



DEPARTMENT OF LABOUR AND INDUSTRIAL RELATIONS
(Office of the Chief Internal Auditor)

CONFIDENTIAL

INTERNAL AUDIT UNIT (IAU)

AUDIT REPORT

**POSSIBLE FRAUD AND DOUBLE DIPPING BY
VITUAL IT SYSTEMS – SUPPLY AND INSTALLATION
OF FIBRE OPTIC BACK BONE AND LAN CAT6
CABLING DLIR GAUKARA RUMANA BUILDING**

MARCH, 2020

(DOCUMENTS DON'T LIE)

TABLE OF CONTENTS

	ITEM	PAGE
1. INTRODUCTION AND PURPOSE	A	3
2. FACTS & CONSIDERATIONS	B	3 - 6
3. BACKGROUND - (Gaukara Rumana Building ICT Infrastructure)	C	6 – 9
4. FINDINGS	D	9 – 15
5. GENERAL IAU OBSERVATIONS	E	15 - 18
6. CONCLUSION	F	18 - 19
7. RECOMMENDATION (S)	G	19 - 20

A: INTRODUCTION AND PURPOSE

Vitual IT Systems were engaged by the DLIR through the Office of the Public Relations Officer also known as Assistant Manager Capacity Building (CBP) and Project Manager (Mr Remi Yariyari) to conduct some form of ICT Infrastructure work at the DLIR's Gaukara Rumana Building in December, 2019 and were paid K293, 147.00 in advance for this work.

The DLIR Internal Audit Unit (IAU) conducted investigations into this engagement of Vitual IT Systems after:

1. Several conflicting reasons were given for the engagement of Vitual IT Systems.
2. This engagement was found not meeting requirements under the PFMA including not complying with red flags raised by the Internal Audit Unit (IAU) and the Lawyer for the Office of Workers Compensation (OWC).
3. The IAU formed the opinion that foul play may have been involved by those who were instrumental in the engagement of Vitual IT Systems and subsequent payment in advance of the K293, 147.00.

B: FACTS AND CONSIDERATIONS

The following facts provide why this engagement of Vitual IT Systems and the payment to them is false and fraudulent in nature including the intention and purpose of those involved.

1. The Landlord of Gaukara Rumana Building, Tropicana Pty Limited engaged:
 - 1.1 Telikom PNG Limited to run Communication Cables from its Transformer on the opposition side of Gaukara Rumana Building towards the Inservice College to connect the Building. This Telikom PNG Limited did by running cables and terminating it at the Gaukara Rumana Building Basement.
 - 1.2 Pacific Networks to conduct communication cabling and wiring within the Gaukara Rumana Building. This Pacific Networks did while leaving the tidying up and connection of the PABX System, Telephony, Internet and Email for the DLIR to complete.
2. DLIR moved into Gaukara Rumana Building in May/June, 2016 after been misled by then ICT Manager Mr Kingsley Isaiah and Mr Bill Wailau Manager, General Administration, who were representing the DLIR with the Office Allocation Committee (DPM) and the Landlord that the Building was ready for use.
3. On moving in we found that the Building was:

- 3.1 Not partitioned in accordance with the Floor Plan that was discussed and agreed amongst the respective DLIR Branches/Divisions a year or so earlier prior to us moving in. Basically, it was chaos for the first few months after moving in, and to this day some are still not happy with the space allocated to them.
- 3.2 Communication was non-existent.
4. It was this lack of communication and the urgency for the need of communication after we moved in that Kingsley Isaiah been the ICT Manager and the advisor on ICT matters to the DLIR scam the engagement of Beam Tech Consulting Limited:
 - 4.1 Knowing that what he engaged Beam Tech Consulting Limited to do was already in place thanks to Tropicana Pty Limited (Landlord) as referred to above as Item B 1, 1.1 and 1.2 page 3.
 - 4.2 He used the lack of ICT knowledge or ignorance of the those in authority to pull this scam through to pay Beam Tech Consulting limited K379,225.00, a payment that was false and fraudulent in nature.
5. The only ICT jobs that needed completion to enable full communication access were the tidying up of cabling and wiring including labelling and the installation of the PABX System. The replacement of the Servers was to ensure efficient and faster Telephony, Email and Internet services amongst others with the installation of Firewall and not what Beam Tech Consulting limited was falsely paid for.
6. After the payment to Beam Tech Consulting Limited we continued facing communication problems resulting in the engagement of Farmap Limited to conduct an audit of the whole ICT Infrastructure within Gaukara Rumana Building.
7. After Farmap Limited concluded its audit it was established that:
 - 7.1 The communication cabling by Telikom from their Transformer that was terminated at the Basement of Gaukara Rumana Building was in accordance with standard practice.
 - 7.2 Apart from other cablings and wirings by the Landlord, the Network Switches (Cisco switches) installed by the Contractor (Pacific Networks) was found not in accordance with industry standards therefore should be replaced.

