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**INTERNAL AUDIT UNIT (IAU)**

**AUDIT REPORT**

**REPORT ON POSSIBLE MISAPPROPRIATION, FRAUD AND FALSE  
PRETENCE BY MR KINGSLEY ISAIAH – DLIR INFORMATION  
COMMUNICATION TECHNOLOGY (ICT) MANAGER.**

**AUGUST/SEPTEMBER, 2016**

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### ACKNOWLEDGEMENT

The Internal Audit Unit (IAU) wish to take the opportunity to thank the Secretary, DLIR for the leadership, the Executive Manager Corporate Services and Farmap Limited for their contribution in compiling this Report.

We also wish to thank and acknowledge the support from other staff of the DLIR for replying to our enquiries to ensure, enable and assist us in finalizing this report. Thank you one and all.

## **A: INTRODUCTION AND PURPOSE**

The Internal Audit Unit (IAU) in efforts to establish certain facts surrounding the financial, administrative and operations affairs of its ICT Branch, specifically the conduct of its Manager, Mr Kingsley Isaiah conducted investigations into possible misconduct, misappropriation, fraud and false pretence perpetrated by Mr Kingsley Isaiah if any, in the engagement of BeamTech Consulting Limited to construct ICT related services for the DLIR Building (Gaukara Rumana) in May/June, 2016.

## **B: AUTHORITY OF THE INTERNAL AUDIT UNIT**

**Audit Mandate and Compliance.** The Internal Audit Unit (IAU) conducted this inquiry as part of its mandated business in accordance and in compliance with the PFMA and Finance Instruction No. 02/2009 dated 01 December, 2009 as quoted hereunder including its 2016 Audit Work Plan.

### ***Authority of the Internal Audit Unit (IAU)***

*The respective agency head, on the recommendation of the Audit Committee, grants authority to the Internal Audit Unit to conduct a comprehensive program of internal audits within the entity. This authority permits internal audit staff to have full, free, and unrestricted access to all Department operations, records, property and personnel and requires all personnel to cooperate with internal audit staff during the course of their work. End of quote.*

## **C: SCOPE OF AUDIT**

This report is a result of IAU investigations, inquiries, discussions and documentations collected or provided to it including;

1. Perusal of Personal Files for personal and employment records.
2. Copies of Payment Vouchers.
3. Copies of Computer generated Payee History Reports.
4. Correspondences from persons having interest in this investigations.
5. Interviews and discussions with persons relevant to this investigation.

The composition and contents of this report is based on information and documentation available prior to, and during the finalization of this report.

## **D: FACTS AND CONSIDERATIONS**

1. Mr. Kingsley Isaiah was recruited from the National Fisheries Authority in late July, 2001 as Manager ICT & Records Management with the Office of Workers Compensation (OWC). A Copy of Notification relating to his employment is attached herewith and referred to as **Annex: D-A** for ease of reference.
2. In January 2008 thereabouts an internal investigation was conducted into the financial, operational and administrative affairs of the Office of Workers Compensation as a result of serious allegations of misappropriation of OWC Trust Account Funds and maladministration and mismanagement of Claims Payments.

