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# STANDING COMMITTEE ON PUBLIC ACCOUNTS

## Review of the Housing Authority Special Investigation on the Allotment of Lots and Tender Processes



PARLIAMENT OF THE REPUBLIC OF FIJI  
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## CHAIRPERSON'S FOREWORD



This PAC Committee report fall in with the report on Special Investigation on Housing Authority (HA) which was carried out by the office of the Auditor General in July 2020. The investigation centered on matters related to the illegal allocation of lots and abuse of the tender process which resulted in the controversial and inappropriate owning of lots by both some individual and employees of the Housing Authority.

The case came to light after members of the public raised concerns in an uproar manner with the then Minister of Housing namely the Honourable Premila Kumar who initiated a special investigation through the Board of HA with the Office of the Auditor General who is empowered to do such audit under Section 6 (1) (d) of the Audit Act 1969. Hon. Kumar and Board Chair Lorainne must be commended for their effort to try an improve the operation at HA.

As expected from the committee under the provisions of Standing Order 109, a thorough review on the OAG investigation result document was carried out by the team and have noted the following findings.

- Corporate governance, transparency and accountability was extremely weak bordering on being pathetic at Housing Authority.
- Absence of conflict-of-interest policy, lack of proper verification, poor record-keeping, abuse of powers and corruption.
- Not all tender documentation were provided for the development of lots from 2010 to the date of this report. Critical records such as tender documents which were not provided during the investigation is a serious issue, especially when the Tender Policy was approved in 2005 which was used to process the tenders. The Authority should make every effort to locate these records for independent examination and verifications.
- Cases of suspected fraud and collusion where staff and their relatives benefitted from the breakdown in the Authority's processes should be referred to relevant authorities, since the Office of the Auditor General audit did not focus on non-compliance with the law. These law enforcement agencies will also be able to access information on financial transactions which are held by other institutions.
- The Office of the Auditor General was unable to interview a former key staff member of the Authority and was also unable to receive responses for the interview questions provided to another key staff member, who were both accountable for overseeing the selection of applicants, and for lot allocation.
- Documentation relating to submissions for Ministerial approval regarding customers earning over \$50,000 could not be provided by the Housing Authority. In addition, documentation, and Ministerial approval for lot allocation for customers earning over \$50,000 also could not be made available by the Ministry of Housing and Community Development, for submissions made in 2015

and 2016. This restricted the OAG from determining if the appropriate processes were in place and were followed for approval of customers earning over \$50,000 per annum.

- Files for twelve (12) customers, including six (6) files for Tacirua subdivision and four (4) files for Matavolivoli subdivision were not provided to the OAG for review.

The Committee acknowledges the remarkable effort and corporation by the current Board and Executive Management of the Housing Authority in providing clarifications on issues relating to the case raised with them. Currently they had resolved or implemented over 75% of the recommendations and target to complete all by end of the year 2024.


The Committee's ultimate objective is to see that the key outcome of the investigation is a system overhaul that ensures full proof administrative and operational process and practical governance policy that eliminate gaps that might bring to existence any violation that stimulate corrupt practices at the Housing Authority.

Furthermore, the Committee unanimously agree that those implicated in the investigation should be taken to task as an act of employing strong deterrence and sending correct disciplinary signals to members of the public and employees of the Housing Authority Fiji. Currently there are over 60 cases with FICAC with 1 being taken to court and would like to see that FICAC facilitate the cases through.

Finally, I wish to extend my appreciation to all the honourable Members of the committee for their contribution and participation in putting this bi-partisan report together. The task was an enormous one as apart from reviewing the Auditors General's report the Committee conducted separate interviews, study relevant documents and general discussions seeking to understand the case much better.

My sincere appreciation goes to the then Minister of Housing Hon. Premila Kumar, HA Board Chair Ms. Lorraine Seeto, and the current Executives of HA for being brave enough to be consulted by the committee to share the experiences they faced in relation to the production and finalization of the report. It's unfortunate that we could not get Hon. Praveen Bala to be interviewed who was one of the Minister responsible for Housing during the review period, which he advised that he was not aware of the request despite the email sent to him by the secretariat and also being advised by phone by one of the Committee members.

Appreciation is also extended to our Committee members Hon. Sakiusa Tubuna, Hon. Jovesa Vocea, Hon. Alvick Maharaj, and Hon. Naisa Tuinaceva. I also acknowledge our alternate members namely Hon. Hem Chand and Hon. Taito Rokomatu for standing in when required.



**Hon. Esrom Y. Immanuel**  
Chairperson

**COMMITTEE MEMBERS**



**Hon. Esrom Y. Immanuel**  
(Chairperson, Assistant Minister for Finance)



**Hon. Sakiusa Tubuna**  
(Deputy Chairperson, Assistant Minister for the Office of the Prime Minister)



**Hon. Jovesa Vocea**  
(Assistant Minister for Rural and Maritime Development and Meteorological Services)



**Hon. Alvick Maharaj**  
(Opposition MP)



**Hon. Naisa Tuinaceva**  
(Opposition MP)

# INTRODUCTION

The Special Investigation report was submitted to Parliament by the Auditor General in 2020 and tabled in Parliament on 27<sup>th</sup> March 2023 after the change in Government and referred to the Standing Committee on Public Accounts ('PAC'), for its scrutiny. The report is on:

## 1. Housing Authority Special Investigation on Allotment of Lots and Tender Process

Standing Order 109 (2) (d) allows Standing Committee on Public Accounts to examine the accounts of the Government of the Republic of Fiji in respect of each financial year and reports of the Auditor-General, and for any other matter relating to the expenditures of the Government of the Republic of Fiji or any related body or activity (whether directly or indirectly) that the committee sees fit to review.

Standing Order 110(1)(c) authorizes the Standing Committee to *scrutinize the government departments with responsibility within the committee's subject area, including by investigating, inquiring into, and making recommendations relating to any aspect of such a department's administration, legislation or proposed legislative program, budget, rationalization, restructuring, functioning, organization, structure, and policy formulation.*

### Committee Procedure

In view of the above, Standing Order 112 (1) (b) provides powers to the Standing Committee on Public Accounts to compel the production of documents or other materials or information as required for its proceedings and deliberations. On 11 October 2023, the Committee invited Housing Authority Executive Management to present its responses to the issues found in the Special Investigation Report on the Allotment of Lots and Tender Processes. On 25 October 2023, the Committee visited the Housing Subdivisions in the Western division including the Tavakubu and Matavolivoli Housing Subdivisions and few proposed Housing Subdivision sites in Saru/Wairabetia in Lautoka and Waqadra in Nadi to gauge the progress of housing developments that are currently taking place. The Committee also invited the former Minister, Hon. Premila Kumar and former Board Chair of Housing Authority, Ms. Lorainne Seeto to share what transpired and why and how the investigation was initiated. Unfortunately, the Committee was unable to interview other former Board Members and Executive Management of Housing Authority due to the difficulties in locating them whilst some had passed away.

It's unfortunate that we could not interview Hon. Praveen Bala, who was one of the former Minister responsible for Housing during the review period. He claimed to have not received the invitation from the Parliament secretariat that sent an email on Monday 19<sup>th</sup> August 2024 and later was called by telephone by Hon. Alvick Maharaj to appear before the Committee on last week Thursday August 29 2024. Due to shortage of time, we could not be able to summon him to appear before the committee.

### Background

The Committee noted in the audit report that the Chairperson of the Board of Housing Authority of Fiji requested (after consultation with the Minister responsible for Housing, Hon Premila Kumar) that the

Auditor-General conduct a Special Purpose Audit (Special Investigation) on lots of allotment and awarding of tenders in various subdivisions, for the period January 2010 to September 2020. This is after what the then incumbent Minister responsible for Housing, Hon Premila Kumar saw and noticed and heard on the ground. There was a lot of outcries on the allotment of lots and award of tenders, there were a lot of lot applicants who were still waiting for over a number of years while newcomers managed to get their lots are the most frequent outcry subject. This request was formalised to the Office of the Auditor General by the Housing Authority Board Chairman through a Terms of Reference on 15 July 2020.

This Committee report contains the result of the Special Investigation with respect to the “**allotment of lots**” and “**award of tenders**” and the responses from Housing Authority.

The investigation that was carried out by the Office of the Auditor General is in accordance with section 6 (1) (d) of the Audit Act 1969. This section empowers the Auditor-General to conduct special investigations into the financial mismanagement of any state entity. Section 6 (3) (a) of the Act also states that the Auditor-General may conduct audits and special investigations in such a manner as he or she considers appropriate. These engagements must be conducted in a competent manner, considering the nature of any relevant internal control systems, and the Auditor-General’s assessment of its effectiveness.

