



**NATIONAL PARLIAMENT OF
SOLOMON ISLANDS**

**REPORT OF THE
PUBLIC ACCOUNTS COMMITTEE
ON ITS EXAMINATION OF THE AUDITOR
GENERAL'S AUDIT REPORT ON**

**MINISTRY OF EDUCATION AND HUMAN
RESOURCES DEVELOPMENT
TERTIARY SCHOLARSHIPS PROGRAM**

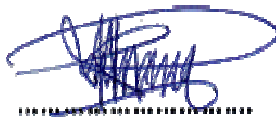
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REPORT OF THE PUBLIC ACCOUNTS COMMITTEE

Mr. Speaker,

Pursuant to Parliament Standing Order No.69 (1) [a], it is an honour and pleasure for me Sir, to present the Report of the Public Accounts Committee for laying before Parliament.



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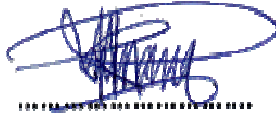
Selwyn Riuman, MP

Interim Chairman

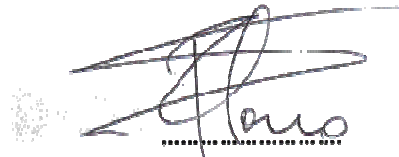
Public Accounts Committee

16 July 2007

The Members of the Public Accounts Committee are:



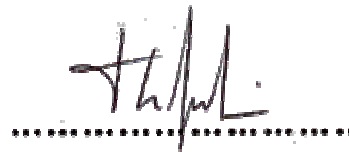
Hon. Selwyn Riumana, MP
Interim Chairman



Hon. Fred Fono, MP
Member



Hon. Johnson Koli, MP
Member



Mr Floyd Augustine Fatai
Auditor General, Secretary

**REPORT OF THE PUBLIC ACCOUNTS COMMITTEE
ON ITS EXAMINATION OF THE AUDITOR
GENERAL'S AUDIT REPORT
ON THE
MINISTRY OF EDUCATION AND HUMAN
RESOURCES DEVELOPMENT
TERTIARY SCHOLARSHIPS PROGRAM**

Summary Report

The Public Accounts Committee (PAC) under Standing Order 69 considered a Special Report of the Auditor General into the Tertiary Scholarships Program of the Ministry of Education and Human Resources Development. The Report was tabled in Parliament in October 2006.

The Committee noted that the Report identified a significant number of serious shortcomings in the National Training Unit's administration of the selection of suitable students, management of awards, harmonization with national training needs and post-training concerns. The main issues noted by the Office of the Auditor General (OAG) included:

- lack of adherence to the Financial Instructions and poor budgetary monitoring for scholarships;
- poor monitoring of student activities resulting in the continuation of awards to students who had previously been terminated from a prior award, students overstaying, swapping of programs without prior approval, and ineffective prioritisation of scholarships;
- ineffective scholarship selection, approval and monitoring owing to the lack of written guidelines, poor record keeping practices and lack of documentation to support decisions made;
- preferential treatment and subjectivity in awarding some scholarships;
- limited monitoring of poor performing students; and,
- poor financial management resulting in overpayments to students and tertiary institutions, inconsistent awards of allowance paid, payments for inappropriate expenditure and inadequate documentation to support.

The audit report into the Tertiary Scholarship Program contained 32 recommendations.

The Committee held a hearing on 24th May 2007 at which the Permanent Secretary (PS) Mr. Barnabas Anga, the Accountant Mr. Thomas Misibini and Acting Director Mrs. Rose Kudi appeared before the Committee.

The Committee resolved to hold all proceedings in public. As a consequence there was considerable media interest in the issues before the Committee and the evidence taken from the witnesses.

The Committee heard oral evidence from the PS which indicated that many of the issues identified in the audit report had been dealt with by the Ministry in its current policies and the National Education Plan. The PS referred to new policy guidelines which were being developed to guide the education sector. However, whilst the Committee appreciates the oral submission from the PS and the Ministry officials, the Committee requested that the PS prepare an action plan outlining action taken in respect to all recommendations and to submit this plan before the Committee by the end of June 2007. The Committee was also informed that to enable the National Training Unit to address the findings in the audit report, the unit would need to increase the size of its staffing

Whilst the full account of the deliberations are contained in the Hansard Report the following specific matters were discussed with the Committee.

Scholarship Selection, Approval and Monitoring Process

The PS and the Acting Director National Training Unit informed and explained to the Committee the operation of the new SCHOLAR Software Program. According to the PS the SCHOLAR software program will greatly assist and improve the administrative problems and processes that are currently faced by the National Training Unit (NTU). The functions of the software include that of ensuring new applications are properly and professionally entered and stored by NTU. The software also has the capacity to manipulate report preferences such as records suitable for the National Training Committee (NTC) to make selection decisions. The software would give each application a unique code number that indicates their country wide representations. Stakeholders and NTC will be provided with reliable information relevant to reporting needs and the monitoring process. Other information required for planning purposes should be available from the reports from the SCHOLAR to assist with decisions making. The software was currently being implemented.

The Committee enquired about an Independent Selection Board to facilitate selection of awards free from external influences and pressures. The Permanent Secretary noted that this was a good policy initiative but considerations such as Board composition and ensuring all decisions require Board approval were important also.

Human Resources Development Capacity

The Committee sought assurances that the Ministry put in place a Human Resources Development Plan and that such plan should take into consideration the geographical representation of the provinces. The Development Plan should reflect benefit based on provincial needs and identify areas with greatest need. The Committee was concerned that plans by successive governments were in place and that the Ministry should collaborate with the Ministry of Planning to incorporate those plans. The PS stated that the Ministry will collaborate with training agencies as well as with other stakeholders such as Ministry of Commerce, Public Service Department and the National Training Unit.

