



SOLOMON ISLANDS GOVERNMENT

# Special Audit Report for Civil Aviation Special Fund 2013 to 2014

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Civil Aviation Authority of Solomon Islands

National Parliament Paper Number 23 of 2017

**Reported by:**

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## AUDITOR GENERAL'S OVERVIEW

Speaker,

I have the pleasure Sir , in presenting this special audit report on the Aviation Special Fund for tabling in Parliament as required by section 108 (4) of the Constitution.

The then Auditor General commissioned a special audit of the Civil Aviation Authority of Solomon Islands (CAASI) after a formal request was made by the Ministry of Public Service to examine certain transactions, processes and procedures of the Entity in its administration of the Aviation Special Fund (ASF) in 2015. This report details findings of that audit.

In general, the audit revealed severe managerial weakness over the operation of CAASI both at the strategic and operational level. For example, the current Board of Directors presided over an entity that has not presented audited financial statements since 2009, has never prepared an annual report. Audit also identified authorisation and non-compliance issues. CAASI did not comply with operational procedures when dealing with payments and undermined procurement procedures and other requirements they should uphold.

The importance of CAASI to the Solomon Islands aviation sector cannot be over emphasised. In that regard, the existence of an entity to guide the developments of aviation activities in our country is critical. Therefore, it is imperative that the Ministry of Communications and Aviation works collaboratively with CAASI to ensure the corporate governance deficiencies, compliance issues, conflict of interest effects and non-adherence to procurement regulations highlighted in this report are addressed; whilst at the same time, CAASI must develop and implement mission and vision statements that promote the country's potential in the civil aviation sector.



Peter Lokay  
Auditor-General  
June 2017

## **EXECUTIVE SUMMARY**

This report explains the findings of a special audit engagement about the administration and management of the Civil Aviation Authority of Solomon Islands (CAASI) Aviation Special Fund Account. The purpose of the audit was to determine if the special fund was managed fairly, efficiently and effectively in the spirit of the Civil Aviation Act 2008, the Civil Aviation (amendment) Act 2009, PFAA (CAP 120), PFM Act 2013 and Financial Instructions. The specific objectives of the audit were to evaluate the control management framework of expenditures, procurements, and cash as well as the degree to which the government agency (CAASI) is in compliance with applicable Acts, legislations, regulations, policies and accounting reporting framework or standards. It notes key audit findings or key audit matters and makes recommendations for actions within the organisation.

During the initial planning of the audit, a risk analysis was conducted in order to identify, evaluate and prioritize the risks associated with the management of the special fund. The analysis was based upon an examination of the Acts, accounting regulations, policies, manuals and standards that govern the management of the special fund, on data analysis, and on the results of interviews with personnel considered key in the management of the special fund. The criteria and methods used in the audit were based on the identified risks.

The audit methodology used included data analysis, review of the relevant documentation, and interviews with personnel of CAASI.

### **Statement of Assurance**

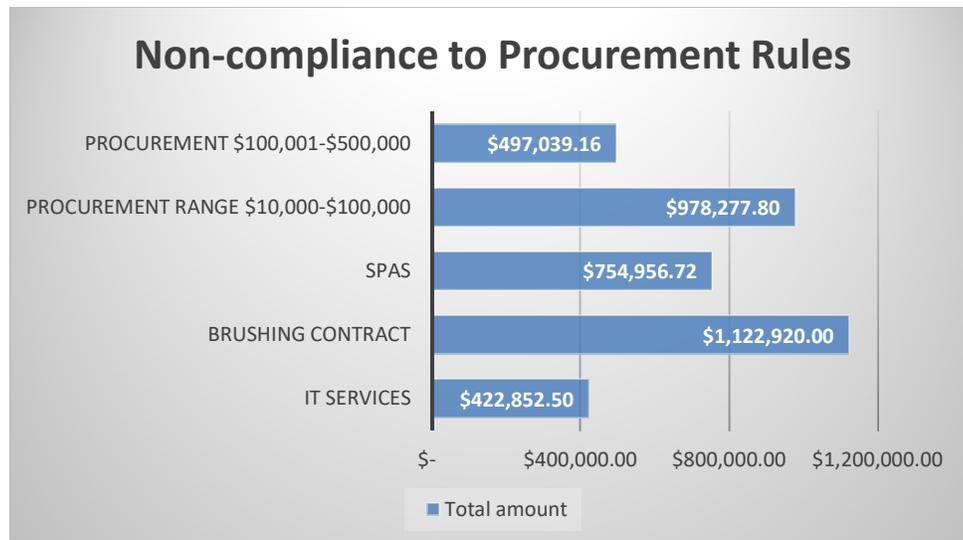
This special audit has been conducted in accordance with the Civil Aviation Act 2008 and Civil Aviation (Amendment) Act 2009, Public Financial Management Act 2013, Public Finance and Audit Act (CAP 120), Interim Financial Instructions 2014, Financial Instructions 2010 and other relevant regulations and authorities. The audit procedures and processes were done in compliance with International Auditing Standards.

In our professional judgement, sufficient and appropriate audit procedures were completed and evidences were gathered to support the accuracy of the conclusions reached and contained in this report. The conclusions were based on comparisons of the situations as they existed at the time of the audit with established criteria.

### **Summary of Findings**

The main finding of the special audit showed, in general, that CAASI's administration and management, expenditure and procurement practices were not managed in accordance with the principles of due diligence and were not in compliance with the main requirements of the relevant Acts and Regulations. Some of the issues relating to non-compliance are as follows:

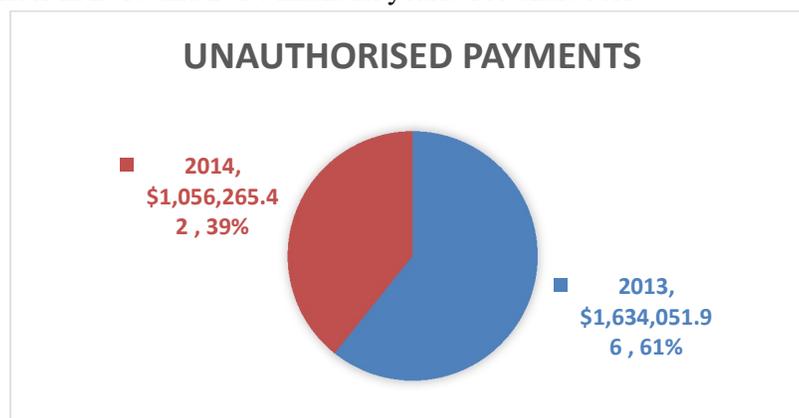
- Escalating amount of board allowances expenses in 2014 to the total amount of \$608,524.62 compared to just \$10,530 in 2013.
- Un-acquitted or unretired special imprests issued in 2013 and 2014 financial years totalled up to \$863,307.95.
- Procurement practices of CAASI for goods and services did not comply with Civil Aviation Act 2008 and Civil Aviation (Amendment) Act 2009, Public Financial Management Act 2013, Public Finance and Audit Act (CAP 120), Interim Financial Instructions 2014 and Financial Instructions 2010. See chart below:



- Hire of helicopter to do vessel search totalling \$47,593 which was not in accordance to CAASI's responsibilities.

Accounting system and internal control processes were not established and/or not implemented to properly manage the corporate governance of CAASI. Some of the findings on control issues are as follows:

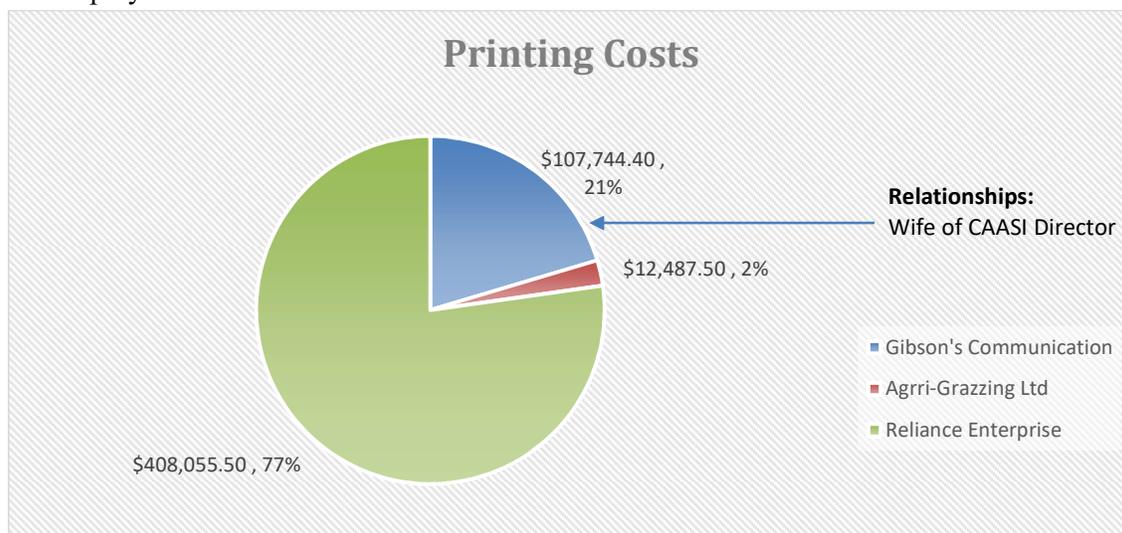
- Unauthorised payments worth \$2,590,317- these were not authorised by the Accountable Officer in 2013 and 2014 financial years. See chart below.



- Unaccounted or unwarranted payments valued at \$737,728.59 that did not have payment vouchers to verify their legitimacy.
- Two duplicate payments totalling \$114,567.20 paid in 2014 that could have been detected if controls were properly established.

The inherent presence of conflict of interest within CAASI was obvious and it was siphoning off huge amount of money to related parties, cronies and relatives that undermined established procurement procedures. The findings are as follows:

- Brushing and maintenance of CAASI compounds and NATS compounds were awarded to cronies and relatives. \$825,882.50 worth of contracts were awarded to cronies and related parties of CAASI employees.
- Office printing services were directly awarded to cronies and related parties of CAASI employees. See chart below.



Our audit observation identified that internal control processes over cash and payments were not implemented and/or were not in place. There were also non-compliance with relevant regulations and Acts. Audit identified deficiencies in compliance, internal control measures, procurement practices as well as other areas where improvements in management were needed.

We believe that once the internal control processes and procedures regarding the authorisation of payments, cash controls and other governance requirements are reinstated or are put in place, recommended procedures to tackle conflict of interests are adopted, the described non-compliance, deficiencies and omissions in the procurement of goods and services are corrected, CAASI will have a higher level of compliance with Public Financial Management Act 2013 and Interim Financial Instructions 2014. It will enable CAASI to operate a more professional level of administration and be able to curb conflict of interests, and properly manage and

administer CAASI Aviation Special Fund in line with the spirit of the Civil Aviation Act 2008 and Civil Aviation (Amendment) Act 2009.

## PART ONE - INTRODUCTION

### 1.1 Background

The Civil Aviation Authority of Solomon Islands (CAASI) was established under *division 2, section 9 – 14 of the Civil Aviation Act 2008*. The Authority is made up of a Chairman which is by default the Attorney General or his/her nominee, the Permanent Secretary for the Ministry and a member who is a director general or chief executive officer or equivalent of a civil aviation authority of a member state of ICAO being a signatory to PICASST to be appointed by the Minister. The *Civil Aviation (Amendment) Act 2009* provides for the establishment of the Aviation Special Fund (Fund) and the source of revenue for the Fund. It also provides for the purposes, control and management of the Fund.

The applicable authorities, legislations and acts that guide the operations of the Aviation Special Fund are as follows:

- Civil Aviation Act 2008
- Civil Aviation (Amendment) Act 2009
- Public Finance and Audit Act (CAP 120)
- Public Financial Management Act 2013
- Financial Instructions 2010
- Interim Financial Instructions 2014
- General Orders
- Procurement Contract Administration Manual 2013

### 1.2 Purposes of the Fund<sup>1</sup>

The Fund is established for the purposes of operating, developing and maintaining aviation infrastructure and facilities in Solomon Islands in accordance with international safety standards. *Section 28C* provides the list of the purposes that the Fund can be expended on.

### 1.3 Control and management of the Fund<sup>2</sup>

CAASI is responsible for controlling and managing the Fund. *Section 28B (2)* allows the Minister of Finance to give written directions on the control and management of the Fund. However, Audit could not sight any regulations that were supposed to regulate the control and the management of the fund.

### 1.4 Source of Funding<sup>3</sup>

The Fund can generate revenue from:

- Any money appropriated by Parliament for such purposes;
- Any prescribed air navigation fees paid in respect of aircraft of a prescribed class that operate within the airspace above the territory of Solomon islands; and

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<sup>1</sup> Section 28C Civil Aviation (Amendment) Act 2009

<sup>2</sup> Section 28B Civil Aviation (Amendment) Act 2009

<sup>3</sup> Section 28A Civil Aviation (Amendment) Act 2009

- Money from other sources received on behalf of the Fund, whether by way of donation or under any other written law.

### 1.5 Bank account

The Fund has an authorised cheque account with Australia and New Zealand (ANZ) Banking Group, with the account number 4144289 and account name called “Civil Aviation Special Fund” account. The authorised signatories to the account during the auditing periods were: Director Civil Aviation and Chairman of CAASI.

There were no other officers given the authority to incur expenditure on behalf of the Fund. Deputy Chairperson is authorised by Schedule 1 (1) (2) of the Act to perform duties of the chairperson on his absence.

### 1.6 Financial summary

The Fund’s bank account summary of financial activities for the two years are in the *Table 1* below.

**Table 1: Financial summary Aviation Special Fund**

Year	2013			2014		
	Budget \$	Actual \$	Net \$	Budget \$	Actual \$	Net \$
<b>Revenue</b>		7,144,634.37			8,707,480.20	
<b>Expenditure</b>	10,000,000	2,280,606.22	7,719,393.78	2,820,254	8,133,942.67	(5,313,688.67)
<b>Net</b>		<b>4,864,028.15</b>			<b>573,537.53</b>	

The budget figures were taken from the SIG approved estimates for each of the audited years while the actuals were extracted from the bank statements. The actuals were taken from the bank statements as CAASI did not prepare comparative budget information and cash book.

It was identified that there were no internal budgets prepared by the Authority for the two years. In that regard CAASI failed to comply with Section 46 (1) (a) and (b) of the Public Financial Management Act 2013 which states that accountable and accounting officers should prepare budget estimates.

### 1.7 Audit objective

The audit sought to ascertain whether the management, administration, operation and financial transactions of the Fund were being carried out in accordance with the relevant laws and regulations that govern its operations, and that the internal controls and accounting system adopted were adequate and operating efficiently and effectively.

### 1.8 Scope and methodology

The audit focused on reviewing and analysing relevant financial and non-financial information pertaining to the management and administration of the Fund for the

financial periods 1<sup>st</sup> January to 31<sup>st</sup> December 2013 and 2014 respectively. The given terms of reference and judgemental sampling techniques were applied to all areas reviewed.

## PART TWO – CAASI CORPORATE GOVERNANCE

### 2.1 Accounting system

Audit found that CAASI did not maintain a proper accounting system that would establish a good foundation for good business management practices or a suitable accounting practice that would clearly promote accountability and transparency in the administration of the Special Fund. Although there was an ad-hoc accounting system of collecting, storing and processing financial and accounting data, it was inefficient and ineffective and more should be done to properly manage the special fund. That is, a more organized set of manual and accounting methods, procedures and controls established to gather data, record, classify, analyse, summarise, interpret, and present accurate and timely financial data for management decisions. There were no duly established internal control measures put in place to properly manage the CAASI special fund and to guide the expenditure processes and procedures. Despite the existence of the general governance internal control procedures and processes established in the FIs, the agency (CAASI) did not comply and uphold those internal control measures.

#### Implication

The lack of properly established internal control and a proper accounting system indicates the weak governance of CAASI in managing the special fund/public money. It further suggests a free flowing system that does not have to go through certain scrutiny for higher considerations and increases the risk of fraudulent practices, misappropriation of public funds, conflict of interest dealings, and loss of money to SIG through mismanagement and poor administration of the financial aspect of CAASI.

