



SOLOMON ISLANDS GOVERNMENT

SPECIAL AUDIT REPORT

FESTIVAL OF PACIFIC ARTS 2012

Within the

**MINISTRY OF CULTURE & TOURISM AND PROVINCIAL
GOVERNMENT SATELITE VENUES**

National Parliament Paper No. 14 of 2017

Reported by:

**Office of the Auditor-General
P O Box G 18
Honiara**

April 2017

AUDITOR GENERAL'S FOREWORD

Mr Speaker,

SPECIAL AUDIT REPORT OF THE AUDITOR GENERAL ON THE FESTIVAL OF PACIFIC ARTS 2012

Pursuant to section 108 (4) of the Constitution, it is an honour for me Sir, to present the Special Audit Report of the Auditor General on the Festival Of Pacific Arts 2012 for laying before Parliament.



Peter Lokay
Auditor General

Office of the Auditor General

April, 2017

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EXECUTIVE OVERVIEW

Background

The Festival of Pacific Arts (FOPA) is the premier arts and cultural event in the Pacific region. It has been held every four years since the first festival in Fiji in 1972. It brings together artists and other cultural practitioners from Pacific Island countries as well as Australia and New Zealand. Each successive festival sees a remarkably increase in the number of participants from each member country and territories.

The Permanent Secretary for Culture and Tourism requested the Office of the Auditor-General to conduct a review on the appropriateness of expenditures incurred for the Festival of Pacific Arts (FOPA) 2012 held in Honiara and selected provinces for the satellite venues from 1 July 2012 to 14 July 2012. The Minister of Finance and Treasury also requested for the audit of Funds to the Festival of Pacific Arts in his letter dated 20 August 2012.

The audit commenced in September 2012 and concluded in October 2012.

I. Festival of Pacific Arts Budget and Actuals for the National event

Year	Original Budget	Revised Budget	Actual	Over/(Under) Budget
2011	\$5,000,000	\$5,000,000	\$19,292,386	(\$14,292,386)
2012	\$102,081,045	\$163,808,953	\$164,720,040	(\$911,087)
Total	\$107,081,045	\$168,808,953	\$184,012,426	(\$15,203,473)

Table 1 – FOPA budget for the National Event

Costs for the Festival were paid through the Ministry of Finance & Treasury to the Satellite venues and the Headquarters.

II. Satellite venues:

BUDGET SUPPORT TO SATELLITE VENUES

DATE	PROVINCE	AMOUNT (\$)
	WESTERN	
25 April 2012	FOPA	2,000,000
07 June 2012	FOPA	600,000
	MALAITA	
07 July 2012	FOPA	2,000,000
23 February 2012	FOPA	1,968,035
	GUADALCANAL	
04 April 2012	FOPA	2,000,000
	CENTRAL	
04 April 2012	FOPA	600,000
07 June 2012	FOPA	400,000
	TOTAL	9,568,035

Table 2 – Budget Support

A total of \$9,568,035 was incurred from the Ministry of Culture and Tourism for preparation and activities during the events staged outside from Honiara.

Audit Objectives and Scope

The Audit was conducted to determine whether the expenditure incurred for FOPA 2012 was appropriate and in accordance with proper financial management as required under the Financial Instructions 2010 and the Public Finance and Audit Act (CAP 120).

Conclusion

OAG concluded that there were weak controls over the assessment, approval, disbursement and accountability of funds disbursed prior and during the Festival of Pacific Arts. Similarly OAG noted weaknesses and poor controls of the management of public funds allocated for this National Event. Moreover, there were irregularities over Procurement and Expenditure.

OAG has therefore made a number of recommendations in this report which if implemented will help future organising committees for other Government National events in the responsible Ministries improve the weaknesses noted in the planning, management and accountability for such events.

Key Findings

The table below lists the risk ratings that have been assigned to each audit finding to help identify which audit observations should be given priority:

Risk Rating	Description
High	<ul style="list-style-type: none">• Matters which may pose a significant business or financial risk to the entity; and/or• Matters that have resulted or could potentially result in a modified or qualified audit opinion if not addressed as a matter of urgency by the entity; and/or• Moderate risk matters which have been reported to management in the past but have not been satisfactorily resolved or addressed.
Moderate	<ul style="list-style-type: none">• Matters of a systemic nature that pose a moderate business or financial year; and/or• Matters that may escalate to high risk if not addressed promptly; and/or• Low risk matters which have been reported to management in the past but have not been addressed.
Low	<ul style="list-style-type: none">• Matters that are isolated, non-systemic or procedural in nature; and/or• Matters that reflect relatively minor administrative shortcomings and require action in order to improve the entity's overall control environment.

Table 3 – Risk rating

AUDIT FINDINGS AND RECOMMENDATIONS

1 FOPA Office Honiara

EXPENDITURE AND PROCUREMENT

1.1 Non-compliance with Financial Instructions Relating to Procurement

Risk Rating – High

Financial Instructions P7 9(9.1) (2). “More than \$10,000 up to \$20,000 Accountable Officer must approve the Supplier based on three Verbal Quotations” and “(3). More than 20,000 up to \$100,000 Accountable Officer must approve the Supplier based on three Written Quotations”.

OAG noted that goods and services costing more than \$1,500,000 (45% of the selected samples) were not procured through the required procurement purchase perimeter as required under FI for written quotation. The Board approved the purchase of these goods and services based on open quotations. Moreover OAG noted that there were no mechanisms in place for payments in 2011. However, 2012 also showed some weak controls over payments within this range for procurement.

Furthermore, Financial Instructions 521 (2004) states *“the requirement for verbal or written quotations may be waived in cases where the commodity/service is only obtainable from one source or is at a fixed price. Any waiver must be approved in writing by the Accounting Officer”.*

Implications

Lack of open competitive bidding through tender increases the risk of not getting the best service at the best price and may lead to corruption and fraud.

Recommendation 1

OAG recommends that the; Ministry in future complies with Financial Instructions P7 9(2) and ensure that tender for open competitive bidding must be called and tenders evaluated by the Ministry or Committee for all purchases exceeding the written quotation threshold.

Management Response

MCT agree with the Auditor’s comments and the hereby acknowledged the findings of non-compliance and endorse the recommendation for execution of procurement for future events to be done according to the prescribed processes and procedures in the Financial Instructions and/or SIG procurement regulation for such national Events.

1.2 No Tender and Evaluation by Ministerial and Central Tender Boards

Risk Rating – High

OAG noted that 85% of 2011 procurements were not called and no evaluation were carried out by the Central Tender Board and Ministerial Tender Board as required by Financial Instruction P7 9 (9.1) *“(4) Procurement between \$100,000 and \$500,000. A tender must be called and a Ministerial Tender Board must evaluate the tender”. (5) “Procurement over \$500,000. A tender must be called and evaluated by the Central Tender Board”.*

It was confirmed by Secretary to Central Tender Board that there was no sitting for FOPA during 2011 and it was alleged by the Secretary to Ministerial Tender Board that time factor was to be blamed.

Furthermore, OAG noted that the National organising committee did not follow the procurement process or made any calls for the sittings to happen.