Scholarship Expenditure and Staff Capacity

The PS indicated that the accounting software currently operated within the Ministry's Accounts Division does not interface with the Ministry of Finance systems. The New software will help solve the anomalies indicated in the audit report. He further pointed out that staff capacity was previously two while currently there are six staff which has helped NTU to address the backlog of filing and updating other related administration accounts. The Ministry is considering the recruitment of an accountant and other technical staff to assist the Unit improve its efficiency. The Committee was also informed that the Ministry will be sending officers from the Accounts Division and NTU to visit tertiary institutions so as to deal with relevant financial matters effectively including meeting with the University of the South Pacific Council.

Donors Assistance

The Committee noted that the World Bank was funding the preparation of a National Skills Training Plan; a project which commenced in early 2006. The report on the project was expected to be completed in November 2006 but was extended to the first quarter 2007. The Committee expressed concern with the delay in finalizing this project and the PS agreed to provide a copy of the Plan to the PAC once it was received.

The Ministry's Education Plan

The Committee noted the need for a training plan to complement the Government's Bottom Up Approach policy. The Ministry acknowledged the need for such a plan and is currently considering outcomes from private and public sector surveys, Community-based training needs and the effort of the donor assistance to rural training centers. The Ministry was reminded of the need to take into account the disabled in the community.

Student Bonds

Given the increasing population in the Solomon Islands and the minimal opportunities available for students, the Committee was concerned that students sponsored by the government left the country to work overseas after getting their qualifications. At the request of the Committee the Ministry outlined its strategies for maximizing the available funds and its position in relation to bonding the students. The PS agreed that the 'brain drain' was a big issue for the Ministry and new strategies for campuses in Honiara and sharing of costs with students were being considered as well as the issue of bonds in Solomon Islands Government and the Provinces.

Action Plan

The Committee further noted the delay in providing an appropriate action plan since the draft audit report in 2006. The PS indicated that the National Education Plan 2008-2009 and Training Policy have strategies to remedy many of the audit recommendations. The Committee, however, requested that an Action Plan be produced by the Ministry within one month and quarterly updates provided to the PAC.

Recommendations

The Committee recommends:

1. That the Ministry provides the PAC with a copy of the National Skills Training Plan as soon as it is received.
2. That the Ministry works on a National Education Plan that equitably benefits provincial or technical needs of the Country.
3. That a bond system for students who have completed their training be introduced
4. That an Action Plan be produced indicating how the Ministry will address the key findings contained in the audit report and the Ministry provide quarterly updates of the Action Plan to the PAC and the Auditor General;

Conclusion

The report of the Auditor-General highlighted many shortcomings in the National Training Unit of the Ministry of Education and Human Resources Development. The Committee noted the slow progress the Ministry had made so far.

The Committee emphasised, however, that it proposes to monitor and be regularly updated on progress by the Ministry in implementing their action plan. In addition the Office of the Auditor General will be requested to perform a follow up audit in 2008 to appraise the extent and effectiveness of the remedial action.

APPENDIX 1 MINUTES OF PROCEEDINGS**PUBLIC ACCOUNTS COMMITTEE**

NATIONAL PARLIAMENT OF SOLOMON ISLANDS**Minutes of Proceedings****Meeting No. 10**

Thursday 24 May, 2007, Parliament House, 10:30 am

1. Members Present

Hon. Selwyn Riumana, MP (Chair)
Hon. Fred Fono, MP
Hon. Johnson Koli, MP

Secretariat

Mr. Floyd Augustine Fatai, Auditor General, Secretary to the PAC
Mr. Eric Muir, Deputy Auditor General
Mr. Celsus Talifilu, Committee Secretariat
Mr. Jude Devesi, Committee Secretariat

In attendance

Mr. Barnabas Anga, PS for Ministry of Education
Mr. Thomas Misibini, Chief Accountant Ministry of Education
Mrs. Rose Kudi, Director (acting) National Training Unit,
Ms. Michelle Maschmedt, Advisor, Office of the Auditor General
Mr. Walter Malau, Office of the Auditor General
Mrs. Georgina Kikiolo, Office of the Auditor General

- The Chair opened the meeting with a statement of his election as the interim Chair of the Committee until a substantive Chair is appointed by the Speaker. He replaces the outgoing Chair of the Committee Hon. Francis Zama whose functions as a Member of

Parliament ceased following a conviction and two year sentence in a court of law. The Matter awaits an appeal in the high court.

The Chair then welcome the PS and his team form the Ministry of Education and Human Resources Development before the Committee and as asked the PS to deliver his opening Statement.

3. The Committee's report into the Special Audit Report of the Ministry of Education and Human Resources Development (MEHRD)- Tertiary Scholarship Program.

The PS informed the Committee of the course of action his Ministry had taken since the findings of the Audit Report. The PS also informing the Committee of the Ministry's policies with regards to scholarship and the different stakeholders.

The Committee deliberated.

Action Plan from the Ministry.

The chair re-illiterate that the Ministry develop and furnish to the committee an action plan stating what actions the ministry will be taken in view of the recommendations made in the Audit Report and the time frame for the actions.

The Committee deliberated

The PS of the MEHRD assured the Committee that his ministry will work on an action plan immediately and will furnish to the committee a copy of the action plan. The Chair noted the assurance and gave the PS a month for his ministry to develop the action plan and provide it to the Committee by 24 June 2007

4 Close

The meeting closed at 12:00 pm.