“This Datec PNG Ltd constructed sometime in 2017”

- 7.3 The only jobs that needed working on were tidying and labelling of cables and wiring by the Landlord earlier for ease of identification before the PABX System, Telephony, Email and Internet Services can be addressed.

“Datec PNG Limited has just completed upgrading of the Email and Internet Services including installation of Firewall supplied by Enterprise Technologies”

- 7.4 The payment to Beam Tech Consulting limited was false and fraudulent from the fact that Beam Tech Consulting Limited got paid for something the landlord provided to the DLIR for free.
8. Vitual IT Systems engagement and the subsequent payment of K293,147.00 is exactly under the same or similar circumstances to that of Beam Tech Consulting Limited and those involved in this scam are equally guilty as Vitual IT Systems false and fraudulent act and is the subject of this Internal Audit (IAU) Report.
9. Apart from minor payments by the DLIR to ICT Contractors for Trouble Shooting and Housekeeping of the ICT Infrastructure within Gaukara Rumana Building a total of K672,372.00 was fraudulently paid to two (2) false claimants in Beam Tech Consulting Limited K372,225.00 in 2016 and Vitual IT Services K293,147.00 in late December, 2019.
10. As the Landlord (Tropicana Pty Ltd) had already completed the ICT Infrastructure with assistance from Telikom PNG Ltd prior to May, 2016 the following were additional works conducted and completed thereafter, that is after DLIR had moved in, in May/June, 2016:
- 10.1 Datec PNG Limited replacing the non-industry compliant Network Switches (Cisco Switches) as identified by Farmap Limited in 2016 for K408,485.00.
 - 10.2 Supply of Firewall by Enterprises Technologies for K77, 000.00 to be installed after commissioning of the New Server by Datec PNG Ltd. That is underway thanks to our ICT Branch.
 - 10.3 Upgrading and restoration of Email and Internet Services by Datec PNG Ltd with ICT staff currently in the process of connecting to Desktops for K578, 359.00 inclusive of Item 10.4 below.
 - 10.4 Supply and installation of New Server by Datec PNG Ltd, this has been completed at time of this report.
- The only works that remains to be completed to enable Gaukara Rumana Building to have 100% access to communication after certification and commissioning are:
- 10.5 Tidying up of wiring, panel racks and labelling of cables, etc. Estimate cost K39, 886.00
 - 10.6 Supply and installation of the PABX System (pending with Telikom PNG Ltd, for K574, 603.00).
11. Item 10 above brings into question the engagement of Vitual IT Systems and the job they were engaged to conduct from the fact that Telikom PNG Ltd will be supplying and installing the PABX System therefore Vitual IT Systems were paid for doing nothing under similar circumstances to Beam Tech Consulting Limited earlier.

12. The Deputy Secretary Operations (DSO), Executive Manager Corporate Services (EMCS), Public Relations Officer and the Acting ICT Manager and his staff were/are aware of all Items referred to above as Items B, 10 10.1 – 10.4 yet they concerned to the engagement of Vitual IT Systems resulting in this fraudulent and false double payment to Vitual IT Systems under similar circumstances to Beam Tech Consulting Limited earlier.
13. The involvement of the Public Relations Officer in this highly technical job is suspicious, improper and questionable as a result of his past records as referred to in page 16 of this report. If he was tasked and authorized to conduct this job who was that ICT person who advised him and was this ICT person a fit and proper person to advice on Millions of Kina worth of ICT Projects in the DLIR.

C: BACKGROUND INFORMATION

Background information into the ICT Infrastructure Works for the DLIRs Gaukara Rumana Building to understand, comprehend and appreciate the reasons behind this Report and why the engagement of Vitual IT Systems is improper, questionable and borders on possible fraud.

1. Beam Tech Consulting Limited were paid in advance K379, 225.00 for the same job for which Vitual IT Systems were engaged and paid K293,147.00 in advance to perform a job that was completed earlier by the Landlord at no costs to the DLIR which is the subject of this IAU Report.

Beam Tech Consulting Limited failed to deliver this job from the fact that there was no job to deliver and ran off with the money, and this was the subject of an IAU Report dated January, 03rd 2017. A copy of this Report is attached as **Annex: A** for ease of reference.

2. After Beam Tech Consulting Limited ran off with the money, and the DLIR was still having communication problems, Farmap Limited were engaged by the DLIR IAU to conduct an audit into the full and total DLIR ICT Infrastructure within the Gaukara Rumana Building after meeting with the owner of Gaukara Rumana Building, Tropicana Pty Limited. A copy of the audit Report by Farmap Limited dated December, 07th 2016 is attached as **Annex: B** for ease of reference.
3. The IAU and Farmap Limited Reports referred to above as Item C, 1 and 2 resulted from the initial undated Data and Telecommunication Services As-Built Documentation provided by Tropicana Pty Limited through Pacific Network Limited. A copy of this Document is attached as **Annex: C** for ease of reference.
4. The contents of **Annexures referred to above as A, B and C** must be read and understood correctly to appreciate the purpose and intend of this Report and why the payment to Beam Tech Consulting Limited earlier and now to Vitual IT Systems are bogus, false and fraudulent.