Date	Descriptions	Supplier	Amount
30-12-11	MATERIALS-MCT/FOPA 121/11	No available information	3,300,000
30-12-11	AUDIO-MCT/FOPA 122/11	No available information	3,200,000
30-12-11	INSTAL-MCT/FOPA 111/11	No available information	1,550,000
17-11-11	CONST-MCT PROJ /08/11	No available information	1,304,307
18-08-11	FEES-MCT/PROJ 01/11	Kitano Construction	1,200,000
30-12-11	CONTRC-MCT/FOPA 120/11	No available information	811,882
13-12-11	ACCOM.MCT/FOPA/PRO /24/11	No available information	787,500
13-12-11	ACCOM.MCT/FOPA/AFP/26/11	No available information	787,500
13-12-11	ACCOM.MCT/FOPA/AFP/26/11	No available information	630,000
30-11-11	MOBILIZATION MCT/FOPA/PRO/34/1	No available information	618,739
07-12-11	ARTS F/PREP.MCT/FOPA/PRO/43/11	No available information	613,912
21-11-11	ACCOM.MCT/FOPA/AFP/27/11	No available information	612,920
28-12-11	A/FESTIVAL-MCT/FOPA 55/11	No available information	500,000
	TOTAL		\$15,916,761

Table 4 – Examples of No Central Tender Board and no Tender or Quotes

Date	Description	Supplier	Amount
21-11-11	FOPA/PRO/28/11	No available information	476,850
21-11-11	FOPA/PRO/25/11	No available information	330,000
28-12-11	B/ROAD-MCT/FOPA 90/11	No available information	241,000
28-12-11	PLUMB-MCT/FOPA/98/11	No available information	229,187
23-12-11	ABLUTION BLOCK MCT/FOPA/PRO/89	No available information	225,973
21-12-11	AIRPORT LEAF HUT-MCT/FOPA/PROJ	Trade Transformation Construction	225,000
28-12-11	A/BLOCK-MCT/FOPA 93/11	No available information	221,759
	TOTAL	No available information	\$1,949,771

Table 5 – Examples of No Ministerial Tender Board and no Tender or Quote

Implications

The lack of a transparent and accountable process increases opportunities for fraud and corruption. Furthermore there is a risk that SIG is not getting value for money. The contractors were not able to perform their responsibilities under the Agreement and as a result other contractors were hired incurring additional cost. Lack of penalty clause in Agreements for supply of goods and services increases the risk of loss of SIG funds. Also interferences and interventions by political leaders and the FOPA National Organising Committee increases the risk of abuse and fraud.

Recommendation 2

OAG recommends that the Responsible Ministry:

- Cease using waivers; and
- Ensure future National Organising Committees are transparent in their decisions to procure with public funds.

Management Response

MCT agree with the Auditor’s comments and the Ministry hereby taken note of the recommendation made for future events to cease using waiver and adopt more proactive planning and ensure effective transparency when procuring with public funds.

1.3 Favouritism and Possible Misuse of Public Money

Risking Rating – High

The National Organising Committee had selected 8 contractors to do renovation work for the KGIV School in preparation for FOPA. OAG understands that a meeting was held at the Schools office where Isles Architect was the appointed organisation mandated to delegate and to oversee the contracted jobs.

Isles Architect allocated works to contractors, gave time frame and actually gave the amounts of the contracts if completed successfully. OAG noted that during the actual work, more than half of the contractors never completed their job yet they were given their full payments. OAG could not verify the actual verbal agreements during the meeting as there were no minutes of the meeting held at the School office. It was alleged by the Deputy Principal that no proper work had been done to the school premises.

Contractors	Task	Total Amount	Task Status
DECK Construction	Renovate class rooms from room 1-10	\$630,881	Partly done
ULAFU Construction.	Renovate the Dining Hall, Assembly Hall, Kitchen and the school clinic	\$540,588	Partly done
JM Brothers Construction	Renovate the Boys dormitory (Vouza, Carteret and Mendana)	\$596,514	Partly done
ADALA Builders	Renovate the boys dormitory (Shortland/Tasman)	\$241,200	Partly done
TRIO Construction	Renovate the boys dormitory (Cook & Bougainville)	\$390,766	Partly done
RSFB Construction	Renovate the boys dormitory (Sigston)	\$434,211	Partly done
LESLIE TARZAN	Renovate girls dormitory	\$545,703	Partly done
NUNUSA Construction	Renovate the school of marine	\$229,947	Partly done

Table 6 – Work done by contractors to KG IV renovations

Also, OAG was unable to obtain an explanation from the National Organising Committee regarding the selection process for contractors because they were busy or out of the Country.

Implications

Lack of evidence to justify the basis of determining how funds are to be disbursed, increases the risk of waste, mismanagement and fraud. Also the assessment and determination of projects by officers who do not have the necessary knowledge, experience and skill increases the risk of funding projects that may not be viable and sustainable.

Recommendation 3

OAG recommends that Responsible Ministry:

- **Ensure all contract agreements are vetted by the Attorney General and agreed with Permanent Secretary Finance before they are signed with the contractors;**
- **Reports the dealings for KG IV renovation to responsible Authorities for further investigations;**
- **Take appropriate actions against the contractors or companies that did not perform to the expected standard but still receiving public funds;**
- **Ensures projects are properly supervised by independent and qualified persons and properly prepared and certified progress reports are signed off before payments are made; and**
- **Ensures completions reports are signed off before final payments are made to contractors.**

Management Response

MCT agree with the Auditor’s comments and the Ministry acknowledged the findings from the investigation and recommendations made. The Ministry strongly support the recommendations to referring the KG IV renovations for further investigation and take actions against contractors that did not execute their projects to expected standards. MCT hereby pledge its commitment to support further formal investigation into the issues of major discrepancies raised as a result of the Auditor’s findings. Investigation should commence with the Contractors mentioned and Isles Architect in order to ascertain facts surrounding the discrepancies in order for someone to be accountable for the mandates entrusted to them in terms of National Duties and Responsibilities with Public Resources.

1.4 Lack of Documentation and Supporting Evidence

Risk Rating – High

OAG noted that no documents could be located at the Ministry or within Treasury Division for 54% of the sample selected for expenditure and procurement testing as summarised below:

TOTAL TEST SAMPLE – EXPENDITURE	\$29,725,970
No Documentations:	\$15,922,194
Percentage	54%

Table 7 – Expenditure without documentation

The Government Records Management Policy requires all Government Ministries and departments to maintain good records management by ensuring that all actions of all public servants carrying out their official duties have been recorded in an official recordkeeping system and the system to be managed so that the information can be found quickly when needed, is secured and cannot be tampered with and not be destroyed before it is no longer needed.

OAG noted that during the Festival there were changes made to Accountable officers but OAG could not verify the actual causes to this changes. It was alleged to OAG that due to poor performance changes needed to be put in place. OAG could not confirm who made these directives.

Financial Instructions 31(1) & (2) clearly states “(1) *An Accountable Office shall personally carry out such duties as will satisfactorily discharge his responsibilities under theses Financial Instructions. (2) The duties referred to in (1) above shall include, but not be limited to: (a) The regular and prompt maintenance of such books of account and other records as shall be prescribed in these Financial Instructions and in any other written instruction issued by the Permanent Secretary*”.