The Housing Authority (“Authority”) was established by the Housing Act of 1955. The Authority has a mandate under section 15 (1) of the Act to:

- i. acquire land or buildings or any estate or interest therein and to develop the same as a building estate by the erection, construction, alteration, maintenance and improvement of dwelling-house and gardens, recreation parks and other works and buildings for or for the convenience of persons occupying such dwelling houses.
- ii. subdivide and develop a land acquired by or vested in it.
- iii. acquire dwelling-houses suitable for the purpose of this Act.
- iv. let or lease any land or building vested in it, to be used for the purpose of any factory, warehouse, shop, workshop, school, place of recreation which would, in the opinion of the authority, be to the convenience or benefit of persons occupying houses provided by the Authority.
- v. construct on any land vested in it, any building for letting or leasing for any of the purposes specified in sub-paragraph (i) and to retain for its own use any part of such building.
- vi. sell or exchange any land or buildings vested in it.
- vii. by way of loan, guarantee or otherwise, to assist a worker to purchase a dwelling- house, or discharge a debt secured on a dwelling-house, or erect, or effect substantial alteration, improvement or extension to, a dwelling-house, upon such terms and conditions as the Authority may deem fit.

In Section 16 (1) of the Act further states that “in selling or leasing houses or providing loans or other facilities to assist workers to purchase, lease, build or otherwise obtain houses, the object of the Authority shall not be to make profit but to enable workers and their families to obtain accommodation suitable to their needs at the minimum cost without the Authority incurring a loss.

Therefore, the objective of the Authority is to develop affordable fully serviced lots and home loan packages to low-income earners. With the initial vision to provide affordable housing to low-income earners in urban centres who were unable to secure themselves a permanent residence, the Authority then expanded its services to include mortgage financing for middle to high income earners.

The Authority is governed by a Board whose members are appointed by the Minister. There are four Departments, each headed by a General Manager, which were established to ensure that the following functions of the Authority are carried out according to the Act:

- Finance and Administration
- Land and Housing Development
- Customer Relations
- Lending

The Authority’s Land and Housing Development Department (LHD) identifies potential land for development which is proposed to the Board for acquisition. Upon approval of the Board, land is acquired for development of lots. The development of lots is contracted out to successful bidder.

The Customer Relations Department of the Authority is responsible for the development of customer selection and lot allotment policies and criteria.

Over the period from January 2010 to date (September 2020), the Authority has developed 1,451 lots in Tacirua, Wainibuku and Matavolivoli subdivisions in total. In addition, the Authority has continued with the development of lots in Nepani, Tavakubu, Davuilevu, Veikoba, Covata, Tualevu and Waqadra.

The table below details the lots that were developed and sold in the completed subdivisions, during the period under review:

**Table 1.1 Lots developed and sold between January 2010- September 2020**

Sub-division	Lots developed	Lots sold	Lots available for sale
<b>Tacirua East 2</b>	78 6	76 0	26
<b>Wainibuku</b>	26 3	24 6	17
<b>Matavolivoli</b>	40 2	36 5	37

**Table 1.2 Development and expected lot yield**

Sub- division	Expected Lot yield	Status
<b>Nepani</b>	181	Work in progress
<b>Davuilevu</b>	573	Work in Progress
<b>Tavakubu</b>	428	Work in progress
<b>Veikoba</b>	643	Work in progress
<b>Covata</b>	108	Work in progress
<b>Tualevu</b>	106	Work in Progress
<b>Waqadra</b>	263	Work in Progress

## Objective of the Special Audit

The objectives of the investigation that was carried out by the Office of the Auditor General were as follows:

- Review applications for all recipients of lots from 01 January 2010 until the commencement of the audit against the respective lot allotment policies. This was to ensure applicants met the criteria,



necessary checks were done to ensure their eligibility, outcomes were properly recorded, and applications were approved according to the respective policies.

- Carry out independent verification of information concerning income and first home ownership provided by all recipients of lots from 01 January 2010 until the commencement of the audit. This was to be facilitated by Fiji Revenue and Customs Service (FRCS), Fiji National Provident Fund (FNPF), Titles Office and other similar institutions, to assess the accuracy of applications.
- Review of any lots allotted to current or former Authority staff, and their families from 01 January 2010 up to the commencement investigation. To assess the transparency of such transactions and the appropriate declarations of conflict of interests, by relevant staff including the board.
- Review the records of current owners of lots allotted from 01 January 2010 until commencement of Investigation. To ensure that any transfer of ownership from the original lot recipient is duly endorsed by the Authority and any other relevant institutions such as the i'Taukei Land Trust Board (i'TLTB) and the Fiji Revenue and Customs Service (FRCS). To collect and report data on all changes in ownership during the period mentioned above.
- Review and ensure that lots allotted to applicants having an annual household income exceeding fifty thousand dollars (\$50,000) are duly approved by the Board and the Minister, where applicable, in line with the Housing Act 1955.
- Review the tender process followed by the Authority in awarding contracts for all development projects tendered from 2010 to the commencement of date of the investigation and ensure that the Tender guidelines including the Board approvals are followed in awarding of tenders.
- Any other reviews or inquiries that may be necessary to support or confirm the execution and findings of activities listed above, or those that may be formally advised by the Chairperson of the Board of Directors of the Authority, during the time of the investigation.
- The initiative by the Board through the Minister responsible for Housing for an independent special investigation into the lot allotment processes and approval of tenders for development of subdivisions is a very bold step and is commendable. Such proactive measures are the first step in good governance, openness, accountability, and transparency.

### **Investigation Limitations**

The OAG faced some limitations whilst carrying out its investigations that includes:

- Inability to interview a former key staff member of HA, and inability to receive responses for interview questions provided to another key staff member, both were key players on selection of applicants and allocation of lots.
- Missing documents & files
  - On HA submissions for ministerial approval for customers earning over \$50k for 2015 and 2016
  - In relation, the ministerial approval could not be made available by the Ministry of Housing and Community Development.
  - File for 12 customers, 6 files for Tacirua subdivision and four files for Matavolivoli were not provided,
  - Not all Tender documentations were provided for development of Lots from 2010 to 2020.

- Slowness of the Office of the Registrar of Titles and FRCS to confirm 1<sup>st</sup> home ownership, transfer, and income declaration of customers,
- HA and Ministry of Housing especially stalling the investigation report to be finalised,

## **Summary of Key Findings**

The Committee reviewed the following audit findings and in support of all the audit recommendations to address these findings.

1. Applications were assessed against the respective lot allotment policy to ensure applicants met the criteria, ensure their eligibility, outcomes were properly recorded, and approved as per the respective policies.

- (i) Several policies approved by the Board, were in place for lot allotment however it was noted that some of policies were not aligned to the primary functions of the Authority or were not in the best interests of its customers. These include the policies for the development of high-end lots, and lots for customers whose income exceeded \$50,000 per annum.
- (ii) The initial Demand Survey Form (DSF) designed to gauge the demand for housing, was not properly administered and was used as an application form for lots without proper approval from the Board. As a result, applicants were not required to sign, date, or make declarations in the form thereby increasing the risk of fraud as information in the form was selectively applied to allocate lots. Revisions were made to the DSF in 2011
- (iii) A Microsoft Excel Database was used to record data from all the completed DSF received. However, there was no documentary evidence to determine how customers were selected for lot allotment from this database. There were flaws in the Stock Management System (SMS) which was used for selecting customers for lot allocation in the Matavolivi and Tacirua 1A subdivisions and the form is not subject to independent review. Hence no assurance was provided for its accuracy and functionality.
- (iv) The accuracy of the income disclosed by the customers who were self-employed could not be reliably determined due to potential conflict of interest in declaring their income.
- (v) Customer files revealed that offer letters were signed by either the former Manager Sales, the former Manager Marketing, or the former General Manager Customer Relations and Auditors could not establish if this responsibility were appropriately delegated to these officers.
- (vi) segregation of duties was not implemented in the lot allotment process. As a result, the Customer Relations Department carried out all the key processes for selecting the customers, processing the allotment of these lots, and signing-off the offer letters.
- (vii) The formula used for calculation of customers' eligibility was similar to that for loan applications, where higher eligibility can be achieved through equity contribution. Low-income earners, who ought to be the target market of the Authority, are unlikely to have accumulated savings and sufficient FNPf eligibility to contribute towards equity, hence would generally have a lower eligibility for lots.