5. Based on the Reports referred to above as Annexures A, B and C someone should have been engaged in early 2017 to address these telephone, email and internet problems and not in 2020, the DLIR had so much funds at its disposal at that material time. Why now, is it a ploy to defraud public funds with the passing of time and the loss of memory of those activities that happened earlier?
6. Quotations for the full and total ICT Infrastructure for Gaukara Rumana Building are contained in the IAU Report referred to in Annex: A above and recited hereunder. Why were these not used or at least a review done is questionable? Tabulated hereunder for ease of reference are these quotations.

Comparison – Scope of Works (SOW) and Quotations

For all purposes of comparison the following Table contains the summary of quotations received by the IAU based on a Scope of Works (SOW) drawn up by Farmap Limited after its inspection. A copy of this SOW is attached as **Annex: D** for ease of reference. This SOW should have been used as sample or guide by the DLIR ICT Manager and the Executive Manager Corporate Services (EMCS) to seek Bidders for the ICT Infrastructure for the Gaukara Rumana Building to avoid substantial costs to the DLIR.

These SOW and Reports by IAU and Farmap Limited were at their disposal yet they failed to use these documents for reasons only they know, and here we are in 2020 three (3) years on which is a very sad state of affairs with a loss of K672,372.00 to the greater detriment of the DLIR.

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
	CROSS TOTAL	K1,100,000.00	K994,983.00	K408,485.00
	LESS	K 350,000.00	K250,000.00	
	NET TOTAL	K 750,000.00	K744,983.00	

Datec PNG Limited were paid K408,485.00 through Cheque No. 12520 on the 12th October, 2016 to conduct Network Upgrading which they did sometime in 2017. For the same job Farmap Limited quoted K350,000.00 (revised to K307,242.10 **Annex: E**) and PhilCorp Limited 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 three (3) years on.

Farmap Limited draw up a Scope of Works (SOW) (Annex: D above) to assist DLIR through its ICT Branch to seek quotations based on its findings as referred to in Annex: B also above to fully accomplish DLIR ICT problems for once. Why the DLIR failed to use this sample SOW to seek quotations from Vitual IT Systems and others is mind boggling.

For all purposes of good intend, compare the above quotations, Farmap K750, 000.00 and PhilCorp K744, 000.00 excluding Network Upgrade (done by Datec PNG Ltd) against Vitual IT Systems (K293, 147.00) and Telikom PNG Ltd (K574, 603.00) both totaling K867, 750.00. A huge difference of more than K100,000.00 respectively.

The IAU recommended in its report for Farmap Limited to conduct all things possible to ensure Tidying, Labelling, Email, Internet and Firewall for K300, 000.00 while PhilCorp Limited to conduct all things possible to supply and install the PABX System for K468, 983.00. These are companies certified by Telikom PNG Ltd and NICTA composing some of the best National ICT Experts trained here and overseas who are former employees of Telikom.

Why these recommendations in early 2017 were overlooked and we are still at it in 2020 (3 years on) with all kinds of excuses and the false payments totaling K672, 372.00 at great loss to the DLIR is further mind boggling.

How and why are we here 3 years on when this should have been completed in 2017? All quotations arising from a SOW are subject to negotiations that is if you know and understand your job/business to ensure delivery of a product that is costs effective and beneficial to the user in the long run.

7. Repeated red flags raised by the IAU relating to ICT Infrastructure within Gaukara Rumana Building and others were overlooked and payments continue to be paid in trips and traps to questionable claimants and the recent payment to Vitual IT Systems is one (1) such payment. A copy of a Minute dated April, 26th 2016 is attached as **Annex: F** for ease of reference as a sample only of this and many other IAU concerns.
8. These continued ICT Infrastructure problems within Gaukara Rumana Building and the PLOs was/is known by the incumbent Deputy Secretary Operations (DSO), Executive Manager Corporate Services (EMCS), Public Relations Officer and the Acting ICT Manager yet these leaders lack transparency and leadership causing and encouraging fraudulent activities to flourish and nature within the DLIR as in this case.

The following Documents apart from Annexes A, B and C referred to above confirms their knowledge of the continuing DLIR ICT Infrastructure nightmare, and for them to claim their lack of knowledge of this matter would be a totally blatant and misleading lie, basically to meet a certain desired outcome. **Fraud.**

Annex: G. Instructions from DSO to EMCS to pay Beam Tech Consulting Limited in advance and in full K379, 225.00 dated June, 14th 2016 for ease of reference. Paul Tienstein (a former MP) is in jail for this type of instructions.

Annex: H Minute from EMCS dated March, 17th 2020 to the Chief Internal Auditor (CIA) relating to his knowledge and participation on the engagement of Virtual IT Systems and ICT Infrastructure generally.

Annex: I Minute from CIA to EMCS dated March, 18th 2020 which is in respond to Annex: G directly above and a Minute dated September, 26th 2017, this Minute exposes the involvement and knowledge of the EMCS in this matter, for the EMCS to say otherwise is a blatant lie.