#### Recommendation 1

OAG recommends that CAASI ensures that:

- **A proper and well documented accounting system (manual or computerised) is established and implemented that will capture accounting information, process accounting information into accounting data and provide readily available accounting information that will assist financial management decision making of CAASI and aid operations and administrations of the special fund;**
- **As part of the accounting system, detailed internal control measures surrounding the operations of CAASI special fund should also be incorporated compatibly with the accounting system. Internal controls established should encompass all the aspect of CAASI special fund i.e. expenditure, revenue, procurement and other applicable accounting processes; and**

- **In the absence of any established internal controls, the Public Financial Management Act 2013 and Interim Financial Instructions should be used as a benchmark to gauge its financial operations.**

### **Management response**

*Management accepted the recommendations. See management response letter in the Appendix.*

## **2.2 Annual financial report**

There is evidence that CAASI prepared annual financial reports for the years 2013 and 2014. However, the financial reports prepared by the Authority for the two financial years were not prepared in accordance with the requirements of International Financial Reporting Standards (IFRS), the reporting framework adopted by CAASI. Audit reviewed the financial statements of the Authority and noted that the financial statements were materially misstated. Some notable discrepancies and issues identified when reviewing the financial statements are:

- The financial statement (FS) is materially misstated i.e. the closing cash balance of 2013 FS does not reconcile with the bank statement figure. For example FS reported closing amount was \$3,561,240 while the bank statement amount was \$5,095,566.51. The financial statement is misstated by \$1,534,326.51 and is misleading;
- The closing cash balance of 2013 FS should be the opening cash balance in 2014 FS. That is, \$5,095,566.51 closing balance as per bank statement in 2013 should be the opening cash balance in 2014 but it was not disclosed in the financial statement. Therefore it further shows a material misstatement in the 2014 FS;
- There were no general ledgers (GL), trial balance (TB) and Cash Book among other records, maintained by CAASI;
- There was no classification done in accordance to account functions or account descriptions. The line items are not classified into the limited required line items to lessen the information on the face of the Financial Statements;
- There were no notes disclosures thereto to provide additional financial information that should further aid financial users of the FS detailed information; and
- The 2013 and 2014 Financial Statements were not prepared in accordance with the presentation and disclosure requirements of International Financial Reporting Standards (IFRS).

The IFRS reporting framework CAASI adopted in the preparation of its financial report is inappropriate and is not an appropriate accounting framework a small government agency like CAASI should adopt. A most appropriate framework that should be adopted by CAASI is the IPSAS Cash Basis framework that is a much simpler reporting

framework that is most suitable for CAASI. It is a cash basis method that is more applicable to CAASI who only deals with receipts and payments.

Therefore, it then brings to question the legitimacy of the accounting firm (EGA Accounting and Taxation Services) hired to prepare the financial statements. According to the Institute of Solomon Islands Accountants (ISIA) the firm was not licenced to perform accounting services.

### **Implication**

This indicates that the Financial Statements are misleading the readers and users of the Financial Statements and that they are materially misstated. That is the financial statements are inaccurate, misleading, and were not prepared in accordance with the International Financial Reporting Standards (IFRS).

### **Recommendation 2**

#### **OAG recommends that:**

- **The appropriate reporting framework should be adopted that is suitable and is applicable in the context of CAASI. It is suggested that CAASI prepares its Financial Statements in accordance to the International Public Sector Accounting Standard (IPSAS) Cash Basis reporting framework which is encouraged for public sector entity like CAASI that deals with cash payments and cash receipts;**
- **CAASI engages registered accounting firms or individuals with appropriate qualifications and experiences to provide quality financial advice and to prepare financial statements in accordance to the relevant and applicable reporting standards; and**
- **Proper accounting system to store accounting data and records MUST be maintained in order to generate quality and up to standard financial statements. Proper accounting data are maintained and a filing system is in place.**

### **Management response**

*Management accepted the recommendations. See management response in the Appendix.*

### **2.3 Monthly bank reconciliation report**

There were no evidences shown to audit that CAASI did prepare monthly bank reconciliation statements for the bank account it operated in 2013 and 2014. This is an integral part of internal control measures to manage the special fund. This contravenes

*Section 13 of the Public Financial Management Act 2013* which stipulates that responsible accounting officers are to carry out assigned duties under this Act in respect of custody and handling of and accounting for public money. Such poor controls pose risk of misuse and misappropriation of fund. It creates an avenue for fraudulent activities and loss of public money. Lack of preparation of monthly bank reconciliation statements will result in the cash book transactions not reconciling with the bank statement entries.

### **Implication**

This is an indication that there are poor accounting controls in place. Bank reconciliation statement is a control measure to closely monitor the entity's cash records with that of the bank records or bank statement. Any discrepancies will be identified and questioned if necessary. However, with no bank reconciliation reports prepared it creates an avenue for fraudulent activities that could go unnoticed. It also runs the risk of misappropriation of funds, misuse and abuse of special fund that will go undetected and resulted in a financial loss to SIG.

### **Recommendation 3**

**OAG recommends CAASI ensures that:**

- **An accounting system (manual or computerised) is maintained to properly capture financial records and data e.g. cash book which contains cash receipts and cash payments so that bank reconciliation reports can be performed;**
- **Financial internal control measures such as bank reconciliation is implemented and performed on a monthly basis to reconcile the bank records with that of entity's cash book records; and**
- **Bank reconciliation statement reports MUST be prepared by one person and certified by a reviewer.**

### **Management response**

*Management accepted the recommendation. See management response in the Appendix.*

#### **2.4 Excessive CAASI board meeting expenses held in Brisbane**

The CAASI board incurred extraordinary costs for board meetings that were held in Brisbane, Australia. Audit noted that on three occasions during the year 2014 three CAASI board members and two ex-officio members went over to Brisbane, Australia,

for board meetings. The selection of the place to hold board meetings was believed to be determined in light of CAA 2008 Schedule 1 Section 3(1); however the restriction in Section 2(1) which states that only member appointed under section 9(1) (c) is entitled to travelling, attendance allowances and other expenses gives an indication that board meetings should be held in Honiara and not Australia. Further to that, Section 3 of Civil Aviation (Attendance Allowance & Expenses) Regulations 2010 indirectly distinguish that board meetings should be organised in Country, Solomon Islands. The total cost of three (3) board meetings that were held in 2014 was \$608,524.62. These huge expenses were for airfares, accommodation, and per diems for the three (3) CAASI board members and two (2) ex-officio members. During the review audit noted that previous Board Meetings were usually held in the CAASI office in Honiara. The Honiara option is reasonable and is very cost effective. If the meetings were held in Honiara the Authority would have saved up to \$580,454.92.

Refer to **Table 2** in the Appendix for details of the board expenses.

### **Implication**

The decision by CAASI to hold board meetings in Brisbane was unsound and it might violate section 28(c) of Civil Aviation (amendment) Act 2009 – Purpose of the Fund. Also it is a breach of Schedule 1 Section 2(1) which states that only the member appointed under section 9 (1) (c) is entitled to travelling, attendance allowances and other expenses. Although Schedule 1 Section 3(1) allows CAASI to determine places, times and days for board meetings to be held, the board could have decided on a cheaper option.

It also undermines Section 3 of Civil Aviation (Attendance Allowance & Expenses) Regulations 2010 which directly defines that meetings should be held in country (Solomon Islands).

Therefore the payment of allowances, accommodations, airfares and etc. could be misuse and misappropriation of public money, abuse of power for personal interest and a financial loss to SIG.

### **Recommendation 4**

#### **OAG recommends that:**

- **All CAASI Board Meetings are organised and held in Honiara, Solomon Islands. Only the board member appointed under Section 9(1) (c) of Civil Aviation Act 2008 (CAA 2008); is entitled to travelling, attendance allowances and etc. as per Section 2(1) of Schedule 1; which means that board meetings should be held in Honiara and not Australia;**

- **Travelling expenses (airfares), accommodation expenses, incidental expenses, per diems are only be paid to board member appointed under section 9 (1) (c) of CAA 2008 and not the other board members as per Schedule 1 Section (2)(1) of CAA 2008 and Section 3 of Civil Aviation (attendance allowances & expenses) Regulations 2010; and**
- **CAASI special fund should be disbursed according to the purposes stipulated in the Section 28(c) of Civil Aviation (amendment) Act 2009.**

### **Management response**

*Management accepted the recommendation. See management response in the Appendix.*

### **2.5 Attendance allowance and not subsistence allowance/ per diem**

Audit identified that CAASI board members were claiming overseas subsistence allowance or per diem for the board meetings organised and held in Brisbane. However, under Section 2(1) (2) of Schedule 1 of CAA 2008 board members are only entitled to attendance allowances and not subsistence allowance. Section 3 of the Civil Aviation (Attendance Allowances & Expenses) Regulations 2010 further establishes the notion that only the member appointed pursuant to section 9(1) (c) shall in addition be paid subsistence allowance of USD 120 per day. Section 2 of the Civil Aviation Regulations 2010 stipulates the rates that should be paid to all the board members and ex-officio on a daily basis.

Refer to **Table 3** in the Appendix for details of attendance allowance each member should be receiving.

### **Implication**

Awarding subsistence allowance/per diems is inappropriate and is non-compliance to the Civil Aviation (Attendance Allowance & Expense) Regulations 2010 section 2. It was misappropriation of the special fund. CAASI decision also violates sections 3 of the 2010 Civil Aviation Regulation which states that only member appointed pursuant to section 9(1) (c) is entitled to additional per diem of USD 120.

### **Recommendation 5**

**OAG recommends that CAASI ensures that:**

- **Attendance allowances are paid to the board members and ex-officio members when board meetings are held during weekends and not per diem or subsistence allowance. It is also be at the rates detailed in the Civil Aviation (Attendance Allowance & Expenses) Regulations 2010;**

- **Additional per diem or subsistence allowance of USD \$120 MUST only be paid to the board member appointed under section 9(1) (c) of CAA 2008 when he is in country for board meetings as stipulated in section 3 of Civil Aviation Regulations 2010; and**
- **No accommodation expenses, travelling expenses (airfares), incidental expenses and per diem allowance provisions for all other board members except for board member appointed under section 9(1)(c).**

### **Management Response**

*Management accepted the recommendation. See management response in the Appendix.*

### **2.6 Board meeting attendance allowances inconsistently applied**

Audit reviewed the board allowances paid to board members and noted that the board allowance rates were inconsistently applied. The Civil Aviation (Attendance Allowances and Expenses) Regulations 2010, Section 2 (a) (b) and (c) rightly discloses the rate of allowances the Chairman, members and ex-officio members are entitled to receive. However, audit identified CAASI paid its board members and ex-officio members' excessive board allowances/per diem in contrast to the rates stipulated under section 2 of the Civil Aviation Regulations 2010. It was also noted that board members were paid allowances for meetings held during the working days which contradicts section 2(2) of CAA 2008 which states that it is only claimable when meetings are held on the weekend and public holidays. Audit confirmed that CAASI paid excessive per diem/allowance to its board members and ex-officio members for the three (3) board meetings organized and held in Brisbane in 2014. The total overpriced attendance allowances paid to the board members in 2014 alone stands at \$157,295.69.

Refer to **Table 3** in the Appendix for the quantified allowance details.

### **Implication**

This will result in misuse and misappropriation of public funds, loss of public monies and a fraudulent activity. It is also a violation of the Civil Aviation Act 2008 and the Civil Aviation (Attendance Allowance & Expense) Regulations 2010.

### **Recommendation 6**

#### **OAG recommends that:**

- **CAASI adheres to Section 3(1) of the Regulations;**

- **Attendance allowance is paid at the rate authorised by Civil Aviation (Attendance Allowance & Expenses) Regulations 2010 section 2(a) (b) (c). That is, chairman \$1,620, members \$1,350 and ex-officio members \$810 per day or equivalent to the specified amount in foreign currency; and**
- **CAASI must ensure to comply with section 2(2) of Civil Aviation Act 2008 Schedule 1.**

### **Management response**

*Management accepted the recommendation. See management response in the Appendix.*

### **2.7 Duplicate allowance/per diem payment**

Audit identified a payment of board attendance allowances or per diems paid to the three (3) board members and two ex-officio for a board meeting held in Brisbane from 11/04/2014 – 14/04/2014 as a duplicated allowance payment. The total allowance payment was \$86,567.20 with a reference cheque number 401100 and payment voucher reference 39/14. Audit further noted that, the payment voucher was not authorised by designated signatory which was the chairman of the CAASI Board.

Refer to **Table 2** in the Appendix for the details of the payment.

### **Implication**

Duplicate payment is fraudulent activity and is criminal in nature that will result in theft of public money and tantamount to financial loss to SIG. It shows the intentional misuse and misappropriation of public monies for personal gains. It is evidence of misconduct in the office of CAASI management in administering the special fund or public money.

It also questions the authority of CAASI in approving such duplicate payments as it does not comply with the Chapter 7 section 79.1 of Interim Financial Instructions 2014 which states that PV must be signed by an Accountable Officer authorised to sign.

### **Recommendation 7**

**OAG recommends CAASI ensures that:**

- **A clear line of specified delegated signatories that have the power to verify the accuracy and legitimacy of the payments before it will be processed is established. When for example the chairman is not available another authorised person can be able to perform the duties of the chairman to avoid payments not vetted by other personnel;**

- **The authorisation procedures of payments have to be complied with. That is all payments should be forwarded for final approval or authorisation by CAASI chairman or equivalent person in the absence of chairman, before it will be processed for payout;**
- **The supporting document or invoice or reasons for payment must be attached with the payment and are to be verified by the chairman or delegate before payment is made;**
- **CAASI should comply with Interim FIs Chapter 7; Section 79 signing of payment voucher subsection 79.1 – 79.7 of Financial Instructions. Investigate the matter further and recover the duplicate payments and carry out appropriate disciplinary measures.**

#### **Management response**

*Management accepted the recommendation. See management response in the Appendix.*

#### **2.8 Un-acquitted special imprests**

The acquittals for twenty eight (28) special imprests worth \$863,307.95 issued to six (6) CAASI officers in the financial periods 2013 and 2014 were not provided to audit for review. Under Financial Instruction Chapter 7 section 68-77 is a detailed procedure that should provide guidance to an accountable officer when dealing with special imprests. Special imprests are usually issued to officers and should be retired as soon as the purpose of the imprest was fulfilled or completed. Due to non-availability of special imprest retirement documents audit was unable to substantiate whether the funds were utilized for purposes of the imprests. Such poor action by CAASI to properly control and manage the Fund has cast doubt over its administration of the Fund and it clearly indicated weak control and poor management of the Fund. It is evident that CAASI does not implement proper controls over imprests and failed to uphold *Section 28B of Civil Aviation (Amendment) Act 2009*.

The details of the special imprests are on **Table 4** in the Appendix.

#### **Implication**

Failure to retire special imprests increases the risk of misuse, misappropriation, mismanagement and abuse of special imprests. CAASI therefore violates Financial Instructions chapter 7 sections 68 – 77 – Special Imprest as it fails to comply with the procedures required by the FIs to retire the special imprest.

## **Recommendation 8**

**OAG recommends that:**

- **A special imprest register is established and maintained by CAASI which will record the details of the special imprest i.e. record of the date when the Special Imprest was issued, the special imprest holder, the due date of special imprest retirement etc.;**
- **A reasonable timeframe (normally two weeks) is given to special imprest holders to put together the special imprest retirement documentations i.e. receipts and etc. and before surrendering it for retirement or acquittal procedures;**
- **When the Special imprest is not retired within the reasonable period, the amount outstanding will be deducted from the special imprest holder's salary;**
- **A detailed record of all special imprests approved and issued to its employees are kept to avoid issuing special imprest to someone who has not retired or acquitted his/her special imprest;**
- **Special Imprest holders must get and keep receipts or other documents to support all spending out of the special imprest and attach these receipts when retiring the special imprest; and**
- **The Special Imprest must only be used for the reason given on the application and any other use of the Special Imprest is a disciplinary offence.**

## **Management response**

*Management accepted the recommendation. See management response in the Appendix.*

### **2.9 Unauthorised payments/payment vouchers**

During the review audit noted a list of payment vouchers that were not counter signed by authorised signatory (CAASI Chairman) to indicate the accuracy of the PV, his approval and endorsement of the content of payments. The Financial Instructions chapter 7 section 79 states that payment vouchers must be approved and signed by Accountable Officer authorised to sign and that any payment vouchers not signed by an authorised officer must not be paid. However, the total value of unauthorised

payments was \$2,690,317.38, that is, \$1,634,051.96 for 2013 and \$1,056,265.42 for 2014 respectively. This reflected the weak CAASI corporate governance and financial controls in properly managing the special fund. The delegated authority has been undermined and bypassed whether by intention or due to other reasons has put into question the validity and legitimacy of the payments made.

See details of the unauthorised payments on **Table 5** in the Appendix.

### **Implication**

This is a breach of Financial Instructions Chapter 7; section 79-Signing of the payment voucher. It also undermines the authority of section 28B (1) of Civil Aviation (Amendment) Act 2009 to properly administer, control and manage the fund.