3. This internal investigations resulted in the suspension of Mr. Kingsley Isaiah and several senior Managers from the Office of Workers Compensation as a result of these serious allegations. A copy of a letter dated 24<sup>th</sup> May, 2008 from Mr. Kingsley Isaiah responding to his suspension is attached herewith and referred to as **Annex: D-B** for ease of reference.
4. In March, 2009 certain serious allegations were raised and levelled against Mr. Kingsley Isaiah including detailing these allegations and explaining actions required of him if he needs to exercise his rights to be heard. A Draft Copy of this Minute dated 20<sup>th</sup> March, 2009 is attached herewith and referred to as **Annex: D-C** for ease of reference.
5. In March, 2011 the Departmental Disciplinary Committee (DDC) deliberated on Mr. Isaiah's suspension and made a decision to uplift his suspension and to redeploy him within the Department with the intention by the DDC to give him an opportunity to make a proper response to the charges held against him and to enable due process to take its natural course. A copy of a Minute dated 13<sup>th</sup> April, 2011 which contains the DDC's decision is attached herewith and referred to as **Annex: D-D** for ease of reference.
6. As a result of the DDC's Decision Mr. Isaiah was redeployed and attached with the Corporate Services Division to assist General Administration on IT Matters. Copies of Minutes dated 26<sup>th</sup> April, 2011 relating to this redeployment are attached herewith and referred to as **Annex: D-E** for ease of reference.
7. To the date of this Report the IAU is not aware if Kingsley Isaiah did respond to those serious allegations raised and levelled against him on the 20<sup>th</sup> March, 2009 and if the DDC did make a Final Decision relating to these allegations. These could not be ascertained as relevant documents are missing from Mr. Isaiah's Personnel Files.
8. In December, 2012 Mr. Isaiah was appointed Manager Information and Communication Technology (ICT) without resolving issues relating to his earlier suspension and signed an Employment Contract with the DLIR for three (3) years that expired in December, 2015 and is currently pending renewal. A copy of this expired Employment Contract is attached herewith and referred to as **Annex: D-F** for ease of reference.
9. Since Mr. Isaiah's appointment as ICT Manager no marked or physically identifiable projects have been accomplished for the DLIR let alone Trouble Shooting ICT related problems. The following Projects that the IAU is aware of that was initiated by Mr. Isaiah since 2012 that are yet to be delivered are;
  - 9.1. Data Network Cabling by File Scan Services for Provincial Labour Resources Centre's that caused the DLIR K2, 714,495.00.
  - 9.2. K30, 000.00 worth of Network Server not delivered.
  - 9.3. Government Email Network.
  - 9.4. DLIR Website.
  - 9.5. ICT installation Gaukara Rumana (subject of this report).

10. Mr. Isaiah has a chronic attendance problem and does things on his own and in isolation without the involvement and knowledge of his staff rendering his staff becoming isolated and confused and further rendering the operations of the ICT Branch nonexistent or dead. The ICT Branch lacks supervision, management and direction.
11. Mr. Isaiah also has a chronic habit of hiring vehicles without the knowledge and approval of his Executive Manager or the Secretary. In 2013 he incurred K118, 065.40 and 2014 K136, 004.20 to total K254, 069.60 from Morgan's Hire Care, this is apart from other hires elsewhere he organized. This is the value of two (2) brand new cars in two (2) years. A copy of a Minute dated 18<sup>th</sup> July, 2016 relating to this Hire from Morgan's Hire Car is attached herewith and referred to as **Annex: D-G** for ease of reference.
12. Between December, 2015 and January, 2016 Mr. Kingsley Isaiah was authorized by the Deputy Secretary Operations through the then Acting Executive Manager Corporate Services Mr. Bill Wailau) to hire a car from Tranquility Hire Cars for only two (2) weeks. Mr. Isaiah without returning the hired car after two (2) weeks continued to use the car beyond two (2) weeks without authority and approval and got into a nasty accident along the Magi Highway resulting in the car been written off and incurring a claim against the DLIR for K460, 198.55. A copy of this Claim dated 16<sup>th</sup> March, 2016 is attached herewith and referred to as **Annex: D-H** for ease of reference.
13. In early June, 2016 Mr. Isaiah engaged the services of BeamTech Consulting Limited to supply and install ICT related services for the DLIR's new Office Building (Gaukara Rumana) located at Gordon/Waigani for K379, 225.00. These installation of ICT related services remains incomplete to the date of this report and this engagement and incomplete installation of the ICT related services is the subject of this Report.
14. To ensure and reconfirm that these ICT and related services that were conducted by BeamTech Consulting Limited and other contractors that were engaged to do these jobs did complete these jobs or otherwise the DLIR engaged the services of Farmap Limited (an ICT Consulting Company) to conduct an inspection and provide a report to the Secretary, DLIR of its inspection and findings. A copy of Farmap Limited's Report is attached herewith and referred to as **Annex: D-I** for ease of reference.

