aircraft attendance/clearance undertaken, which has resulted in audit being unable to establish the coverage of Immigration clearance on aircraft. A diary is maintained by Immigration detailing flights, apparently for overtime purposes. However, the content is relatively limited and diaries for the years preceding 2004 have not been retained (i.e. have been destroyed).

We have noted that Clearance Charge books have also been destroyed, and hence we were unable to utilise these documents to determine whether Clearance fees have been raised for all international flights.

The implication is that proper controls have not been maintained over attendances and clearances whereby clearance fees are not properly accounted for.

Recommendation 34

We recommended that registers for aircraft and vessel clearances should be fully maintained with the appropriate details and any source documents (such as clearance charge books) should be retained and only destroyed after the prescribed period, as laid down in the Financial Instructions.

5.2.4 Irregular Issuance of Clearance Documents

Under the legislation, appropriate documentation should be provided for the clearances of vessels and aircrafts. We have noted that a significant amount of documentation is not being provided. The following issues are set out below:

Vessel Clearance	<p>During vessel clearance, various clearance documents are to be issued by the Immigration Officer depending on whether the vessel is incoming/outgoing and the intentions of the passengers/crew onboard. These documents include:</p> <ul style="list-style-type: none"> • Certificate of Clearance – outwards only • Authority to Disembark – inwards only (for crew) • Notice to prohibit landing – (for stowaways) • Visitor Permit – disembarkation card • Transit Pass <p>Clearance Charge sheets are completed and signed by both the Captain of the vessel and the Immigration Officer.</p> <p>From our review of a sample of vessels recorded as cleared within Honiara, it has been estimated that only 80% of the clearance documents could be provided by the Clearance Officer supporting these clearances.</p>
Aircraft Clearance	<p>Clearance certificates are not issued for aircraft clearances, however, the aircraft manifests* are signed by the clearance officer and filed away with the accompanying passenger lists, which are located with the passenger immigration disembarkation cards held by the Monitoring Unit.</p> <p>From the clearance charges sheets sighted (only two books), a significant proportion (estimated to be > 80%) have not been fully completed, whereby the signature of the respective aircraft pilot is absent, attesting to the validity of the invoice.</p>

* *Aircraft Manifest – pilot, first/second officer and crew passenger list.*

The implication is that procedures are not being followed with the result that there could be a loss of revenue or illegal practices taking place.

Recommendation 35

We recommended that proper documentation be processed for both the vessel and aircraft clearances.

5.2.5 Delay in Raising Clearance Fee Invoice Production and Follow-up

The issue of invoices for clearance fees are not being produced on a timely basis, nor is there a follow up mechanism in place to ensure that invoices are promptly issued or subsequently paid. As a result Audit noted the following:

Vessel Clearances	<p>Vessel Clearance fees are levied upon the owner or shipping agent responsible for the vessel. Invoices are raised for vessel clearance on a periodic basis, however, it has been noted that the issue of the invoices often took several days or weeks.</p> <p>A detailed schedule from Tradco indicates that at 31 March 2005 they have not received clearance fee invoices from Immigration for over 150 vessels during the period 2001 to 2005, which equates to at least \$15,000 and possibly up to \$30,000 in uncollected revenue.</p> <p>Further to this, under the existing arrangement, there is no mechanism to determine whether invoices have been paid by the respective shipping agents or private owners, as cheques produced by the agents are either collected by Immigration to be receipted by the Treasury Central Revenue Centre (CRC) or delivered by the agent directly to CRC for receipting.</p> <p>There is currently \$6,700 identified outstanding by Tradco as unrepresented cheques owing to Immigration extending back to 2002. The location of these cheques remains unknown.</p>
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Aircraft Clearances	<p>Aircraft Clearance fees are levied upon the owner or airline agent responsible for the aircraft within the Solomon Islands. The aircraft agents currently existing within the Solomon Islands are as follows:</p> <ul style="list-style-type: none">• Solomon Airlines (includes Air Vanuatu, Air Nauru, Heavy-Lift and some charter flights)• Air Nuigini• Guadalcanal Travel Service (Air Pacific)• Pacific Air Express (cargo) <p>In the past, each airline agent was provided with an Invoice Statement listing the Clearance Charge owing for the period with the original of the Clearance Charge being attached. However, it appears that Clearance Charges (invoices) for aircraft clearance have not been raised since mid 2004. There is uncertainty of the amount of revenue outstanding from each of the airline agents.</p> <p>Review of the Clearance Charge invoice last received by Solomon Airlines from Immigration identified that it was for the May 2004 period (ie. 12 months prior to the audit).</p> <p>Discussion with a representative from Air Nuigini suggests that the invoices for clearance fees are being prepared by Immigration for submission for payment. Neither the number of aircraft, nor the period to be invoiced is currently known.</p>
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From available records, we have endeavoured to assess the financial impact on the poor processes existing over the collection of clearance fees and this is illustrated below, however, it is based on Honiara records only and it is expected that country wide the impact will be significantly larger:

Year	Ships		Yachts		Aircraft		Total Estimated	Actual Received Total
	No	Estimated Amount	No	Estimated Amount	No	Estimated Amount		
2001	N/A	25,000	N/A	1,000	474 (37 Mil)	94,800	120,000	14,600
2002	143	28,600	12	1,200	456 (? Mil)	91,200	121,000	73,250
2003	255	51,000	21	2,100	470 (164 Mil)	94,000	147,100	141,500
2004	349	69,800	48	4,800	845 (47 Mil)	169,000	243,600	230,405
							632,500	459,755

N/A: Not Available

Mil: Military Aircraft

The implication is that clearance fees are not being properly collected with revenue being lost. The table shows an estimated loss of revenue amounting to \$172,745, which Country wide could be significantly more than this.

Recommendation 36

We recommended that all the primary records controlling clearances be properly maintained such as registers etc. and that invoices be raised promptly and follow up action be implemented to ensure that invoices are issued in a timely manner.

6. DEPORTATION

6.1 Background

The legislations applicable to deportation within the Immigration Division include:

- The Deportation Act 1978 (Cap 58) and subsequent revisions, specifies the requirements for the deportation of persons that are non-citizens of the Solomon Islands.
- The Deportation (Amendment) Act 1999, which repeals and replaces Sections 5 and 6, and amends Sections 7 and 11 of the Deportation Act.

The Act specifies that a Deportation Order (an order in the prescribed form requiring the person therein named to leave Solomon Islands and not to return) may be prescribed by the Minister in respect of the following:

- a) *A convicted person* (a person who has been convicted of an offence under the provision of the Penal Code which would, in the opinion of the minister, justify his deportation); or
- b) *An undesirable person* (a person who is or has been conducting himself in a manner prejudicial to the peace, defence, public safety, public order, public morality, public health, security or good government of the Solomon Islands); or
- c) *A destitute person* (a person who by reason of mental or bodily health or lack of means is unable to support himself and his dependants); or
- d) *A prohibited immigrant* (a person who has entered Solomon Island in breach of any law relating to immigration other than under the Passports Act).

6.2 Summary of Audit Findings and Recommendations

The following is a summary of audit findings and recommendations:

6.2.1 **Immigration's Deportation Process**

The procedure previously adopted as indicated by Immigration Enforcement personnel for preparation of proscribed immigrants for deportation under the Deportation Act 1978 is as follows:

1. The Enforcement Unit is either notified by the public or through internal investigation of case type specified in (a) to (d) above;
2. The Unit peruses the respective Immigration documents relating to the alleged proscribed immigrant;
3. A Statement of Facts is drafted to support Immigration's case against the suspected proscribed immigrant;

4. The Statement of Facts is provided to the Director for comment/revision, prior to forwarding to the Attorney General's Office for legal opinion;
5. The approved Statement of Facts is forwarded to the Magistrate, Defendant and the Department for which the Director for Public Prosecution is acting;
6. A date for the hearing by the Magistrates Court is set;
7. The hearing is held with the following parties attending:
 - Defendant (and any nominated legal representative) – the burden of proof against the charges remains with the Defendant;
 - Any Witnesses;
 - Representatives from Immigration Division (Director/Deputy Director/ Immigration Officers).
8. Based on the results of the hearing, the Magistrate prepares a report which is forwarded to the Minister for Immigration. The Minister has the option to either uphold the Magistrates decision to deport or waive it;
9. If the Minister chooses to deport, then the Minister instructs immigration to prepare a Deportation Order for his signature;
10. The Deportation Order is served on the proscribed immigrant (within 15 days) and the proscribed immigrant is detained. The proscribed immigrant has the option to appeal the Order within 7 days of it being served;
11. If there is no appeal (or the appeal fails), Immigration prepares the necessary documents for deportation (eg airline tickets, passport requirements, escort travel requirements etc).