Such actions by CAASI increases the risk of misuse of public money, misappropriation of special fund, non-compliance to the Financial Instructions, fraudulent activities, theft of public funds, abuse of power and misconduct in office.

### **Recommendation 9**

**OAG recommends CAASI ensures that:**

- **A clear line of authorisation responsibilities is to be established which lists the authorised officers (e.g. Chairman) who are empowered to authorise and approve payments on behalf CAASI. As per Schedule 1 (1)(2) in the absence of CAASI chairperson a delegated authority (Deputy Chairperson) shall perform the functions of the Chairperson;**
- **CAASI chairman or another delegated personnel in his absence being the Accountable Officer must verify and confirm the payment voucher claims before he will approve and authorise the payment to be paid out;**
- **Any payment voucher that is not signed by an authorised officer must not be paid and will be deemed as incomplete as it does not comply with the authoritative scrutiny of CAASI; and**
- **All payments in question are referred to relevant authorities for further action.**

### **Management response**

*Management accepted the recommendation. See management response in the Appendix.*

## 2.10 Overcharging rate of incidental expenses

Incidental expenses are paid for any official travelling local or overseas to cater for unforeseen costs. Given the nature of the incidental expense, it was expected that such payments should be minor in value. However, audit noted that CAASI paid incidental expenses on an inconsistent and unreasonable rate to its employees who were on official duties overseas. The amounts paid as incidental expenses were at times exceeded the per diem paid to the employees which brings to question the legitimacy of the rates used. Further to that, General Order (GO) chapter F section 1201(ii) states that incidental expenses are included in the per diem.

Refer to **Table 6** in the Appendix for details of a sample of 2013/2014 incidental expenses alluded to above.

### Implication

The manner in which the incidental expenses were paid by CAASI to its employees increases the risk of misuse and misappropriation of the special fund and abuse of the special fund/public money. CAASI breached GO Chapter F Section 1201(ii) by not complying with the instructions set down by the authority.

### Recommendation 10

OAG recommends that:

- CAASI complies with GO chapter F S 1201(ii) which states that incidental expense is inclusive in the USD 120 per diem;
- If there is a need that incidental expense will be necessary CAASI must ensure that incidental expense is issued as Special Imprest that will be acquitted or retired after the purpose of the travel is completed/fulfilled; and
- The incidental expense rate used in calculating the incidental expense by CAASI is reasonable and is compatible to the practices the Ministry of Finance and Treasury is applying i.e. 5% of per diem and not more than half of the per diem.

### Management response

*Management accepted the recommendation. See management response in Appendix.*

## 2.11 CAASI unaccounted and unwarranted payments

When reviewing the payment records of CAASI audit noted \$381,953.04 worth of unsubstantiated expenditures. These were payments paid out of the special fund bank account that audit could not verify and review as no supporting payment vouchers and other documents were available. Therefore audit was unable to confirm that the expenses were reasonable, genuine, and accurate and were paid as part of CAASI operations. *Public Financial Management Act 2013; section 84(1) (a)* states that any

accountable officer or accounting officer who is responsible for any payment of public monies which is not duly vouched is guilty of misconduct in office.

See *Table 7* in the Appendix for the details of the payments.

### **Implication**

Unaccounted or unwarranted payments that does not have records of payment vouchers and other supporting documentations to substantiate is a misconduct according to Part 12 of Public Financial Management Act (PMFA) 2013; Section 84(1) (a). This could also result to loss of public money, theft of public money for personal gains.

It is also a non-compliance to Financial Instructions Chapter 7; Section 78-80 which clearly stated the necessary requirements that is the payment voucher, supporting invoices, signing of PV and etc. that needs to be performed before payment should be made.

The evidence that payments are not duly vouched or not properly accounted for increases the risk of misuse of special fund, misappropriation of special fund, abuse of the special fund, and is an act of fraudulent activity that is done intentionally to conceal mismanagement of special fund.

### **Recommendation 11**

#### **OAG recommends that:**

- **All payments paid out of the special fund should be properly accounted for in a transparent and accountable manner i.e. payment requisition, supporting documentations such as supplier invoices or any other supporting documentations and a payment voucher should be created and all necessary documentations should be attached;**
- **All payments have evidence of approval by the accountable officer. That is payments should be properly authorised and an evidence of approval/endorsement is the signatory on the PV. Approving it means that the expenses is valid and that the charges and rates are genuine and confirmed by the accountable officer; and**
- **All payment documents are properly filed in sequence and stored in a secure location for future reference.**

### **Management response**

*Management accepted the recommendation. See management response in the Appendix.*

## 2.12 CAASI inspectors' accommodation & rental expenses

The accommodation bills for CAASI inspectors (South Pacific Aviation Services) footed by CAASI were covered in the contract agreement. It was noted that the regular place of accommodation throughout 2014 was at Sanalae Apartments. However, audit noted a rental expense of \$28,000 paid in the name of CAASI inspectors (SPAS) to Edith Fanega (Landlord) for the months of February and March 2014. When reviewing the February and March period rental claims, audit noted that during this period the CAASI inspectors (SPAS) were confirmed to be accommodated at Sanalae Apartments. If the CAASI inspectors were accommodated at Sanalae on those dates then inspectors could not have been accommodated at Edith Fanega's residence. Part 12 of Public Financial Management Act 2013 section 84 (b) states that any accountable officer who is responsible for any financial loss to the government through failure to obey rules or instructions given to him is guilty of misconduct in office.

Refer to **Table 8** in the Appendix for the accommodation details of CAASI Inspectors in 2014.

### **Implication**

This is misconduct as per the Public Financial Management Act 2013 (PFMA) section 84(b), due to failure to comply with the rules and instructions. It is also a fraudulent activity with criminal nature that could result in loss of public money.

It contains evidence that suggests, duplicate accommodation payments, misuse of special fund, misappropriation of public money, abuse of public resources, theft of public funds that could have been used to enhance the purposes and objectives of CAASI.

### **Recommendation 12**

#### **OAG recommends that:**

- **CAASI inspectors should be accommodated or housed at motel accommodation (e.g. Sanalae Apartments) that provides daily rates rather than monthly rates. This is because of the nature of work carried out and duration of work performed that is just short term i.e. Inspectors just come and go and offering them a residential accommodation will be a loss to CAASI;**
- **Further higher level review by the authorising or accountable officer is performed against the accommodation claims before payment is made;**
- **CAASI institute a recovery action plan to recover the unauthorised payment and refer the matter to relevant authorities for appropriate action; and**
- **CAASI develops a policy on accommodation for CAASI employees and inspectors.**

**Management response**

*Management accepted the recommendation. See management response in the Appendix.*

## PART THREE – NON-COMPLIANCE

### 3.1 Direct procurement of IT services

Audit noted an IT supplier was engaged by CAASI for all its IT services in 2014. It was noted that CAASI appointed the supplier through direct allocation and paid a total of \$422,852.50 for various IT services performed by the vendor. The IT supplier was not on the list of national preferred supplier of IT services for the government. Furthermore the selection and approval (i.e. through direct procurement) of the supplier was highly questionable as it contradicts the selection procedure specified in the Financial Instructions. In a highly active market of IT services direct procurement or direct shopping is an inappropriate method as far as the FIs is concerned. According to the *Financial Instruction chapter 7 section 9-purchasing limits*, the selection of supplier for purchase of goods and services with costs ranging from \$10,000-\$100,000 should be based on at least three (3) quotes. There were no evidences that the appropriate purchasing methods were used by CAASI in procuring its IT services which breached the underlying principles set down by the Financial Instructions. Direct procurement was instead adopted and it increased the risk of conflict of interest and misconduct.

The detailed breakdown of the payments is displayed on **Table 9** in the Appendix.

#### **Implication**

This is non-compliance to Interim Financial Instructions 2014 Chapter 7; Section 9 – Purchasing Limits which states that \$10,000 - \$100,000 worth of procurement or payment should be awarded to suppliers based on at least three (3) quotations. The non-compliance is misconduct as the officials ignored the instructions and criteria that CAASI is obliged to follow.

Awarding suppliers based on direct allocation is also a sign of conflict of interest by the parties involved in the process. That is, only when you have a conflicting interest that you will fail to comply with the authoritative criteria that has been established for all SIG entities to follow apart from required exceptions e.g. emergencies.

#### **Recommendation 13**

##### **OAG recommends that:**

- **Procurement of IT services of CAASI that is between the ranges \$10,000 - \$100,000 should be awarded to suppliers based on three (3) quotations. The most responsive supplier (i.e. in terms of price and qualification) should be the preferred supplier to provide the needed services;**
- **The preferred supplier list approved by ICTSU is used for IT procurements; and**

- **This procurement is referred to appropriate authorities for further investigation.**

### **Management response**

*Management accepted the recommendation. See management response in the Appendix.*

### **3.2 Payments or procurements worth more than \$100,000 up to \$500,000**

According to Financial Instructions *Chapter 7; section 9 – purchasing limits*, it stipulates that payment more than \$100,000 up to \$500,000 should go through a competitive bidding/tendering process and Ministerial Tender Board (MTB) should award the contracts. However, it was identified by audit that procurement or payment of goods and services worth more than \$100,000 and up to \$500,000 made by CAASI were not done in accordance with the Financial Instructions. The selection of suppliers to perform the services for CAASI was not done in a competitive manner as prescribed by the Financial Instructions. Instead of adopting the competitive bidding procedures CAASI used direct allocation method. Failure to comply with the prescribed rules or instructions is misconduct in office under Section 84(1) of Public Financial Management Act 2013.

Refer to **Table 10** in the Appendix for detail of the payments.

### **Implication**

This is non-compliance to the Financial Instructions Chapter 7 Section 9 – Purchasing Limits. CAASI failed to follow the procurement procedures and methods prescribed by the FI that is, to adopt competitive tendering process. Non-compliance to the set instructions is a misconduct as per as Section 84(1) of PFMA 2013. Therefore payments referred to above were done without observance of FIs and was inappropriately done due to conflict of interest.

### **Recommendation 14**

#### **OAG recommends that:**

- **Awarding of contracts to suppliers should be done by Ministerial Tender Board (MTB); responsive bidders (qualified supplier with reasonable price bids) should be appointed based on Technical Evaluation Committee recommendations;**
- **The procurement method that should be adopted by CAASI for the purchases ranging between \$100,000 - \$500,000 as per FIs Chapter 7 S.9 is competitive tendering procedure and not direct allocation; and**

- **CAASI establishes a Ministerial Tender Board or makes use of MCA MTB and refers all procurements above \$500,000 to CTB.**

### **Management response**

*Management accepted the recommendation. See management response in the Appendix*

### **3.3 Payments or procurements worth more than \$10,000 up to \$100,000**

Audit identified that CAASI failed to follow the right purchasing/procurement procedures or payment method stipulated in the *Financial Instructions Chapter 7, Section 9 – Purchasing limits*; when making payment transactions worth more than \$10,000 up to \$100,000. As far as the Financial Instructions is concerned, payment that is between the limits \$10,000 - \$100,000 be based on a three (3) quotation method. A qualified supplier will be selected from 3 quotations based on among other criteria the price quotations and quality of the services provided. CAASI on the other hand used direct procurement method which undermined the six (6) central principles of SIG procurement practices<sup>4</sup> (e.g. Value for money, fairness/equity, transparency & accountability & etc.) and is not a suitable method prescribed by the Financial Instructions.

Refer to **Table 11** in the Appendix for the details of the payments.

#### **Implication**

CAASI is not complying with the Financial Instructions Chapter 7 Section 9 – Purchasing Limits when carrying out procurements for goods and services that is ranging between the values \$10,000 - \$100,000. Failure to comply is misconduct in office, misuse and misappropriation of special fund or public money is a sign of conflict of interest.

Failure to comply with the pronounced procurement method under Section 9 of FI chapter 7 undermines the central principles of SIG procurement practices i.e. Value for money, fairness/equity, transparency, accountability and etc.

#### **Recommendation 15**

##### **OAG recommends that:**

- **All CAASI purchases or procurements that fall in the range \$10,000 - \$100,000 are awarded based on three (3) quotations method. That is, based on 3 quotations obtained, the most responsive quotations (i.e. qualified supplier and reasonable price) will be offered the contract;**

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<sup>4</sup> Interim FIs 2014 Chapter 1 s3 Central principles

- **Direct allocation method is not an appropriate method for the range and should not be adopted and practiced by CAASI for the specified range of \$10,000 - \$100,000; and**
- **CAASI in consultation with MOFT develops a Preferred Suppliers Arrangement (PSA) to provide for efficiency, effectiveness and value for money when procuring services for the Authority.**

#### **Management response**

*Management accepted the recommendation. See management response in the Appendix.*

#### **3.4 Awarding of contracts for brushing of CAASI and NATS compounds**

It was identified by audit that awarding of contracts for maintenance of CAASI and National Aeronautical Transmitting Services (NATS) compounds were not performed in compliance with the Financial Instructions Chapter 7; Section 9 – Purchasing Limits. Financial Instructions clearly sets out payments that are of the purchasing limits \$10,000 to \$100,000 should be approved and contracts awarded based on three (3) written quotation. Audit noted that CAASI awarded contracts of brushing and maintenance on direct allocation method which was not an appropriate method. The purchasing process and awarding of contract method required by the Financial Instructions was ignored.

Refer to **Table 12** in the Appendix for the details of the brushing contracts.

#### **Implication**

This is obviously non-compliance by CAASI in respect of Financial Instructions chapter 7 section 9 – purchasing limits which leads to conflict of interest by officials. That is, CAASI have conflicting interest with the awarding of contracts that is why due processes and procedures were not duly followed. Also value for money will not be achieved as contracts are directly allocated.

All payments that were not done in compliance with FIs could result in misuse and misappropriation of special funds, abuse of special public funds and waste of public resources or loss of SIG money.

#### **Recommendation 16**

##### **OAG recommends that:**

- **Awarding of brushing and maintenance contracts should be done in the spirit of Financial Instructions chapter 7 section 9 – purchasing limits; that**

is, contracts should be awarded based on three (3) quotations. Three quotations are obtained from three different suppliers and the most responsive supplier is awarded the contract; and

- **Contracts should not be awarded to cronies, related parties, relatives and family cohorts on a direct allocation procurement method.**

### **Management response**

*Management accepted the recommendation. See management response in the Appendix.*

### **3.5 Splitting of brushing & maintenance contracts**

Audit identified splitting of contract for brushing and maintenance of CAASI and NATS compound on a monthly basis was done to circumvent the competitive bidding/tendering process. When the contracts were aggregated on annualised basis, three (3) of the contracts fell in the category of Ministerial Tender Board (MTB) therefore a competitive bidding method should be adopted during the selection process. Eight (8) of the contracts when aggregated fall in the \$10,000 up to \$100,000 threshold. Awarding of contracts should be based on three (3) written quotations from three different suppliers. CAASI however, awarded upkeep contracts based on direct allocation which is inappropriate and does not comply with Financial Instructions and Public Financial Management Act 2013.

Refer to **Table 13** in the Appendix for the detail of the split contracts.

### **Implication**

This has been done by CAASI intentionally to avoid the competitive tender process. That is, the contracts were split by month to ignore competitive scrutiny that should be performed when the values fall in the competitive tendering range. It indicated that Financial Instructions were not complied with and that split contracts was inference to misuse and misappropriation of special fund.

### **Recommendation 17**

#### **OAG recommends that:**

- **Brushing and maintenance contracts are aggregated or totalled annually and awarded based on the total contract value;**
- **Contracts should not be awarded on a monthly basis but on a yearly basis or total estimated contract value;**

- **Based on the total estimated contract value the appropriate procurement method will be determined and not on monthly values; and**
- **Appropriate methods are used based on the estimated contract value that is; if the total contract value is above \$100,000 a competitive tendering process will be required to select and appoint suppliers/contractors.**

#### **Management response**

*Management accepted the recommendation. See management response in the Appendix.*

### **3.6 Overseas travel without permissions**

CAASI Director failed to comply with the *General Orders (GO) Chapter O; Section 108 – Absence from Honiara*. The GO stipulates that Responsible Officers must inform the Secretary to the Cabinet which is the head of the Public Service in writing not less than 48 hours before intended travel; stating the itinerary proposed, object of the tour and names of those who are travelling. CAASI being an agency of the government is part of the government and is by all means should adhere to section 108 of the GO. The Director on his 16 overseas trips throughout the year 2014 did not seek approval from the responsible authority to leave the country. Although CAASI Director's responsibilities are enacted by the Civil Aviation Act 2008; it is an established post under the SIG establishment therefore is compelled to abide by the GO.

