



PARLIAMENT OF THE COOK ISLANDS

Public Accounts Committee

16 June 2017

Honourable Speaker
Office of the Speaker of Parliament
Parliament of the Cook Islands
Nikao, Rarotonga
COOK ISLANDS

Honourable Speaker

RE: PARLIAMENT PAPER NO. 104: PAC REPORT 2-2017

Pursuant to the Terms of Reference of the Public Accounts Committee, I have the honour to present the Committees Report on the Evidence Session with the CEO of the Business Trade Investment Board (BTIB) regarding the:

Audit Report on the Review into alleged mismanagement of funds at the Business Trade and Investment Board (BTIB) 2013.

I have the honour, Madam Speaker, to be your obedient servant,

A handwritten signature in black ink, appearing to read 'Mona Ioane'.

Hon. Mona Ioane
Chairman
Public Accounts Committee

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PARLIAMENT OF THE COOK ISLANDS
Paper No. 104



Public Accounts Committee

Report on Evidence Session: Friday 5 May 2017

Audit Report on the Review into alleged mismanagement of funds at the Business Trade and Investment Board (BTIB) 2013.

PAC Report No. 2-2017
18 May 2017

Public Accounts Committee Members

Chairman	Hon Mona Ioane, MP Member for Vaipae-Tautu Deputy Speaker of Parliament
Deputy Chairman	Mr James Beer, MP Member for Murienua
Members	Mr Tekii Lazaro, MP Member for Pukapuka-Nassau Mrs Ngamau Munokoa, MP Member for Nikao-Panama Mr Tai Tura, MP Member for Mauke Mr Tangata Vavia, MP Member for Mitiaro

Committee Staff

Committee Clerk	Mr Tangata Vainerere Executive Director Pacific Legislatures for Population and Governance
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Parliament Leadership

Speaker	Mrs Niki Rattle
Clerk	Mr John Tangi
Deputy Clerk	Mrs Helen Maunga

Public Accounts Committee

Report on Evidence Session

Friday 5 May 2017

*Audit Report on the Review into alleged
mismanagement of funds at the Business Trade and
Investment Board (BTIB) 2013.*

PAC Report No. 2-2017

Presented by

Hon Mona Ioane, MP

Laid on the Table of Parliament on 19 June 2017

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SUMMARY OF RECOMMENDATIONS

The following is a list of all the recommendations made by the Public Accounts Committee in respect of the Evidence Session conducted by the Committee on Friday 4 May 2017 with the Chief Executive Officer of the Business Trade Investment Board (BTIB) Mr Teariki Vakalalabure and BTIB Finance and Administration Manager Ms Tunoa Kaina. This summary of recommendations is not intended to stand alone and should be read in conjunction with the PAC NOTES AND RECOMMENDATIONS section of this report which contains the rationales for these recommendations.

Recommendation 1

The Committee recommends that more targeted training in financial management and leadership integrity as per the CIGFPPM be conducted regularly by the Public Service Commission and MFEM for Finance and Executive Management Staff in Government Ministries and State Owned Enterprises.

Recommendation 2

It is the consensus view of the Committee that future incidents of this nature where there is indisputable evidence of misappropriation of Public Funds in a Government Ministry, Statutory Body or State Owned Enterprise, the matter should not be left to the discretion of the HOM or Management Board concerned and recommends that the PERCA Act 1995/96 be amended to make it mandatory for such cases to be referred to the Police by the Audit Office on the advice of Crown Law.

Recommendation 3

The Committee recommends that the Audit Office in its annual work programme include periodical and/or random spot checks of the state of financial management of Government Ministries, Statutory Bodies and State Owned Enterprises.

Recommendation 4

The Committee recommends that the Audit Office ensure all accounts of Government Ministries, Statutory Bodies or State Owned Enterprises are audited annually.

Recommendation 5

The Committee recommends that the BTIB strengthen its internal staff development training so as to foster a more proficient working culture and stronger work ethics at BTIB.

CHAIRMAN'S FOREWORD

This is the second report of the Public Accounts Committee (PAC) in the 48th session of Parliament, tabled as Paper No. 104 (PAC Report 2-2017, 18 May 2017).