2. Check on independent verification of income and first home ownership provided by all recipients of lots from 01 January 2010 until the commencement of the audit. This is to be facilitated by Fiji Revenue and Customs Service (FRCS), Fiji National Provident Fund (FNPF), Titles Office and other similar institutions as appropriate to assess the accuracy of applications.

(i) The Authority's procedure for income verification was only limited to the submission of customers' pay slips signed by employers.

- Review of customer files indicated that the Authority did not carry out independent verifications of customers' income, when processing the allotment of lots.
- . In addition, income declarations were not obtained from customers by the Authority.

(ii) The criterion for disclosing 'household' income was not enforced by the Authority. This created opportunity for applicants to circumvent the allotment criteria, by not disclosing their household income.

(iii) There were indications that the Authority was giving preference for lots to customers who were financing the purchase of lots and construction of homes from the Authority.

(iv) There was no evidence to indicate that the approved criterion for lot development, was applied by the Authority to develop lots. This would have ensured development of more lots for customers earning less than \$50,000. We were also unable to compare the original scheme plans with the final plan of the lots developed, as original scheme plans were not provided for our review, despite our request for these with several follow-ups.

(v) The Office of the Auditor General were unable to determine the validity of the Authority's claim that only three Expressions of Interest were received for sale of lots in the Tacirua IB Subdivision. The process applied to award these lots to the successful tenderers also could not be substantiated, as relevant documentations were not provided for review. We noted from interviews that the subsequent sale of the 78 remaining lots in the subdivision, was done through 'walk-in' customers who enquired and expressed their interest.

(vi) The Office of the Auditor General noted three cases where more than one lot was sold to the same customer in the Tacirua IB Subdivision.

(vii) The Board approved the 'High End Lot Allocation Policy' in July 2015 to accommodate the sale in the Tacirua 3A Subdivision. The basic criteria of an income threshold of \$50,000 was removed. Majority of the lots in the subdivision were valued at \$70,000 or more.

(viii) There were cases where customers who had already owned properties were allotted lots. It is evident that the Authority did not perform detailed checks of property ownership of these customers prior to allotting them lots.

(ix) Review of customer files indicated that there were customers who were assisted by their immediate family members. However, there was no evidence to indicate that the Authority performed due diligence on customer's household income.

3. Review of lots allocated to current or former employees of the Authority and their immediate family members from 1st January 2010 to the date of the audit and review such transactions to assess the transparency and appropriate declaration of conflict of interests by the relevant staff member and the Board.

(i) A few current and former employees of the Authority were allocated lots in the Tacirua and Wainibuku subdivisions. We also noted a case where an immediate family member of an employee was allocated a lot.

(ii) There were cases of staff communicating to those responsible for selection and allotment of lots for reservation of lots, when the scheme was being developed. There was no evidence that the established selection criteria for awarding lots to staff was complied with.

(iii) Staff did not declare their interest in respect of being employees of the Authority. Staff who were involved in the processing of these lot allotments also did not declare their interest; and

(iv) The files of staff who were allocated lots, did not contain evidence to indicate that their allotment process was carried out in a transparent manner.

4. Review the current owners of lots allotted from 01 January 2010 till the commencement of the investigation and ensure that transfer of ownership from the original lot recipient is duly endorsed by the Authority and other relevant institution such as the iTaukei Land Trust Board (iTTLTB) and the Fiji Revenue and Customs Service (FRCS).

(i) Confirmation of property ownership to confirm first home ownership with the Office of the Registrar of Titles office was very slow. Some confirmations received were contradictory, as results did not show any property ownership for customers in the Wainibuku subdivision although they were issued a title by the Authority.

(ii) The Authority was also not able to assist us in obtaining confirmation from or facilitating verification with the Fiji National Provident Fund; and

(iii) The Authority cannot control the sale of property at the Tacirua Subdivision. This is mainly due to land ownership being with the iTTLTB. However, for the Wainibuku Subdivision, the Authority has a sublease, and was able to include a clause in the lease agreement in relation to the sale of property. According to the offer letter between the Authority and the customer, there is no restriction on the sale of the lot by the original recipient. There are only conditions stipulated in the event that a sale is made.

5. Review and ensure that lots allotted to applicants with an annual household income exceeding fifty thousand dollars (\$50,000) were duly approved by the Board and the Minister, where applicable and in line with the Housing Act 1955.

(i) The Office of the Auditor General noted that 65 customers were allocated lots in the various subdivisions despite having an annual income exceeding \$50,000. We were unable to sight letter of approval from the Ministry of Housing and Community Development for 29 of the 65 customers.

(ii) Customers in the database whose income was less than \$50,000 at the time of filling in demand survey forms but exceeded \$50,000 at the time of allotment were given due consideration. However, there was no evidence that a systematic and transparent approach was followed to select customers whose income exceeded \$50,000.

(iii) The Authority did not maintain any proper record of customers whose applications were sent to the Ministry of Housing and Community Development for approval.

(iv)The Ministry of Housing and Community Development was unable to provide documentation for Ministerial approval for the years 2015 and 2016. We were also not provided with the supporting documents for Ministerial approvals which were submitted by the Authority.

(v)Documents pertaining to Ministerial approvals in 2017 from the Ministry, indicated that the Authority was seeking the Minister's approval for loans to purchase land /lots. These did not clearly state that Ministerial approvals were for lot allotments.

(vi)It was established from the Ministry of Housing and Community Development records that was made available for review for 2017 showed that that the initial pay slips provided by customers were not submitted with the applications to the Ministry. This would have been useful as evidence that the customer was earning below \$50,000 at the time of the initial application. There was no evidence to indicate that the Ministry performed the necessary due diligence to confirm the initial pay of the customers during the approval process.

#### 6. Review the tender process followed by the Authority in awarding contracts for all development projects tendered from 2010 to the date of the investigation. This was to ensure that the tender guidelines including the Board approvals were followed in the awarding of tenders.

(i)The Authority used a tender policy which was developed in 2005 for the award of tenders for development of its subdivisions. The policy has not been revised since.

(ii)The documentation for tender for the Tavakubu, Koroinasalusalu and Davuilevu subdivisions were provided for our review. We noted that there was no conflict-of-interest declaration signed by one of the former board directors and the Chairman of the Tender Committee, for the Tavakubu subdivision. Other members also did not declare any conflict of interest. In addition, two members of the Committee did not sign the recommendation of the committee, while one member was not authorized for inclusion in the committee.

(iii)Tender documents for the development of the Tacirua, Wainibuku, Matavolivoli, Veikoba and Nepani subdivisions could not be provided by the Authority for our review.

#### 7. Any other reviews/inquiries that may be necessary to support or confirm the execution and /or findings of activities listed above or those that may be formally advised by the Chairperson of the Board of Directors of the Authority during the time of the investigation.

(i)The Housing Act 1955 which was selectively updated till 2019 might be outdated.

(ii)A Conflict-of-Interest Policy covering staff and members of the board is not in place.

(iii)Although a high-risk area, internal audits were not carried out on processes pertaining to customer selection for lot allotments. Instead, the Authority de-established its internal audit function and hired a chartered accounting firm to carry out internal audits, as it was deemed to be cheaper.

(iv)Standard Operating Procedures were not developed to guide the Customer Relations Department in executing their roles in the selection and allotment process; and

(v)Several cases of suspected fraud and possible collusion between staff and customers have been highlighted.