**E: FINDINGS**

1. Five (5) Quotations were received from five (5) Bidders for installation of ICT Services at the Gaukara Rumana Building without a Scope of Works (SOW) from the ICT Manager, DLIR. A SOW is a mandatory requirement from the owner of the work/job, in this instance from the DLIR through the ICT Manager to enable possible Bidders to put a fixed cost to a uniform work plan to meet the specific ICT needs of the DLIR that is to be accomplish. In this further instance the quotes as tabulated below were provided by Bidders without a SOW rendering these quotes to be based on guesswork and therefore suspicious and questionable. Copies of quotations attached herewith and referred to as **Annex: E-A** for ease of reference.

Bidder	Quotation	Date of Quote	Comments	Ownership
Telikom PNG Limited	K363,716.04	14/03/16	Method used in obtaining quotation not indicated	PNG
Datec (PNG) Limited	K408,443.32	26/02/16	Walkthrough observation and subsequent quotation	PNG
Beam Tech Consulting Limited	K379,225.00	20/02/16	Method used in obtaining quotation not indicated	PNG
MSR Limited	K573,258.08	11/06/16	Method used in obtaining quotation not indicated	Foreign
Daltron	K283,745.00	03/06/16	Method used in obtaining quotation not indicated	Foreign

2. Quotes detailed in the quotations submitted by the five (5) Bidders vary largely as a direct result of a lack of SOW provided by the DLIR as the work/job owner through the ICT Manager. This lack of provision of a SOW is a technique, ploy or an attempt to realize a certain outcome.
3. Quotes were received on 20/02/16, 26/02/16, 14/03/16, 03/06/16 and 11/06/16, why wait until the 10th and 14<sup>th</sup> June, 2016 thereabouts to select a Bidder and push for certification and urgent payment when the required number of Bidders were already received on the 14th March, 2016, that is prior to the 06th June, 2016 when we started moving from our old locations to the new location. This lack of selection of a Bidder on the 14th March, 2016 thereabouts prior to us moving to the new office was/is a technique, ploy or an attempt to realize a certain outcome, "urgency of the work/job required and the timing (us moving in)".
4. From these quotations BeamTech Consulting Limited was selected amongst the five (5) Bidders in early June, 2016 for the supply and installation of ICT equipment and related services for the new DLIR Office Building (Gaukara Rumana) located at Gordon/Waigani. A Government Short Form Contract was signed between DLIR and BeamTech Consulting Ltd on the 17<sup>th</sup> June, 2016 for this job. A copy of the contract is attached herewith and referred to as **Annex: E-B** for ease of reference.
5. Why were Telikom and Datec both nationally owned companies overlooked in this selection, as these are established companies with the resources and backup in the event of equipment, accessories and communication failures as a result of this work/job?
6. Why were other nationally owned one (1) man companies similar to Beam Tech Consulting Limited not requested for quotes, say File Scan Services and other ICT Companies already providing ICT Services to the DLIR as engaged by the DLIR ICT Manager?
7. Beam Tech Consulting Limited is a one (1) man company owned and operated by an Ambrose Max Kuselley from Section 10 Allotment 42 Angau Drive Boroko, this is a residential area. This company has a similar modus operandi to that of File Scan Services and others engaged by the DLIR ICT Manager in the recent past.

8. Deficiencies as identified in Items E.2 and E.3 above were orchestrated to ensure and give advantage to Beam Tech Consulting Limited to be the favored Bidder.
9. The quotation from BeamTech Consulting Ltd for K379, 225.00 dated 20<sup>th</sup> February, 2016 for this job resulted in the payment of DLIR Cheque No. 12316 for K379, 225.00 on the 16<sup>th</sup> June, 2016. A copy of this quotation and payment are attached herewith and respectively referred to as **Annex: E-C** and **E-D** for ease of reference.
10. The payment of K379, 225.00 was rushed through on instructions from the Deputy Secretary Operations (DSO) dated 14<sup>th</sup> June, 2016 without due diligence check and examination by the Finance & Expenditure Branch for all purposes of compliance and was in direct breach and violation of the PFMA,