D. FINDINGS

The following findings were made relating to the engagement of Virtual IT Systems by the DLIR through the office of the Public Relations Officer and the subsequent payment in advance of K293, 147.00.

1. Conflicting Reasons – Engagement of Virtual IT Systems

Eight (8) conflicting reasons were given for the engagement of Virtual IT Systems by those involved in the documentation for the engagement of Virtual IT Systems including documentation for the payment of K293, 147.00 to them.

Instead of one (1) reason, eight (8) reasons were given, basically to mislead, confuse or fool those that were/are not ICT savvy to approve this claim for Virtual IT Systems and earlier to Beam Tech Consulting Limited by fraudulent and corrupt minded perpetrators.

1.1. FF4

Being Payment Installation and Wiring of New PABX for DLIR Main Office.

1.2. Minute from David Vagi and Luanne Isikel

Supply & Installation of Fibre Optic Back Bone and LAN CAT6 Cabling by Virtual IT Systems.

1.3. Payment Request/Approval of Claim Form

Installation of Mitel PABX & ICT at DLIR.

Wiring & Installation of New Mitel Office MiVoice 470 IP PABX AT DLIR HQs. (2 reasons).

1.4. FF3

Minor Works for Wiring & Installation of New Mitel Office MiVoice IP PABX to DLLIR HQs.

Supply, Wiring & Installation of New Mitel Office MiVoice IP PABX, Voice & Data to DLLIR HQs 7 PLOs. (2 reasons).

1.5. CSTB Short Form Contract

Contract for supply, wiring, installation & Testing of New Mitel 470 PABX, New CISCO MERAKI Firewall MX100, New Internet Modems and Termination of Fibre Optic High-Speed Broadband Cable to the New HP

ML360 Server and all other ICT Apparatus on all Floors in Gaukara Rumana Building, Cameron and Wardstrip Roads, Waigani, NCD.

1.6. **Quotation from Vitual IT System**

Supply & Installation of Fibre Optic Back Bone & LAN CAT6 Cabling.

All these eight (8) reasons provided through these documentation (Item D 3 below) as referred to above were already in place, thanks to Tropicana Pty Ltd and Telikom PNG Ltd earlier and whatever outstanding works are to be completed by the supplier of the PABX during its installation. A minute dated March 10th 2020 to the Public Relations Officer to provide reasons as to these varying reasons was not responded to at the of this report. **Annex: J.**

The IAU is interested also to know how and why this engagement emanated from the office of the Public Relations Officer who is also known by many titles. These are Public Relations Officer, Assistant Manager Capacity Building and in the engagement of Vitual IT Systems he is referred to as Project Manager (CBP).

The IAU will appreciate to know through this report Mr Remi Yariyari's official and current position in the DLIR and his specific Job Description.

2. **Lack of Compliance with the PFMA**

Several breaches of the PFMA were observed in the engagement of Vitual IT Systems, these includes lack of three (3) quotations, payment in full without any works and the Claim itself is fraudulent as the Scope of Works (SOW) referred to in all correspondences between DLIR and Vitual IT Systems were completed earlier by Tropicana Pty Ltd and Telikom PNG Ltd. The following details referred to as 2.1 will expose theses breaches

2.1 **Scope of Works and Quotations**

- 1 There is no Scope of Works (SOW) from the DLIR through its ICT Branch as the User setting out and detailing the works to be conducted at Gaukara Rumana Building to enable Quotations from interested ICT Contractors including Vitual IT Systems to bid.
2. The only documentation available to the IAU relating to the engagement of Vitual IT Systems are:

Annex: K Undated Survey Discussion Report by Vitual IT Systems.

IAU Observation: *Who from the DLIR ICT Branch was involved in this survey to ensure no duplication of work already done?*

Annex: L Quotation from Vitual IT Systems for K230, 390.60 dated September, 19 2019 for the Supply and Installation of Fibre Optic Back Bone LAN CAT6 Cabling.

IAU Observation: *No three (3) quotations were sought accept from Vitual IT Systems for K230, 390.60 and Datec PNG Limited for K263, 297.28 dated October 17th 2019 (Annex: M) resulting in breaches to the PFMA. What about quotations referred to above in page 7 Item 6?*

After the quotation for K230,390.60 was received from Vitual IT Systems to undermine the quotation from Datec PNG Ltd for K263,297.28 another quotation for Firewall for K62,756.46 was request from Vitual IT Systems without giving the same opportunity to Datec PNG Ltd to quote. An intelligent scam perpetrated by fraudsters.

Annex: N A letter from Vitual IT Systems dated October, 22nd 2019 addressed to the Secretary, DLIR subjected Final Offer for ICT Wiring, Installation and ICT Works at DLIR, Gaukara Rumana Building, Waigani NCD.

Attached to this letter were Schedule 1 – Scope of Work (**Annex: O**), Schedule 2 – Payment Schedules (**Annex: P**) and Legal Advice from OWC Lawyer (**Annex: Q**).