## Committee Findings and Recommendations

The Committee reviewed the investigation report, carried out a round of consultations and agreed to the following recommendations:

1. **The Committee endorses all the audit recommendations, and further recommends the full implementation of the same by end of December 2024. We saw that the current Board and Management are forthcoming and acknowledged the weaknesses that existed and had completed the implementation of over 75% of the recommendation during our consultations. Their written reply can be seen in Appendix 1.**
2. **HA needs to keep on chasing FICAC on the Cases with them for prosecution and to frequently report this to the Ministry of Housing and in its future Annual report as well as the Audit reports on progress. The Committee noted that there are over 60 cases that had been referred to FICAC (refer Appendix 2) with 1 to be charged.**
3. **The Committee recommends that a follow-up audit be carried out in June 2025 by the Office of the Auditor General and to also follow up on the missing documents. We need to see that all the audit recommendations are fully implemented and there is no issue going forward because Land and House are the immediate needs of the people and are important.**
4. **The Committee recommends that an internal audit team be established and report directly to the Board with a clear terms of reference.**
5. **The Committee recommends a full review on Housing Authority's policies and procedures to reflect the vision, mission, values, and the guiding principles of the organization and ensure that the Authority is more transparent in dealing with all customers and interested stakeholders.**
6. **HA to investigate strengthening the resource owners/ landlord involvement in real estate business so that they reap maximum benefit from the utilization of their resources as well.**
7. **Since HA is an important organization which deals with Public Finance and Assets, like FNPF, the Ministry responsible should ensure that Board Members meet the fit and proper guidelines like what is practiced at FNPF.**
8. **Staff Contract for HA especially key staff should have applicable clauses that covers Conflict of interest, fraud or fraud intent, disclosures, and other values that will safeguard HA.**
9. **HA Should have a secured computerised IT system to cover its operation as well as a Centralised Filing system to file all documents & files including correspondences.**
10. **HA should have MOUS with Office of the Registrar of Titles and FRCS to assist them in checks on 1<sup>st</sup> homeowner ownership, transfer and income declaration of customers or applicants.**

## CONCLUSION

The Committee noted in the report the absences of relevant policies and guidelines to assist the Board Members and Staff of Housing Authority undertake their primary functions. Also noted that there are records such as critical records such as tender documents which were not provided during the investigation is a serious issue, especially when the Tender Policy approved in 2005 was used to process the tenders. The Authority should make every effort to locate these records for independent examination.

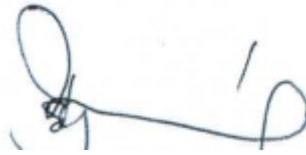
Also highlighted some cases of suspected fraud and collusion and where staff and their relatives benefitted from the breakdown in the Authority's processes should be referred to relevant authorities, since the OAG audit did not focus on non-compliance with law. These agencies will also be able to access information on financial transactions which are held by other institutions.

The Board should also consider preparing a plan of action for implementation of the recommendations made in this report which should be tracked for completion. This will ensure that the findings of this investigation have been addressed and necessary improvements made for the future.

Given that Staff, Board Members and relatives needed a Housing Authority lots, however it does not take away the fact that relevant Government legislations, policies and systems should be followed for transparency and accountability purposes.

Overall, the Committee supported the OAG recommendation that the investigation report should be referred to the relevant law enforcement agencies for further examination, so that in future other statutory authorities and state-owned entities such as Housing Authority learn from this experience.

We, the undersigned Members of the Standing Committee on Public Accounts agree with the contents of this report:



.....  
**Hon. Esrom Y. Immanuel**

**(Chairperson)**



.....  
**Hon. Sakiusa Tubuna**

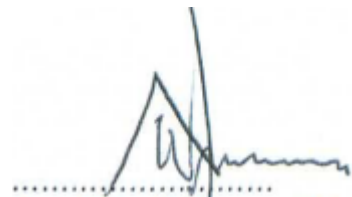
**(Deputy Chairperson)**



.....  
**Hon. Jovesa Vocea**

**(Member)**

.....  
**Hon. Alvick Maharaj**  
**(Member)**



.....  
**Hon. Naisa Tuinaceva**

**(Member)**



# **APPENDICES**

## **Appendix 1: Significant Issues and Responses from Housing Authority**

The Committee identified the following significant issues and requested Housing Authority to provide written responses, as listed below:

### ***Demand Survey Form***

*1. Auditor – General has questioned the appropriateness of the application process which also highlights the use of Demand Survey Form (whose initial purpose was to gauge the demand of the housing) but were used subsequently to register potential customers using the Demand Survey Form. The report also highlighted that General Public were not advised that Demand forms were the application forms as such not every interested potential customer would have filled in the DSF.*

*Can the Authority explain why Demand Survey Form was used to register the potential customers instead of using an application form which would have been fair to all?*

### **HA Response**

1. The Authority agrees that the demand survey forms was not to be used as an application form. In the past years, the Authority had used the information received through the demand survey to allocate lots. The information was captured into the Stock Management System (SMS).

The Authority from year 2019 had stopped the use of demand survey form and updating of record in the SMS system was stopped in July 2020.

*2. What improvements has the Authority made or what is the current practice the Authority is using for applications for lot allocation?*

### **HA Response**

2. The Authority through its New Lot Allocation Policy that was approved by the Board on 23 February 2022 has now introduced application forms that the potential customers' need to fill and submit to be eligible for lot allocation. Expression of Interest (EOI) will be advertised after the practical completion of a subdivision, inviting members of the public to submit their application forms for that subdivision. The Authority to digitalise and bring about greater transparency to the process has developed an online Customer Portal, whereby applicants can submit their applications online. The Customer Portal was developed by a third-party vendor (Datec Fiji PTE Ltd). The applicants submitting their application will be provided with a unique number as confirmation of the successful submission of the application. The applicant will also have access to view the status of his/her application. The Authority will also assist applicants who may not have access to computers and internet by setting up kiosk at all branches and staff will be available to assist those applicants.

The application received will be screened for compliance with the lot allocation criteria as advertised in the EOI. The main criteria are:

- i. First time homeowner.
- ii. Fiji Citizen only.
- iii. Combined household gross income must be \$50,000 or below per annum.
- iv. Ability to buy and build.
- v. Applicant should be above 18 years of age.

The application form is currently in use through which the Authority is allocating lots. Refer to:

- Appendix 1 for Lot Allocation Policy; and
- Appendix 2 – Lot Allocation Application form

### ***Customer selection Method***

*1. The Auditor-General's report has highlighted several issues regarding the selection method which includes lack of transparency and documentation in the selection of applicants for lot allocation. The report also highlights the use of Stock Management System (SMS) which had flaws.*

*Can the Authority update the Committee on the current process and how has the Authority ensured transparency and fairness in the selection method?*

### **HA Response**

1. The Lot Allocation Policy provides guideline on how the lots is to be allocated. Once the expression of interest is advertised, potential customers can submit their application. The application received will be initially screened for compliance to the lot allocation criteria. The applications will then be provided to Selection Committee appointed by the CEO. The Selection Committee (Chaired by one of the General Managers) will review and classify the applicants as:
  - If the applicants fulfil all the criteria for lot allocation, they will be classified as qualified applicant; and
  - If they do not meet the criteria, they will be classified as disqualified applicant.
2. Opportunity will be provided to disqualified applicant to appeal the Authority's decision.
3. If the disqualified applicant can validate and his/her appeal is accepted. The applicant will be re-classified as qualified applicant.
4. The Authority will advertise names of all qualified applicants in the print media as well HA social media platforms for general public to object any of the qualified applicants. Consent will be required from all applicants as part of the initial lot allocation application form.
5. The Authority will review all objections and make recommendations to the CEO.
6. The appeal and objection process will ensure transparency and fairness for all applicants and will provide the Authority with adequate assurance that the applicants are complying with all the lot allocation criteria.
7. All qualified applicant's names will be placed in a barrel for draw. (The Authority is currently seeking to procure a digital option for barrel draw).
8. The applicants name that will be picked through the barrel draw will be provided with provisional offer letter and to provide latest documents for due diligence check. Different barrels will be designed for applicants matching their eligibility and affordability.
9. Final Due Diligence is done by the Risk & Compliance team before the CEO sign-off on the final offer letter for lot allocation.

10. Reserve list is also maintained should any selected applicants declines the provisional/final offer letter or fails the due diligence.

The process of lot allocation as outlined in the lot allocation policy provides adequate segregation of duties, not only one department or staff is involved. There are different committees (*Selection and Objection Committees will be chaired by one of the General Managers and staff from different departments will be members to the committee*) and internal controls to safeguard the integrity of the process.

The process of appeal and objection provides the transparency in which we involve the public to object and provide information that the Authority may not be aware of. Finally, the allocation of lot is done through the barrel draw, eliminating any subjectivity or biasness in allocating the lots.

### ***Eligibility Checks***

*1. The Auditor-General's report has highlighted that the Authority failed in performing necessary due diligence checks on eligibility for applicants who were sole proprietors.*

*Can the Authority advise the Committee what is the current practice now for checking eligibility for sole proprietors?*

### **HA Response**

1. The Authority now through its Memorandum of Understanding (MOU) with Fiji Revenue and Customs Services (FRCS) independently verifies income for applicants. In terms of Sole Proprietor latest notice of assessment is required for lot application.

### ***Approval of the Applications***

*1. The Auditor General's report highlights that there was lack of segregation of duties within the Authority for processing and approving of the applicants.*

*Can the Authority update the Committee what improvements has been made to ensure that there is segregation of duties in the key processes relating to the approval of the applicants?*

### **HA Response**

1. The process of lot allocation as outlined in the lot allocation policy provides adequate segregation of duties, not only one department or staff is involved. There are different committees and internal controls to safeguard the process. The final sign-off on the lot offer letter is done by the CEO after due-diligence check by the Risk & Compliance team.