Also under the Civil Aviation Act 2008 the Director is answerable to the Minister therefore all permissions to leave the country should be made known to the Minister.

#### **Implication**

Non-compliance to the GO is an indication of misconduct by the officer because of ignorance to abide by the rules of GO.

#### **Recommendation 18**

##### **OAG recommends that:**

- **Proper authorisations and approvals to leave the country should be sought by CAASI director i.e. Ministry or Minister responsible for permission to leave the country; and**
- **Director due to his reporting line should report in writing to the answerable Minister which is the Minister of MCA for permission to leave the country.**

#### **Management response**

*Management accepted the recommendation. See management response in the Appendix.*

### **3.7 South Pacific Aviation Services (SPAS)**

Audit noted a large share of work was contracted to the South Pacific Aviation Services in 2014 with total cost of \$754,956.72. Of this total amount, \$355,775.55 was unverified payments, that is, audit could not locate the payment vouchers to verify the purpose of the payment which poses a risk of fraudulent payments. Further on, the contracting or delegation of such functions to South Pacific Aviation Services did not comply with *Section 13 of the Civil Aviation Act 2008*; which states that contracting or delegating such functions or operations must be done in an appropriate competitive process. Audit could not establish that CAASI complied with Section 13 of the Civil Aviation Act 2008 when awarding contracts to SPAS. It was evident that CAASI used direct contracting method which transgressed section 13 of Civil Aviation Act 2008. When such requirements under the Act have been disregarded it is a strong indication of conflict of interest and is misconduct.

Refer to **Table 14** in the Appendix for the list of payments to South Pacific Aviation Services.

#### **Implication**

The appointment of SPAS as contractor for such functions and operations referred to above was inappropriately done and is not in compliance with section 13 of the Civil Aviation Act 2008 that requires an appropriate competitive process that was not complied with.

The inappropriate procurement method (i.e. direct allocation) applied further indicates conflict of interest that have resulted to procurement procedures being rigged and circumvented in awarding the contracts.

Payments without vouchers could lead to misuse and misappropriation of special fund and loss of public resources.

#### **Recommendation 19**

##### **OAG recommends that:**

- **As per Section 13 of CAA 2008; CAASI ensures that an appropriate competitive process is followed in appointing and awarding contracts to suppliers/contractors for services that will be performed on CAASI's behalf;**
- **CAASI complies with Interim Financial Instructions Chapter 7 Section 9 to determine the appropriate procurement procedures/methods against**

**procurement value threshold that is required of any government or government agency; and**

- **CAASI complies with Financial Instructions Chapter 7 Section 78-79 which requires payment vouchers to be completed and approved by authorised signatories before a payment is made.**

**Management response**

*Management accepted the recommendation. See management response in the Appendix.*

## PART FOUR – PURCHASE & HIRING OF MOTOR VEHICLE & OTHERS

### 4.1 Purchase of two Rav4 motor vehicles

Two motor vehicles (Toyota Rav4) worth \$263,230 were paid by CAASI for its operations and in the name of CAASI inspectors. The payment of the vehicle for CAASI Inspectors raises legitimacy question over the reasonableness and appropriateness of the payment, not to mention the supplier involved who is not a genuine car dealer in the Solomon Islands and is also CAASI's IT sole supplier. Further on, CAASI when dealing with the vehicle supplier in particular breached the payment processes of the *2014 Interim Financial Instructions chapter 7; section 9 – purchasing limits* which states that MTB to approve and award payment over \$100,000 threshold on the basis of competitive tendering. The purchase of the second vehicle from Ela Motors did follow the requirements of the Financial Instructions that is; 3 quotes were obtained. Audit noted that payments of the vehicles were a breach of *section 28C of Civil Aviation (Amendment) Act 2009-purposes of the fund*. Audit was unable to physically confirm the existence of the motor vehicles. There were no asset registers/records of the motor vehicles. See **Table 15** below.

**Table 15: Payment of Vehicles**

Date	Cheque #	CAASI PV	Payee	Payment Description	Value (\$)
22/04/2013	36795	48/13	Ela Motors	1 new vehicle for operations	\$103,230.00
29/05/2014	401129	29/14	Fred Peter	Vehicle for CAASI Inspectors	\$160,000.00
<b>Total</b>					<b>\$263,230.00</b>

#### Implication

Firstly this indicates a misuse and misappropriation of special fund or public monies as the fund has been expended on purposes other than the purposes of the special fund which is stipulated in the Civil Aviation (amendment) Act 2009 – Purposes of the Fund.

Also the payment to the supplier further suggests non-compliance with Financial Instructions Chapter 7 Section 9. The competitive scrutiny of the payment of \$160,000 that should be determined through MTB was only approved by the Director and it was awarded based on direct allocation and not a competitive procedure which further indicates conflict of interest.

#### Recommendation 20

##### OAG recommends that:

- **CAASI ensures that the vehicle used by the former director of CAASI is retrieved and maintained to be used for the purposes of CAASI operations;**

- **CAASI Inspectors transportation expenses should not be a cost to CAASI. As per the schedule to agreement between CAASI and SPAS the transportation expenses of inspectors shall be added to the total fees; and paying a car for them is illogical given the duration of the contract;**
- **CAASI adheres to FI chapter 7 section 9 to determine the right procurement method/procedures that is required to select a genuine or qualified supplier and obtain best value for money; and**
- **CAASI ensures that a proper Fixed Asset Register (FAR) is maintained to record all the equipment and machines of CAASI.**

**Management response**

*Management accepted the recommendation. See management response in the Appendix.*

**4.2 Purchase of a new double cabin Hilux**

A double cabin Hilux valued at \$246,146 was identified by audit to be paid out of the Special Fund for the Director’s use. The supplier of the vehicle was Tongs Corporation and the vehicle registration no. G3640. Although the payment could be seen as necessary in the administration of CAASI, the payment clearly undermined *section 28C of Civil Aviation (Amendment) Act 2009 – Purposes of the Fund*. It also breached the processes stipulated in the *Financial Instructions Chapter 7 section 9 – purchasing limits* which states that a competitive tendering processes should be followed instead of the single sourcing procurement method of which CAASI adopted in purchasing the vehicle. CAASI’s actions breached the Financial Instructions and Civil Aviation Act which raised an issue of misconduct.

Refer to **Table 16** below for the detail of the payment.

**Table 16 – Detail of vehicle payment – Hilux**

Cheque #	Date	PV #	Payee	Payment Descriptions	Value (\$)
401047	10/10/2013	95/13	Tong's Corporation	New Hilux - payment for 1 new brand hilux for CAASI Director	\$ 246,146.36
				TOTAL	\$ 246,146.36

**Implication**

This indicates violation of Civil Aviation (Amendment) Act 2009 section 28(c) – Purpose of the Fund. Also it was purchased without compliance with the Financial Instructions Chapter 7 Section 9-Purchasing Limits; which suggests that a competitive tendering procedure should be adopted.

### **Recommendation 21**

#### **OAG recommends that:**

- **CAASI Director to apply through the appropriate ministry, Ministry of Infrastructure Development (MID) for a new vehicle to be allocated for CAASI administrations; and**
- **CAASI ensures to uphold and observe the spirit of Civil Aviation (Amendment) Act 2009 section 28(c) and only expend the special fund or the public money on the specific and restrictive purposes that are stipulated on the section referred to above.**

#### **Management response**

*Management accepted the recommendation. See management response in the Appendix.*

### **4.3 Hiring of helicopter for vessel search**

Audit noted a payment of \$47,593 was made to Helicopter Support for performing a “Vessel Search”. Audit was unable to confirm if this was part of the legal duties and responsibilities of CAASI. There was no clear evidence of what vessel search was performed and there were no clues that the vessel search was under the prerogative of CAASI and that CAASI was liable for the vessel search. Such unclear payments only sums up the misappropriation, misuse and abuse of CAASI special fund that violates the purposes of the fund stipulated under *Civil Aviation (amendment) Act 2009 section 28C – Purposes of the Fund*.

#### **Implication**

This suggests non-compliance to Civil Aviation (Amendment) Act 2009 Section 28(c) – Purpose of the Fund as the payment is clearly not a part of the purposes of CAASI responsibilities.

This will tantamount to misappropriation, misuse and abuse of special fund or public monies that will result in a financial loss to the Solomon Islands Government (SIG).

### **Recommendation 22**

#### **OAG recommends that:**

- **CAASI only performs duties and responsibilities that provided for in the Civil Aviation Act 2008. Vessel search is not under its jurisdiction and should not be a part of its duties; and**

- **CAASI makes clear descriptions of the purpose of payments to explain further the details of the payments.**

**Management response**

*Management accepted the recommendation. See management response in the Appendix.*

## PART FIVE - CONFLICT OF INTEREST

### 5.1 Awarding upkeep contracts for CAASI compound & National Aeronautical Transmitting Station (NATS)

There was a perceived or potential conflict of interest in the awarding of upkeep/brushing contracts for CAASI and NATS compounds. Audit identified that brushing contracts for CAASI and NATS compound were directly awarded to relatives (partners), cronies and related parties of all CAASI employees. The method of awarding contracts used by CAASI was direct allocation which was inconsistent with the rules stipulated under Financial Instructions Chapter 7 section 9 – purchasing limits. The appropriate method that should be adopted is the three (3) quotation method; where three quotations are sought from different suppliers and the quality supplier with lowest bid is then offered a contract. When contracts are not awarded based on the relevant provisions of Financial Instructions, it raises a red flag that contracts are awarded with a conflicting interest and it is also misconduct in office.

Details of direct allocated contracts are in *Table 13* in the Appendix.

#### **Implication**

This indicates actual, potential and perceived conflict of interests. Contracts were awarded to cronies and related parties and the procurement procedures utilized were non-compliant to Section 9 of Chapter 7 of Financial Instructions. Also FI chapter 7 section 36 states that conflicts of interest must be avoided. It is also misconduct in office as CAASI does not adhere to the authorised procurement procedures and criteria.

#### **Recommendation 23**

##### **OAG recommends that CAASI:**

- **Ensures that a thorough and established procurement procedure is followed. That is three quotations obtained from three different suppliers for contracts ranging between \$10,000 - \$100,000 and competitive procedure (tender board) for contracts ranging between \$100,000 and \$500,000;**
- **Ensures that awarding of contracts to suppliers should not be determined by CAASI management but by an independent body (e.g. ministerial tender board) based on the quotations or proposals received. The most responsive supplier i.e. qualified supplier with reasonable price quotations will be awarded the contract;**
- **Avoids and manages Conflict of interest at all cost. Section 36.1 of FI chapter 7 states no payment request (PR) form can be prepared that will benefit the officer who certifies or authorises the payment request form;**

- ensures that Conflicts of interest are declared by public officers to prevent them from undermining the proper conduct of public business and adversely affecting the reputation of the organisation; and
- Refers this to the appropriate authorities for them to decide on what actions to take: LCC, PSC, Police and MOFT.

### Management response

*Management accepted the recommendation. See management response in the Appendix.*

## 5.2 CAASI office printing services

Audit noted \$528,287.40 worth of office printing services for CAASI were awarded to certain suppliers whom audit believed to be related parties and cronies of CAASI employees. These suppliers were awarded the printing services throughout the year 2014 without adhering to the Financial Instructions and SIG Procurement Rules and Guidelines. According to Financial Instructions Chapter 7; section 9-purchasing limits, payments more than \$10,000 up to \$100,000 and more than \$100,000 to \$500,000 thresholds should be based on 3 quotations and competitive bidding/tendering processes. However, CAASI awarded contracts to three suppliers based on direct allocation method contrary to the Financial Instructions which mentioned requesting three quotations from three different suppliers and/or competitive tendering process which will go through Ministerial Tender Board (MTB). There was potential and possible conflict of interest around the direct awarding of contracts to suppliers especially to related parties and cronies. Such action by CAASI breached Financial Instructions and the Civil Aviation Act 2008 and increases the risk of official misconduct and fraudulent practices.

Refer to **Table 17** in the Appendix for details of printing services payments.

### Implication

This is non-compliance to the Financial Instructions set down in Section 9 of Chapter 7 which states that a competitive procurement procedure should be undertaken and not direct allocation.

It is also obvious that actual and potential conflict of interest is present as contracts were awarded by CAASI management to closely related parties or relatives.

### Recommendation 24

**OAG recommends that:**

- **CAASI sets up an independent institution in compliance with Financial Instructions that is external from the control of CAASI managements to evaluate contract bids and award contracts to avoid conflict of interests;**
- **CAASI being the agency under MCA uses the Ministerial Tender Board (MTB) processes to appoint suppliers and award contracts; and**
- **CAASI ensures that proper procurement procedure is followed i.e. three quotations or competitive procedure are rightly followed to rid of conflicting interests associated with the procurement processes.**

### **Management response**

*Management accepted the recommendation. See management response in the Appendix.*

### **5.3 Unregistered suppliers/contractors engaged**

Audit performed a review on the suppliers and contractors engaged and noted that CAASI has engaged service providers and suppliers whose businesses were not registered with the Company Haus. The Company Haus registrations data was checked but no data on these entities were available, confirming their non-registration. According to Section 3.1 of the Procurement and Contract Administration manual it states that any entity engaged by a government agency that includes special funds must be a genuine and legally registered entity with authorised licenses. The path taken by CAASI to engage unregistered companies showed that awarding of contracts to unregistered suppliers was not performed in line with SIG procurement rules and by default had a potential and possible conflict of interest effects on the part of CAASI administration. The contractors have very close personal relationships with employees of CAASI.

See the list of unregistered suppliers on **Table 18** in the Appendix.

### **Implication**

This only suggests that there existed in the dealings actual and potential conflict of interest. Not being a registered company in itself is an indication that the company is not existed by law and engaging such companies or individuals is a concern. However, CAASI still engaged these companies which indicated that there were inappropriate relationships between the parties.

### **Recommendation 25**

**OAG recommends that:**

- **Only registered companies or entities are engaged by CAASI to provide the needed goods and services; and**
- **Company licensed to perform business in the Solomon Islands should be critical criteria during evaluation of suppliers/contractors before determining the winning supplier.**

**Management response**

*Management accepted the recommendation. See management response in the Appendix.*

## **PART SIX - CONCLUSION AND OVERALL RECOMMENDATION**

All the above findings indicate that the Authority has some very serious governance issues to fix. There were instances where management and employees deliberately circumvented the financial regulations of this country and the requirements under the Act that the Authority administers. There seemed also a total ignorant of FIs and procurement regulations, deliberate mismanagement of funds and lack of capacity in the organisation to apply basic financial management rules and controls and the keeping of basic books of accounts.

In order to regularise the operations of the Special Fund going forward an overall recommendation is required.