DATE	DESCRIPTION	Supplier	AMOUNT (\$)
30-12-11	INSTAL-MCT/FOPA 111/11	No available information	1,550,000
30-12-11	CONTRC-MCT/FOPA 120/11	No available information	811,882
13-12-11	ACCOM.MCT/FOPA/PRO/24/11	No available information	787,500
13-12-11	ACCOM.MCT/FOPA/PRO24/11	No available information	787,500
13-12-11	ACCOM.MCT/FOPA/AFP/26/11	No available information	630,000
30-11-11	MOBILIZATION MCT/FOPA/PRO/26/11	No available information	618,739
12-06-12	Purchase invoice Girls dorm_001	F.T Builders	225,310
19-04-12	Purchase invoice 4/12/11-fopa	ELA Motors	220,000
24-02-12	Purchase invoice 156	Solomon Island Terminal Services Ltd.	220,000

31-05-12	Purchase invoice Coconut trunks_001	David Kofela	220,000
18-04-12	Purchase invoice FOPA/342/12	Festival of Pacific Arts	218,875
11-04-12	Purchase invoice 0002	PRS MIDLIFE Enterprise	215,500
13-06-12	Purchase invoice 0004/12	PRS MIDLIFE Enterprise	215,500
18-02-12	Purchase invoice FOPA/87/12	Festival of Pacific Arts	205,661
21-06-12	Purchase invoice White ants treat_001	Cidies Pest Control	200,800
13-06-12	Purchase invoice Ship charter-bik_001	BIKOI Shipping Ltd	200,000
	Total		\$7,327,267

Table 8 – Examples of expenditure with no documentation

The Accountable Officers have a responsibility to retain records for their Ministries and should refrain from relying on Treasury Division to store and retain these important accounting documents.

Implications

Non-compliance with Financial Instructions and Government Records Management Policy reduces accountability and transparency for expenditure. Furthermore, the lack of supporting documentation prevents OAG from being able to form an opinion on the accuracy, completeness and validity of procurement and expenditure.

Recommendation 4

**OAG recommends that the Ministry;
Ensures that copies of all accounting documents that are sent to Treasury Division for processing is securely filed within the Ministry.**

Management Response

MCT agree with the Auditor’s comments and the Ministry acknowledged the recommendations made. Noting however, that any payment request or raised cannot be processed, printed and/or released (for actual payment) without proper compliance performances check by the Finance and Treasury Payment and Procurement Units from source documents such as hard original copies. Hence we request if possible, this section (as part of the audit) to be re-visited and reassessed to establish a fair conclusion beyond reasonable doubt based on further findings and investigations into this matters.

1.5 Original Payment Documents not Available (\$19,324,775)

Risk Rating – High

Financial Instruction Chapter 7 states “*General Payment Vouchers is SIG approved acquisition methods*”. *Getting authority to use public money to acquire goods...disbursing public money by a Payment voucher*”.

Furthermore Financial Instructions P32 states “*The Accounting Office must ensure that a suitable record or file is kept of all General Payment Vouchers issued from his Ministry or Department. Keep accounting records up to date and ensuring that no payment is made without proper authority*”.

Of the 75 sample of payments selected to audit, 62 original payment vouchers and supporting documents totalling \$19,324,775 were not available for audit. While the copies of these vouchers were located at the Ministry, OAG was not able to therefore substantiate the validity and

accuracy of the expenditure and whether they were incurred in accordance with SIG Policies and Financial Instructions. In our discussion with the Chief Accountant on 05 September 2012, he indicated that it would be very difficult for him to locate these documents because there were changes made to Accounting officers prior to his appointment.

This was a breach of Financial Instructions P7 9-13, Section 108 (3) of the Constitution, Section 36 (1) of the Public Finance and Audit Act (CAP 120) and the Government Records Management Policy. There was a significant risk that fraud, error or corruption might have occurred and could not be detected as records were not kept as required.

Implications

Without sufficient supporting documentation there is a risk of money being misappropriated. The legitimacy of expenditure is unsubstantiated as there are insufficient documents such as requisitions and payment vouchers to confirm verification, approval and authorisation by the responsible officers.

Recommendation 5

OAG recommends that the Ministry/National Organising Committee:

- **In future to comply with Government Records Management Policy and ensure all documents and records are readily available and securely filed; and**
- **Appropriate actions to be taken against responsible officers who fail to comply.**

Management Response

MCT agree with the Auditor's comments, and the Ministry acknowledged the recommendations made pertaining to the findings. However, similar to the comments on the previous section, any payments raised cannot be printed, nor released or paid without properly compliance performances, by the Finance and Treasury Payment and Procurement Unit. Hence we request if possible, this section (as part of the audit) to be re-visited and reassessed to establish a fair conclusion beyond reasonable doubt.

1.6 Commitments not recorded in the Vote Ledger

Risk Rating – High

Financial Instructions P5 89 states: *All Accounting Officers (AOs) will keep Account Code Control Cards in a way that the Permanent Secretary, Finance and Treasury (PSF) approves. All Account Code Control Cards must show: (a) total allocation in each Account Code, including Accounting Warrants plus any De-reservation Warrants, Virement Warrants, or Contingency Warrants. The references, dates and amount of each allocation will be noted on the Account Code Control Card in the appropriate spaces; (b) total of Purchase Requests or other charges that have been paid; (c) total of Purchase Requests or other charges that have not been paid; and (d) total of unused allocation after all charges to the Account Code to date*".

Also, Financial Instructions P95 requires all Accounting Officers to reconcile Vote Ledgers to the Treasury ledger printouts or reports at least once a month and, preferably every time a printout is produced.

OAG noted that the Ministry did not always record all its commitments in the Vote Leger. OAG also noted that there was no evidence to indicate that the Ministry obtained Treasury ledger printouts or reports from Ministry of Finance and Treasury and reconciled it to the Ministry Vote Ledger.

Implications

The Ministry will not be able to determine whether it has overcommitted its budget if all commitments are not recorded in the Vote Ledger. Also, non-performance of reconciliation between the Vote Ledger and the Treasury Ledger will result in the Ministry not being able to determine whether Treasury has recorded accurately and completely the Ministry's commitments and may result in over-expenditure and high possibility that SIG may lose money.

Recommendation 6

OAG recommends that the Ministry in the future:

- **Obtains monthly General Ledger reports from the Ministry of Finance and Treasury;**
- **Reconciles monthly the Ministry Vote Ledger and the General Ledger Reports from the Ministry of Finance and Treasury; and**
- **Comply with Financial Instructions and appoint competent and qualified officers to look after these important tasks.**

Management Response

MCT agree with the Auditor's comments and the Ministry acknowledged the recommendations made. The current SIG-ICT drives established is a major improvement steps in ensuring that the Ministry Financial Database is well secure and backed up from sudden breakdown of hard-drives which might cause the difficulties in maintaining the daily and monthly financial data retrieving.

1.7 Contract Amounts too Excessive and Final Decisions too Weak

Risk Rating – High

1.7.1 Poor Judgement on Estimated Contracted Job for \$52,000

Based on OAG findings an amount of \$52,000 was accepted by the National Organising Committee for the Art Gallery grounds leaf houses. It was later disputed and reduced by more than fifty percent (50%)

It was alleged to OAG that the committee did not properly assess the actual work for the contract to be carried out. The accepted amount did not reflect the entire output once the project was completed. Furthermore OAG noted that there was never a budget to follow to showcase the seriousness of the committee.

The decisions made on the selection of some of the contractors were based on nepotism and was intentionally influenced by some committee members. OAG could not substantiate if the committee was well aware of some of the decisions. Moreover OAG noted that more than eighty percent (80% (40 of 50 samples selected)) of the contracted jobs were awarded to contractors without following the SIG procurement process or were awarded the contracts without proper assessments by the evaluators on the contractors abilities to undertake the job.