As mandated in its Terms of Reference, the Committee examined the report by the Audit Office titled '*Special Review Report on mismanagement of funds at the Business Trade and Investment Board (BTIB) - Parliament Paper No. 43, 27 May 2015*' and decided to call the Chief Executive Officer of the BTIB, Mr Teariki Vakalalabure to appear before the Committee for the purpose of responding to questions by the Committee Members relating to the Audit Review of the alleged mismanagement of funds at BTIB by the former Finance and Administration Manager.

This report outlines the key findings of the evidence session conducted by the Committee on Friday 5 May 2017 to address the contents of the Audit Report.

In attendance were Mr Vakalalabure as the key witness, and BTIB Finance and Administration Manager Ms Tunoa Kaina. BTIB Trade and Marketing Officer Ms Mona Taio also attended to take photos of the proceedings for the BTIB Newsletter.

Background

As a brief background, the Cook Islands Audit Office (CIAO) received a complaint regarding allegations of financial mismanagement at the Business Trade and Investment Board (BTIB) in December 2013 against the then BTIB Finance and Administration Manager. The Audit Office conducted a 'special review' into the allegations by analysing the financial transactions from November 1 2012 to December 31 2013.

The review confirmed that during the said period of thirteen months, the staff concerned did in fact abuse her position of authority for her own and familys benefit by processing ten inappropriate and incorrect payments to the value of \$5,703.93 which she and her family benefitted from.

The Committee Process

During the Evidence Session the CEO and the Finance and Administration Manager presented to the Committee a background summary of the Audit Report on the Review into the alleged mismanagement of funds by the staff concerned.

The Committee Members posed several questions to the BTIB duo with a focus on the key findings of the Review.

PAC History

The PAC was established by Parliament through Motion No. 3 as notified by Order Paper 17 on 14 December 2015:

"To be the financial oversight of Parliament and to report on the Budget and Public Accounts, and also to examine reports of the Auditor General and any such report and to undertake any financial matters deemed necessary and to report all findings to Parliament."

The rest of the session was devoted to examining the remedial actions taken by BTIB in implementing the Audit Recommendations (highlighted in Section 15 of the Review Report) and the BTIB duo shared with the Committee the various initiatives to address the claims of poor internal controls, lack of supervision in BTIB and administrative practices in breach of the CIGFPPM thereby resulting in an environment conducive to abuse.

At the end of the session the Committee was satisfied with the remedial steps introduced by the new BTIB Executive Team to prevent re-occurrence of such incidents within the BTIB. However, the Committee resolved to call the Chairman of the BTIB Board Mr John Tumutoa to appear before the Committee to explain some of the decisions taken by the Board during the investigations, in particular the Resolution 3 of the Board on the case contained in their letter to the Audit Office on 6 November 2014.

The outcome of the evidence session with Mr Tumutoa is recorded in Parliament Paper 106 (PAC Report 4-2017).

Hansard reports on PAC Evidence Sessions are available on request to the Committee Clerk.



MR MONA IOANE, MP
CHAIRMAN

PAC NOTES AND RECOMMENDATIONS

Financial Irregularities

1. The type of offending committed at BTIB seems to have been creeping into some agencies of Government in the recent past.
2. In the case of BTIB, there was a gap in the requirements of the Cook Islands Government Financial Policies and Procedures Manual and the capacity of the former Finance Manager of BTIB in implementing the rules contained in the CIGFPPM despite her past experience as a former MFEM staff member.
3. There was a weakness in the internal controls and supervision by the former CEO which led to the offending by the staff concerned and the breaches of the Cook Islands Government Financial Policies and Procedures Manual.
4. Sadly, the former Finance Manager did not live up to the expectations of the BTIB Board in hiring her to fill the very important and senior position of Finance Manager at BTIB. In this regard, the capacity and moral responsibility of an individual placed into a position of trust to handle public funds comes to the fore.
5. The then CEO's contract was not renewed and the assumption is that this was as a result of the review of his performance following the discovery of the offending by his trusted staff member.
6. When people intend to steal from the system, they will do it irrespective of the rules so it's a vetting issue. How SOEs like BTIB vet people to take on the specific role of handling public funds is an important consideration.
7. There should be a specific effort within the government system to properly train people who are handling public funds.
8. There's a need to have clear standards to minimise re-occurring of similar offending. It's desirable that people being hired by SOEs already possess that moral compass and are able to see right from wrong during the implementation of the policies and rules.