### **Overall Recommendation**

#### **OAG recommends that:**

- **CAASI in collaboration with MCA, Attorney General's Chambers and MOFT develop and produce regulations for the Civil Aviation Fund to address all matters raised in this report as well as the overall management and administration of the fund. The regulations must come in to effect as soon as possible in 2017;**
- **CAASI and MCA produce financial statements of the Aviation Special Fund for audit by the Auditor General for the following years: 2010, 2011, 2012, 2013, 2014, 2015, 2016 and continue to do so in future years;**
- **CAASI in collaboration with MCA, MPS and MOFT to capacity build CAASI so that it is able to manage its affairs responsibly and according to the laws of this country. This will include the appointment of qualified people to manage the fund such as Accountants, Procurement Officers and Administration Officers. This will allow management and technical officers to concentrate on managing the organisation with the required corporate services support;**
- **CAASI in collaboration with MCA, MPS, MDPAC and MOFT develop capacity development program targeted at upskilling CAASI management and employees in the areas of public administration, public finance administration, project management, strategic planning etc. so that CAASI operates within the bounds of all applicable legislations, NDS, MDTP, SDG and its annual plans;**
- **CAASI and MCA submit a business plan to MOFT and MDPAC clearly stating the budget required to administer CAASI so that the special fund is used as provided for in the Civil Aviation (Amendment) Act 2009;**

- **CAASI, MCA, MPS and MOFT address the issues raised in this report and where appropriate take disciplinary actions; and**
- **A follow up audit to be undertaken in 2017/2018 to determine if the recommendations in this report are implemented.**

Management response

*Management accepted the recommendation. See management response in the Appendix.*

**PART SEVEN – ACTION PLAN**

<b>Audit issue no.</b>	<b>Audit issue</b>	<b>OAG recommendations</b>	<b>Detail action that is to be/has been taken</b>	<b>Responsible officer</b>	<b>Target date</b>
2.1	<b>Accounting system</b>	<p>A proper and well documented accounting system (manual or computerised) is established and implemented that will capture accounting information, process accounting information into accounting data and provide readily available accounting information that will assist financial management decision making of CAASI and aid operations and administrations of the special fund;</p> <hr/> <p>As part of the accounting system, detailed internal control measures surrounding the operations of CAASI special fund should also be incorporated compatibly with the accounting system. Internal controls established should encompass all the aspect of CAASI special fund i.e. expenditure, revenue, procurement and other applicable accounting processes; and</p> <hr/> <p>In the absence of any established internal controls, the Public Financial Management Act 2013 and Interim Financial Instructions should be used as a benchmark to gauge its financial operations.</p>			

2.2	<b>Annual financial report</b>	<p>The appropriate reporting framework should be adopted that is suitable and is applicable in the context of CAASI. It is suggested that CAASI prepares its Financial Statements in accordance to the International Public Sector Accounting Standard (IPSAS) Cash Basis reporting framework which is encouraged for public sector entity like CAASI that deals with cash payments and cash receipts;</p> <hr/> <p>CAASI engages registered accounting firms or individuals with appropriate qualifications and experiences to provide quality financial advice and to prepare financial statements in accordance to the relevant and applicable reporting standards; and</p> <hr/> <p>Proper accounting system to store accounting data and records MUST be maintained in order to generate quality and up to standard financial statements. Proper accounting data are maintained and a filing system is in place.</p>			
2.3	<b>Monthly bank reconciliation report</b>	<p>An accounting system (manual or computerised) is maintained to properly capture financial records and data e.g. cash book which contains cash receipts and cash payments so that bank reconciliation reports can be performed;</p> <hr/> <p>Financial internal control measures such as bank reconciliation is implemented and performed on a monthly basis to reconcile the bank records with that of entity's cash book records; and</p>			

		<hr/> <p>Bank reconciliation statement reports MUST be prepared by one person and certified by a reviewer.</p>			
2.4	<b>Excessive CAASI Board Meeting Expenses held in Brisbane</b>	<p>All CAASI Board Meetings are organised and held in Honiara, Solomon Islands. Only the board member appointed under Section 9(1) (c) of Civil Aviation Act 2008 (CAA 2008); is entitled to travelling, attendance allowances and etc. as per Section 2(1) of Schedule 1; which means that board meetings should be held in Honiara and not Australia;</p> <hr/> <p>Travelling expenses (airfares), accommodation expenses, incidental expenses, per diems MUST only be paid to Wilson Sagati and not the other board members as per Schedule 1 Section (2)(1) of CAA 2008 and Section 3 of Civil Aviation (attendance allowances &amp; expenses) Regulations 2010; and</p> <hr/> <p>CAASI special fund should be disbursed according to the purposes stipulated in the Section 28(c) of Civil Aviation (amendment) Act 2009.</p>			
2.5	<b>Attendance allowance and not subsistence allowance/ per diem</b>	<p>Attendance allowances MUST be paid to the board members and ex-officio members when board meetings are held during weekends and not per diem or subsistence allowance. It MUST also be at the rates detailed in the Civil Aviation (Attendance Allowance &amp; Expenses) Regulations 2010;</p>			

		<p>Additional per diem or subsistence allowance of USD \$120 MUST only be paid to the board member appointed under section 9(1) (c) of CAA 2008 when he is in country for board meetings as stipulated in section 3 of Civil Aviation Regulations 2010; and</p> <p>No accommodation expenses, travelling expenses (airfares), incidental expenses and per diem allowance provisions for all other board members except for Wilson Sagati.</p>			
2.6	<b>Board Meeting Attendance Allowances inconsistently applied</b>	<p>CAASI adheres to Section 3(1) of the Regulations;</p> <p>Attendance allowance MUST be paid at the rate authorised by Civil Aviation (Attendance Allowance &amp; Expenses) Regulations 2010 section 2(a) (b) (c). That is, chairman \$1,620, members \$1,350 and ex-officio members \$810 per day or equivalent to the specified amount in foreign currency; and</p> <p>CAASI must ensure to comply with section 2(2) of Civil Aviation Act 2008 Schedule 1.</p>			
2.7	<b>Duplicate allowance/per diem payment</b>	<p>A clear line of specified delegated signatories that have the power to verify the accuracy and legitimacy of the payments before it will be processed is established. When for example the chairman is not available another authorised person can be able to perform the duties of the</p>			

		<p>chairman to avoid payments not vetted by other personnel;</p> <hr/> <p>The authorisation procedures of payments have to be complied with. That is all payments should be forwarded for final approval or authorisation by CAASI chairman or equivalent person in the absence of chairman, before it will be processed for payout;</p> <hr/> <p>The supporting document or invoice or reasons for payment must be attached with the payment and MUST be verified by the chairman or delegate before payment is made;</p> <hr/> <p>CAASI should comply with Interim FIs Chapter 7; Section 79 signing of payment voucher subsection 79.1 – 79.7 of Financial Instructions. Investigate the matter further and recover the duplicate payments and carry out appropriate disciplinary measures.</p>			
2.8	<b>Un-acquitted special imprests</b>	<p>A special imprest register is established and maintained by CAASI which will record the details of the special imprest i.e. record of the date when the Special Imprest was issued, the special imprest holder, the due date of special imprest retirement etc.;</p> <hr/> <p>A reasonable timeframe (normally two weeks) is given to special imprest holders to put together the special imprest retirement documentations i.e. receipts and etc. and before</p>			

		<p>surrendering it for retirement or acquittal procedures;</p> <hr/> <p>When the Special imprest is not retired within the reasonable period, the amount outstanding will be deducted from the special imprest holder's salary;</p> <hr/> <p>A detailed record of all special imprests approved and issued to its employees are kept to avoid issuing special imprest to someone who has not retired or acquitted his/her special imprest;</p> <hr/> <p>Special Imprest holders MUST get and keep receipts or other documents to support all spending out of the special imprest and attach these receipts when retiring the special imprest; and</p> <hr/> <p>The Special Imprest MUST only be used for the reason given on the application and any other use of the Special Imprest is a disciplinary offence.</p>			
2.9	<b>Unauthorised payments/payment vouchers</b>	<p>A clear line of authorisation responsibilities MUST be established which lists the authorised officers (e.g. Chairman) who are empowered to authorise and approve payments on behalf CAASI. As per Schedule 1 (1)(2) in the absence of CAASI chairperson a delegated authority (Deputy Chairperson) shall perform the functions of the Chairperson;</p>			

		<p>CAASI chairman or another delegated personnel in his absence being the Accountable Officer MUST verify and confirm the payment voucher claims before he will approve and authorise the payment to be paid out;</p> <p>Any payment voucher that is not signed by an authorised officer MUST not be paid and will be deemed as incomplete as it does not comply with the authoritative scrutiny of CAASI; and</p> <p>All payments in question are referred to relevant authorities for further action.</p>			
2.10	<b>Overcharging rate of Incidental Expenses</b>	<p>CAASI MUST comply with GO chapter F S 1201(ii) which states that incidental expense is inclusive in the USD 120 per diem;</p> <p>If there is a need that incidental expense will be necessary CAASI MUST ensure that incidental expense is issued as Special Imprest that will be acquitted or retired after the purpose of the travel is completed/fulfilled; and</p> <p>The incidental expense rate used in calculating the incidental expense by CAASI MUST be reasonable and is compatible to the practices the Ministry of Finance and Treasury is applying i.e. 5% of per diem and not more than half of the per diem.</p>			
2.11	<b>CAASI Unaccount</b>	<p>All payments paid out of the special fund should be properly accounted for in a transparent and</p>			

	<p><b>ed and unwarranted Payments</b></p>	<p>accountable manner i.e. payment requisition, supporting documentations such as supplier invoices or any other supporting documentations and a payment voucher should be created and all necessary documentations should be attached;</p> <hr/> <p>All payments MUST have evidence of approval by the accountable officer. That is payments should be properly authorised and an evidence of approval/endorsement is the signatory on the PV. Approving it means that the expenses is valid and that the charges and rates are genuine and confirmed by the accountable officer; and</p> <hr/> <p>All payment documents are properly filed in sequence and stored in a secure location for future reference.</p>			
2.12	<p><b>CAASI Inspectors' Accommodation &amp; Rental Expenses</b></p>	<p>CAASI inspectors should be accommodated or housed at motel accommodation (e.g. Sanalae Apartments) that provides daily rates rather than monthly rates. This is because of the nature of work carried out and duration of work performed that is just short term i.e. Inspectors just come and go and offering them a residential accommodation will be a loss to CAASI;</p> <hr/> <p>Further higher level review by the authorising or accountable officer MUST be performed against the accommodation claims before payment should be made;</p> <hr/>			

		<p>No duplicate payments for the same Inspector but claims from two different accommodation providers should allowed to be paid out, unless it is justifiable and genuine;</p> <hr/> <p>CAASI institute a recovery action plan to recover the unauthorised payment and refer the matter to relevant authorities for appropriate action ; and</p> <hr/> <p>CAASI develops a policy on accommodation for CAASI employees and inspectors.</p>			
3.1	<b>Direct procurement of IT services</b>	<p>Procurement of IT services of CAASI that is between the ranges \$10,000 - \$100,000 should be awarded to suppliers based on three (3) quotations. The most responsive supplier (i.e. in terms of price and qualification) should be the preferred supplier to provide the needed services;</p> <hr/> <p>The preferred supplier list approved by ICTSU must be used for IT procurements; and</p> <hr/> <p>This procurement is referred to appropriate authorities for further investigation.</p>			
3.2	<b>Payments or procurements worth more than \$100,000</b>	<p>Awarding of contracts to suppliers should be done by Ministerial Tender Board (MTB); responsive bidders (qualified supplier with reasonable price bids) should be appointed based on Technical Evaluation Committee recommendations;</p> <hr/>			

	<b>up to \$500,000</b>	<p>The procurement method that should be adopted by CAASI for the purchases ranging between \$100,000 - \$500,000 as per FIs Chapter 7 S.9 is competitive tendering procedure and not direct allocation; and</p> <hr/> <p>CAASI establishes a Ministerial Tender Board or makes use of MCA MTB and refers all procurements above \$500,000 to CTB.</p>			
3.3	<b>Payments or procurements worth more than \$10,000 up to \$100,000</b>	<p>All CAASI purchases or procurements that fall in the range \$10,000 - \$100,000 MUST be awarded based on three (3) quotations method. That is, based on 3 quotations obtained, the most responsive quotations (i.e. qualified supplier and reasonable price) will be offered the contract;</p> <hr/> <p>Direct allocation method is not an appropriate method for the range and should not be adopted and practiced by CAASI for the specified range of \$10,000 - \$100,000; and</p> <hr/> <p>CAASI in consultation with MOFT develops a Preferred Suppliers Arrangement (PSA) to provide for efficiency, effectiveness and value for money when procuring services for the Authority.</p>			
3.4	<b>Awarding of Contracts for brushing of CAASI and</b>	<p>Awarding of brushing and maintenance contracts should be done in the spirit of Financial Instructions chapter 7 section 9 – purchasing limits; that is, contracts should be awarded based on three (3) quotations. Three quotations MUST be obtained from three</p>			

	<b>(NATS) compounds</b>	<p>different suppliers and the most responsive supplier is awarded the contract; and</p> <hr/> <p>Contracts should not be awarded to cronies, related parties, relatives and family cohorts on a direct allocation procurement method.</p>			
3.5	<b>Splitting of brushing &amp; maintenance contracts</b>	<p>Brushing and maintenance contracts MUST be aggregated or totalled annually and awarded based on the total contract value;</p> <hr/> <p>Contracts should not be awarded on a monthly basis but on a yearly basis or total estimated contract value;</p> <hr/> <p>Based on the total estimated contract value the appropriate procurement method will be determined and not on monthly values; and</p> <hr/> <p>Appropriate methods MUST be used based on the estimated contract value that is; if the total contract value is above \$100,000 a competitive tendering process will be required to select and appoint suppliers/contractors.</p>			
3.6	<b>Overseas travel without permissions</b>	<p>Proper authorisations and approvals to leave the country should be sought by CAASI director i.e. Ministry or Minister responsible for permission to leave the country; and</p> <hr/> <p>Director due to his reporting line should report to the answerable Minister which is the minister of MCA for permission to leave the country.</p>			

3.7	<b>South Pacific Aviation Services (SPAS)</b>	<p>As per Section 13 of CAA 2008; CAASI should ensure that an appropriate competitive process is followed in appointing and awarding contracts to suppliers/contractors for services that will be performed on CAASI's behalf;</p> <hr/> <p>CAASI should comply with Interim Financial Instructions Chapter 7 Section 9 to determine the appropriate procurement procedures/methods against procurement value threshold that is required of any government or government agency; and</p> <hr/> <p>CAASI should comply with Financial Instructions Chapter 7 Section 78-79 which requires payment vouchers to be completed and approved by authorised signatories before a payment should be made.</p>			
4.1	<b>Purchase of two Rav4 motor vehicles</b>	<p>CAASI should ensure that the vehicle used by the former director of CAASI is retrieved and maintained to be used for the purposes of CAASI operations;</p> <hr/> <p>CAASI Inspectors transportation expenses should not be a cost to CAASI. As per the schedule to agreement between CAASI and SPAS the transportation expenses of inspectors shall be added to the total fees; and paying a truck for them is illogical given the duration of the contract;</p> <hr/>			

		<p>CAASI MUST adhere to FI chapter 7 section 9 to determine the right procurement method/procedures that is required to select a genuine or qualified supplier and obtain best value for money; and</p> <hr/> <p>CAASI needs to ensure that a proper Fixed Asset Register (FAR) is maintained to record all the equipment and machines of CAASI.</p>			
4.2	<b>Purchase of a new double cabin Hilux</b>	<p>CAASI director to apply through the appropriate ministry, Ministry of Infrastructure Development (MID) for a new vehicle to be allocated or paid for CAASI administrations; and</p> <p>CAASI should ensure to uphold and observe the spirit of Civil Aviation (Amendment) Act 2009 section 28(c) and only expend the special fund or the public money on the specific and restrictive purposes that are stipulated on the section referred to above.</p>			
4.3	<b>Hiring of Helicopter for vessel search</b>	<p>CAASI should only perform duties and responsibilities that provided for in the Civil Aviation Act 2008. Vessel search is not under its jurisdiction and should not be a part of its duties; and</p> <hr/> <p>Clear description of the purpose of payments MUST be ensured to explain further the details of the payments.</p>			
5.1	<b>Awarding upkeep</b>	To ensure that a thorough and established procurement procedure be allowed and			

	<p><b>contracts for CAASI compound &amp; National Aeronautical Transmittal Station (NATS)</b></p>	<p>followed. That is three quotations obtained from three different suppliers for contracts ranging between \$10,000 - \$100,000 and competitive procedure (tender board) for contracts ranging between \$100,000 and \$500,000;</p> <hr/> <p>Awarding of contracts to suppliers should not be determined by CAASI management but by an independent body (e.g. ministerial tender board) based on the quotations or proposals received. The most responsive supplier i.e. qualified supplier with reasonable price quotations will be awarded the contract;</p> <hr/> <p>MUST avoid and manage Conflict of interest at all cost. Section 36.1 of FI chapter 7 states no payment request (PR) form can be prepared that will benefit the officer who certifies or authorises the payment request form;</p> <hr/> <p>Conflict of interest must be declared by public officers to prevent them from undermining the proper conduct of public business and adversely affecting the reputation of the organisation; and</p> <hr/> <p>Refer this to the appropriate authorities for them to decide on what actions to take: LCC, PSC, Police and MOFT.</p>			
5.2	<p><b>CAASI Office Printing Services</b></p>	<p>CAASI should setup an independent institution in compliance with Financial Instructions that is external from the control of CAASI</p>			

		<p>managements to evaluate contract bids and award contracts to avoid conflict interests;</p> <hr/> <p>CAASI being the agency under MCA should use the Ministerial Tender Board (MTB) to appoint suppliers and award contracts; and</p> <hr/> <p>CAASI should ensure that proper procurement procedure is followed i.e. three quotations or competitive procedure are rightly followed to rid of conflicting interests that will associate with the procurement processes.</p>			
5.3	<b>Unregistered Suppliers/contractors engaged</b>	<p>Only registered companies or entities should be engaged by CAASI to provide the needed goods and services; and</p> <hr/> <p>Company license to perform business in the Solomon Islands should be critical criteria during evaluation of suppliers/contractors before determining the winning supplier.</p>			
6.0	<b>OVERALL RECOMMENDATION</b>	<p>CAASI in collaboration with MCA, Attorney General's Chambers and MOFT develop and produce regulations for the Civil Aviation Fund to address all matters raised in this report as well as the overall management and administration of the fund. The regulations must come in to effect as soon as possible in 2017;</p> <hr/> <p>CAASI and MCA produce financial statements of the Aviation Special Fund for audit by the Auditor General for the following years: 2010,</p>			