Contractors	Task(Custom House)	Amount
East Malaita Local Construction	Malaita Province	\$50,000
Daniel Takua	Central Province	\$50,000
Belo Mulease	Western Province	\$50,000
Paul House	Honiara House	\$50,000
Peter Ire	Guadalcanal Province	\$47,000
Bugao Local Construction	Isabel Province	\$50,000
Osborn Titiri	Makira Province	\$50,000
Nathaniel Tanito	Choiseul Province	\$50,000
TRT Builders	Medium Size huts	\$26,500
Sikele Toata	Medium size huts	\$28,000
Joseph Lamia	Medium size huts	\$25,000
John Zozoro Finau	Medium size huts	\$25,000
Ivulu Belo	Medium size huts	\$29,000
Fakaia George	Medium size huts	\$28,000
Calvin David	Medium size huts	\$29,000
Jahao Construction	Medium size huts	\$29,000
14 Enterprise	Medium size huts	\$30,000
Maiti Kebsons	Medium size huts	\$28,700
Braddley Qebe	Medium size huts	\$26,000
Benjamin Maumau	Medium size huts	\$25,000
John Mae	Medium size huts	\$30,000
Kito builders	Medium size huts	\$25,600

Table 9 – Examples of contractors with excessive contract amounts.

The Procurement process as stipulated by the Financial Instructions 2010 had clearly outlined the required simple steps to safeguard the Public funds being used for National events such as the Festival of Pacific Arts.

1.7.2 No Business licences sighted for the Contractors

In accordance with the Company's Act Solomon Islands, a business needs to be registered to legally carry out any paid job within the country. OAG noted that sixty percent (60%) of the samples selected were without Business licenses to do the contracted work for the Festival of the Pacific Arts.

Contractor	Task	Business Licence	Amount
Sasau Construction	Semi ablution (disable) Panatina campus	Not sighted	\$41,130
Ben Riiniuma	Semi ablution (disable) Panatina campus	Not sighted	\$45,000
Thompson Tolo	Semi ablution (disable) Panatina campus	Not sighted	\$53,000
Mountain Goat	Semi ablution (disable) Panatina campus	Not sighted	\$45,000
Frank Manene	Security Leaf hut	Not sighted	\$11,500
Procraft Construction	Renovation of D/hall & 2 Class rooms Panatina	Not sighted	\$381,074
Felix Sedana	Semi ablution block(Normal)- Panatina Campus	Not sighted	\$40,000
Aaron Lipa	Recreation Leaf hut at KGVI	Not sighted	\$141,078
Anderson Mona	Small Leaf hut	Not sighted	16,000
Harry Ama	Small Leaf hut	Not sighted	15,000
Hugh Ike	Small Leaf hut	Not sighted	18,000
Michael Apolo	Small Leaf hut	Not sighted	10,000
Willie Pue	Small Leaf hut	Not sighted	16,000
Gordon Vure	Small Leaf hut	Not sighted	20,000
Elihu Laha	Small Leaf hut	Not sighted	18,000
Roy Paza	Small Leaf hut	Not sighted	18,000
Derrick Kuage	Catering Hut type 1	Not sighted	18,000
Joshua Boliki	Catering Hut type 1	Not sighted	17,500

Kitoria Lipapio	Catering Hut type 1	Not sighted	18,000
Jared Tagini	Catering Hut type 1	Not sighted	17,000
Henry Oti	Catering Hut type 1	Not sighted	18,000
Colton Gwali	Catering Hut type 1	Not sighted	18,000
Rijoh V	Catering Hut type 3	Not sighted	28,000
Harold Bata	Catering Hut type 3	Not sighted	29,000
Kiada Kuaga	Catering Hut type 3	Not sighted	28,000
Josiah Karich	Food Preparation Hut	Not sighted	30,000
Peter Anilofu	TV Tower Hut	Not sighted	35,000
AND Contractions	VIP Stand Hut	Not sighted	70,000

Table 10 – Examples of contractors whose business licences not sighted

There was no evidence to indicate that the Ministry of Culture and Tourism with the National Organising Committee had made further enquiries to determine whether these contractors were legally registered to perform the required duties.

1.7.3 No Planning or Progressive Report to show how the National Organising Committee performed

The secretary to the Ministerial Tender Board had confirmed that number of the contractors for the works were handpicked due to financial delay from the National Government. Most of the original contractors did not complete their work in the time due to poor budget allocations and interference by National Organising Committee individual member’s decisions.

OAG noted that the committee entertained lots of new contracts after actual agreements were signed with certain contractors. Furthermore, OAG noted that these new contractors were picked by certain individuals within the National Organising Committee, (refer above listing). There was a complete breakdown in contract management during that period.

OAG noted that there was never clear planning in place to give administrative officers projected daily work plans. Minutes dated 3 September 2012 mentioned a progressive report but OAG could not verify and most officers interviewed by OAG said they never saw one.

1.7.4 Kitano Construction payment of \$1.2 Million for the Auditorium

OAG noted that the payment was done on the directives of the former Permanent Secretary in a minute dated 27 June 2011. Based on the findings obtained by OAG, this was for detailed drawings that were completed by the contractor on 16 December 2010. Furthermore, OAG noted that the payment had been paid but the project was never established. And OAG noted that the account (Westpac 2000117461) had been used by FOPA to meet its running costs.

Implications

Poor accountability over disbursement increases the risk of fraud. No proper documentations leads Management to poor decision-making and may result in corruption and loss of Government funds.

Recommendation 7

OAG recommends that the Ministry:

- **To seek the minutes for the National Organising Committee decisions on the contracts, their update progressive reports and the decision and the account for the Auditorium; and**
- **Further investigate with the help of the police to substantiate if there is criminal activity involved.**

Management Response

MCT agree with the Auditor's comments and the Ministry acknowledged the recommendations made pertaining to this particular finding. The Ministry is committed to request and assist any further investigation in this project for public confidants, accountability and Transparency.

However, it is important to note the permanent auditorium project did not eventuate due to the fact that the Ministry was not able to secure the fund that was sought from the Government and other sources (a total budget of SBD\$60 million) for the project. Hence, due to this delay in securing the funds, a decision to construct a temporary (semi-permanent) building on the same site (current location of the Art Gallery Compound) was made purposely to be use for exhibition gallery during the FOPA event.

2 Bank Accounts

Funds for the FOPA (Festival of Pacific Arts) was accessed through the normal payment process with the MoFT (Ministry of Finance and Treasury) and disbursement through the MCT (Ministry of Culture and Tourism).

FOPA did maintain standing imprest bank account (refer to issue No. 2.2)

2.1 No Bank Reconciliation

Risk Rating – High

Section P5 (73.2) of Financial Instructions 2010 requires authorization officers to prepare a bank reconciliation on receipt of bank statements. The ministry maintained a bank account for SIG Art Gallery Complex Project during the period of audit.

Account Name	Account#	Bank	Balance as of 4/3/2013
SIG Art Gallery Complex Project	2000117461	Westpac	\$3,785

Table 11 – the bank account

Bank reconciliations ensure that all public revenue and expenses are accounted for and fairly reflected in the SIG annual accounts. Bank reconciliations also ensure that debits or credits to the account other than the normal depositing of moneys or drawing of cheques are brought to account immediately and any entry on the bank statement that does not appear to be a liability or accrual to Government funds shall be queried immediately with the bank concerned and be requested to reverse the entry in the Government's bank account, or the SIG accounting records amended appropriately.