### ***Eligibility of the Applicants***

*1. The Auditor-General's report has highlighted that eligibility which is based on the ability to pay by the customer is an important factor in allotment of lots. The low-income earners will have lower eligibility and therefore would have missed out despite meeting all other requirements. This approach is not consistent with the aim of the Authority to provide homes to low-income earners.*

*Can the Authority advise the Committee how has the eligibility criteria justified the selection of the applicants in line with aim of providing homes to low-income earners.*

### **HA Response**

1. One of the criteria to be allocated a lot is ability to buy and build. The Authority assesses the applicant's current financial situation with the Government assistance in form of Housing Assistance Grant and any

cross-subsidy from high-end lots that is made available to form his/her eligibility. The reason for this criterion is to ensure that applicant, when allocated a lot is able to pay for the lot and build a decent house within the required timeframe as per the lease conditions. The Authority does not want the applicant to resell their lots since they are not able to get finance to construct a house.

The Authority will match the applicant's eligibility against the lot price and the provisional construction value before they are placed in the respective barrel to be drawn.

**Verification of Customer Details**

*1. The Auditor-General's report found anomalies in verification of customer details and more specifically on the household income where the single applicant was not required to provide declaration for the household income.*

*What improvements has been made by the Authority to strengthen the verification of customer details.*

**HA Response**

1. The Authority has introduced a standard Statutory Declaration Form that needs to be filled by all the applicants.
2. Independent income verification is done through the Risk & Compliance team with FRCS.
3. Written confirmation from employer advising the annual salary for the applicant and stamped pay slips is required.
4. Spouse income will also be verified irrespective if they are not an applicant for the lot allocation.
5. Refer to Appendix 3 for HA Standard Statutory Declaration Form.

**Phase 3 Sales Preparation**

*1. The Auditor-General's report found out through an email correspondence dated 30/7/14 that lots should be given only to those who seek funding from Housing Authority.*

*Can the Authority advise why was this approach undertaken and what is the current practice?*

**HA Response**

1. Our policy states that lot allocation is based on the allocation criteria. Financing the lot is based on the customer's preference. The Authority currently offers the best home loan package in the market for our target customers as follows:

<b>Home Package</b>	<b>Loan</b>	<b>Fixed Interest for 5 Years</b>	<b>Variable Interest</b>
Below \$30,000		3.50%	6.25%
\$30,000-\$50,000		3.95%	6.25%

**Tacirua Subdivision – Tacirua 1B**

*1. The Auditor-General's office has highlighted in its report that customers were awarded lots also on walk in basis as only few were sold through EOI.*

*Can the Authority explain why the Authority did not adopt a transparent approach in the sale of Tacirua 1B lots?*

**HA Response**

1. As per the former Manager Sales response to the Office of the Auditor General Team, he had stated that few lots were sold through the EOI due to less interest received. As such, customers who were enquiring

and had visited the HA office were considered for lot allocation. There was a total of 81 high-end lots available for sale as part of Tacirua 1B in 2013 (having selling price of \$70,000 and above). These lots were to subsidize the low-end lots, the cross subsidy helped customers in owning a lot for as low as \$18,000 and average price of \$25,000 to \$30,000 in the phase Tacirua 1A. As per the new allocation process, all lots are sold through the EOI.

*2. The Auditor General also noted that the requirement for the first home ownership was waived by the Authority for Tacirua 1B sales, however, the Auditor-General could not sight documentary evidence of the waiver.*

Can the Authority provide to the Committee the waiver of the First Home Ownership requirement?

**HA Response**

2. The Authority advises that there was no waiver noted for First Time Home Ownership, only exception for high-end lots was the waiver on the income requirement. However, allocation to applicants earning above \$50,000 annually was subject to Ministerial approval.

*3. The Auditor-General’s report highlights that there were cases where more than 1 lot was sold to some customers.*

Can the Authority advise the Committee why was this done and was this in compliance with any policy?

**HA Response**

3. The Authority notes that the approval to allocate the lots were done internally and approval was through the then CEO. The reasons noted for selling more than 1 lot to same individual were due to:

- Lots defects; (Slope, Terrain, and Sewer line)
- Markup was also reduced to sell these lots.

**Tacirua Subdivision – Tacirua 3A**

*1. The Auditor-General’s report has highlighted that only 7 lots in the Tacirua 3A subdivision was below \$70,000 and therefore the rest were classified as High end lots with the different requirement and notably no income threshold.*

Can the Authority explain to the Committee why was there only 7 lots under \$70,000 and high number of lots made available for high income earners?

**HA Response**

1. The Tacirua subdivision had 4 phases:

**Table:  
illustrating  
the lots  
developed for  
Tacirua**

1A	452	8	<b>460</b>	98%
1B	0	81	<b>81</b>	0%
2A	21	22	<b>43</b>	49%
3A	48	133	<b>181</b>	27%
<b>Total Lots</b>	<b>521</b>	<b>244</b>	<b>765</b>	68%

***Lots Yet to be sold.***

Phase 2	284	13	<b>297</b>	96%
<b>Total</b>	<b>805</b>	<b>257</b>	<b>1062</b>	<b>76%</b>

**Developed in Tacirua**

*2. It is noted that only 26 or 10% of the lots developed in Wainibuku were indeed for the low-income earners. It is quite evident from the table that the Authority developed more lots for high income bracket customers than what it was expected to produce under the general criteria.*

*Can the Authority explain why was more lots not produced for low-income earners in this subdivision?*

**HA Response**

1. Our focus is on low-income earners, and we will continue to use the above as a guidance. Subdivisions are schemed based on financial modelling and business case considering the increase in land & development cost and in the absence of government capital grant. To tackle these challenges larger lots are produced to cross subsidize the smaller lots making it more affordable for the low to middle income earners.

In addition, there were 17 lots set aside for Strata flats that would have housed 176 families for low to middle income earners. This has been assigned to International Finance Corporation (IFC).

**Table:  
Illustrating the  
lots developed for  
Wainibuku  
Subdivision**

Residential High End	A – 1000+	0	0%
Residential High End	B – 600 – 999	56	23%
Residential Low End	C – 400 - 599	135	55%
Residential Low End	D – <400	53	22%
<b>Total</b>		<b>244</b>	<b>100%</b>

## **HA Response**

2. The use of Stock Management System had ceased from July 2020 through a Board resolution. The Authority through its new lot allocation policy had included a barrel draw for lot allocation, the barrel concept is similar to the one used by Fiji Election Office. However, the Authority as part of its Digital agenda is currently in process of considering option of a systematic barrel draw that is certified and authorized for use from a reputable vendor.

### ***Independent Verification of Information and Declaration provided by Applicant.***

*1. The Auditor-General's report has highlighted that the Authority has not obtained any confirmations or performed any independent verification of the household income at the time of processing of lots and relied on the pay slip provided at the time of registration. This does not address the risk of applicant's household income moving above \$50,000.*

*What is the Authority's current practice now?*

## **HA Response**

1. The Authority has a Memorandum of Understanding (MOU) with FRCS and prior to issue of offer letters, independent checks are done with FRCS for income confirmation. The checks are done through Risk & Compliance department, which is independent of the lot allocation process. In addition to the income check, the HA standard statutory declaration requires applicants to declare any additional source of income.

*2. The Auditor-Generals report has highlighted that there were sole proprietors who were submitting their own pay slip.*

*However, the Authority did not verify the accuracy of their income on the pay slip. What improvements has the Authority made on this process.*

## **HA Response**

2. The Authority now requires Sole Proprietors to submit their latest Notice of Assessment from FRCS before lot is allocated. Income verification is also done through FRCS to confirm the income declared.

### ***Allocation of lots to current and former staff, board members, and their immediate family members***

*1. There were several current and former staff of the Authority who were allocated lots in the different subdivisions. However, the Auditor-General found that their selection was not properly documented to show whether they were appropriately selected. In addition, there were staff involved in the allotment process being allotted lots.*

*Can the Authority advise the Committee what measures has been undertaken by the Authority to ensure that the issues highlighted by the Auditor-General is not repeated or what disciplinary actions has been taken for those responsible?*

## **HA Response**

1. The new lot allocation policy does not restrict staff from applying for lot allocation. However, the process currently is that they will be considered as a normal customer. Any deviation from policy or special



consideration will require Board endorsement. If a staff has applied or his/her close family member has applied, the staff will be required to declare his/her conflict of interest.