This payment was also in advance of the Contract being signed and without the job not having started. A copy of this hand written instruction from the DSO dated 14/06/16 on a Minute dated 10<sup>th</sup> June, 2016 from the DLIR ICT Manager, Mr. Kingsley Isaiah is attached herewith and referred to as **Annex: E-E** for ease of reference.\

11. Without any formal agreement as to SOW, duration of works, supply and support of services to be provided, and liability provisions in place a full payment of K379, 225.00 was urgently passed and processed in favor of Beam Tech Consulting Limited on Friday, 17<sup>th</sup> June, 2016. (request 10/06/16, approval 14/06/16 and payment 17/06/16).
12. What about partial payments based on job accomplishment and certification of the SOW. Have past services or failure of these services by File Scan Services, CCIPNG and other engagements by the ICT Manager serve any lessons for us on advance payments?
13. Some of the SOW, Equipment and Accessories included in the quotations provided by the five (5) Bidders reflects or includes some works that were already in place, (installed by Landlord), some duplicate and some not required, and this gave rise to the values of these respective quotations. In this instance we tabulate, comment and compare the Quotation from BeamTech Consulting Ltd as against job accomplishment as this report is a direct result of their engagement.

Table - BeamTech Consulting Limited Quotes and Comments

Item	Quantity	Description	Unit Price	Total	Comments
1	4	Internal Fibre Backbone with Accessories (Data)	K3,500.00	K14,000.00	Supplied by Pacific Technologies and not connected
2	200	200M Ruggedized Cable Backbone (Data)	K22.00	K4,400.00	None

3	800	CAT6 Modular Jacks (Voice & Data)	K75.00	K60,000.00	Supplied and connected by Pacific Technologies and should be 400 not 800
4	800	CAT6 1M Patch Cords (Data)	K30.00	K24,000.00	Supplied and connected by Pacific Technologies and should be 400 not 800
5	800	CAT6 3M Fly-Leads (Data)	K45.00	K36,000.00	Supplied and connected by Pacific Technologies and should be 400 not 800
6	800	2 Gang F/Plate (Voice & Data)	K25.00	K20,000.00	Supplied and connected by Pacific Technologies and should be 400 double not 800
7	8	PABX relocation, POE Switch supply, integration and configuration	K6,300.00	K50,400.00	No relocations done and phones not working. Duplication of labour costs (refer Item 14 below)
8	450	Krone Modules (Voice)	K75.00	K33,750.00	None
9	10	27 Way Frame & Cover (Voice)	K950.00	K9,500.00	None
10	10	11 Way Frame & Cover (Voice)	K820.00	K8,200.00	None
11	200	Internal Tie Ci 200M	K25.00	K5,000.00	Pacific Network
12	100	100M UG (voice)	K75.00	K7,500.00	Telikom PNG
13	1	Miscellaneous for both Voice & Data	K12,000.00	K12,000.00	Excessive should be K5,000.00 thereabouts
14	1	Labour	K60,000.00	K60,000.00	Excessive and duplicate (refer Item 7 above)
		Sub Total		K344,750.00	
		Plus 10% VAT		K34,475.00	
		<b>TOTAL</b>		<b>K379,225.00</b>	



14. From the above observation it can be assumed with some certainty that no job was done by BeamTech Consulting Limited and the payment of K379, 225.00 was incorrectly paid to them as a direct result of a false and bogus claim initiated and lodged by Mr. Kingsley Isaiah, and Mr. Ambrose Kuselley in possible collusion and collaboration with others to defraud the DLIR.
15. The DSO's instructions (**Annex: E-E**) to the Executive Manager Corporate Services (EMCS) to sign Requisition for payment is procedurally wrong as the vetting processes have been overlooked and the DSO has played into the DLIR ICT Managers game plan as alluded to in Items E.2 and E.3 above.

The Claim did not go through the Finance & Expenditure Manager, EMCS, and finally to the DSO, instead it went from the DSO, EMCS and finally to the Finance & Expenditure Manager, a case of vetting process in reverse.