Based on the above sequence of events, Procedures 5, 8 and 9 are in accordance with the requirements specified in the Deportation Act 1978, however, following the Amendment of the Act in 1999, the only requirement specified under the existing Act, that corresponds with the above sequence, is Procedure 10. Since the Amendment, Immigration Division has not deported any proscribed immigrants, however, this sequence, nor an alternate has been documented by Immigration Division, or approved by the Attorney General Office.

The Deportation Regulations 2001 drafted as subsidiary legislation to the Deportation Act have never been finalised, despite correspondence to the Attorney General's office for finalisation to occur. The Draft Regulations specify the content and format of Forms to be utilised by Immigration Division under the Deportation Act.

The implications are that there is uncertainty over the legitimacy of the deportation actions taken to ensure appropriate due process in the deportation of proscribed immigrants.

Recommendation 37

Immigration should document the process for the action to be taken by Immigration for the deportation of proscribed immigrants and this process should be approved by the Attorney General's Office.

The Deportation Regulations should be finalised by the Attorney General's Office to specify the content and format of Forms to be utilised by Immigration under the Deportation Act.

6.2.2 Deportation Orders Issued during the Period under Review

The Immigration Act - Section 11 specifies those persons that are classified as prohibited immigrants and Section 14 requires that those persons shall be dealt with in accordance with the procedure for making a deportation order under the provisions of the Deportation Act, unless such person voluntarily places himself aboard the first available ship or aircraft leaving Solomon Islands and consents to remain in police custody during the interim.

The Immigration Division – Enforcement Unit has not maintained a register of Deportees, however, indications are that the last proscribed immigrant deported from the Solomon Islands was undertaken on the 16 November 1999. Through discussion with Enforcement Unit personnel and review of immigration documentation, it was indicated that there has been four proscribed immigrants subject to deportation during the period 2001 – 2005. The status of each of these proscribed immigrants based on immigration data is as follows:

- 1. IMM 15/01 – Deportation Order drafted but unsigned. The immigrant has been residing in the country without a valid Residence Permit since 5 September 2003, with Immigration continuing to negotiate for his voluntary departure, prior to formalising the deportation order.*
- 2. IMM 875/90 – Deportation Order signed in 1997, however, due to criminal proceedings against him, was sentenced to three years prison in 1998. The immigrant was pardon from the sentence by the Governor General in 1999 on the condition of immediate deportation. A subsequent Deportation Order was drafted in 2000, however, remains unsigned, with the immigrant remaining within the country, believed from correspondence in 2002 to be on Kolombangara Island.*
- 3. IMM 501/95 – Deportation Order revoked. The immigrant's Residency Permit expired in September 2000 after resigning from employment. The immigrant was scheduled to leave the country in October 2000 which was supported by the Minister. A Deportation Order was apparently signed on 29 January 2001 (as a copy is not on file) and the immigrant was detained at Rove Prison on 20 January 2001 for a flight the following day. The immigrant's passport was not secured and information was provided that the*

immigrant had been married (although this has been disputed) to a Solomon Islander who was expecting a child. Based on this the Minister subsequently revoked the Order on 9 April 2001 citing various reasons.

4. *No IMM issued – Deportation Order signed 2003. There is uncertainty as to whether this immigrant has left the country in October 2003 as there has been no follow-up documented by Immigration stating this fact.*

The above highlight the delay in action and follow-up taken by the Enforcement Unit against those immigrants that have been identified and are deemed to be proscribed immigrants, but refuse to leave the Solomon Islands.

The implications are that delays in action and follow-up may result in foreigners subject to deportation remaining in the country beyond a reasonable period of time.

Recommendation 38

We recommended that Immigration establish protocol (within budgetary constraints) for ensuring that foreigners subject to deportation are removed from the Solomon Islands.