The files for the staff that were allocated lots, are with Fiji Independent Commission Against Corruption (FICAC) for assessment and further investigation. 20 current and former staff files are with FICAC.

### ***Transfer of Ownership***

*1. Can the Authority provide to the Committee a report of all the transfer of ownership in the past 10 years and the total sum that has been recovered in relation to the subsidy the Government has provided to the first owners.*

### **HA Response**

1. Government Housing Assistance Grant was not recovered previously as it was not the requirement, however from 01 August 2023, Grant provided by the Government for first time home ownership, will be recovered as below as per the First Home Ownership Initiative Policy:

*“Recipients who decide to sell their property within 5 years of receiving grant assistance will need to refund the total Government grant amount provided to the applicant in accordance with the Banks recovery process of the loan principal amount”.*

### ***Applicants having annual household income over \$50,000.***

1. The Auditor-General’s report have found out that there was no systematic and transparent method of selecting customers for lot allotment whose income has exceeded \$50,000 at the time of processing of lot allocation and submitting the same to the Ministry of Housing for approval.

Can the Authority advise the Committee what is the current practice for allotting lots to applicants whose income has exceeded \$50,000 since the time of their registration.

### **HA Response**

1. The customer’s income details are required at the time of registering their interest to acquire a lot, however allocation of lot depends on the time of allocation. If the income has exceeded the \$50,000 threshold at the time of allocation, Ministerial approval will be required subject to that lot being a high-end lot.

*2. The Auditor-General’s report has found that the Authority continued to send the applications whose income has exceeded \$50,000 for Ministerial consideration and approval despite Board’s decision on 27/7/17 not to re-register the applicants whose income has surpassed \$50,000.*

*Can the Authority explain why were the applicants selected and sent to the Ministry of Housing for approval and under what policy or legislations does Housing Authority applied in those cases given the Housing Authority’s Board decision or under whose instruction to bypass the Board’s decision?*

### **HA Response**

2. The Authority notes the above issue. The use of Stock Management System had ceased from July 2020; therefore, no updates are done to the Stock Management System. In addition, the current practice is that for all lot allocation where income has exceeded the \$50,000 threshold, Ministerial approval is sought through a request letter signed by the Board Chairperson.

### ***Tenders***

*1. The Auditor-General's report revealed that the Tender policy has not been revised since 2005.*

*Can the Authority advise the Committee what is the status of the Tender policy now?*

**HA Response**

1. The Authority has got a new Procurement Policy that was approved by the Board on 23 February 2022. The policy is formulated to the best practices and procedures. The policy is aligned to the Fiji Procurement Office Guidelines and to International Standards, that is, the Asian Development Bank procurement procedures and guidelines. Peer review of the policy was requested through Fiji Procurement Office and comments were included in the policy before it was approved by the Board.

*2. The Auditor-General has highlighted that there was no evidence to show that the tender Committee has declared Conflict of Interest.*

**HA Response**

2. Conflict of Interest declaration form has been implemented, whereby all the members of the tender evaluation committee have to declare any conflict before the actual evaluation takes place. The Conflict of Interest are filed with the Tender Evaluation Report and supporting documents is maintained by Housing Authority (HA) Corporate Governance team for audit trail purposes.

*3. The Auditor-General has highlighted several issues relating to internal controls for Tender evaluation.*

*Can the Authority advise the Committee if improvements have been made to the Tender evaluation process?*

**HA Response**

3. The new procurement policy provides clear guideline on how tender will be evaluated. The process is very transparent is based on the 5-core procurement principle.

- Value for money
- Encouraging Competition
- Efficient and Effective Procurement
- Transparency and Accountability
- Fairness, Integrity, Independence, and Professionalism

Following the opening of any tender, tender evaluation committee is appointed by the CEO considering the nature of the tender. The committee members represent staff from different departments and chaired by a General Manager. Following the tender evaluation, report is submitted to the Head of Risk & CEO for endorsement and to the Board for approval through the subcommittee. The use of Tender-Link (Online Tender Submission) is the preferred mode of tender submission that the Authority is currently accepting.

**Governance**

*1. The Auditor-General's report have found that Conflict of Interest policy was lacking in the Authority.*

*Can the Authority advise the Committee whether the Authority now has Conflict of Interest policy in place?*

**HA Response**

1. Conflict of Interest declaration form was introduced in late 2019. This is now an annual exercise whereby staff are required to declare any potential or perceived conflict. In addition, staff are advised to declare any conflict of interest during the year as and when required.

The conflict-of-interest declaration is supported through the HA code of conduct and Anti-Corruption Policy.

2. *The Auditor-General's report states that there was no Internal Audit on customer selection and lot allocation in the past 10 years.*

*Why didn't the Authority considered such an audit for obtaining assurance on the system and processes of lot allocation?*

#### **HA Response**

2. External Audits were undertaken through the Office of Auditor General and there were number of internal audits done as illustrated by the table below undertaken by KPMG.

The audit for Customer Relation in Year 2017 had reviewed the Lot allocation as per scope noted in the audit report. *"Test and check the evaluation and selection process in place to determine which customers meet the criteria for lots which are available for sale"*.

Furthermore, there was another audit conducted by KPMG in year 2018 for lots allocated to staff in the Wainibuku Subdivision.

In addition, there was ongoing lot allocation policy reviews done from Year 2017 setting the guideline on how lots will be allocated. This ongoing process improvement can be seen in the lots that were allocated in the Matavolivoli subdivision from Year 2018.

**Table: Illustrating the Audit Conducted.**

1	Land & housing development (strategic, design, planning, monitoring, and evaluation)	Project Management	May-17
2	Land & housing development – costing model, financial planning, monitoring, and management	Project Management	Jun-17
3	Post implementation review - completed land & housing developments	Project Management	Jun-20
4	Customer relations	Marketing, sales, and customer service	Jul-17
5	Financial management	Financial Management	May-17
6	Strategic planning and management	Strategic management	Sep-18
7	Contractor documentation and management	Contract management	May-19
8	Lending (loan assessment, approval, risk rating, credit reviews,)	Lending	Sep-18
9	Portfolio monitoring and loan recoverability	Lending	Sep-18
10	Liquidity/Treasury management	Treasury management	Mar-21
11	Fixed assets and infrastructure management	Fixed assets	May-19
12	Budgetary controls	Finance	Mar-21
13	Information Technology	IT	Dec-19

14	Branch operations (Site visit – one location)	Operations	Jan-20
15	HR process	Human resources	Dec-18

**Total**

*Can the Authority advise the Committee if the process has changed and if there is any committee set up to oversee the customer selection and lot allocation process?*

**HA Response**

3. The Authority through its new lot allocation policy has ensured adequate segregation. There are separate Selection Committee Chaired by a General Manager making recommendation to the CEO on applicants, we have an objection committee to review all objection received from the public and Risk & Compliance department to conduct final due diligence on successful applicants after the barrel draw. Customer Relation Department now only facilitates the process.

*4. The Auditor-General’s report also found out that there was lack of Standard Operating Procedures for governing the Customer selection and lot allocation in the Authority.*

*Did the Authority, subsequently to this report, developed a SOP for governance of lot allocation?*

**HA Response**

4. The new lot allocation policy was implemented following the board approval on 23 February 2022. The new policy has addressed the weakness identified through the Auditor General’s Special Investigation on Allotment of Lots and Tender Processes report. The draft policy was also reviewed by the Ministry of Housing before board approval was sought.

*5. The Auditor-General’s report has highlighted several suspected cases for Authority’s own internal investigation and action. Can the Authority advise the Committee on the status of these cases.*

*Have internal investigations by the Authority completed for these suspected cases?*

**HA Response**

5. Suspected cases has been provided to FICAC for further investigation. The investigation is currently in progress and the Authority is providing the required assistance to FICAC.

**Investigation Limitations**

*1. Provide an update on 2.4 (i - vi) with evidence?*

**HA Response**

**Part 2.4 of the OAG report**

i. The OAG team was directly liaising with former General Manager Customer Relations and the former Manager Marketing had declined the invitation to attend the interview the OAG team. Refer to Appendix 4 for decline email from Manager Marketing.

- ii. The Authority notes that the file records were not available, however the records available was provided to the OAG team for review. In the current process, Authority has ensured that all Ministerial approvals are filed properly in the respective files.
- iii. 2 files for Tacirua was with FICAC team, and other files were not located at the time of investigation.
- iv. Submission were made to the Registrar of Titles office on the name search and FRCS for income confirmation. The responses were not received in time when the investigation was concluded. In addition, the title search result had issues, whereby customers who were already allocated lots had search result as nil record. This was a major challenge in confirming the first-time home ownership status.
- v. The team were not able to locate the tender documents at the time of investigation.