IAU Observations: *Apart from emails, Correspondences between DLIR and Vitual IT Systems all emanated from one source that is the office of the Public Relations Officer. This is based on comparison with other correspondences we have on file.*

*Confirmation and agreement to the SOW does not have the signature of the Acting ICT Manager as the principal ICT Advisor to the DLIR. This is from the fact that the only outstanding works are referred to above as Item B 10,10.5 page 5 as per the attached Quotation (**Annex: R**) from Highlands Network Services for K39,886.00 while Telikom PNG Ltd quoted K574,603.00, Farmap Limited quoted K450,000.00, and PhilCorp quoted K468,983.00 for the PABX System, refer Item B 10, 10.6 page 5 and Quotations Item 6 page 7.*

Scope of Works (SOW) contained in the letter referred to as Annex N and SOW referred to as Annex: O are those already in place, thanks to Tropicana Pty Ltd and Telikom PNG Ltd.

Telikom PNG Ltd to complete the rest while supplying and installing the PABX including Datec PNG Ltd now realising Email and Internet services. So where in this Project leaves Vitual IT Systems as they were paid in advance K293, 147.00?

The full payment of K293,147.00 in advance for Vitual IT Systems prior to any work or payment in instalments based on progress reports is questionable and is also in breach of the Payment Schedule referred to as Annex: P above.

Pertinent issues also raised in the OWC Lawyers email as referred to as Annex: Q were not addressed, these were/are breaches of the PFMA that should have been taken seriously but were overlooked hence the payment to Vitual IT Systems being of a questionable and fraudulent nature.

Annex: S Quotation from Vitual IT Systems for K62, 756.46 for the supply of Cisco Meraki Firewall System dated October, 31st 2019. This quote was emailed through David Nou Vagi for the attention of Mr Remi Yariyari.

IAU Observations: *Why did Remi Yariyari and David Nou Vagi requested quotation for Firewall from Vitual IT Systems and paid them K62, 756.48 to total their payment of K293, 147.00 outsmarting Datec PNG Ltd. 's. K263, 297.28.*

This is while Remi Yariyari and David Nou Vagi knowing in fact and in truth that Firewall was already purchased from Enterprise Technologies for K77, 000.00 in September, 2019 awaiting commissioning of the New Server by Datec to be installed. This is underway at time of this report. This is a serious case of colluded and collaborated fraud bordering on corruption by Vitual IT Systems and those DLIR officers involved.

A copy of this Quotation from Enterprises Technologies and a cover Minute from the IAU dated January, 10th 2019 with hand written comments from the Secretary are attached as Annex: T for ease of reference.

Annex: U A Minute dated October, 21st 2019 was send from David Nou Vagi and Luanne Isikel to the Acting Secretary under the name of Mr Robert Rere the Acting ICT Manager who was on rec-leave.

This Minute contained recommendations supporting Virtual IT Systems to Supply & Installation of Fibre Optic Back Bone and LAN CAT6 Cabling.

IAU Observations: *The works specified in this Minute were already constructed by Tropicana Pty Ltd through Pacific Networks and Telikom PNG Ltd earlier. These works David Nou Vagi and Luanne Isikel were/are fully aware including the false payment to Beam Tech Consulting Limited under these very similar circumstances and yet made this recommendation. This Minute is misleading and false basically to meet a certain desired outcome. FRAUD.*

The only work that needs to be done are explained in Annex: R by Highlands Network Services for K39, 886.00 and Telikom PNG Ltd (yet to start for K574, 603.00) when supplying and installing the PABX System.

Telikom PNG Limited is no way to be found let alone Virtual IT Systems (don't know what they have been doing) when both should be working together to deliver this project, it's now three (3) months on and DLIR is still waiting.

Comments on this Minute, **Quote by EMCS:** As DLIR is pressed with time to deliver this project and Dalton has not produced a quote, I support the engagement of Virtual IT Systems to carry out the Fibre Optic works dated 22/10/19. **End of quote.**

IAU Observations *This is a lie as the works specified in this Minute were already done by Tropicana Pty Ltd through Pacific Networks and Telikom PNG Ltd earlier. This Mr Elijah Bokuik was/is fully aware including the false payment to Beam Tech Consulting Limited under the same and similar circumstances yet he made this recommendation. Refer IAU's correspondences with EMCS dated 13th, 17th and 18th March, 2020, Annex: H and I. These includes not considering quotations referred to in Item 6 page 7.*

Comments on this Minute by **DSO, Quote:** Noted. Preferred supplier for Fibre Optic capability is highly commented dated 23/12/19. **End of quote.**

IAU Observations *This is a lie as the works specified in this Minute were already done by Tropicana Pty Ltd through Pacific Networks and Telikom PNG Ltd.*

This Mr George Taunakekei was/is fully aware including the false payment to Beam Tech Consulting Limited which he instructed EMCS to make advance payment. The IAU Report on this is still pending with the Secretary's office while we continue to approve and entertain false Claims with impunity. Refer DSO's handwritten instructions (Annex: G) for the payment to Beam Tech Consulting Limited on a Minute from then ICT Manager Mr Isaiah Kingsley.