6.2.3 Funding the Deportation of Proscribed Immigrants

The provision for Repatriation within Immigration's Recurrent Estimates is fairly restrictive on the Immigration Division to effectively deport Proscribed Immigrants that refuse to leave the Solomon Islands voluntarily. The budget allocation provided for deportation over recent years has been only \$30,000, which when you consider that escorts are often required (by the respective airlines) to accompany the deportee, the amount must allow for three journeys per deportee (a single journey for the deportee and a return journey for the escort).

The Approved Recurrent Estimates for Immigration Repatriations for the period 2001 – 2005 are as follows:

	2005	2004	2003	2002	2001
Estimated Repatriation Budget	\$30,900	\$30,000	\$30,000	\$30,000	\$50,000
Actual Repatriation Costs Incurred	\$0	\$0	\$0	\$0	\$0

In the absence of sufficient funding from the Consolidated Funds for deportation, Immigration has the ability to collect on any Interest Bearing Deposits (IBDs) held as a guarantee by the immigrant (or employer), or the Minister may apply any money of the person charged in payment of the whole or any part of the expenses of or incidental to their deportation from the Solomon Islands and their maintenance until departure.

Unfortunately, Immigration allows many companies employing immigrants to provide a Letter of Indemnity, rather than providing an IBD, hence, funds are often not available should deportation be required, due to the immigrant no longer being employed by the company or the company not honouring their Letter of Indemnity.

The implications are that proscribed immigrants that refuse to depart voluntarily will have to remain within the Solomon Islands due to lack of funding for deportation.

Recommendation 39

We recommended that Immigration promote the need for further funding to enable the deportation of proscribed immigrants that refuse to depart the Solomon Islands voluntarily.

6.2.4 Registers of Proscribed Immigrants

A Listing of Prohibited Immigrants has been established, however, has not been updated for several years and excludes pertinent details such as the Prohibited Immigrant's passport number, date of prohibition and the period of prohibition. The outdated Prohibition Listing maintained by Immigration at Henderson Airport is dated 15 March 2000 and is filed away in the Supervisor's office, rather than accessible by all Immigration Officers.

In addition to the Listing of Prohibited Immigrants, the Division also has a Listing of Restricted Immigrants, which has not been recently updated and excludes details of passport number, date or restriction and period of restriction. The category of Restricted Immigrants is neither specified within the Immigration nor Deportation Act; hence, there is uncertainty over the legal status of this category in which many of these persons falling within the definition of a Prohibited Immigrant as specified within Section 11 of the Immigration Act.

Airlines and agents of airlines are notified of Restricted and Prohibited Immigrants by letter (often after a delay of a month or more after departure), however, there is no listing provided on a periodic basis identifying at that point in time, those Immigrants that are restricted/prohibited from entering the Solomon Islands.

The implications are that delays in updating registers and notifying respective officers/agents may result in proscribed immigrants entering the Solomon Islands without appropriate authority.

Recommendation 40

We recommended that Immigration update all registers of Restricted/Prohibited immigrants on an ongoing basis and forward the updated registers monthly to the immigration officers that authorise entry into the Solomon Islands (aircraft and vessels) and the respective airlines (or their agents).

6.2.5 Follow-up of Suspected/Alleged Proscribed Immigrants

In addition to those departed foreigners who have been classified as Restricted/Prohibited Immigrants, which are prevented from re-entry into the Solomon Islands, there are other foreigners who are suspected by Immigration of remaining in the country without a valid permit.

The Enforcement Unit generates reports highlighting matters attended to during the period (generally monthly), however, there is no mechanism to show whether the matters raised (e.g. suspected unlawful presence) have either been resolved, or if subsequent follow-up action has been taken, to determine a foreigner's status.

In the sample reviewed we have noted a Medical Elective Placement student with Helena Goldie Hospital with a permit that expired on 6 October 2001. A letter was forwarded by an Immigration Officer on 15 February 2002 to Helena Goldie Hospital requesting confirmation as to whether the student had left the country, in which no response was received. A subsequent letter to Helena Goldie Hospital on 1 October 2003 requesting confirmation as to whether the student has left the Solomon Islands also received no reply as to her status. There is no evidence in her immigration file of follow-up subsequent to 1 October 2003 to determine whether the person is residing illegally within the country after more than three and half years.

This is only one example (of possibly hundreds) which highlights a common inadequacy within the Immigration Division to monitor and enforce the removal of foreigners residing illegally without a valid permit in the Solomon Islands.