Implications

Non-performance of the bank reconciliations results in improper debits or credits not detected and adjusted, hence balances of cash at bank and revenue and expenditure transactions at the end of the financial year as per the Cash Book/Ledger may not be reliable. Also, non-performance of bank reconciliations and a lack of a complete listing of active bank accounts increases the risk of misappropriation.

Recommendation 8

**OAG recommends that the Ministry;
Perform bank reconciliations immediately for this bank account and ensure they are checked and certified for accuracy by an officer other than the officer who prepared the reconciliation.**

Management Response

MCT agree with the Auditor's comments and the Ministry acknowledged the recommendation made herein. While recommendation is taken on board for future events, this particular Account is currently not in use. The Ministry will advise Ministry of Finance and Treasury through the Accountable Officer as and when to re-activate this Account for a specified project and will ensure that an independent accounts officer prepares the reconciliations.

2.2 Lack of Evidence of Preparer and Reviewer of Bank Reconciliations

Risk Rating – High

Section P5 (73.2) of Financial Instructions 2010 requires authorized officer to prepare a bank reconciliation on receipt of bank statements. OAG noted that FOPA has been performing bank reconciliation, however bank reconciliations were not signed and dated by the preparer and reviewer. There is a lack of accountability by the preparer and lack of evidence of reviewer. This check is an important internal control and needs to be performed and is evidenced by signature and date.

Account Name	Account#	Bank Institution	Balance as of 4/3/2013
FOPA Standing Imprest	4845182	ANZ	\$10,660

Table 12 – the bank account

OAG also noted that significant balances still remain for un-presented cheques in this account. Chief accountant confirmed that the closure of bank account would depend on the un-presented cheques. Furthermore, OAG noted that a bank reconciliation of January 2012 did not reconcile with the bank statement.

FI Ch. 5 (73.4) (73.5) States, “Any entry on the bank statement that does not appear to be correct must be queried with the bank immediately. If necessary, the bank should be asked to correct the entry in the SIG bank account. Whenever possible, the banks reconciliation must not be done by an officer responsible for issuing cheques or the officer responsible for preparing deposits into the account”.

Implications

The absence of this important internal control increases the risk that bank reconciliations are not conducted in a timely manner and therefore variances are detected late. And these un-presented cheques need to be cleared to provide a more accurate and reliable account of the bank balances for SIG.

Recommendation 9

OAG recommends that the Ministry:

- **Immediately ensure all bank reconciliations are signed and dated by the officers who prepared and reviewed them; and**
- **Continues their efforts to clear these unrepresented cheques and consider appropriate action for any ‘stale or old’ cheques according to the stale cheque policy.**

Management Response

MCT agree with the Auditor’s comments and the Ministry acknowledge the recommendations made herein to continue working with the Bank to ensure appropriate actions are taken with the ‘stale cheques’ and for future reconciliations, bank reconciliations are duly signed off by appropriate officers who prepared and reviewed them.

3 Fixed Assets

3.1 Lack of an Assets Register, Assets Policy and Assets Management Techniques

Risk Rating – High

Financial Instruction 4(2.1) States “The PSF in consultation with all ministries, must develop and implement an Asset Management Framework for the effective, efficient and sustainable management and safeguarding of the Government’s property, and subsequently amend and augment any asset instructions as required by the framework. The framework must include a capitalisation threshold value and policy that describes whether expenditure would be capitalised under an accrual accounting system, or recorded as recurrent expenditure”.

Furthermore it was noted that there was no assets policy that describes important administration of assets management techniques such as:

- The process for purchases and updating the assets register;
- Disposal of assets and updating the assets register;
- Different methods for the disposal of assets (auction, tender or write off);
- Assessment of the estimated useful life of assets; and
- Assets to be labelled with an asset number and as belonging to the Ministry.

Also, OAG noted that an understanding was made between KGIV School and FOPA Committee for the Assets to be transferred to the school after the Festival. The Assets including water Tank and Pumps were removed upon authorisation from the Administration Director as alleged by a contractor.

Implications

Breach of Financial Instructions 581(2) (2004) and lack of accountability for assets increase the risk of theft and loss of assets to SIG.

Recommendation 10

OAG recommends that the Ministry ensures:

- Location, cost and age of the asset to be recorded on the asset register;
- An assets policy is developed that describes the process of updating the asset register for purchases;
- All assets are marked in accordance with Financial Instruction; and
- Police to investigate unauthorised removal of Assets with the help from FOPA Committee.

Management Response

MCT agree with the Auditors comments and the Ministry acknowledged the recommendations made herein for proper Asset register for all assets procured with public funds. The Ministry agree to pursue the assets establishment for Record Management purposes and also pursue further investigation of the unauthorized removal of assets with assistance from internal MCT staff who were Committee members

4 Special Imprests

4.1 Failure to Retire Special Imprest promptly

Risk Rating – High

Financial Instructions 74. (1) (2) 2010, States “A *Special Imprest Holder is an Accountable Officer and must comply with all Financial Instructions and any other instructions or regulations. A Special Imprest holder must only use the Special Imprest for the reason given on the application. Any other use of the Special Imprest is a disciplinary offence*”.

OAG found that 100% of the FOPA imprest tested totalling \$832,890 were not retired timely. A *total of \$189,428 is still outstanding after an updated test was carried out.*

Date	Name	Imprest no.	Amount	Retirement date	Ministry	Outstanding
26-Jun-12	MCT Officer 1	15-Dec	\$136,760	15-Jul-12	FOPA/701/21	\$136,760
28-Jun-12	MCT Officer 2	16-Dec	\$52,668	30-Aug-12	FOPA/704/21	\$52,668
			\$189,428		Total	\$189,428

Table 13 – unretired imprest

Implication

This increases the risk of the misuse of funds and therefore a potential loss of SIG funds.

Recommendation 11

OAG recommends the Ministry that in the future:

- Monitors closely all imprests that are issued and due for retirement so that the necessary recovery action such as salary deductions and penalty interest rates are applied;
- Remind imprest holders that penalty interest rates can be charged in order to discourage late retirement of imprests;

- **Remind imprest holder of their responsibility to retire imprests promptly; and**
- **Take appropriation action against officers who breach this Financial Instructions.**

Management Response

MCT agree with the Auditor's comments and the Ministry acknowledged the recommendations made pertaining to continuous reminder to imprest holders of their personal responsibility for timely retirement and the penalty interest that would apply. It is noted that from then until currently, deductions have been ongoing on all imprest holders and should be completed by now.

For record purposes, the Director of FOPA at the date and period of obtaining the Imprest, his salary was paid by SIG funds and the current Director of National Achieve her salary was paid by SIG funds as well.

5 Satellite Venues

5.1 Awarding of Contracts by Provincial Local Committees Un-procedural

Risk Rating – Moderate

A sum of \$9,568,035 was approved for the preparation and the actual program for the venues in the Provinces.