16. Did the DSO understand, comprehend and appreciate the technical contains of the quote from Beam Tech Consulting Limited prior to giving instructions for payment or was he convinced by the sugar coated technical bullshits from the ICT Managers reasons of "urgency of the matter" and his confidence and trust in the advised been given.
17. The EMCS initial refusal to sign the Claim for payment was as a result of the vetting process not been complied with, the quotations were wrong as a result of a lack of SOW from the DLIR ICT Manager, and his detection of some duplicity in the SOW contained in the quote by Beam Tech Consulting Limited. In the end the EMCS signed as a result of instructions from the DSO. These instructions were accompanied with a Claim and hand delivered to the EMCS for signature by the DLIR ICT Manager on the morning of Thursday, 16th June, 2016.
18. We have not learn lessons from the past regime wherein the past EMCS was used as a mere rubber stamp resulting in misappropriation and misapplication of millions of Kina in public funds which is the subject of current Treasury Department investigations and ongoing IAU audit inquiries.
19. To avoid interference into the Claims process and payment systems the DSO should have referred the ICT Manager to the Finance & Expenditure Manager and finally to him, instead the DSO become the process taking into consideration on his part " the urgency of the matter" and that was the ICT Managers intention.
20. Systems, processes and procedures are established and put in place to help and assist us accomplish and achieve our goals and objectives in an accountable and transparent manner for the public good. If only we respect, follow or comply with these established systems, processes and procedures will we avoid risk and pitfalls. Failure in compliance allows weaknesses to creep in and encourages corruption to penetrate these weak systems and take resident while eradication efforts become futile and difficult.
21. To add salt to wound and to further triplicate and defraud the DLIR the DLIR ICT Manager, Mr. Kingsley Isaiah without the knowledge and approval of the Secretary DLIR engaged the services of MRTech Limited without a Scope of Works (SOW) to do the same job already contracted to BeamTech Consulting Limited. The IAU is of the opinion that it was for the same services already done by Pacific Network through the Landlord and again contracted to BeamTech Consulting Limited.

22. MRTech Limited did some work relating to PABX and Telephone Lines resulting in an Invoice for K57, 285.30 dated 13<sup>th</sup> July 2016 (**Annex: E.F**) through Kingsley Isaiah that was passed onto Accounts to settle. EMCS, Mr. Bokuik refused to settle this Invoice as this would amount to triplicate payment as K379,225.00 was already paid to BeamTech Consulting Limited for the work previously done by Pacific Networks.
23. As a result of a lack of telephone communication due to the unproductive, slow or total lack of work done by BeamTech Consulting Limited under Kingsley Isaiah's supervision and leadership the DLIR requested Telikom through Job No. 69254 to arrange a PABX Technician to configure and program all telephone extensions.
24. Unfortunately the Telikom Technician who was supposed to conduct this PABX configuration and programing was Mr. Morris Morris who is a partner in MRTech Limited. Morris could not conduct this configuration and programing because MR Tech Limited has a claim of K57, 285.30 pending to be settled by DLIR or BeamTech Consulting Limited a clear case of Morris Morris placing himself in a position of conflict of interest.
25. Basically BeamTech Consulting limited did nothing and got paid K379, 225.00 riding on the work conducted by Pacific Networks and MRTech Limited. Thanks to the sweet talking and scamming antics of the DLIR's ICT Manager, Mr. Kingsley Isaiah.

**F: COMPARISON SOW AND QUOTATIONS**

For purpose of comparison the following is the Scope of Works (SOW) drawn up by Farmap Limited after its inspection that should have been designed by the DLIR ICT Manager to seek Bidders for the ICT Infrastructure for the Gaukara Rumana Building to avoid substantial costs to the DLIR. If the DLIR ICT Manager didn't have the technical knowledge to design a SOW, an outside expert could have been tasked at minimal costs.