The implications are that delays in action and follow-up result in proscribed immigrants remaining illegally within the country for extended periods of time.

Recommendation 41

We recommended that Immigration Division record all suspected/alleged proscribed immigrants in a register which includes details of action taken by Enforcement Officers and any subsequent follow-up.

Unresolved matters existing within the register should be forwarded on a monthly basis to management for review and consideration.

7. VISAS

7.1 Background

The legislation applicable to the issuing of Visas within Immigration Division includes;

- *Passport Act 1978 Section 20 (d)*
- *Passports (Visa) Regulations 1998*

The Passports (Visa) Regulations 1998 provides for the administration of Visas in the following areas:

- *The Visa issuance process*
- *Visa types (Single, Multiple and Transit) such as Visitor, Business etc.*
- *The Fees applicable to the Visa types*
- *Persons exempted*

7.2 Summary of Audit Findings and Recommendations

The following is a summary of Audit Findings and Recommendations

7.2.1 **Passports (Visa Regulations) 1998 - Non-gazettal**

We were not able to sight any gazette notice pertaining to the Visa Regulations as the basis for its legitimacy. Indications by available file information and Immigration personnel are that the Visa Regulations have never been gazetted for implementation.

The Implication of the non-gazettal of the Visa Regulations is that the Immigration Division is issuing Visas without proper authority.

Recommendation 42

The Passports (Visa) Regulations 1998 should be gazetted to legitimize the administration of Visa issuing.

7.2.2 Visitor Visa and Visa Extension Registers – Not Updated

The Visa Section maintains a manual Register of Visitor Visas and a manual Register of Visa Extensions.

We have noted the following:

- *The Register of Visitor Visas is not being updated regularly.*
- *The Register of Visitor Visa Extensions have not been updated since June 2005.*
- *Visitor Visa Extension permits are issued in the form of an Immigration ink stamp on a Passport page and the respective period indicated manually, but the Extension Register is not being updated regularly to be in line with the details on the Visitor Visa extension stamps issued on the Passports in this manner.*
- *In 2004, a number of foreigners being issued Visitor's Visas have overstayed their Visitor Visa permitted periods. Most of these visitors and their status were only known after they have left the country. Besides, there could be many over stayers in the country given the poor monitoring of Visitors.*
- *For future reference the Visa Section is not keeping any formal records of foreign Visitors overstaying their permitted period. Audit has noted also that there are no provisions in the Visa Regulations concerning the treatment of foreign visitors who overstay their Visitor's Visas, particularly in the event they return.*

Implications in not updating these Registers on a regular basis is that, foreigners overstay their Visitor Visa permitted periods and are not detected resulting in foreigners illegally staying in the country. Furthermore, over stayers who have left the country and returned cannot be identified if formal records are not kept to monitor them.

Recommendation 43

We recommended that the Visa Section update the Visitors Visa and Extension Registers on a regular basis, so as to assist in detecting any over stayers.

7.2.3 Forged Visa Entry Letters

Visitors from countries whose Visitor Visa applications have been approved but require prior Visa entry permits before entering the country are issued Visitors Visa 'Entry Letters'. Audit has the following concerns on these entry letters.

- There are, apart from the designated Immigration official's sign or mark, no security features making up the letters and as such these letters are vulnerable to forgery and the like. Audit noted that there was a recent case of a forged Entry Letter being presented by 12 Indonesians at the airport (See 7.2.4).
- As a measure to counter the forging of Entry Letters, the Solomon Islands Immigration with the Singaporean and Papua New Guinea Airline authorities designated another Immigration Official to jointly issue along with the entry Permit Letters, another Letter certifying the authority of the other. This process has proved cumbersome for the recipients of the letter.

Implications are that the issuing of Visa Entry Permit Letters in this current form and the additional certification letter still exposes the system to forgery.

Recommendation 44

The Immigration Division should consider urgently introducing Visitor Visas, which are security featured and can conveniently fit into Passport pages. This measure can replace the Visitor Visa Permits normally issued by way of stamps on Passport pages.

7.2.4 Non Investigation of Malpractice within the Immigration Division

In August 2004, twelve Indonesians came into the Country with a forged entry permit letter bearing the Immigration stamp and the responsible Immigration official's mark or signature.