Secretary's instructions for disciplinary action against Mr Kingsley Isaiah the former ICT Manager for the engagement and payment to Beam Tech Consulting Limited is yet to be actioned after it went from the DOS's office to Secretary's office and then to EMCS office since 2018. Copy of that final Draft Disciplinary Charges attached as Annex: V for ease of reference.

An expression of Interest by Highlands Network Services for K39, 886.00 in July, 2019 (Annex: R) for Tidying up of previous ICT jobs done by other contractors including Tropicana Pty Ltd and Telikom PNG Ltd was conveyed to the EMCS by the Acting ICT Manager including the principal following up with EMCS. This expression was made to assist whoever DLIR wish to engage for the supply and installation of the PABX System including Telikom PNG Ltd. Why this Expression for K39, 886.00 was overlooked and instead Vitual IT Systems were engaged and paid K293, 147.00 is suspicious, questionable and borders on fraud.

3 Payment to Vitual IT Systems

- 1 A Requestion for Expenditure Form (form 3) for the full amount of K293, 147.00 dated November, 15 2019 in favour of Vitual IT Systems was raised presumably by Remi Yariyari and signed by DSO and Secretary. **Annex: W.**
- 2 A Central Supply & Tenders Board (CSTB) Short Form Contract in favour of Vitual IT Systems dated December, 23rd 2019 was raised presumably by Remi Yariyari and signed by the Secretary. **Annex: X.**
- 2 A Payment Request/Approval of Claim Form in favour of Vitual IT Systems for the full amount of K293, 147.00 dated December, 23rd 2019 was raised presumably by Remi Yariyari and signed by DSO and Secretary. **Annex: Y.**

- 4 An FF3 Form in favour of Vitual IT Systems was raised by DLIR Accounts Branch for the full amount of K293, 147.00 dated December, 24th 2019 and a BPNG Cheque No. 1353173 was raised on the 27/12/19 and the cheque picked up by Remi Yariyari on the same day (27/12/19), bearing in mind Public Accounts were closed. **Annex: Z.**
- 5 A Minute dated November, 19th 2019 (**Annex: AA**) was addressed to the Secretary, then Acting Secretary by the Chief Internal Auditor (CIA) raising compliance issues that needed addressing prior to any payments to Vitual IT Systems can be considered.

These compliance issues raised by the IAU were not considered and addressed including those raised by the OWC Lawyer (**Annex: P**). Therefore, the payment to IT Vitual Systems is incorrect, questionable and of a suspicious nature bordering on collaborated fraud.

4. Possible Foul Play and Who

The knowledge and access to information and documentation relating to the ICT Infrastructure works at the Gaukara Rumana Building conducted by Tropicana Pty Ltd and Telikom PNG Ltd prior to the DLIR moving in, in May/June, 2016 are known by those involved in the engagement of Vitual IT Systems. This includes the false and fraudulent payment to Beam Tech Consulting Limited.

With this knowledge, information and documentation at the disposal of the following people they participation in another false and fraudulent engagement and payment of K293,147.00 to Vitual IT Systems. This amounts to colluded and collaborated fraud on their part.

These people are: Public Relations Officer, (Remi Yariyari), Executive Manager Corporate Services (Elijah Bokuik), Deputy Secretary Operations (George Taunakekei), Acting ICT Manager (Robert Rere) and ICT Officers, David Nou Vagi and Luanne Isikel)

E: GENERAL IAU OBSERVATIONS

The following are based on observations by the IAU basically to add value to this and other Reports on issues of corruption within the DLIR to assist the Secretary to deliberate and arrive at some serious decisions for the DLIR's progress going forward. This is in support of the National Governments anti-Corruption Campaign that resulted in the passing of the Whistleblowers Legislation and the tabling in Parliament of the ICAC Bill recently now undergoing parliamentary processes before the Bill is passed.

It is important and incumbent on us that we play our leadership roles in ensuring transparency and accountability in the use and application of public funds under our care and responsibility to assist the government in its ant-corruption efforts.

1. Mr. Remi Yariyari is not a fit and proper person to be tasked/entrusted to hold or participate in any official position (s) that require his involvement in the requisition, approval and the use and application of public funds for the following serious reasons.

- 1.1 K10.3 Million in total PIP funding in 2015, 2016 and 2017 for Capacity Building Projects under his responsibility has not been acquitted. This resulted in no PIP funding for 2018 until the intervention of the former Minister, Hon Merrah Kipefa resulting in the funding of K3.8 Million in late 2018.

The attached sample Minutes (**Annex: BB**) apart from others dated August, 04th 2017, August, 08th 2017 and February, 18th 2019 between the Public Relations Officer and the Chief Internal Auditor for ease of reference confirms this allegation.