***Recommendations***

1. Has the Housing Authority implemented the audit recommendations listed (i-x) on pages 32, 36, 38,41, 44 and 49 and provide evidence for proof of implementations?

<b>HA Response No.</b>	<b>Recommendation</b>	<b>Status</b>
1	A transparent customer selection policy should be developed and approved by the Board. The policy should be reviewed periodically based on need to incorporate changes required from changes in the business operations of the Authority.	New Lot Allocation Policy was developed and approved by Board on 23/02/22
2	Executive Management should take a lead role in ensuring that policies and procedures are implemented.	New Lot Allocation Policy was developed and approved by Board on 23/02/22
3	The Internal Audit function in the Authority should be strengthened to provide the Board the required assurance on the operation of its critical and high-risk functions	Revised organization structure was approved in year 2022 based on, with 4 current staff.
4	The Authority needs to be more transparent in dealing with its customers especially with those customers who do not meet the approved eligibility. Unsuccessful applicants should be advised of the outcome of their applications or EOIs.	New Lot allocation policy addresses this
5	The Authority should seriously consider appointing an independent Committee for selection of customers and oversee the allotment process. This will instill transparency in the selection and allotment process.	New Lot allocation policy addresses this
6	The Authority should revisit its current selection and allotment process especially in the due diligence process.	New Lot allocation policy addresses this

- |    |  |  |
|----|--|--|
| 7  | The public should be advised of different types of lots, its selection process and eligibility criteria in detail to avoid confusion. Executive Management needs to review its public relations policy and make changes according to the changes that has happened in the operations of the Authority over years                   | New Lot allocation policy addresses this and awareness will be held to educate customers.  |
| 8  | There is a serious need to address housing issues. The Authority's Board and Executive Management should work together with its stakeholder to find solutions for the applicants who do not qualify to own a lot and build a house   | Noted. The Authority has its 5-year land & housing development plan that will ensure mixed development to cater for our target market. |
| 9  | The Authority should re-look at the concept of High End Lots subsidizing low end lots and establish the need for this since Government is providing grants for first homeowners as well subsidizing the development of lots. The Authority should align its functions in accordance with the requirements of the Housing Act 1955. | Noted.   |
| 10 | The Authority should hold its current and former staffs accountable for lack of transparency in trail in customer selection and refer cases to relevant authorities were considered appropriate.   | Suspected cases are provided to FICAC  |
| 11 | The Authority should implement procedures to obtain independent confirmations from Fiji Revenue Customs Service to verify the Household income of the applicant before processing of the lot allocation. In addition to this the Authority should also obtain statutory declaration for household income.                          | Part of the lot allocation policy and currently implemented and practiced  |
| 12 | The Authority should be vigilant for cases where the applicant is a sole proprietor and apply skepticism to ensure correct income is declared.   | Noted  |
| 13 | The Authority should ensure that staff lot allocation is carried out in a transparent manner and there is no exception or special treatment to staff.  | Addressed in the lot allocation policy   |
| 14 | The staff performing allotment for the staff should declare their interest.  | Already part of the process for lot allocation.  |

- 15 The Authority should carry out periodic survey of the properties on housing developments to ensure that property is occupied by the recipient. Considering the objectives of the authority, approval to lease to tenants should only be granted in exceptional circumstances. Inspections are done if any request for consent is received. In addition, Wainibuku subdivision survey was undertaken in November 2020.
- 16 The Authority should seriously consider stringent measures to ensure that transfer of properties is done in exceptional cases to avoid recipients obtaining lots at subsidized price and selling at market price. The Authority has revised its penalty on the sale of vacant lots. The current penalty is 20% or \$5,000.00 of the selling price whichever is higher for residential lots from 10% or \$3,000 of the selling price whichever is higher. (Gazette no. 47 dated 2 June 2023)
- 17 The Authority should work with the Ministry for Housing and Community Development and develop standard operating processes for seeking Ministerial approval if the Ministry intends to continue with the current practice. However, the Authority should seek independent legal advice prior to submitting such requests for Ministerial approval. Noted, the Authority through its Board is submitting request to the Minister for approval for customers whose income is above \$50,000 annually for high-end lots.
- 18 The Authority should seriously consider revisiting its policy on High End Lots which provides opportunity for customers over \$50,000 to access housing lots, The high-end definition was amended from \$70,000 to \$100,000 (as per the new policy approved in 2022) and the Authority is in the process of further revising this.
- 19 The Authority should hold staffs accountable for non-maintenance of records and evidence for the referrals of customers over \$50,000 to Ministry of Housing and Community Development for approval. Cases are with FICAC for lot allocation. Furthermore, the staff involved in the lot allocation are no longer with the Authority, therefore it is hard to take any actions against those staff.
- 20 Greater accountability and ownership are required for the safe custody of the Tender documents. It is highly recommended that all Tender documents are kept in CEO's office. The process has changed, and all tender documents are now kept with the HA Corporate Governance Dept.
- 21 The Authority should carry out an internal investigation of the Tender documents for land development and hold officers accountable. It was not possible to further investigate this due to the limitation and that staff involved were no longer with the Authority.
- 22 Tender policy which is dated 2005 needs to be reviewed and updated with current best Practices and requirements. New procurement policy aligned to the best practice was approved by the Board on 23/02/22
- 23 There is immediate need for the Authority to strengthen governance in the Authority in terms of policy making and discharging its core functions. The policy reviews are currently in progress with completion of the lot allocation policy, procurement policy and the anti-corruption policy.



24	The Authority should address the suspected cases highlighted in the report in an appropriate manner	Suspected cases are provided to FICAC
	The Authority should work with the Ministry for Housing and Community Development to review the Housing Act 1965 with a view to modernize it and make it relevant to the housing needs of the people and relevant provisions in the constitution	Noted
26	The Authority should develop and implement Land and Housing Development policy to guide the land and housing development in the future land development.	Noted

## **Appendix 2: Cases with FICAC**

### **Housing Authority Response to the Letter dated 13 October 2023.**

*1. The number of staff involved and are they all being investigated by the FICAC.*

#### **HA Response**

When the lot allocation started, HA had the below positions and employees overseeing the process:

1. General Manager Customer Relations - Fantasha Lockington (Resigned on 06/01/2017);
2. Manager Customer Relations & Sales - Mahendra Kumar (End of Contract 28/05/2018); and
3. Manager Marketing - Ronita Prasad (Resigned on 05/01/2018)

The employees holding the above positions are no longer with HA. The investigation report relating to the issues was provided to Fiji Independent Commission Against Corruption (FICAC) through a letter dated 25 June 2020. The personal files containing details of the former staff was uplifted by FICAC on 27 April 2022 through a Search Warrant dated 26 April 2022. Refer to Appendix 1 for further details.

*2. The list to be separated between the staff involved and then the list of customers that are also under investigation by FICAC.*

#### **HA Response**

**Table illustrating the former staff, current staff and the customer's cases with FICAC**

<b>FICAC LIST</b>						
<b>No.</b>	<b>Survey Reference</b>	<b>Lot</b>	<b>Subdivision</b>	<b>Customer Name</b>	<b>Date Received by FICAC</b>	<b>Type</b>
1	SO 7637	8	Matavolivoli	Savenaca Madanavosa	08/12/2020	Former Staff
2	SO 6868	15	Tacirua	Tevita Sinkoso	08/12/2020	Former Staff
3	SO 6860	4	Tacirua	Alipate Vakaruru	08/12/2020	Former Staff
4	SO 6626	3	Tacirua	Rajnel Ravikash Kumar	08/12/2020	Former Staff
5	SO 6626	4	Tacirua	Roselyne Roshika Rattan	08/12/2020	Former Staff
6	SO 6619	24	Tacirua	Zaid Hakim	08/12/2020	Former Staff
7	DP10679	21	Wainibuku	Nihal Naicker	08/12/2020	Former Staff
8	DP 10761	13	Wainibuku	Sekove Qalilawa	15/04/2019	Former Staff