While these twelve Indonesians were refused entry, this incident is considered to be a very serious matter bearing hallmarks of malpractice warranting investigation, however, the matter was never referred to the Investigation Section of Immigration Division nor was it referred to other investigation bodies for full investigation. As a result we could not find evidence that any action has been taken in respect of this matter.

Implications are that this state of affairs can create an environment where a culture of maladministration and corruption can thrive and person(s) perpetrating such practices can never be held accountable for their actions.

Recommendation 45

We recommended that:

- The Immigration Division launch official investigations as and when matters warrant;
- Full investigations be launched into the incident mentioned above.

7.2.5 Non – compliance of the Visa Regulations – Forgone Revenue \$4.8 Million

The Passport (Visa) Regulations 1998, provides, amongst other things, that Visitor Visa applications should be supported by the following documents:

- Section 2 (2) b, a certified copy of the Passport or the Passport document itself is to be produced with the Visa application.
- Section 2 (2) e, two recent Passport sized photographs are to be produced with the application for assessment.
- First schedule prescribes the forms which should be used in the assessment and issuing of Visa permit:
 - a) Application for a Visa to enter Solomon Islands
 - b) Application to transit through the Solomon Islands
 - c) Application for Multiple and Single Entry Visa Permits
- Second schedule on fees:

Visa Type	Amount (US\$)	Amount (A\$)
Single Entry Visa	30	40
Multiple Entry Visa	60	80
Single Entry Transit Visa	10	15
Multiple Entry Transit Visa	15	20

We have noted for Visa applications that:

- The fees set out in the second schedule are not being enforced and Audit estimates that for ‘Single Entry Visas’ alone, \$4,819,814 of revenue to the government had been forgone from 2000 to November 2004;
- Photocopied and mostly uncertified copies of Passport pages are being produced by applicants and not certified copies of the Passport or the Passport document itself as required by the regulations;
- Two recent Passport sized photographs are usually not produced with the application for assessment;
- The prescribed forms as required in the first schedule are not being used.

We further noted that the Immigration Division has submitted an amendment to Section 9 (i) of the Immigration Act, which provides for a visitor's visa in lieu of a visitor's permit. This would bring it in line with the Regulations.

Implications are that in the absence of the required steps outlined in the regulations doubt is cast on the authentic identity of the Visitors, which could lead to foreigners illegally entering the country. It also leads to poor record keeping and a loss of substantial government revenue.

Recommendation 46

We recommended that:

- Actual Passports or certified copies thereof must be made available with Visitor Visa applications received for assessment;
- Two separate recent Passport size photographs must be made available with Visitor Visa applications so that thorough identification assessments can be made;
- The gazettal of the Visa Regulations must eventuate so that the implementation of the prescribed forms, Visa Entry Permits and the application of the prescribed fees can be enforced.

7.2.6 Absence of Authority for Visa Application Form and Country Categorisation List

We also noted that the undermentioned Visitor Visa assessment forms are currently being used in assessing the Visitor Visa applications, however, authority for the use of these forms could not be established in so far as their legitimacy for use.

- a) The Visitor Visa application form
- b) The Visitor Visa Extension application form.

In addition, authority for the use of the 'Country Categorization' list for visitors coming into the country could not be established.

Implications are that the absence of a legitimized basis for these Visitor Visa assessment areas could easily give rise to maladministration in the issuing of Visitor Visas.

Recommendation 47

We recommended that the 'Assessment Forms' and the 'Country Categorization' List be formally approved by the Immigration Division.

8. REVENUE

8.1 Background

During the period 2001 to early 2003, the Ministry of Commerce, Industries, Employment and Tourism (MCIET) was designated as one of the revenue points for Government, whereby the revenue was collected on behalf of the Divisions (including Immigration) by the Ministry, and prior to lodgement with the Central Revenue Collection within Treasury. Subsequent to this period, all revenue for the Ministry of Foreign Affairs, Commerce and Tourism has been receipted directly by the Treasury Central Revenue Collection with payment shown to Immigration by the payee in the form of a completed General Treasury Receipt (GTR).

8.2 Summary of Audit Findings and Recommendations

The following is a summary of audit findings and recommendations:

8.2.1 **Appointment of Revenue Collectors**

Financial Instruction 99 requires that the Permanent Secretary on the advice of the Ministry concerned will designate Revenue Collectors. No one may collect revenue that has not been so designated.