	<p>2011, 2012, 2013, 2014, 2015, 2016 and continue to do so in future years;</p> <hr/> <p>CAASI in collaboration with MCA, MPS and MOFT to capacity build CAASI so that it is able to manage its affairs responsibly and according to the laws of this country. This will include the appointment of qualified people to manage the fund such as Accountants, Procurement Officers and Administration Officers. This will allow management and technical officers to concentrate on managing the organisation with the required corporate services support;</p> <hr/> <p>CAASI in collaboration with MCA, MPS, MDPAC and MOFT develop capacity development program targeted at upskilling CAASI management and employees in the areas of public administration, public finance administration, project management, strategic planning etc. so that CAASI operates within the bounds of all applicable legislations, NDS, MDTP, SDG and its annual plans;</p> <hr/> <p>CAASI and MCA submit a business plan to MOFT and MDPAC clearly stating the budget required to administer CAASI so that the special fund is used as provided for in the Civil Aviation (Amendment) Act 2009;</p> <hr/>			
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		<p>CAASI, MCA, MPS and MOFT address the issues raised in this report and where appropriate take disciplinary actions; and</p> <hr/> <p>A follow up audit to be undertaken in 2017 to determine if the recommendations in this report are implemented.</p>			
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## PART EIGHT – APPENDIX

**Table 2: Breakdown of Board Meeting Expenses in 2014**

Cheque #	Date	PV No	Payee	Payment Descriptions	Value (\$)
401094	8/04/2014	33/14	Solomon Airlines	Return Airfare Brisbane-CAASI Board Meeting 11-14April14	\$ 21,646.70
401095	8/04/2014	38/14	Director CAASI	Accommodation & Incidental Cost 11-14April14	\$ 74,626.00
401096	10/04/2014	37/14	Director CAASI	Perdiem-CAASI Board Member Brisbane 11-14April14	\$ 3,902.40
401097	8/04/2014	34/14	Chair CAASI	Perdiem-CAASI Board Member Brisbane 11-14April14	\$ 8,130.00
401098	10/04/2014	35/14	PS MCA	Perdiem-CAASI Board Member Brisbane 11-14April14	\$ 6,504.00
401099	14/04/2014	36/14	Brian Halisanau	Perdiem-CAASI Board Member Brisbane 11-14April14	\$ 3,902.40
401100	10/04/2014	39/14	Director CAASI	CAASI BOARD 4 days ALLOWANCE @BNE 11-14April14	\$ 86,567.20
401101	28/04/2014	40/14	CAASI Board Members	Allowance - Board Meeting Brisbane (5 members) 1-5May14	\$ 101,115.00
401102	29/04/2014	43/14	Solomon Airlines	Airfare BOD meeting-BNE 1-5May14	\$ 51,289.10
401111	29/04/2014	45/14	Director CAASI	Accommodation CAASI BOD Meeting @ BNE 1-5May14	\$ 38,354.22
541045	12/12/2014	191/14	Director CAASI	Accommodation & Incidentals CAASI BOD meeting @BNE 19-22Dec14	\$ 94,538.90
541046	29/12/2014	190/14	Solomon Airlines	Airfare-CAASI BOD meeting in BNE 19-22Dec14	\$ 50,000.00
541057	29/12/2014	200/14	Solomon Airlines	Airfare Minister CA & protocol office CAASI BOD BNE 19-22Dec14	\$ 50,000.00
541058	18/12/2014	201/14	Director CAASI	Allowances & incidentals-Minister CA BOD meeting 19-22Dec14	\$ 17,948.70
				<b>TOTAL</b>	<b>\$ 608,524.62</b>

**Table 3: Detail of overpaid board allowance/per diem for CAASI board members**

Date	Payee	Perdiem paid in AUD \$	Perdiem paid in USD \$	Perdiem Equivalent in SBD \$	Eligibility in SBD \$	Difference in SBD \$	No. days (Meeting)	Total perdiem overpaid SBD \$
10/04/2014	Billy Titiulu-Chairman CAASI Board		\$ 250.00	\$ 1,933.49	\$ 1,620.00	\$ 313.49	4	\$ 1,253.95
10/04/2014	Francis Lomo-Board Member		\$ 200.00	\$ 1,546.79	\$ 1,350.00	\$ 196.79	4	\$ 787.16
10/04/2014	Wilson Sagati-Board Member		\$ 200.00	\$ 1,546.79	\$ 1,350.00	\$ 196.79	4	\$ 787.16
10/04/2014	George Satu-Ex-Officio		\$ 120.00	\$ 928.07	\$ 810.00	\$ 118.07	4	\$ 472.30
10/04/2014	Brian Halisanau-Ex-Officio		\$ 120.00	\$ 928.07	\$ 810.00	\$ 118.07	4	\$ 472.30
25/04/2014	Billy Titiulu-Chairman CAASI Board	\$ 700.00		\$ 5,028.74	\$ 1,620.00	\$ 3,408.74	5	\$ 17,043.68
25/04/2014	Francis Lomo-Board Member	\$ 600.00		\$ 4,310.34	\$ 1,350.00	\$ 2,960.34	5	\$ 14,801.72
25/04/2014	Wilson Sagati-Board Member	\$ 600.00		\$ 4,310.34	\$ 1,350.00	\$ 2,960.34	5	\$ 14,801.72
25/04/2014	George Satu-Ex-Officio	\$ 500.00		\$ 3,591.95	\$ 810.00	\$ 2,781.95	5	\$ 13,909.77
25/04/2014	Brian Halisanau-Ex-Officio	\$ 500.00		\$ 3,591.95	\$ 810.00	\$ 2,781.95	5	\$ 13,909.77
10/04/2014	Billy Titiulu-Chairman CAASI Board	\$ 700.00		\$ 5,090.91	\$ 1,620.00	\$ 3,470.91	4	\$ 13,883.64
10/04/2014	Francis Lomo-Board Member	\$ 600.00		\$ 4,363.64	\$ 1,350.00	\$ 3,013.64	4	\$ 12,054.55
10/04/2014	Wilson Sagati-Board Member	\$ 600.00		\$ 4,363.64	\$ 1,350.00	\$ 3,013.64	4	\$ 12,054.55
10/04/2014	George Satu-Ex-Officio	\$ 500.00		\$ 3,636.36	\$ 810.00	\$ 2,826.36	4	\$ 11,305.45
10/04/2014	Brian Halisanau-Ex-Officio	\$ 500.00		\$ 3,636.36	\$ 810.00	\$ 2,826.36	4	\$ 11,305.45
11/12/2014	Billy Titiulu-Chairman CAASI Board	\$ 350.00		\$ 2,547.31	\$ 1,620.00	\$ 927.31	4	\$ 3,709.23
11/12/2014	Francis Lomo-Board Member	\$ 300.00		\$ 2,183.41	\$ 1,350.00	\$ 833.41	4	\$ 3,333.62
11/12/2014	Wilson Sagati-Board Member	\$ 300.00		\$ 2,183.41	\$ 1,350.00	\$ 833.41	4	\$ 3,333.62
11/12/2014	George Satu-Ex-Officio	\$ 250.00		\$ 1,819.51	\$ 810.00	\$ 1,009.51	4	\$ 4,038.02
11/12/2014	Brian Halisanau-Ex-Officio	\$ 250.00		\$ 1,819.51	\$ 810.00	\$ 1,009.51	4	\$ 4,038.02
							<b>Total</b>	<b>\$ 157,295.69</b>

**Table 4: List of un-acquitted special imprests during 2013 & 2014**

Date	Cheque #	Imprest no	Imprest holder	Purpose of imprest	Value (\$)
28/01/2014	401082	9/14	George Satu	Special imprest - Singapore(Air-show aviation leadership summit & training)	\$ 58,975.50
16/07/2014	401144	87/14	Ms. Alice Meke	Special Imprest for SMS Course Port Vila	\$ 18,000.00
19/08/2014	401160	99/14	Ms. Irene Matoea	Special Imprest for Office Urgent needs	\$ 15,000.00
20/10/2014	541009	143/14	George Satu	Special Imprest for Accommodation	\$ 25,839.80
20/10/2014	541011	145/14	George Satu	Special Imprest for Accommodation-PASO Meeting	\$ 6,637.00
21/10/2014	541013	147/14	George Satu	Special Imprest for Accommodation-Fiji	\$ 90,339.20
10/11/2014	541017	151/14	George Satu	Special Imprest for Accommodation-Hong Kong	\$ 29,239.80
4/12/2014	541038	177/14	Ms. Irene Matoea	Special imprest to cover Office Urgent needs	\$ 15,000.00
6/03/2013	36771	6/13	Ms. Irene Matoea	Special imprest to cover Office Urgent needs	\$ 15,000.00
14/07/2014	401143	81/14	Brian Halisanau	Special Imprest for Accommodation/Incidentals AKL 21-25 July	\$ 25,000.00
2/04/2013	36785	27/13	George Satu	Special Imprest for Accommodation - Port Vila	\$ 19,349.00
16/04/2013	36798	43/13	Ms. Irene Matoea	Special Imprest for Office Urgent needs	\$ 10,000.00
21/10/2013	401028	100/13	George Satu	Special Imprest for Accommodation	\$ 18,243.50
21/10/2013	401070	104/13	Ms. Irene Matoea	Special Imprest to cover Office Urgent needs	\$ 10,000.00
5/11/2013	401039	125/13	George Satu	Special Imprest for Accommodation & Airfare	\$ 59,832.00
5/11/2013	401038	126/13	Mr. Billy Titiulu	Special Imprest for Accommodation-Brisbane/ Canberra	\$ 24,732.00
5/11/2013	401042	130/13	Francis Lomo	Special imprest for Accommodation-Brisbane/ Canberra	\$ 6,859.75
25/04/2014	401117	50/14	Brian Halisanau	Special Imprest for Accommodation-Malaysia & Fiji	\$ 34,284.00
4/01/2014	401087	10/14	Brian Halisanau	Special Imprest for Accommodation, Transport & Course fee	\$ 42,000.00
3/10/2014	541023	131/14	Brian Halisanau	Special Imprest for Accommodation, Course fee & incidental	\$ 11,581.20
18/11/2013	401044	136/13	Brian Halisanau	Special Imprest for Accommodation & Transport - NZ	\$ 24,736.00
19/11/2013	401049	142/13	Mr. Billy Titiulu	Special Imprest for Accommodation - Fiji & PNG	\$ 13,333.30
3/10/2014	401185	134/14	Brian Halisanau	Special Imprest for Accommodation, Course fee & incidental	\$ 30,000.00
29/07/2014	401149	94/14	George Satu	Special Imprest for Accommodation & domestic airfare(Vanuatu)	\$ 184,745.50
15/09/2014	401175	122/14	George Satu	Special Imprest for Incidental & Accommodation	\$ 43,882.80
28/03/2014	401091	31/14	George Satu	Special Imprest for Accommodation - Nadi, Fiji	\$ 36,429.50
19/04/2013	36790	45/13	George Satu	Special imprest PASO - Brisbane	\$ 15,243.90
9/09/2013	401018	92/13	Brian Halisanau	Special Imprest Lomlom airfield inspection -Lata	\$ 20,222.00
19/11/2013	401051	144/13	George Satu	Special Imprest for Accommodation - Fiji & PNG	\$ 17,777.70
				TOTAL	\$922,283.45

**Table 5: Reference of all unauthorised payments in 2013 & 2014**

Date	Chq no	PV no.	Payee	Payment details	Amount (\$)
2/04/2013	36778	75/13	SSK Landscaping	Brushing and cleaning of (NATS)	\$ 23,125.00
2/04/2013	36780	79/13	Reliance Enterprises	Upkeep of CAASI office	\$ 9,250.00
27/05/2013	401009	73/13	Brian Halisanau	Perdium & Incidentals	\$ 11,880.00
6/06/2013	401015	138/13	Reliance Enterprises	Upkeep of CAASI office	\$ 9,250.00
20/09/2013	401016	94/13	Solomon Airlines	Return airfare	\$ 166,432.80
19/09/2013	401017	93/13	Director CAASI	Perdium, Accom. & Incidentals	\$ 98,493.24
9/09/2013	401018	92/13	Brian Halisanau	Lomlom Airfield inspection	\$ 20,222.00
5/07/2013	401019	80/13	Tamar Suri	House rental	\$ 4,050.00
25/10/2013	401020	103/13	Director CAASI	Refund of money	\$ 8,500.00

21/10/2013	401022	122/13	Sanalae Apartment	Accommodation	\$ 8,921.00
21/10/2013	401023	113/13	Sanalae Apartment	Accommodation	\$ 7,920.00
29/10/2013	401024	123/13	Ateca Kraus	Vehicle hiring	\$ 2,450.00
6/11/2013	401026	102/13	Solomon Airlines	detour of itinerary	\$ 31,977.00
8/11/2013	401027	99/13	Solomon Airlines	Airfare	\$ 3,161.20
28/10/2013	401028	100/13	Director CAASI	Accommodation	\$ 18,243.50
12/11/2013	401029	101/13	Director CAASI	Perdium for both officers	\$ 8,548.50
1/11/2013	401033	91/13	Brian Halisanau	Renovation Qtr 5 - Jackson Ridge	\$ 79,555.10
31/10/2013	401034	120/13	David Toramo	Brushing and cleaning of (NATS)	\$ 18,500.00
6/11/2013	401035	129/13	Director CAASI	Reimbursement one way ticket to Brisbane	\$ 4,420.80
6/11/2013	401036	128/13	Director CAASI	Perdium Allowances	\$ 10,610.00
6/11/2013	401037	127/13	Chair CAASI	Perdium Allowances	\$ 22,104.33
6/11/2013	401038	126/13	Chair CAASI	Accommodation	\$ 24,732.00
8/11/2013	401040	132/13	Solomon Airlines	Return airfare	\$ 14,363.50
18/11/2013	401041	131/13	PS MCA	Perdium Allowances	\$ 3,183.02
18/11/2013	401042	130/13	PS MCA	Accommodation	\$ 6,859.75
2/12/2013	401044	135/13	Brian Halisanau	Perdium Allowances	\$ 9,777.00
2/12/2013	401043	136/13	Brian Halisanau	Accommodation	\$ 24,736.00
2/12/2013	401045	134/13	Solomon Airlines	Airfare	\$ 20,553.20
29/11/2013	401046	81/13	Mr. Ludae Keleimae	House rental	\$ 8,100.00
29/11/2013	401046	96/13	Mr. Ludae Keleimae	House rental	\$ 8,100.00
3/12/2013	401047	95/13	Tong's Corporation	New Hilux	\$ 246,146.36
6/12/2013	401048	141/13	Chair CAASI	Perdium Allowances	\$ 15,555.50
6/12/2013	401049	142/13	Chair CAASI	Accommodation	\$ 13,333.30
6/12/2013	401050	143/13	Director CAASI	Perdium Allowances	\$ 7,466.60
6/12/2013	401051	144/13	Director CAASI	Accommodation	\$ 17,777.70
10/12/2013	401052	140/13	Solomon Airlines	Airfare	\$ 50,000.00
6/12/2013	401053	149/13	David Oeta Jnr	Brushing and cleaning of (NATS)	\$ 13,875.00
6/12/2013	401054	98/13	Vivian Edie Matoea	Brushing and cleaning of (NATS)	\$ 13,875.00
6/12/2013	401055	97/13	Lindy Diau	Brushing and cleaning of (NATS)	\$ 13,875.00
6/12/2013	401056	150/13	Glenn Meke	Upkeep of CAASI office	\$ 13,875.00
15/01/2013	401057	137/13	LG Enterprises	Vehicle hiring	\$ 4,550.00
27/12/2013	401059	154/13	Solomon Airlines	Airfare	\$ 16,752.00
	401060	147/13	Director CAASI	Accommodation	\$ 45,731.00
15/01/2013	401062	110/13	Fred Peter Rewa	MS Office 2013 Pro	\$ 35,058.50
15/01/2014	401063	139/13	Brian Halisanau	Refund of fuel	\$ 6,680.00
17/01/2014	401064	148/13	LR Enterprises	Sea fare	\$ 2,600.00
14/01/2014	401065	157/13	Damaring Omo	upkeep of side fencing NATS	\$ 37,000.00
15/01/2014	401066	156/13	Aggri - Grazing	upkeep management	\$ 12,487.50
16/01/2014	401067	89/13	Gibson's Communication	Hiring of vehicle	\$ 88,060.00