9	DP 10758	21	Wainibuku	Catherine	15/04/2019	Former Staff
10	DP 10757	10	Wainibuku	Eparama Sorowaqa	15/04/2019	Former Staff
11	DP 10757	18	Wainibuku	Karunesh Krishna	15/04/2019	Former Staff
No.	Survey Reference	Lot	Subdivision	Customer Name	Date Received by FICAC	Type
12	DP 10757	9	Wainibuku	Kritika Kant	15/04/2019	Current Staff
13	DP 10758	20	Wainibuku	Lalesh Narayan	15/04/2019	Current Staff
14	DP 10760	23	Wainibuku	Sainivalati Degei	15/04/2019	Current Staff
15	DP 10762	16	Wainibuku	Amit Chand	15/04/2019	Current Staff
16	DP 10762	15	Wainibuku	Rohit Chand	15/04/2019	Current Staff
17	SO 6626	5	Tacirua	Bikashni Chand	08/12/2020	Current Staff
18	SO 6859	21	Tacirua	Isabel Ali	08/12/2020	Current Staff
19	SO 6861	3	Tacirua	Sereana Lolou Bavoro	08/12/2020	Current Staff
20	SO 7388	23	Matavolivoli	Kishan Kailash Kant	08/12/2020	Current Staff
No.	Survey Reference	Lot	Subdivision	Customer Name	Date Received by FICAC	Type
21	DP 10672	2	Wainibuku	Gulshad Begum	25/06/2020	Customer
22	DP 10672	10	Wainibuku	Murari Lal & Prabha Wati	25/06/2020	Customer
23	DP 10672	3	Wainibuku	Rajesh Chand	25/06/2020	Customer
24	DP 10674	5	Wainibuku	Amrit Prasad	25/06/2020	Customer
25	DP 10674	9	Wainibuku	Krishneil Narayan	25/06/2020	Customer
26	DP 10757	4	Wainibuku	Pranesh Chand & Shareen Sangeeta Devi	25/06/2020	Customer
27	DP 10758	8	Wainibuku	Afroz Dean	15/04/2019	Customer
28	DP 10759	8	Wainibuku	Ifraz Hassan	15/04/2019	Customer
29	DP 10759	15	Wainibuku	Narend Prasad	25/06/2020	Customer
30	DP 10759	12	Wainibuku	Ravinesh Tendranand	25/06/2020	Customer

31	DP 10761	3	Wainibuku	Mohammed Asif Hanif	25/06/2020	Customer
32	SO 6444	13	Tacirua	Jia Shizhen	25/06/2020	Customer
33	SO 6445	15 & 23	Tacirua	Arvind Dutt	18/01/2021	Customer
34	SO 6445	11 & 12	Tacirua	Coastal Development	18/01/2021	Customer
35	SO 6445	20, 21 & 14	Tacirua	Rameez Zavir Khan	18/01/2021	Customer
36	SO 6619	27	Tacirua	Adrian Chand & Kriti	08/12/2020	Customer
37	SO 6625	16	Tacirua	Arun Padarath	08/12/2020	Customer
38	SO6621	6	Tacirua	Laukesh Raj	28/07/2020	Customer
39	SO6625	2	Tacirua	Gyatri bai Prasad	15/04/2019	Customer
40	SO6625	1	Tacirua	Sandhya devi prasad	15/04/2019	Customer
41	SO6625	17	Tacirua	Avinay Prasad & Nirtika	28/07/2020	Customer

3. *The names of the Board members and the Housing Authority Executive Management names at that time*

i. **List of Board Members from 2010 to 2020**

**Table illustrating the Board Members from Year 2010 to 2020**

<b>Year 2010</b>	
Colonel Mosese Tikoitoga	Chairperson
Adrian Sofield	Board Director
Umarji Musa	Board Director
Fr Kevin Barr	Board Director
Chandar Singh	Board Director
Lavinia Padarath	Board Director
Rosie Langi	Board Director
Ratu Josateki Nawalowalo	Board Director
<b>Year 2011 - 2013</b>	
Colonel Mosese Tikoitoga	Chairperson
Adrian Sofield	Board Director
Umarji Musa	Board Director
Fr Kevin Barr	Board Director
Maraia Ubitau	Board Director
Petero Daurewa	Board Director
<b>Year 2014</b>	
Narendra Prasad	Board Chairman
Umarji Musa	Director

Petero Daurewa	Director – Till May 2014
Maraia Ubitau	Director – Till May 2014
Ashok Balgovind	Director – From October 2014
<b>Year 2015 - 2016</b>	
Umarji Musa	Acting Board Chairman
Nesbitt Hazelman	Director
Roveen Permal	Director
Craig Strong	Director
<b>Year 2017</b>	
Umarji Musa	Acting Board Chairman
Nesbitt Hazelman	Director
Roveen Permal	Director
Craig Strong	Director Resigned September 2017
<b>Year 2018</b>	
Umarji Musa	Acting Board Chairman
Nesbitt Hazelman	Director
Roveen Permal	Director
<b>Year 2019</b>	
Umarji Musa	Acting Chairman till 3rd May 2019
Nesbitt Hazelman	Chairman from 4th May 2019
Roveen Permal	Director
Craig Strong	Director
Mohit Kumar Raj	Director
Anabel Ali	Director
<b>Year 2020</b>	
Nesbitt Hazelman	Chairman till May 3rd 2020
Lorraine Seeto	Chairman from June 3rd 2020
Senikavika Jiuta	Director
Roveen Permal	Director
Anabel Ali	Director
Mohit Kumar Raj	Director

**ii. List of Executive Management from 2010 to 2020**

**Table illustrating the Executive Management from 2010 to 2020**

<b>No.</b>	<b>Name</b>	<b>Designation</b>	<b>Period</b>
1	Alipate Naiorosui	Chief Executive Officer	25/04/2003 to 30/06/2014
2	Jagdish Prasad	Acting Chief Executive Officer	01/07/2014 to 26/03/2015
3	Joshua Wycliffe	Chief Executive Officer	27/03/2015 to 27/01/2016
4	Isikeli Navuda	Acting Chief Executive Officer	28/01/2016 to 15/06/2017
5	Punit Sethi	Chief Executive Officer	16/06/2017 to 09/03/2018
6	Isikeli Navuda/Illiesa Rakaseta/Poasa Verevakabau	Management Committee	20/03/2018 to 15/09/2019
7	Robert Sen	Chief Executive Officer	16/09/2020 to 22/10/2021
8	Alok Mishra	General Manager Finance & Administration	06/02/2009 to 06/10/2010
9	Sailosi Soqo	General Manager Finance & Administration	20/10/2010 to 16/10/2014
10	Amit Gokul	General Manager Finance & Administration	20/10/2014 to 30/07/2015
11	Poasa Verevakabau	Acting General Manager Finance & Administration	31/07/2015 to 17/10/2017
12	Poasa Verevakabau	General Manager Finance & Administration	18/10/2017 to To-date
13	Francies Autar	General Manager Land & Housing Development	10/03/2009 to 01/10/2010
14	Isikeli Navuda	General Manager Land & Housing Development	07/10/2010 to 12/03/2021
15	Eapi Nabou	General Manager Lending	24/04/2001 to 30/09/2010
16	Alok Mishra	General Manager Lending	07/10/2010 to 01/03/2011
17	Jagdish Prasad	Acting General Manager Lending	01/04/2011 to 31/10/2012
18	Jagdish Prasad	General Manager Lending	01/11/2012 to 30/03/2015
19	Maciu Katamotu	Acting General Manager Lending	1/07/2015 to 30/06/2017
20	Ramesh Chand	General Manager Lending	01/07/2017 to 25/10/2018
21	Maciu Katamotu	Acting General Manager Lending	30/10/2018 to 01/05/2020
22	Baij Maharaj	General Manager Customer Relation	24/03/2003 to 30/09/2010
23	Fantasha Lockington	General Manager Customer Relation	20/10/2010 to 9/12/2016
24	Leonard Kwansing	Acting General Manager Customer Relations	10/12/2016 to 17/10/2017

25	Leonard Kwansing	General Manager Customer Relation	18/10/2017 to 12/03/2021
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4. *Also provide the names of Permanent Secretaries and Ministers who were responsible at that time (audited period).*

The Authority will provide this once received from Ministry of Information

## **Appendix 3: Additional Written Evidence from Housing Authority**

The additional written evidence and supplementary evidence from Housing Authority that are covered in this review report can be accessed on the Parliament Website using the following link:

<http://www.parliament.gov.fj/committees/standing-committee-on-public-accounts/>



## **Appendix 4: Report of the Auditor General**

Report on Special Investigation (PP No. 272 of 2020).

[17-Report-of-the-Auditor-General-Republic-of-Fiji-Report-on-Special-Investigation.pdf \(parliament.gov.fj\)](#)