NO.	ITEM	FARMAP LIMITED	PHILCORP LIMITED	DATEC LIMITED
1	PABX	K450,000.00	K468,983.00	
2	Email	K300,000.00	K276,000.00	
3	Network Upgrade	K350,000.00	K250,000.00	K408,485.00
	<b>CROSS TOTAL</b>	<b>K1,100,000.00</b>	<b>K994,983.00</b>	<b>K408,485.00</b>
	<b>LESS</b>	<b>K 350,000.00</b>	<b>K250,000.00</b>	
	<b>NET TOTAL</b>	<b>K 750,000.00</b>	<b>K744,983.00</b>	

Datec Limited was paid K408,485.00 through Cheque No. 12520 on the 12<sup>th</sup> October, 2016 to conduct Network Upgrading, status of the upgrading is unknown to this date and for the same job Farmap Limited quoted K350,000.00 and PhilCorp Limited (**Annex: F-A**) quoted K250,000.00. A substantial and questionable difference of K58, 485.00 and K158, 485.00 respectively.

After the engagement and payment of K379,225.00 to BeamTech Consulting Limited in June, 2016 and the payment of K408,485.00 to Datec Limited in October, 2016 communication is still an ongoing major problem at the DLIR inside the Gaukara Rumana Building

#### **G: COSTS ANALYSIS**

Proper costs analysis cannot be made to correctly determine the exact expenditures that has been incurred by the DLIR in its ICT Infrastructure efforts at the Gaukara Rumana Building despite the IAU's sincere efforts to get the required documentation from the Finance & Expenditure Branch, DLIR since August/September, 2016. To the date (03<sup>rd</sup> January, 2017) of this report the Finance & Expenditure Branch, DLIR failed to provide these documentation and this is a very serious concern by the IAU in the conduct of its 2017 Audit Work Plan.

#### **H: DLIR ICT BRANCH RESOURCES AND CENTRALIZATION**

The DLIR ICT Branch lacks appropriately qualified technical ICT personnel to conduct ICT Business for the DLIR and this is the major contributing factor causing failures, inconsistencies and a total mal-administration of the DLIR ICT Branch. You have ICT Administrators and Trouble Shooters pretending to be ICT experts running down the DLIR ICT Branch.

Now that the whole DLIR is brought together and under one roof the different ICT Functions and Responsibilities should be restructured and centralized under one ICT Branch with different Servers serving its different and specific purposes and this restructure and centralization should and must be without the incumbent ICT Manager.

#### **I: OBSERVATIONS**

1. Pacific Networks who were engaged by the Landlord (Tropicana) have conducted and completed a substantial amount of ICT services within the Building and what they did is documented and in detail. A copy of what they did (Tropicana Building Project – Data and Telecommunication Services As-Built Document) is attached herewith and referred to as **Annex: I: A** for ease of reference.
2. The DLIR ICT Manager, Mr. Kingsley Isaiah as the DLIR's ICT expert should have discussed, compare and inspect what was done by Pacific Networks to identify what needs to be added, modified, improved, configured, programed and what have you in order to meet the DLIR's needs and expectations, and subsequently engage BeamTech Consulting Limited, MRTech Limited or someone else with the expertise to complete those incomplete jobs identified not done by Pacific Networks and commissioning thereafter.
3. The whole ICT services and its installation at the Gaukara Rumana Building by BeamTech Consulting Limited is a total scam inspired, orchestrated and initiated by Kingsley Isaiah in collusion and collaboration with Ambrose Kuselley (BeamTech Consulting Limited) and possibly others to defraud K379, 225.00 from the DLIR.