- 1.2 Attempted to defraud the DLIR a total of K820, 000.00 in K480, 000.00 and K340, 000.00 payments to Bau NG Limited in collaboration with the former ICT Manager, Isaiah Kingsley for alleged ICT Infrastructure.

This Claim failed to materialize, thanks' to the IAU and F & E Branch for their vigilance. A Minute dated December, 20th 2018 (**Annex: CC**) from the Chief Internal Auditor to the Secretary, who was then acting exposed and ended that attempt.

- 1.3 On hearing of rumors that the Public Relations Officer was collaborating with others to defraud PIP funding that was recently released in late 2018 on intervention by the then Minister the Secretary wrote the attached minute (**Annex: DD**) to warn the Executive Manager Corporate Services to ensure PIP Funds are appropriated as required.

- 1.4 Despite this Minute from the Secretary to the EMCS the Public Relations Officer in collusion with others lodged several Claims using the then Ministers Office totaling K1, 759,134.02 under PIP for ICT Infrastructure, Hire Car and others in another effort to defraud the DLIR. The Minister on learning of these claims through his office was so furious resulting in the DLIR Expenditure Vetting Committee declining these claims. Thanks to the diligence of the Expenditure Vetting Committee these claims were rejected as it also bypassed the pre-audit process.

A Minute from the Internal Auditor to the Chief Internal Auditor dated January, 02nd 2019 relating to these Claims is attached as **Annex: EE** for ease of reference.

- 1.5 In another attempt to defraud the DLIR through the ILO 100 Years Centenary Celebrations in August/September, 2019 the Public Relations Officer lodged three (3) Claims totaling K615, 000.00 without the knowledge of the Acting Manager ILA as the Program Head.

These claims that had no relevance or these services were already engaged and paid for from other contractors. These claims were denied by the IAU and IAU does not know what happened to these Claims to this day.

Attached as **Annex: FF** for ease of reference a is copy of a Minute to the Secretary dated July, 23rd 2019 from the Internal Auditor relating to this K615, 000.00.

- 1.6 In collaboration with the Deputy Secretary Operations (DSO) Remi Yariyari lodged a Claim for Airfares from Port Moresby to Tufi and return totaling K21, 839.00.

This Claim was found to be exorbitant by K11,762.00 and an attempt to defraud the DLIR. This fraud was successful with the help of the DSO despite the IAU declining to clear this claim. A Minute from the Acting Chief Internal Auditor to the Secretary dated December, 18th 2019 relating to this Claim is attached as **Annex: GG** for ease of reference.

- 1.7 **ICING ON THE CAKE**. The IAU first came to know and realized the bad antics perpetrated by Remi Yariyari when in November/December, 2015 he used the IAU's ignorance to buy two (2) PGAS Cheque Printers through a third party at exorbitant costs instead of through the supplier. Only one (1) of the two (2) printers paid for was supplied to the Finance & Expenditure Branch for the replacement of the printer that was faulty while the other printer is yet to be delivered.
- 1.8 Not forgetting the incomplete Secretary's Office at huge cost to the DLIR a legacy of his project leadership. He was too busy building and partitioning his own office that he forgot to complete the Secretary's office. A case of looking after oneself and later the others.
- 1.9 Successfully orchestrated in collusion and collaborate with others the recent fraudulent payment of K293, 147.00 to Vitual IT Systems which is the subject of this report.

With these very serious nine (9) allegations against the Public Relations Officer, he Mr. Remi Yariyari continues to ply his questionable trade and antics with impunity. The IAU is now let to believe that Mr. Remi Yariyari must be indispensable or is immune to the DLIR and Public Service Disciplinary Processes and subsequently the criminal justice system.

2. In a more than two (2) hours of briefing in November, 2018 thereabouts in the then Ministers Office (Hon Merrah Kipefa) between the Minister, IAU and the then Acting Secretary, now confirmed Secretary detailed discussions were centered around the administrative and operational aspects of the DLIR.

This included a written Brief and Draft Documentation presented to the Minister and then Acting Secretary for serious consideration for possible implementation, unfortunately these discussions and documentation failed to see the light of day as we continue the legacy of the past, and our hopes for change for the better going forward diminished and evaded us.

Amongst these discussions was the subject of huge amounts of public funds spent on the DLIR ICT Infrastructure Projects at Headquarters and in the Provinces which is still ongoing to this day, when it should have been corrected in early 2019 with the then Acting Secretary's intervention.

For prove of these discussions the attached Minute (**Annex: HH**) from the then Acting Secretary dated January, 10th 2019 addressed to the Chief Internal Auditor amongst other documentation speaks for itself. This is/are the unsuccessful efforts the IAU had pursued in its efforts to assist the DLIR to arrest the ongoing problems associated with the never ending DLIR ICT Infrastructure Projects at huge costs to the DLIR.