Purchasing Limits	Procurement procedure
1. Up to \$10,000	<i>“Accountable Officer must approve the Sole Supplier based on previous experience. Verbal quotation or price confirmation must be obtained prior to completion of a requisition and recorded. Price confirmation for preferred supplier arrangements can be obtained from a current price list provided by the supplier”.</i>
2. More than \$10,000 up to \$20,000	<i>“Accountable Officer must approve the Supplier based on three Verbal Quotations. Price confirmation for preferred supplier arrangements can be obtained from a current price list provided by the supplier”.</i>
3. More than \$20,000 up to \$100,000	<i>“Accountable Officer must approve the Supplier based on three Written Quotations. Price confirmation for preferred supplier arrangements can be obtained from a current price list provided by the supplier”.</i>
4. More than \$100,000 up to \$500,000	<i>“Ministerial Tender Board must approve the Supplier based on competitive Tender”.</i>
5. More than \$500,000	<i>“Central Tender Board must approve the Supplier based on competitive Tender”.</i>

Table 14 – Quotes from Financial Instructions P7 9(9.1)

OAG noted that the Ministry of Finance had released the funding five months prior to the program. Furthermore, Provincial Accountants for FOPA claimed that they had to directly appoint people to work to meet the target dates set by the National Organising Committee.

In addition, OAG noted that the Provincial Government engaged contractors to do town cleaning and to provide security service for the provincial property and to do other contracted jobs for this FOPA event. However, OAG found the engagement of contracts were not procedural and were not acknowledged by the Local and the National Organising Committees.

Finally, these contracts’ appointments were made and processed by and under the discretion of the Provincial Local Committee with the advice by the FOPA Director.

5.2 No Tenders for jobs at Satellite Venues due to Lack of Planning and Poor Management

Risk Rating – High

The Provincial Accounts Officer explained that tender as required under Financial Instructions P7 9 (9.1) was not called due to time factor and the urgency of the procurement.

However, OAG noted that the Government and Ministry knew very well in advance that the Festival was going to be held as funds had been negotiated in the Ministry’s 2010 recurrent budget and there were funds incurred to bid for the right to host the festival. Solomon Islands was awarded the right to host the event in 2004 in Palau.

Tender was not called due to the Ministry responsible for this event’s poor coordination with the National Government which led to the delay in negotiating proper budget for timely release of funding.

Contractors	Tasks	Amount
Obed Onofia	Forest lake main stage, walkways & wharf, relocation of dressing huts, Auki primary school stages	\$152,006
CS Plumbers	Construction of 2 soak holes & septic tanks	\$91,000
Stanbul Kuru	Bush materials and labour cost for building round huts	\$29,955
Richard Bibimauri	Mobilisation payment for painting & erecting of 2 billboards at Festival Village	\$26,720
Gaoming Trading Ltd	Sound equipment	\$97,688
Alikata Community	Materials and labour VIP huts	\$20,286
Homestay milling	Timber supplies for various jobs at the site	\$109,992
Philip Laukini	Labour, bamboo weaving on stage & VIP huts	\$45,000
Mick Pitakesa	Security lights, fuel and operation costs	\$37,600
Ashean Trading	Supply of Goods (May – June)	\$88,000
J Fiuga	Transport Hire (April – June)	\$128,400

Table 15 – Examples of payments made without going thru tender process

Implications

Non-compliance with the Financial Instructions requirement for tender increases the risk of awarding contracts to companies that may not be able to provide quality and value for money services. Thus resulting in SIG having to pay more than it should.

Recommendation 12

OAG recommends that, in the future ensure:

- **Financial Instructions are complied with;**
- **Provincial Committees to agree with the National Organising Committee its responsibilities especially in terms of accountability and transparency; and**
- **If time factor is a problem then a National Event like FOPA needs to be centralised and properly programed for in future.**

Management Response

MCT concur with the Auditor’s comments made based on the findings and the Ministry acknowledged the recommendations made herein. The passing and enactment of the Public Finance and Management Act 2013 (effective on 1st January 2014) will provide a legal working environment and structured compliance approach to support the Ministry with its enforcement of the financial management and internal control framework for future engagement in hosting and financing large scale National events.

6 Guadalcanal Province

6.1 Access to Guadalcanal Province records is limited to unknown reasons

Risk Rating – High

OAG found that the Guadalcanal Provincial Government’s FOPA committee was chaired by Honourable and the Deputy Provincial Secretary. OAG made several request for their records but no records were provided for unknown reasons. A letter to chairlady, FOPA dated 21 March 2012 stated that a new Bank account has been facilitated by Bank South Pacific account NO. 4000405458.

Email dated 21 September 2012 from the requested Permanent Secretary for Culture and Tourism confirmed to Provincial Secretary Guadalcanal Province that he had directed all Satellite FOPAs to avail all records for Audit purposes.

Constitution s 108 (3). *“The public accounts of Solomon Islands, of all Ministries, offices, courts and authorities of the Government, of the government of Honiara city and of all provincial governments, shall be audited and reported on annually by the Auditor-General, and for that purpose the Auditor-General or any person authorised by him in that behalf shall at all times be entitled to access to all books, records, returns and other documents relating to such accounts”.*

OAG noted from the Chairperson that the records were kept at the Accountant’s residence, and OAG could not confirm its legitimacy because, the documents could be exposed to public interference. OAG could not understand why the Provincial Headquarters was not used for the safekeeping of these important documents.

OAG was unable to ascertain whether the allocated Public Money had been used in accordance with proper financial management as provided for in Financial Instructions and the Public Finance and Audit Act (CAP 120).

Implications

The legitimacy of expenditure cannot be substantiated as there was no documents to confirm the verification, approval and authorisation by authorised officers for such payments. Moreover, lack of accountability and evidence to support and justify how public funds were utilised, increases the risk for mismanagement of public funds and fraud.

Recommendation 13

OAG recommends that:

- **The Guadalcanal FOPA Committee to show accountability and transparency manner when dealing with public funds;**
- **Further investigation to take place with regards to this unprofessional behaviour,**
- **Responsible authorities such as Police and LCC to be flagged to determine any possible actions available to them; and**
- **Future organisers of such events are properly trained, advised and capacity developed on how to properly plan, manage, account and acquit the program or event.**

Management Response

MCT concurs with the Auditor’s comments and hereby acknowledged and fully support the recommendations made. Given the High Risk Rating on the matter, the MCT agrees with the recommendation to pursue further investigation into the access and execution of the funds and support legal actions by the relevant authorised agencies. The action revealed by the Guadalcanal Province Agency staff is off concern as this amounts to direct violation of the basics of Good Financial Management of public funds (*let alone, the Public Financial and Management Act 2013 principles*) and other relevant codes for good conducts such as the Penal Codes, Leadership Code Commission standards and Public Service Codes of Conduct relating to public Finance accountability.

7 Malaita Province

7.1 Budget Overspent by Unbudgeted items

Risk Rating – Moderate

The National Government committed a total budget of \$4 million for the Satellite venue in Auki. Two separate transfers sighted by OAG showed a shortfall of \$31,965. It was alleged by Malaita FOPA Team that the FOPA Director had advised the Accounts Section in FOPA HQ to put a hold on the amount of \$31,965. OAG was unable to get the reason or explanation for withholding part of the allocation for Malaita.

OAG noted that the money spent on land issues and compensations were not budgeted for. Furthermore, financial problem that the province faced during that period left the Committee with no options but to shoulder some of the provincial obligations towards this event. This forced the committee to negotiate with some contractors for part payments because of the shortfall due to the diversion of funds to meet unbudgeted items. OAG detected that some Provincial Members did took advantage of this event for their own interests.