Recommendation 1

The Committee recommends that more targeted training in financial management and leadership integrity as per the CIGFPPM be conducted regularly by the Public Service Commission and MFEM for Finance and Executive Management Staff in Government Ministries and State Owned Enterprises.

Executive and Board Resolutions

9. In the Audit Report, the Audit Office addressed 9 recommendations to the former CEO of BTIB. Of the 9 recommendations, 8 were subsequently addressed satisfactorily. However, Recommendation 15.2 - *'Consider referring the matters highlighted in this report to the Police for further investigation'* was not acted upon.
10. The Audit Office also addressed the same recommendation to the BTIB Board (Recommendation 15.11 - *'Consider referring the matters highlighted in this report to the Police for further investigation'*) and the Board also failed to act accordingly despite advice given by Crown Law that a pattern of dishonesty was evident in Ms Samuels behaviour resulting in a breach of various sections of the Crimes Act 1969 and that the matter should be referred to the Police.
11. Subsequently, the Board at its meeting held in October 2014 noted that all funds misused by Ms Samuels have been repaid in full.
12. The Board also felt that the public knowledge of Ms Samuels' termination from BTIB with her misuse of public funds is sufficient penalty for her actions.
13. The Board further resolved that Police prosecution on its part will not be necessary. However, should the Audit Office and Crown Law wish to proceed with legal action that is their decision.
14. The Committee in reviewing the events that transpired finds that the former CEO and the BTIB Board erred in that their respective decisions set an alarming precedent for up-and-coming leaders in the Public Sector and provided no deterrent features at all that will assist with the prevention of such incidents in the future.
15. The Committee found that the last audit of BTIB Accounts by the Audit Office was in 2014.
16. The Board's view was to rely on the Crown Law in as far as assessing of the evidence and if they made the decision to prosecute go ahead and initiate that prosecution – simply meaning that the Board did not make a second report to the Police aside from any other report that Audit had and that had been referred to Crown Law.
17. BTIB were of the view that Crown Law being government's legal advisor would be the most appropriate authority to determine the issue of prosecution.
18. The BTIB Leadership Team has requested a two-year audit arrangement for BTIB for 2014/2015 and 2015/2016.

Recommendation 2

It is the consensus view of the Committee that future incidents of this nature where there is indisputable evidence of misappropriation of Public Funds in a Government Ministry, Statutory Body or State Owned Enterprise, the matter should not be left to the discretion of the HOM or Management Board concerned and recommends that the PERCA Act 1995/96 be amended to make it mandatory for such cases to be referred to the Police by the Audit Office on the advice of Crown Law.

Recommendation 3

The Committee recommends that the Audit Office in its annual work programme include periodical and/or random spot checks of the state of financial management of Government Ministries, Statutory Bodies and State Owned Enterprises.

Recommendation 4

The Committee recommends that the Audit Office ensure all accounts of Government Ministries, Statutory Bodies or State Owned Enterprises are audited annually.

Re-occurrence of Breaches

19. During the evidence session with the BTIB duo, the Committee noted with concern that following the Ms Samuels incident, the misappropriation of funds by a junior officer and financial irregularities attributed to a senior officer at BTIB occurred despite the initiation of remedial action arising out of the Ms Samuels case.
20. The CEO reported that there were two other cases at BTIB involving financial irregularities (by former Business Development Manager) and misappropriation of funds (by former Finance and Admin Officer) after the case involving the former Finance and Administration Manager but unlike that case, these other two incidents were detected very early and dealt with decisively and expeditiously.
21. As a result of the ensuing internal investigations by Senior Finance and Admin Officer Agnes Parker at BTIB Human Resources Division, the CEO had sufficient grounds to terminate the employment of both officers concerned and did refer the matter of misappropriation of funds by the former Finance and Administration Officer to Police and it has been dealt with by the Police. The summary reports on these two incidents are annexed as Appendix Three and Appendix Four of this report.
22. The contracts of the two staff members concerned were eventually terminated by the CEO simply based on their performance of the contract including breaches of the Public Service Code of Conduct.