20/01/2014	401068	152/13	EST Gate Investment	Sea fare	\$ 2,750.00
20/01/2014	401068	153/13	EST Gate Investment	Sea fare	\$ 5,250.00
	401069	77/13	360 Discovery	Sea fare	\$ 1,850.00
20/01/2013	401070	104/13	Ms. Irene Matoea	Office Urgent Needs	\$ 10,000.00
14/01/2014	401071	151/13	SSK Landscaping	Brushing and cleaning of (NATS)	\$ 92,500.00
15/01/2013	401072	155/13	Reliance Enterprises	Printing and Binding	\$ 35,907.00
16/01/2014	401073	116/13	Eastern Motors	Repair maintenance	\$ 4,107.40
3/02/2014	401089	82/13	Director CAASI	Director's Meeting and Training	\$ 49,764.50
10/04/2014	401100	39/14	Director CAASI	CAASI BOARD 4 days ALLOWANCE	\$ 86,567.20
29/05/2014	401129	29/14	Fred Peter	Payment for Vehicle for CAASI Inspectors	\$ 160,000.00
29/05/2014	401130	66/14	Aggri-Grazzin Ltd	Upkeep & Maint NATS Compound	\$ 9,250.00
31/07/2014	401146	92/14	Solomon Airlines	Airfare return-BNE-VLA-HON	\$ 168,181.00
31/07/2014	401147	90/14	Honiara Refrigeration & Air Conditioning	2 new aircon & service of old	\$ 23,342.10
30/07/2014	401148	93/14	Ministerial delegation	Perdium/Incidental	\$ 291,666.12
30/07/2014	401149	94/14	Director CAASI	Accom & domestic airfare(Vanuatu)	\$ 184,745.50
30/07/2014	401150	95/14	Visual Electrics Ltd	Power supply, Electrical wiring & Installation	\$ 20,000.00
31/07/2014	401151	96/14	C&I Distributors	Electrical Materials	\$ 5,872.00
	541006	79/14	David Toramo Otto	Upkeep of NATS compound Apr & May 2014	\$ 18,500.00
4/11/2014	541024	156/14	Sanalae Apartment	Accommodation-Max Food	\$ 16,700.00
31/10/2014	541025	158/14	Aggri-Grazzin Ltd	Upkeep/Maint NATS Comp-Oct 14	\$ 11,100.00
4/11/2014	541026	159/14	D.A Printers	50 PV books & 50 Req books	\$ 18,716.50
3/11/2014	541027	160/14	Gibson's Communication	Upkeep of NATS area - Oct 14	\$ 27,750.00
	541028	161/14	David Oeta Jnr	Maint CAASI compound office - Oct 14	\$ 13,875.00
21/10/2013	401025	117/13	Solomon Star	Advertisement	\$ 3,480.00
	-----	107/13	Chair CAASI	Perdium Allowances	\$ 8,904.72
	-----	108/13	Director CAASI	Perdium Allowances	\$ 4,274.26
21/10/2013	--	118/13	SSK Landscaping	Brushing and cleaning of (NATS)	\$ 23,125.00
21/10/2013	--	119/13	SSK Landscaping	Brushing and cleaning of (NATS)	\$ 23,125.00
	--	145/13	Director CAASI	Perdium Allowances	\$ 18,301.68
30/10/2013	401032	76/13	Brian Halisanau	Refund of fuel	\$ 3,525.00
30/10/2013	401032	78/13	Brian Halisanau	Refund of fuel	\$ 4,470.00
<b>TOTAL</b>					<b>\$ 2,690,317.38</b>

**Table 6: Sample of Incidental expenses paid for overseas trip**

Cheque #	Date	CAASI PV No.	Payee	Description or details	Total Amount \$	Perdiem/ accom	Incidentals USD/AUD	SBD Incidental \$
401114	25/04/2014	49/14	Brian Halisanau	Perdiem Malaysia & Fiji	\$ 13,363.00	NA	NA	\$ 14,298.00
401174	15/09/2014	121/14	George Satu	Perdiem George & Billy-Auckland 6days	\$ 35,998.81	\$ 16,052.00	\$ 3,000.00	\$ 19,946.81
401189	3/10/2014	135/14	George Satu	Perdiem & Incidental-Director Singapore 8days	\$ 14,327.54	\$ 7,017.60	\$ 1,000.00	\$ 7,309.94
541008	17/10/2014	142/14	George Satu	Perdiem & Incidentals 9days-George/Max	\$ 32,079.00	\$ 15,929.13	\$ 2,500.00	\$ 16,149.87
541010	17/10/2014	144/14	George Satu	Perdiem & Incidentals 5days Melbourne	\$ 8,112.00	\$ 4,424.78	\$ 500.00	\$ 3,687.32
541014	17/10/2014	148/14	George Satu	Perdiem & Incidentals delegation(5) 8days Fiji	\$ 107,373.60	\$ 63,126.80	\$ 6,000.00	\$ 44,247.79
541016	17/10/2014	150/14	George Satu	Perdiem & incidentals-Hongkong Director 16days	\$ 28,655.00	\$ 14,035.09	\$ 2,000.00	\$ 14,619.88
401095	10/04/2014	38/14	George Satu	Perdiem & Incidental Cost 4 members (4days)	\$ 38,990.17	\$ 24,064.80	\$ 2,000.00	\$ 14,925.37
401103	25/04/2014	42/14	George Satu	Perdiem & Incidental-PASO council meeting 1-5May14	\$ 11,427.84	\$ 4,454.34	\$ 1,000.00	\$ 6,973.50
401122	28/05/2014	58/14	George Satu	Perdiem & Incidentals QCS @NZ 3-6 June 2014	\$ 18,824.80	\$ 6,757.84	\$ 1,500.00	\$ 12,067.58
401162	18/08/2014	97/14	George Satu	Perdiem & Incidentals-Singapore Director 13days	\$ 18,976.00	\$ 11,564.12	\$ 1,000.00	\$ 7,412.90
1641780	22/04/2013	49/13	Brian Halisanau	Incidentals Nz Workshop	\$ 14,500.00	NA	NA	\$ 14,500.00
401009	10/06/2013	73/13	Brian Halisanau	Perdiem & Incidentals	\$ 11,880.00	\$ 3,880.00	NA	\$ 8,000.00
	9/09/2013	92/13	Brian Halisanau	Lomlom Airfield inspection	\$ 20,222.00	\$ 15,222.00	NA	\$ 5,000.00
36785	4/04/2013	28/13	George Satu	Perdiem & incidental Port Vila	\$ 16,602.55	\$ 8,862.62	\$ 1,000.00	\$ 7,739.94
36790	19/04/2013	44/13	George Satu	Perdiem & Incidentals	\$ 13,176.56	\$ 7,079.00	\$ 800.00	\$ 6,097.56
401089	3/02/2013	82/13	George Satu	Director's Meeting & Training (singapore&fiji)27days	\$ 49,764.50	\$ 25,431.70	\$ 3,100.00	\$ 24,332.81
								<b>\$ 227,309.27</b>
				Legends				
				AUD				
				USD				

**Table 7: List of CAASI unwarranted or unaccounted payments**

<b>Cheque no.</b>	<b>Payment Date</b>	<b>Amount \$</b>
36649	15/01/2013	\$ 3,400.00
36754	8/01/2013	\$ 15,000.00
36758	22/01/2013	\$ 25,000.00
36760	21/01/2013	\$ 12,600.00
36765	23/01/2013	\$ 23,860.40
36771	7/03/2013	\$ 15,000.00
36782	4/04/2013	\$ 12,150.00
36784	4/04/2013	\$ 35,951.55
36788	5/04/2013	\$ 11,100.00
36793	19/04/2013	\$ 14,500.00
36796	26/04/2013	\$ 2,236.56
36798	2/05/2013	\$ 10,000.00
401001	3/05/2013	\$ 5,000.00
401002	3/05/2013	\$ 5,000.00
401003	23/05/2013	\$ 1,100.00
401004	9/05/2013	\$ 2,236.56
401005	10/05/2013	\$ 1,350.00
401006	13/05/2013	\$ 1,850.00
401007	13/05/2013	\$ 810.00
401010	3/06/2013	\$ 16,681.10
401011	31/05/2013	\$ 30,248.87
401013	5/06/2013	\$ 2,980.00
401030	31/10/2013	\$ 52,503.00
401031	31/10/2013	\$ 11,750.00
401070	20/01/2014	\$ 10,000.00
401072	15/01/2014	\$ 35,907.00
401073	16/01/2014	\$ 11,738.00
401193	18/11/2014	\$ 12,000.00
	<b>TOTAL</b>	<b>\$381,953.04</b>

**Table 8 – Detail of CAASI Inspectors Accommodation/Rental Expenses**

Cheque #	Date	CAASI PV #	Payee	Description/Item/Memo/Details	Amount \$
401171	15/09/2014	109/14	Sanalae Apartment	Accom for Max & Gerard-Airworthiness Insp(31aug-6sept14)	\$ 12,320.00
401186	3/10/2014	136/14	Sanalae Apartment	Accommodation-Allen Churchil (14-20 Sept 2014)	\$ 5,280.00
541024		156/14	Sanalae Apartment	Accommodation-Max Food 13 Oct-1st Nov 2014	\$ 16,700.00
401191	13/11/2014	162/14	Sanalae Apartment	Accommodation-Max Foon CAASI Inspector 2-7 Nov 2014	\$ 4,400.00
541031	1/12/2014	170/14	Sanalae Apartment	Accommodation 3 CAASI Inspectors (max, Gerard, Allen)-7-20 Dec 2014	\$ 28,160.00
401113	25/04/2014	27/14	Sanalae Apartment	Accommodation 1st Feb-1Mar 2014	\$ 29,403.00
401113	25/04/2014	47/14	Sanalae Apartment	Accommodation Max Foon 1st-31st March 2014	\$ 24,420.00
541004	14/07/2014	84/14	Sanalae Apartment	Accom CAASI inspect Foon(20-31may14&10-19jun14) & Churchill(15-21jun14)	\$ 23,880.00
401093	8/04/2014	17/14	Edith Fanega (Landlord)	CAASI Inspectors rental-Feb & Mar 2014	\$ 28,000.00
				<b>TOTAL</b>	<b>\$ 172,563.00</b>

**Table 9 – List of IT Services Expenses – Fred Peter**

Date	PV no.	Chq no	Payee	Payment details	Amount (\$)
4/12/2014	6/14	401074	Fred Peter	Being for a Sony Vaio i7 & restoration of CAASI Toshiba Laptop	\$ 43,290.00
29/01/2014	46/14	401118	Fred Peter	Being for 23" Dell Monitor & IT support for JAN-FEB 2014	\$ 18,520.00
20/06/2014	76/14	401135	Fred Peter	Being for Laptop for Brian & Gaby & other IT Services	\$ 69,051.25
17/09/2014	110/14	401170	Fred Peter	Being for replacement of 1TB & other IT services	\$ 13,412.50
14/11/2014	168/14	401197	Fred Peter	Being for email backup, virus scan, cleaning & security; installation of MS office	\$ 18,500.00
12/12/2014	187/14	541044	Fred Peter	Being for 1 Laptop & Desktop and other items	\$ 47,250.00
18/12/2014	199/14	541056	Fred Peter	Being for configuration of CAASI ADSL modem & IT equipment for DCA	\$ 34,965.00
2/01/2015	209/14	541066	Fred Peter	Being for Supply of IT equipment & accessories	\$ 76,063.75
21/10/2013	110/13	401062	Fred Peter	Being for MS office 2013 Pro for CAASI office	\$ 37,900.00
21/10/2013	111/13	401074	Fred Peter	Being for IT support services for CAASI office for Jan, Feb, Mar, Aprl	\$ 40,700.00
21/10/2013	112/13	401062	Fred Peter	Being for recovery of G.Satu's laptop, replace monitor for A. Meke's laptop & security of G.Diau. Laptop plus LCD monitor laptop	\$ 23,200.00
				<b>TOTAL</b>	<b>\$ 422,852.50</b>

**Table 10 – Payments that did not follow Financial Instructions Chapter 7 Section 9 – Purchasing limits**

Date	Cheque #	PV No.	Payee	Description	Amount \$
15/12/2014	541053	192/14	Gibson's Communication	Printing & binding HIA Aerodrome emergency plan 51 copies	\$ 107,744.40
17/10/2014	541012	153/14	Airport Lighting Specialists	Airport Taxi way & runway lightings	\$ 141,713.16
6/01/2015	541059	213/14	Helicopter Support	Inspection of Lomlom airport	\$ 247,581.60
				<b>TOTAL</b>	<b>\$ 497,039.16</b>

**Table 11 – Payments that does not follow Financial Instructions Chapter 7 Section 9 – Purchasing limits**

Date	Cheque	PV No.	Payee	Description	Amount \$
13/11/2014	401192	163/14	Visual Electrics Ltd	Replacement & Instal new flood lights Domestic apron	\$ 70,200.00
28/05/2014	3/04/2998	65/14	JAMES NONONE	Assessment of Honiara Inter Airport	\$ 64,350.00
1/12/2014	541035	174/14	Reliance Enterprises	Printing & Binding Domestic Aerodrome manual CAASI	\$ 80,475.00
1/12/2014	541037	176/14	David Toramo Otto	Excavation & Installation HF coaxial cable at NATS comp	\$ 74,000.00
18/08/2014	401152	105/14	Reliance Enterprises	Printing&Binding CA rules	\$ 66,600.00
3/10/2014	401181	127/14	Reliance Enterprises	Installation of sign boards-CAASI area	\$ 44,261.25
13/08/2014	401157	103/14	SSK Landscaping	New fencing CAASI compound(NATS)	\$ 50,875.00
10/12/2014	541042	183/14	Point Cruz.Com	Website development CAASI	\$ 22,055.00
15/12/2014	541052	193/14	Kenneth Oliver	Supply & installation of aircon CAASI Office	\$ 33,405.45
29/07/2014	401147	90/14	Honiara Refrigeration	2 new aircon & service of old	\$ 23,342.10
29/07/2014	401150	95/14	Visual Electrics Ltd	Power supply, Electrical wiring & Installation	\$ 20,000.00
10/09/2014	401163	117/14	Honiara Refrigeration	Replacement of aircon	\$ 18,178.40
30/11/2014	541026	159/14	D.A Printers	50 PV books & 50 Req books	\$ 18,716.50
8/08/2013		91/13	Brian Halisanau	Reimbursement of cost incurred in Renovation to Qrt 5, Jackson Ridge	\$ 79,555.10
25/03/2013	401061	109/13	Fred Peter Rewa	being to cover payment voucher for loss of business during panel beating Nov-Dec hiring.	\$ 22,473.00
2/12/2014	541033	172/14	George Satu	Pilots & Engineers licences books CAASI	\$ 20,000.00
10/12/2014	541040	182/14	C&l Distributors	Service of aircon CAASI office & inst new	\$ 14,103.00
10/12/2014	541041	184/14	TONGS CORPORATIO	Flood lights & Bulb 400watts Domestic airport	\$ 19,800.00
17/12/2014	541055	198/14	C&l Distributors	Equipment for CAASI house	\$ 15,738.00
11/12/2014	541048	188/14	Visual Electrics Ltd	Installation of flood lights domestic runway edge	\$ 50,875.00
18/12/2014	541059	202/14	Reliance Enterprises	Printing & binding AVSEC part 140 expositionPM	\$ 94,211.25
31/12/2014	541066	209/14	Fred Peter	IT equipment & Accessories AIS	\$ 75,063.75
				<b>TOTAL</b>	<b>\$ 978,277.80</b>

**Table 12 – Brushing and Upkeep contracts awarded to Suppliers**

Cheque #	Date	PV No.	Payee	Description/Item/Memo/Details	Amount \$
401078	3/01/2014	02/14	Aggri-Grazzin Ltd	Upkeep of NATS compound - Dec 2013	\$9,250.00
401106	25/04/2014	22/14	Aggri-Grazzin Ltd	Upkeep & Maint NATS & NDB-ATU - Jan/Feb	\$18,500.00
401130		66/14	Aggri-Grazzin Ltd	Upkeep & Maint NATS Compound - March 2014	\$9,250.00
541005	14/07/2014	85/14	Aggri-Grazzin Ltd	Upkeep NATS & NDB Compound-June 2014	\$9,250.00