F: CONCLUSION

The Executive Manager Corporate Services (Mr Elijah Bokuik), the Public Relations Officer (Mr Remi Yariyari), the Deputy Secretary Operations (Mr George Taunakekei), the Acting ICT Manager (Mr Robert Rere) and his two (2) ICT Officers (David Nou Vagi and Luanne Isikel) have knowledge, know and have documentation that:

1. Tropicana Pty Limited (landlord) through Pacific Networks and Telikom completed the initial wiring and cabling. Refer Annex: C. and B.
2. That Beam Tech Consulting Limited were paid earlier for a job already completed and in place by Tropicana Pty Ltd through Pacific Networks and Telikom PNG Ltd.
3. The only jobs outstanding to this day despite the engagement of Beam Tech Consulting Limited earlier and Vitual IT Systems recently are the tidying up and labelling of wiring and cabling issues for K39, 886.00 thereabouts and the supply and installation of the PABX System (awaiting Mr Remi Yariyari and Telikom PNG Ltd, contract for K574, 603.00) with certification and commissioning to follow thereafter.
4. The total payment of K672,372.00 to Beam Tech Consulting Limited earlier and Vitual IT Systems recently are false, bogus and fraudulent in nature.

Knowing the above four (4) facts yet engaged and paid Vitual IT Systems K293,147.00, this engagement and payment does not equate and make sense and borders on colluded and collaborated fraud by those involved.

The questionable payment to Vitual IT Systems is made on the heels of the Department of Finance, Finance Inspectors investigations into the use and application of WPTA Funds with specific emphasis on ICT and Vehicle Maintenance. **This is incomprehensible and insanity at its worse, basically there is no fear of corruption.**

Telikom PNG limited knew and were/are aware that they did the initially cabling together with the Landlord earlier and prior to DLIR moving in yet nominated Vitual IT Systems to do the exact same job. This Telikom PNG Limited did in bad taste and was meant for a certain desired outcome, **FRAUD**. Those who represented DLIR knowingly accepted this nomination for reasons only known to them.

The Secretary DLIR may have been misled by those named in this Report to approve and authorised the Claim of K293, 147.00 paid to Vitual IT Systems despite IAU refusal.

In appreciating and understanding the incumbent Secretary's position in not to deal with issues that occurred prior to his time during many of our discussions relating to IAU Reports we appeal that the contains of this report is dealt with, with some serious punitive actions as these have occurred under the incumbents watch.

Secretaries have come and gone but perpetrators and their antics and actions have not changed, they live and derive on within their networks and the systems weaknesses as a direct result of indecisiveness and weak leadership. Are we going to continue living this legacy?

G: RECOMMENDATION (S)

1. Immediately refer this Report to the Police Fraud & Anti-Corruption Directorate to conduct criminal investigations into the conduct of:
 - 1.1 Mr Remi Yariyari – Public Relations Officer.
 - 1.2 Mr David Nou Vagi – Maintenance & Hardware Officer, ICT.
 - 1.3 Mrs Luanne Isikel – Network Officer, ICT.
 - 1.4 Mr Elijah Bokuik – Executive Manager Corporate Services.
 - 1.5 Mr George Taunakekei – Deputy Secretary Operations.
 - 1.6 Mr Robert Rere – Acting ICT Manager.
 - 1.7 Vitual IT Systems, its Servants and Agents.
 - 1.8 Telikom PNG Limited its servants and Agents.
2. Immediate disciplinary actions to be imposed against the following staff for their part in the engagement of Vitual IT Systems.
 - 2.1 Mr Remi Yariyari
 - 2.2 Mr David Nou Vagi

- 2.3 Mrs Luanne Isikel
 - 2.4 Mr Elijah Bokuik
 - 2.5 Mr George Taunakekei
 - 2.6 Mr Robert Rere
- 3. Mr Remi Yariyari to be relieved of all other jobs except Public Relations Officer to the Office of the Secretary.
 - 4. Immediately instruct Vitual IT Systems to reimburse the K293, 147.00 paid to them and blacklist them to avoid them doing business with DLIR in future.
 - 5. Immediately engage Highlands Network Services to do tidying up of wiring and cabling including labelling of cables for K39,886.00.
 - 6. Engage someone else to supply and install the PABX System for less then K500,000.00. Give Farmap and PhilCorp as mentioned in Item 6 page 7 above and opportunity to quote amongst others.
- The engaged of someone for K500,000,00 or less including recommendation 5 will bring this DLIR ICT bullshit to a stop with 100% communication access as Datec PNG Limited has already delivered the Servers and upgraded the email and internet services including installation of the Firewall supplier by Enterprise Technologies.
- 7. Farmap Limited to be engaged to review its earlier audit in December, 2016 into the DLIR ICT Infrastructure Works for Gaukara Rumana Building as against any developments (refer Item B, 10 page 5 above) that had occurred after its report. This includes certification of all the Buildings ICT Infrastructure since we moved in May/June, 2016 to now.

- Ends -

Decent Work for all, freely chosen, in human dignity

P O Box 5644, BOROKO, 131, NCD, Port Moresby, Papua New Guinea Level 3, Gaukara Rumana Building, Wardstrip , Gordons , Corner of Cameron Road. Telephone Number, 3017680, Facsimile number 3256293