OAG acknowledges the record keeping from the local committee and their availability.

Implications

Poor support by some Provincial Government Members increases the risk of fraud and corruption. Future National events for the province will be in doubt if similar contentious issues are not sorted out prior to the actual events.

Recommendation 14

OAG recommends that:

- **National and Provincial leaders collaborate and support such events in the future;**
- **Committee members selected for such events are encouraged to work through the duration of the program and only resign on very critical grounds; and**
- **Budgeted amounts for such events are strictly followed and pop up issues like land should be dealt with separately and the Provincial Government should fulfil its responsibilities towards such events.**

Management Response

MCT concur with the Auditor's comments and the hereby acknowledged the recommendations made in the interest for stronger collaboration and forward planning on project issues and costing. The Ministry had drawn many valuable lessons from the experience of hosting the 2012 FOPA events and will ensure that a proper budget process preparation, consultation and accountability mechanisms are addressed as priorities in the future. The requirements and established processes through the Expenditure and Budgetary Committee be strictly adhered as clearly mandated by the Public Financial and Management Act 2013 and Financial Instruction 2014.

8 Western Province

8.1 Lack of Evidence to Support and justify Payments of \$349,120

Risking Rating – Low

OAG was unable to verify payments of \$349,120 due to insufficient supporting documents. OAG also noted that one transaction totalling \$136,451 was never used during the Gizo Festival. It was paid by FOPA National Organising Committee for a 30 seater Bus. The bus was alleged to be at the Ports Authority wharf (Honiara) at the time of the audit.

OAG could not verify the payment to see if the required procurement process was applied to this valuable asset. Moreover, OAG noted that asset was to be transferred to the Provincial Government.

“The Government Records Management Policy requires all Government Ministries and departments to maintain good records management by ensuring that all actions of all public servants carrying out their official duties have been recorded in an official recordkeeping system and the system to be managed so that the information can be found quickly when needed, is secured and cannot be tampered with and not be destroyed before it is no longer needed”.

OAG acknowledges the record keeping from the local committee and their availability to support the OAG team.

Implications.

Lack of evidence to support and justify the basis of disbursement increases the risk of poor delivery and Management, thus leads to misappropriation of funds and theft of assets.

Recommendation 15

OAG recommends that:

- **The Provincial FOPA Committee to follow and take possession of the bus;**
- **To document the process the National Committee used to acquire the vehicle;**
- **Liaise with the National Committee for full original documents needed for the local Committee’s filing; and**
- **Liaise with the customs and Ports Authority to investigate where about the location of the 30 seater bus.**

Management Response

MCT agree with the Auditor’s comments and the Ministry hereby acknowledged the recommendations made. The Ministry through the Accountable officer will make a formal request to the Provincial Headquarter to surrender the asset to the Ministry for its Asset Management purposes and for later decision regarding the disposal of the asset. In the absence of the retrieval of the asset (bus), the Ministry will seek other venues with the Provincial Police Headquarter and LCC to ascertain the status of the asset or its acquisition process. This approach will be undertaken in order to set a precedent pertaining to asset acquisitions for future National events and programs.

9 Central Province

9.1 Poor Record keeping and Management over Central Province Satellite venue

Risk Rating – Moderate

Based on the record available for Audit, OAG noted that Central Islands received the least support fund for the satellite venues with a total amount of \$1,000,000. The payment was paid in two instalments: 1) \$600,000 and 2) \$400,000 respectively.

OAG noted that the committee's performance was very poor in organising themselves to deliver what was expected of them. Most of the items procure for the event was too expensive with no quality to reflect the theme of that National event.

OAG further noted that their records were not reliable to Audit. Their records indicated that sub-committee members received allowances but OAG could not verify functions or purposes of such a subcommittee. One of the Provincial Staff alleged to OAG that there was never such a subcommittee. Moreover, OAG noted that the Committee never reconciled its cash book with the bank statements.

Implications.

Poor accountability and control over disbursement of Public funds increases the risk of fraud and corruption.

Recommendation 16

OAG recommend that:

- **In future when procuring for national events value for money must be considered for quality, efficiency and effectiveness;**
- **The main committee must properly arrange and appoint sub-committees with ToR and their functions clearly defined; and**
- **The need for subcommittee must be justified.**

Management Response

MCT agree with the Auditor's comments and duly acknowledged the recommendations made herein. The Ministry had drawn very valuable lessons from the recent FOPA event and will ensure that the important mechanism committees and validity of the areas of responsibility must be determined before the formal appointment of such committee and sub-committees memberships. This shall be adopted at all levels of governance whether ministerial, provincial, or national levels.

AUDIT ACTION PLAN

Audit Rec #	Audit Finding	Detail Action that is to be / has been Taken	Responsible Officer	Target Date
Recommendation 1	<p>OAG recommends that the;</p> <ul style="list-style-type: none"> • Ministry in future complies with Financial Instructions P7 9(2) and ensure that tender for open competitive bidding must be called and tenders evaluated by the Ministry or Committee for all purchases exceeding the written quotation threshold. 	<p>The enactment of the Public Finance and Management Act 2013 as of 1st January 2014 will support the Ministry with its procurement plans and programs</p>	<p>CA, SA & AAS</p>	<p>On-going</p>
Recommendation 2	<p>OAG recommends that the Responsible Ministry:</p> <ul style="list-style-type: none"> • Cease using waivers; and • Ensure future National Organising Committees are transparent in their decisions to procure with public funds. 	<p>The enactment of the Public Finance and Management Act 2013 as of 1st January 2014 will support the Ministry with its procurement plans and programs</p>	<p>Ministerial Tender Board, CA & SA</p>	<p>On-going</p>
Recommendation 3	<p>OAG recommends that Responsible Ministry:</p> <ul style="list-style-type: none"> • Ensures all contract agreements are vetted by the Attorney General and agreed with Permanent Secretary Finance before they are signed with the contractors; • Reports the dealings for KG IV renovation to responsible Authorities for further investigations; • Takes appropriate actions against the contractors or companies that did not perform to the expected standard but still receiving public funds; • Ensures projects are properly supervised by independent and qualified persons and properly prepared and certified progress reports are signed off before payments are made; and • Ensures completions reports are signed off before final payments are made to 	<p>The Ministry is to work with the Office of the Auditor General, Attorney General to establish and King George IV school management to try and establish a court case against the contractors and Supervisor as known as Isles Architect for public trust and setting of future precedent.</p>	<p>Ministerial Tender Board, MoFT FC &</p>	<p>1st March 2017</p>