541025		158/14	Aggri-Grazzin Ltd	Upkeep/Maint NATS Comp-Oct 14	\$11,100.00
401105	25/04/2014	21/14	Damaring Omo	Upkeep R24 Approach Area-February 2014	\$23,125.00
401065		157/13	Damaring Omo	Upkeep of NATS side fencing-Oct 2013	\$37,000.00
401123	28/05/2014	63/14	David Oeta Jnr	Upkeep of CAASI Office Compound-April 2014	\$13,875.00
541028		161/14	David Oeta Jnr	Maint CAASI compound office - Oct 14	\$13,875.00
401053		149/13	David Oeta Jnr	Brushing & upkeepof CAASI office-Oct 2013	\$13,875.00
		120/13	David Toramo	Brushing NATS & NDB-June & July 2013.	\$18,500.00
401156	18/08/2014	102/14	David Toramo Otto	Upkeep NATS compound-July 2014	\$9,250.00
401167	15/09/2014	114/14	David Toramo Otto	Upkeep of NATS area-August 14	\$11,100.00
541006		79/14	David Toramo Otto	Upkeep of NATS compound - Apr & May 2014	\$18,500.00
541019	17/10/2014	154/14	David Toramo Otto	Brushing NATS compound & supply vasa post - Oct 2014	\$20,350.00
541036	1/12/2014	175/14	David Toramo Otto	Upkeep of NATS comp building Nov 14	\$11,100.00
541063	31/12/2014	206/14	David Toramo Otto	Upkeep NATS building comp Dec 14	\$11,100.00
401154	18/08/2014	106/14	Gibson's Communication	Upkeep CAASI compound,NATS&NDB - July 2014	\$41,625.00
401166	15/09/2014	113/14	Gibson's Communication	Upkeep of NATS compund-August 14	\$27,750.00
541018	17/10/2014	152/14	Gibson's Communication	Upkeep & brushing NATS compound-Sep 14	\$27,750.00
401124	28/05/2014	62/14	Gibson's Communication	Upkeep of CAASI office compound - January 2014	\$13,875.00
541027		160/14	Gibson's Communication	Upkeep of NATS area - Oct 14	\$27,750.00
541034	1/12/2014	173/14	Gibson's Communication	Upkeep & brushing NATS compound-Nov 14	\$27,750.00
541047	11/12/2014	189/14	Gibson's Communication	Upkeep of NATS comp pn 192-004-1139 Dec 14	\$27,750.00
401137	20/06/2014	75/14	Glen Meke	Upkeep CAASI Office Compound - May 2014	\$13,875.00
541030	1/12/2014	169/14	Glen Meke	Brushing & Upkeep of CAASI office compound-Nov 2014	\$13,785.00
401056		150/13	Glenn Meke	Upkeep and brushing of CAASI office-Nov 2013	\$13,875.00
401112	25/04/2014	23/14	Lindy Diau	Upkeep & Maint of CAASI Compound - Feb 2014	\$13,875.00
401169	15/09/2014	111/14	Lindy Diau	Upkeep CAASI office comp-August 14	\$13,875.00
401055		97/13	Lindy Diau	Brushing and upkeep of CAASI office-August 2013	\$13,875.00
401083	3/01/2014	03/14	Lydia Tahisi	Upkeep of CAASI office compound - Dec 2013	\$13,875.00
541003	14/07/2014	80/14	Lydia Tahisi	Upkeep of CAASI office compound - June 2014	\$13,875.00
541051	15/12/2014	194/14	Lydia Tahisi	Upkeep CAASI office comp-Dec 14	\$13,875.00

401128	28/05/2014	61/14	Piano Association	Upkeep of rented house-Max & Gerard - Feb,Mar&Apr	\$30,000.00
36757	6/03/2013	2/13	Reliance Enterprises	Upkeep of CAASI office-Jan 2013	\$10,000.00
36769	6/03/2013	07/13	Reliance Enterprises	Upkeep of CAASI office-Feb 2013	\$10,000.00
36780	26/03/2013	25/13	Reliance Enterprises	Upkeep of CAASI office-March 2013	\$9,250.00
		79/13	Reliance Enterprises	Upkeep of CAASI Office-June 2013	\$9,250.00
		84/13	Reliance Enterprises	Upkeep of CAASI Office-May 2013	\$9,250.00
		138/13	Reliance Enterprises	Upkeep of CAASI office-July 2013	\$9,250.00
401085	3/01/2014	14/14	SSK Landscaping	Upkeep & Maintenance CAASI Land(192-004-002) - January 2014	\$23,125.00
401115	25/04/2014	52/14	SSK Landscaping	Brushing/Cleaning CAASI land(192-004-002)Feb 2014	\$23,125.00
401115	25/04/2014	53/14	SSK Landscaping	Brushing/Cleaning CAASI land(192-004-002) Mar 2014	\$23,135.00
401136	20/06/2014	74/14	SSK Landscaping	Brushing/Cleaning CAASI land(192-004-002) Apr & May 2014	\$46,250.00
401157	18/08/2014	103/14	SSK Landscaping	New fencing CAASI compound(NATS)	\$50,875.00
401200	10/12/2014	181/14	SSK Landscaping	Construction of fence CA fuel storage	\$18,500.00
541002	14/07/2014	78/14	SSK Landscaping	Upkeep CAASI land(192-004-002) - June 2014	\$23,125.00
36778	18/03/2013	21/13	SSK Landscaping	General maitenance CAASI land at Henderson-Jan 2013	\$23,125.00
36800	1/05/2013	38/13	SSK Landscaping	General maintenace CAASI area-March 2013	\$23,125.00
		75/13	SSK Landscaping	General maitenance CAASI land Henderson-May 2013	\$23,125.00
		118/13	SSK Landscaping	Brushing and upkeep of CAASI land Henderson-June 2013	\$23,125.00
		119/13	SSK Landscaping	Brushing and upkeep CAASI land Henderson-July 2013	\$23,125.00
401071		151/13	SSK Landscaping	Brushing CAASI land (NATS) Henderson-Oct 2013	\$92,500.00
401054		98/13	Vivian Edie Matoea	Brushing and upkeep of CAASI office for September 2013	\$13,875.00
401107	25/04/2014	54/14	Vivian Matoea	Upkeep of CAASI office compound Mar 2014	\$13,875.00
401188	3/10/2014	138/14	Vivian Matoea	Upkeep brushing CAASI office - September 2014	\$13,875.00
<b>TOTAL</b>					<b>\$ 1,122,920.00</b>

**Table 13 – List of Contract payments aggregated in total amounts**

Contractor	Total Value \$	Award method	Relationship to CAASI employees	Purpose of contract
Aggri-Grazzin Ltd	\$ 62,437.50	Direct method		Brushing/upkeep of CAASI and NATS compounds
Lydia Tahisi	\$ 41,625.00	Direct method	Brian Halisanau	Brushing/upkeep of CAASI and NATS compounds
Vivian Matoea	\$ 27,750.00	Direct method	Irene Matoea	Brushing/upkeep of CAASI and NATS compounds
David Oeta Jnr	\$ 27,750.00	Direct method		Brushing/upkeep of CAASI and NATS compounds
Glen Meke	\$ 27,660.00	Direct method	Alice Meke	Brushing/upkeep of CAASI and NATS compounds
Gibson's Communication	\$ 194,250.00	Direct method	Wife	Brushing/upkeep of CAASI and NATS compounds
David Toramo Otto	\$ 155,400.00	Direct method		Brushing/upkeep of CAASI and NATS compounds
Lindy Diau	\$ 27,750.00	Direct method	Gabriella Diau	Brushing/upkeep of CAASI and NATS compounds
SSK Landscapping	\$ 208,135.00	Direct method		Brushing/upkeep of CAASI and NATS compounds
Damaring Omo	\$ 23,125.00	Direct method		Brushing/upkeep of CAASI and NATS compounds
Piano Association	\$ 30,000.00	Direct method		Brushing/upkeep of CAASI and NATS compounds
<b>TOTAL</b>	<b>\$ 825,882.50</b>			

**Table 14 – SPAS Payments and unaccounted transfer payments**

Cheque #	Date	PV No.	Payee	Description/Item/Memo/Details	Amount \$
401079	3/01/2014	01/14	South Pacific Aviation Services	Provision of Safety Oversight Services	\$ 25,962.80
	11/09/2014	118/14	South Pacific Aviation Services	Assessment & review of certificate	\$ 128,085.40
TTSP2280	21/10/2014	139/14	South Pacific Aviation Services	Rewrite AIP CAASI office-Allen Churchil	\$ 43,436.99
TT	30/11/2014	157/14	South Pacific Aviation Services	FOI review of ICAO USOAP-drafting FOPM CAASI	\$ 23,715.40
-	25/04/2014	28/14	South Pacific Aviation Services	Inspection of Manual & Exposition	\$ 49,701.17
	18/08/2014	91/14	South Pacific Aviation Services	Review & Analysis of CAASI docs	\$ 78,687.84
	21/02/2014		South Pacific Aviation Services		\$ 49,591.57
	25/06/2014		South Pacific Aviation Services		\$ 150,711.24
	19/08/2014		South Pacific Aviation Services		\$ 45,465.02
	3/11/2014		South Pacific Aviation Services		\$ 23,977.38
	12/12/2014		South Pacific Aviation Services		\$ 20,494.19
	12/12/2014		South Pacific Aviation Services		\$ 26,875.81
	16/12/2014		South Pacific Aviation Services		\$ 88,251.91
				<b>TOTAL</b>	<b>\$ 754,956.72</b>

**Table 17 – Detail of CAASI printing services**

Date	PV no.	Chq no.	Vendor	Payment details	Value (\$)	Relationship to CAASI employees
	155/13		Reliance Enterprises	Printing & binding of 4 vols SI NCA Security prog	\$ 38,818.00	
11/12/2013	156/13	401066	Aggri - Grazing Ser	Printing & binding of 4 volumes SI national Civil Aviation Security programmes	\$ 12,487.50	
3/01/2014	13/14	401084	Reliance Enterprises	Printing & Binding	\$ 37,440.00	
18/08/2014	105/14	401152	Reliance Enterprises	Printing&Binding CA rules	\$ 66,600.00	
15/09/2014	112/14	401168	Reliance Enterprises	Business cards-George, Max & Brian	\$ 46,250.00	
3/10/2014	127/14	401181	Reliance Enterprises	Installation of sign boards-CAASI area	\$ 44,261.25	
1/12/2014	174/14	541035	Reliance Enterprises	Printing & Binding Domestic Aerodrome manual CAASI	\$ 80,475.00	
18/12/2014	202/14	541059	Reliance Enterprises	Printing & binding AVSEC part 140 expositionPM	\$ 94,211.25	
15/12/2014	192/14	541053	Gibson's Communication	Printing & binding HIA Aerodrome emergency plan 51 copies	\$ 107,744.40	Wife of G. Satu
				TOTAL	\$ 528,287.40	

**Table 18 – List of unregistered contractors/suppliers engaged and total amounts paid**

Cheque	Date	PV NO.	Supplier/ Contractor	Description/Item/Memo/Details	Amount \$	Total \$
401105	25/04/2014	21/14	Damaring Omo	Upkeep R24 Approach Area	\$ 23,125.00	\$ 60,125.00
401065	11/12/2013	157/13	Damaring Omo	Upkeep of NATS side fencing-Oct 2013	\$ 37,000.00	
541028	30/11/2014	161/14	David Oeta Jnr	Maint CAASI compound office - Oct 14	\$ 13,875.00	\$ 41,625.00
401123	28/05/2014	63/14	David Oeta Jnr	Upkeep of CAASI Office	\$ 13,875.00	
401053	27/11/2013	149/13	David Oeta Jnr	Brushing & upkeepof CAASI office-Oct 2013	\$ 13,875.00	
401034	21/10/2013	120/13	David Toramo	Brushing NATS & NDB-June & July 2013.	\$ 18,500.00	\$ 173,900.00
401156	18/08/2014	102/14	David Toramo Otto	Upkeep NATS compound-July	\$ 9,250.00	
401167	15/09/2014	114/14	David Toramo Otto	Upkeep of NATS area-August 14	\$ 11,100.00	
541019	17/10/2014	154/14	David Toramo Otto	Brushing NATS compound & supply vasa post	\$ 20,350.00	
541036	1/12/2014	175/14	David Toramo Otto	Upkeep of NATS comp building Nov 14	\$ 11,100.00	
541037	1/12/2014	176/14	David Toramo Otto	Excavation & Installation HF coaxial cable at NATS comp	\$ 74,000.00	
541063	31/12/2014	206/14	David Toramo Otto	Upkeep NATS building comp Dec 14	\$ 11,100.00	
541006	9/07/2014	79/14	David Toramo Otto	Upkeep of NATS compound Apr & May 2014	\$ 18,500.00	
541030	1/12/2014	169/14	Glen Meke	Brushing & Upkeep of CAASI office comp	\$ 13,785.00	\$ 41,535.00
401137	20/06/2014	75/14	Glen Meke	Upkeep CAASI Office May 2014	\$ 13,875.00	
401056	2/12/2013	150/13	Glenn Meke	Upkeep and brushing of CAASI office-Nov 2013	\$ 13,875.00	
401131	28/05/2014	65/14	JAMES NONONE	Assessment of Honiara Inter Airport	\$ 64,350.00	\$ 64,350.00
401169	15/09/2014	111/14	Lindy Diau	Upkeep CAASI office comp-August 14	\$ 13,875.00	\$ 41,625.00
401112	25/04/2014	23/14	Lindy Diau	Upkeep & Maint @ CAASI - Feb	\$ 13,875.00	
401055	16/10/2013	97/13	Lindy Diau	Brushing & upkeep CAASI office-August 2013	\$ 13,875.00	
401083	3/01/2014	03/14	Lydia Tahisi	Upkeep of CAASI office compound	\$ 13,875.00	\$ 41,625.00
541051	15/12/2014	194/14	Lydia Tahisi	Upkeep CAASI office comp-Dec 14	\$ 13,875.00	
541003	14/07/2014	80/14	Lydia Tahisi	Upkeep of CAASI office compound	\$ 13,875.00	
401128	28/05/2014	61/14	Piano Association	Upkeep of rented house-Max & Gerarel Feb,Mar&Apr	\$ 30,000.00	\$ 30,000.00
541042	10/12/2014	183/14	Point Cruz.Com	Website development CAASI	\$ 22,055.00	\$ 22,055.00
401127	28/05/2014	64/14	R.B. CONSTRUCTION	Installation Aerodrome Security Signage	\$ 119,325.00	\$ 119,325.00
401192	13/11/2014	163/14	Visual Electrics Ltd	Replacement & Instal new flood lights Domestic apron	\$ 70,200.00	\$ 141,075.00
541048	11/12/2014	188/14	Visual Electrics Ltd	Installation of flood lights domestic runway edge	\$ 50,875.00	
401150	29/07/2014	95/14	Visual Electrics Ltd	Power supply, Electrical wiring & Installation	\$ 20,000.00	
401054	21/10/2013	98/13	Vivian Edie Matoea	Brushing & upkeep of CAASI office-Sept 2013	\$ 13,875.00	\$ 41,625.00
401188	3/10/2014	138/14	Vivian Matoea	Upkeep brushing CAASI office	\$ 13,875.00	
401107	25/04/2014	54/14	Vivian Matoea	Upkeep of CAASI office compound Mar 2014	\$ 13,875.00	
				TOTAL	\$ 818,865.00	\$ 818,865.00

Letter of Response from Management



**SOLOMON ISLANDS GOVERNMENT**  
**MINISTRY OF COMMUNICATION AND AVIATION**  
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**MEMORANDUM**

Date: 15<sup>th</sup> May 2017

Our Ref: MCA/AG/22/2017

**Mr. Peter Lokay**  
Auditor General  
Office of the Auditor General  
Honiara

**RE: MANAGEMENT RESPONSE TO CAASI AUDIT REPORT 2013/2014**

The Chairman CAASI and I as board member of CAASI and accounting officer for the Ministry of Communication and Aviation have carefully studied the audit draft report sent to us. The extent of misprocurement and non-compliance in the management of the Special Fund to the Board this is damning in a sense.

The CAASI funds has never been appropriated nor audited since inception way back in 2007.

Since two of us board members aren't around the audit report period the Director CAASI Mr. George Satu whom manages the Fund was given two weeks to respond thru us on findings.

The report was given to him 12<sup>th</sup> April 2017 and after waiting for a month a reminder was given and again Director promised to deliver his response on 11<sup>th</sup> May 2017-this again did not happen.

Chairman and I have therefore agreed enough time was given to the Director CAASI to respond and further request the Office of the Auditor General to finalise the report.

We fully agree with the recommendations in the report and the board stands to make sure important recommendations are implemented to bring order into the use of this special Fund.

Best regards



Moses Virivolomo  
Permanent Secretary

**MINISTRY OF COMMUNICATION AND AVIATION**

Cc: Chairman, CAASI