Recommendation 5

The Committee recommends that the BTIB strengthen its internal staff development training so as to foster a more proficient working culture and stronger work ethics at BTIB.

Staff Turnover

23. The Committee noted that there was a problem with staff turnover at BTIB during the time of the case in question.
24. BTIB couldn't hold staff for long periods of time. For example, the CEO commenced service at BTIB in 2011 and was the only one who have served the longest there. Everybody else has served for shorter periods at BTIB.
25. When the current CEO took up the appointment in 2015 he was a new CEO and all the Managers were new Managers to the job. Only one Manager was appointed from within BTIB, and two were recruited from outside the organisation.
26. Since 2015 to 2017 BTIB have managed to keep a stable number and we have the numbers under our structure now. So a big challenge for organisation like BTIB is how to retain good staff.
27. The CEO in responding to a question by a Committee Member about the pay stated that when you need an accountant and they have served three years under the current rules he can't go outside of the salary band even though he knew that he should go outside of the band to hold them and keep them in the organisation. So continuing to hold good staff and holding on to a good accountant administration job is difficult and I recognise there will always be turnover simply because people will move to jobs that pay a bit more.
28. So ideally the turnover will probably be for the life time of one or two contracts, three year contracts maybe after the second contract and the third contract might be hard to hold on to staff.

Recruitment Challenges

29. The Committee noted that there was a problem with recruiting appropriately qualified advisers to fill technical/advisory roles at BTIB in order to fulfil its mandate.
30. The difficulty faced by BTIB is that its current annual budget allocation is not geared to cater for such high level appointments.
31. BTIB is a technical agency of government. Technical in the sense it must have trade expertise, it must have investment expertise and it must have business development expertise. The budget is not set up for that.
32. To give advice to public and to give advice to Cabinet Ministers and to government require that expertise and if anything to improve our service to cut down on mismanagement and misuse of funding this is a particular area that could be raised, Hon. Chairman and be considered at the national level through our Members of Parliament and in Parliament.

A handwritten signature in black ink, appearing to read 'Mona Ioane', with a long horizontal stroke extending to the right.

MR MONA IOANE, MP
CHAIRMAN

CHAIRMAN'S ACKNOWLEDGEMENT

1. BTIB CEO Mr Teariki Vakalalabure and Finance and Administration Manager Ms Tunoa Kaina for their cooperation in taking the time to appear before the Committee and to Ms Mona Taio for taking the necessary photos of the evidence session and supply of copy to the PAC Secretariat.
2. Committee members, Mr James Beer MP (Deputy Chairman), Mr Tekii Lazaro MP, Mrs Ngamau Munokoia MP, Mr Tai Tura MP and Mr Tangata Vavia MP for the collaborative way in which they have worked.
3. Parliament Executive Team of Speaker Mrs Niki Rattle, Clerk Mr John Tangi and Deputy Clerk Mrs Helen Maunga as well as the Hansard Staff and the rest of the Parliamentary Services Staff for all the technical and administrative support provided to the Committee.
4. Head of Hansard Mr Isaac Solomona, Corporate Services Head Mrs Ina Pierre, Hansard Staff and the rest of the Parliamentary Services Staff for all the technical and administrative support provided to the Committee.
5. Committee Clerk, Mr Tangata Vainerere, for his guidance and support throughout this inquiry and for the production of this report.
6. Media agencies who were represented at the hearing, including Cook Islands News, Cook Islands Television and Te Kave Korero Programme as well as members of the general public who were present at the hearing.
7. Director of Audit, Mr Allen Parker, for the supply of the Audit Report to the Committee and for the presentations made to the Committee on Wednesday 10 May 2017.
8. UNDP Pacific Office for its ongoing support to the Committee and to Consultant Rob Oakeshott for empowering us with his immense technical knowledge and vast Committee experience.