	contractors.			
Recommendation 4	OAG recommends that the Ministry: <ul style="list-style-type: none"> Ensures that copies of all accounting documents that are sent to Treasury Division for processing is securely filed within the Ministry. 	The Ministry through its Account Section will try and retrieve the FOPA accounts file from several store location and re-check for the missing copies	CA, SA & AAO	1st March 2017
Recommendation 5	OAG recommends that the Ministry or National Organising Committee: <ul style="list-style-type: none"> In future to comply with Government Records Management Policy and ensure all documents and records are readily available and securely filed; and Appropriate actions to be taken against responsible officers who fail to comply. 	The Ministry through its Accounts and Admin Sections will ensure that there is enough space available in the office for filing storage to avoid misplacement of files and folders of duplicate payment source documents	HRM, CA, SA & AAO	1st March 2017
Recommendation 6	OAG recommends that the Ministry in the future: <ul style="list-style-type: none"> Obtains monthly General Ledger reports from the Ministry of Finance and Treasury; Reconciles monthly the Ministry Vote Ledger and the General Ledger Reports from the Ministry of Finance and Treasury; and Comply with Financial Instructions and appoint competent and qualified officers to look after these important tasks. 	The enactment of the Public Finance and Management Act 2013 as of 1st January 2014 will support the Ministry with its procurement plans and programs executions	CA, SA & AAO	28th February 2017
Recommendation 7	OAG recommends that the Ministry: <ul style="list-style-type: none"> To seek the minutes for the National Organising Committee decisions on the contracts, their update progressive reports and the decision and the account for the Auditorium; and Further investigate with the help of the police to substantiate if there is criminal activity involved. 	The Ministry is willing to assist with any further investigation regarding the ART Gallery project for public confidants, accountability and Transparency. However, to be brief, the project was not started due to the factor that the Ministry was in the process of seeking		

		financial sought from within the Government local source and possible Funding urgency with the budget of SBD\$60 million. However, because of delay of availability of funds the same area (location-Art Gallery Compound) was then re-allocate to build the temporary semi-building purposely for use of the FOPA Art Gallery display avenue.		
Recommendation 8	OAG recommends that the Ministry: <ul style="list-style-type: none"> • Perform bank reconciliations immediately for this bank account and ensure they are checked and certified for accuracy by an officer other than the officer who prepared the reconciliation. 	The Ministry through its Accountant will liaise with Ministry Finance and Treasury current Financial Controller to establish a review as he was the Chief Accountant for FOPA at the time of funds execution.	Chief Accountant	1st February 2017
Recommendation 9	OAG recommends that the Ministry: <ul style="list-style-type: none"> • Immediately ensure all bank reconciliations are signed and dated by the officers who prepared and reviewed them; and • Continues their efforts to clear these unrepresented cheques and consider appropriate action for any 'stale or old' cheques according to the stale cheque policy. 	The Ministry through its Accountant will liaise with Ministry Finance and Treasury current Financial Controller to establish a review as he was the Chief Accountant for FOPA at the time of funds execution.	Chief Accountant	1st February 2017

Recommendation 10	<p>OAG recommends that the Ministry ensures:</p> <ul style="list-style-type: none"> • Location, cost and age of the asset to be recorded on the asset register; • An assets policy is developed that describes the process of updating the asset register for purchases; • All assets are marked in accordance with Financial Instruction; and • Police to investigate unauthorised removal of Assets with the help from FOPA Committee. 	<p>The Ministry will request for Asset Management Audit of the FOPA procured assets and call for further action taken by Police if required</p>	<p>PS/MCT Accounts</p>	<p>1st February 2017</p>
Recommendation 11	<p>OAG recommends the Ministry that in the future:</p> <ul style="list-style-type: none"> • Monitors closely all imprests that are issued and due for retirement so that the necessary recovery action such as salary deductions and penalty interest rates are applied; • Remind imprest holders that penalty interest rates can be charged in order to discourage late retirement of imprests; • Remind imprest holder of their responsibility to retire imprests promptly; and • Take appropriation action against officers who breach this Financial Instructions. 	<p>The Ministry will liaise with Imprest Section/Finance and Treasury to ensure that deduction of the concerned imprest amounts are updated and completed.</p>	<p>Chief Accountant</p>	<p>30th January 2017</p>
Recommendation 12	<p>OAG recommends that, in the future ensure:</p> <ul style="list-style-type: none"> • Financial Instructions are complied with. • Provincial Committees to agree with the National Organising Committee its responsibilities especially in terms of accountability and transparency; and • If time factor is a problem then a National Event like FOPA needs to be centralised and properly programed for in future. 	<p>The enactment of the PF&M Act 2013 as effective in 1st January 2014 will further strengthening the capacity of the Ministry in its future procurement and Financial Management execution of its mandated functions and programs</p>	<p>MCT Accountants</p>	<p>2017 and beyond</p>

Recommendation 13	<p>OAG recommends that:</p> <ul style="list-style-type: none"> • The Guadalcanal FOPA Committee to show accountability and transparency manner when dealing with public funds; • Further investigation to take place with regards to this unprofessional behaviour, • Responsible authorities such as Police and LCC to be flagged to determine any possible actions available to them; and • Future organisers of such events are properly trained, advised and capacity developed on how to properly plan, manage, account and acquit the program or event. 	<p>The Ministry is to work with the Leadership Code Commission, Audit and Guadalcanal Provincial Office to investigation the findings</p>	<p>PS, US & CA</p>	<p>1st March 2017</p>
Recommendation 14	<p>OAG recommends that:</p> <ul style="list-style-type: none"> • National and Provincial leaders collaborate and support such events in the future; • Committee members selected for such events are encouraged to work through the duration of the program and only resign on very critical grounds; and • Budgeted amounts for such events are strictly followed and pop up issues like land should be dealt with separately and the Provincial Government should fulfil its responsibilities towards such events. 	<p>The ministry has learnt a lot from the recent FOPA events and we will ensure that our recent established Expenditure and Budgetary Committee as mandated by the Public Financial and Management Act 2013 and Financial Instruction 2014 will observe a proper budget process preparation consultation.</p>	<p>PS, US & CA</p>	<p>On-going</p>

Recommendation 15	<p>OAG recommends that:</p> <ul style="list-style-type: none"> • The Provincial FOPA Committee to follow and take possession of the bus; • To document the process the National Committee used to acquire the vehicle; and • Liaise with the National Committee for full original documents needed for the local Committee's filing. 	<p>The Ministry through the Accountable officer will make a formal request to the Provincial Headquarter to surrender the asset to the Ministry for its Asset Management purposes and for later decision to make.</p> <p>In the absence of the seizing of the asset (bus), the Ministry will seek other venues with the Provincial Police Headquarter and LCC in order to set a precedent for future National events programs.</p>	<p>PS, US & CA</p>	<p>1st March 2017 and beyond</p>
Recommendation 16	<p>OAG recommends that:</p> <ul style="list-style-type: none"> • In future when procuring for national events value for money must be considered for quality, efficiency and effectiveness; • The main committee must properly arrange and appoint sub-committees with ToR and their functions clearly defined; and • The need for subcommittee must be justified. 	<p>The Ministry has learn a lot from the recent FOPA event and we will ensure that the important mechanism of the working committees responsible should be in place before the formal appointment of working committee and sub-committees memberships whether be in the ministerial level, provincial level or national level.</p>	<p>PS & US</p>	<p>On-going</p>

APPENDIX – FOPA Organising Committees

FOPA National Organising Committee:

Name	Position	Contact: Phone	Contact: Email
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Chairpersons and Chief Accountants of the Satellite Venues

Satellite	Chairperson	Chief Accountant/Chairman Finance	Contact Address
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Auki (Malaita Province)	Harold Leka	Patteson Waitari/John Talu	40211 / 7679045
Tulagi (Central Province)	Henry Zimbo	Pricilla Teava	32212 / 7441590 / 32100
Gizo (Western Province)	Hon. Chris Mesapitu	Albert Binoa	60250 / 7599492
Doma (Guadalcanal Province)	John Nano	John Steward	20041 / 7498444 / 7486899