**J: CONCLUSION**

1. From these observations, the incumbent ICT Manager is not a **FIT and PROPER PERSON** to be entrusted and bestowed the trust and confidence by the Secretary and Management to be in charge of an important Branch as the DLIR's ICT Branch and to conduct further business on behalf of the DLIR going forward. **NO.**
2. Beam Tech Consulting Limited's Claim is a highly inflated, duplicated and false claim as they did not conduct any ICT installation and related service to the Gaukara Rumana Building therefore their claim is false in efforts to falsify and defraud the DLIR.
3. Historically and since his employment initially with the Office of Workers Compensation and now in his current position as DLIR ICT Manager, Mr. Kingsley Isaiah has been involved in activities of a questionable and corrupt nature. He continues with these acts of his questionable and corrupt nature with impunity as a direct result of a lack of foresight, indecisiveness and leadership by Executive Management to take appropriate and corrective actions when red flags were/are raised.
4. The false claim and subsequent fraud of K379, 225.00 which is the subject of this report is a direct result of Executive Management not heeding and taking seriously the following red flagged activities that Mr. Kingsley Isaiah was involved in giving him the reason to continue with impunity his questionable and corrupt activities.
  - 4.1. Allegations of misappropriation of OWC Trust Funds and maladministration and mismanagement of Claims Payments against him in May, 2008.
  - 4.2. Lack of completion of Data Network Cabling by File Scan Services for Provincial Labour Resources Centre's that caused the DLIR K2, 714,495.00 since 2013. There is an IAU Report on this matter, and it is the lack of implementation of this IAU Report by the Executive Management that has now cost the DLIR another K379, 225.00 in another corrupt deal by the incumbent DLIR ICT Manager.
  - 4.3. K30, 000.00 worth of Network Server not delivered by Pacific Technologies since 2012.
  - 4.4. Lack of delivery of Government Email Network after several payments were made since 2013.
  - 4.5. Lack of delivery of DLIR Website after several payments were made since 2014.
  - 4.6. Unauthorised hire and used of vehicles from Morgan's Hire Cars in 2013 (K118, 065.40) and 2014 (K136, 004.20) causing the DLIR K254, 069.60 currently under dispute and pending settlement.
  - 4.7. Unauthorised and unapproved use of hired vehicle after expiry of official hire period resulting in accident and write off of vehicle causing the DLIR K460, 198.55 in claim in early 2016 and currently under dispute.

**K: RISKS & MITIGATION FACTORS**

1. **Risk:** This case has exposed the weaknesses currently existing in the DLIR's claims verification, certification, approval and payments payment processes and procedures.

It's a compliance issue, that is the total lack of or breakdown in compliance with the PFMA dealing with Claims and Payments processes and procedures. This includes lack of honesty and due diligence by Section 32 officers resulting in breakdown in transparency and accountability.

2. **Mitigating Factors:** The only mitigating factors are to avoid abuse of claims and payments processing processes and procedures as in this case is for Executive Management or Authorizing Officers who approves claims and payments to ensure and respect the established processes and procedures in the payment of services as stipulated in the PFMA to take its full and systemic course to its complete conclusion.

STOP ALL SHORT CUTS, BYPASSING AND INTERFERENCES into these processes and procedures, and this has to start from the Secretary/CEO down.

Executive Management to take note seriously when red flags are raised and take appropriate corrective actions to curtail repetition of misappropriation, maladministration, fraud and corruption.

**L: RECOMMENDATION (S)**

1. Immediately charge and suspend Mr. Kingsley Isaiah without pay and refer him, Mr. Ambrose Kuselley (BeamTech Consulting Limited), and Mr. Morris Morris (MRTech Limited) to Police for criminal investigation and prosecution.
2. Give notice to BeamTech Consulting Limited to immediately reimbursement to the DLIR the K379, 225.00 fraudulently paid to them.
3. Warn DSO, Mr. George Taunakekei in writing and place a copy of this warning on his Personnel File for his part in the payment made to BeamTech Consulting Limited.
4. Engage Farmap Limited or someone honest, experienced and competent to supply, construct and install the DLIR's Email System within 8 weeks for K300, 000.00.
5. Engage PhilCorp Limited or someone honest, experienced and competent to supply, construct and install the DLIR PABX System within 8 weeks for K468,983.00
6. Engage Farmap Limited or someone honest, experienced and competent to inspect, design, restructure and centralize the DLIR ICT requirements in accordance with its respective and specific needs now that all ICT Services are under one roof. Costs and duration to be determined by the parties (Farmap/DLIR).

**-End-**