After the death of the designated Revenue Collector (cashier) in late 2001, there is no evidence that the Permanent Secretary had appointed the replacement cashier (Accountant) during the period whilst the Ministry of Commerce remained as a designated revenue point.

In addition, in the absence of the Accountant, other Ministry Account Section personnel (including the Assistant and Chief Accountants) would collect revenue (including Immigration Fees) on behalf of the Ministry.

The implications are that the officers collecting revenue on behalf of the Ministry were unauthorised, which could have lead to misappropriation of cash.

Recommendation 48

We recommended that the Permanent Secretary formally appoint the Revenue Collectors and the Auditor General be advised of all changes to designated Collectors.

8.2.2 Register of General Treasury Receipts (GTRs)

Financial Instruction 109 requires that every accountable officer, having in his charge security documents, shall maintain a suitable record of all documents issued to him. Such record shall show the date of receipt into his charge, the first and last serial number of each book received and the dates when the first and last document in each book was issued to the public.

Although a register of GTR books issued by Treasury to the Ministry is maintained by Treasury, a register has not been maintained by the Ministry as to the GTR books that have been received from Treasury, have been used or are in use, and those that remain unused (in stock) at any point in time.

The implications are that there has been a failure to properly account for receipts and as such this is a loss of accountability of cash.

Recommendation 49

We recommended that the accountable officer implement a proper record of all security documents that have been issued to him/her and under his/her control.

8.2.3 Cancelled Receipts (GTRs)

Financial Instruction 48 requires that the original copy of all cancelled receipts shall be included in strict numerical sequence with the duplicate copy of issued general receipts and shall be attached to the appropriate pay-over slip at the time of the next pay-over to the Treasury.

Although spoiled/cancelled GTRs are recorded as such within the Ministry's Revenue Cashbook, the actual original copy of the cancelled receipts are not retained and attached in sequence to the appropriate pay-over slip to Treasury.

The implications are that there has been a failure to properly account for receipts and as such this is a loss of accountability of cash.

Recommendation 50

We recommended that the original and duplicate of all cancelled receipts be appropriately attached to the following pay-over slip to Treasury.

8.2.4 Pay-over of Collections to Treasury

Financial Instruction 53 requires that under no circumstances whatsoever shall a revenue collector retain any part of revenue that has been collected, received and brought to account in his cashbook.

During the audit, several instances were noted where significant delays occurred in pay-over of revenue to the Central Revenue Collection point. For the months of January to April 2003, the revenue collected by the Ministry was withheld from pay-over to Treasury. The details of revenue retention and direct usage as specified in a Memorandum to the Permanent Secretary – Finance on 30 May 2003 is as follows:

Month	Days funds retained	Revenue	Un-Utilised		Expenses
			Cheques	Cash	
January	3 days	38,430	31,395	6,801	234
February	11 days	131,058	68,798	26,038	36,223
March	19 days	260,825	172,676	15,611	72,537
April	1 day	9,512	440	674	8,398
		439,825	273,309	49,124	117,392

Upon the advice of the Ministry's Permanent Secretary the Revenue Collector/Chief Accountant had retained total revenue of \$439,825 (consisting of cash and cheques) over the period January to April 2003. From this amount \$117,392 had been directly used to fund expenditure, however, it is difficult to substantiate the exact costs due to a lack of supplier receipts. The justification for the retention and expenditure of revenue funds was due to the cash flow problems experienced by the government at that time.

Further to the issue of revenue retention is that, although audit was able to trace transfers of funds from the Ministry into the CRC records, there was a general absence of the pay-over slips, which should be agreed (and attached) to the duplicate copy of the Revenue Collector's Cashbook upon pay-over in accordance with Financial Instruction 52. In several instances the duplicate copy of the Collector's Cashbook could not be located for audit.

The implications are that there has been a failure to properly account for receipts upon pay-over to Treasury and by the Ministry retaining and utilising the revenue directly on expenditure, which results in a loss of accountability of cash. In addition, there are security concerns over large amounts of revenue that are not banked.

Recommendation 51

We recommended that **all** revenue is paid-over to Treasury on a regular (preferably daily) basis and a record of the pay-over attached to the Schedule of Receipts. Any expenditure requirements should be paid through the Expenditure Systems established under the Public Finance and Audit Act and the Financial and Stores Instructions.