APPENDICES

Appendix One: BTIB Exhibit 1 - PAC Hearing Flyer



Public Accounts Committee

On Friday 5th May the CEO and Manager Finance appeared before the Public Accounts Committee ("PAC") that was dealing with a special audit report findings on mismanagement of fund in 2013. The PAC wanted to hear from our Management on the actions taken in order to improve the management of public funds given to our agency. The finding included concerns on the pre signing of cheques, payments without voucher or invoice, process of paying temporary staff, compliance with CIGFPPM (financial procedures), training of finance personnel and others.

The session took the whole morning and allowed for frank exchanges to satisfy the select committee that there are now improvements to address those concerns from the audit findings.

The BTIB is committed to improving financial management of its funds to ensure it is used for the purposes it was appropriated for.

1997 - Investment Act Passed | 1995 - Development Investment Act Passed | 2003 - Investment Code adopted
1991 - Monetary Board established | 1997 - Development Investment Board (DIB) established |
2007 - Business Trade Investment Board (BTIB) established from the merger of the DIB and Small Business Enterprise Centre

The flyer features a blue background with a white and yellow text box. Below the text box are four circular images showing a meeting in progress. At the bottom, there is a timeline of key events in the organization's history.

BTIB PAC Hearing Flyer by Mona Taio, Trade and Marketing Officer, BTIB

COOK ISLANDS AUDIT OFFICE

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DATE: 29 September 2014

TO: Hon Mark Brown, Minister of Finance, PERCA & CIIC

FROM: Allen Parker, Director of Audit

SUBJECT: **Review into the alleged mismanagement of funds at Business Trade Investment Board (BTIB)**

EXECUTIVE SUMMARY

The Cook Islands Audit Office (CIAO) received a complaint regarding allegations of financial mismanagement at the Business Trade and Investment Board (BTIB) in December 2013. The Public Expenditure and Review Committee (PERC) approved a special review to be undertaken by the CIAO into this matter.

The basis of the complaint alleged that salary advances have been made and not reimbursed and that some cheques were inappropriately used with poor accountability. The allegations were made against the former Finance Manager of BTIB, Ms Sarah Samuels.

Further inquiries into the matter and subsequent correspondences alleged that the Finance Manager had:

- duplicated payments to her brother from the BTIB operating cheque account and the MFEM payroll
- paid out annual leave to her brother when he was not entitled to annual leave;
- engaged her partner to clean a BTIB office vehicle without the proper approval
- received cash from the BTIB vehicle tender and failed to account for the money appropriately; and
- used BTIB funds for her own use.

The purpose of our review was to ascertain whether or not the allegations were valid and well founded. We also assessed BTIB's overall financial environment, controls and processes to identify any weaknesses in the internal control environment. We reviewed financial transactions for the period from 1 November 2012 to 31 December 2013. Other anomalies identified during the course of the review have also been presented in our report.

KEY FINDINGS

Our review confirmed that Ms Samuel in her capacity as the former Finance Manager of BTIB:

- processed BTIB voucher payments and payroll summaries on two separate occasions that resulted in her brother's double payments. He was paid by BTIB cheque and subsequently through the government payroll for the same period. Ms Samuel also arranged and overpaid her brother annual leave payments for which he was not entitled to as per his notice of appointment;
- paid her brother through payroll for a public holiday he was not entitled to;
- authorised and paid her partner from BTIB funds to clean the BTIB office vehicle GA 429 (which she used) without the CEO's authority.
- received \$450 for a BTIB truck tender that was not banked (although she accepted responsibility and reimbursed BTIB prior to the review)
- paid for personal expenses with BTIB funds on separate occasions without the knowledge or authority of the CEO

Other anomalies identified during the course of the review were that Ms Samuels:

- claimed a \$1000 reimbursement from BTIB for expenses which in our view are questionable and not legitimate official BTIB expense;
- failed to repay a \$1079.99 net salary advance which she had already received;
- claimed to have given a BTIB board member his \$150 board sitting fee when the evidence suggests she had not;
- used BTIB funds without the appropriate authorisation to pay for two family members air fares valued at \$569.80 to accompany her on an outer island business trip and failed to reimburse this amount to BTIB.

Ms Samuel abused her position of authority for her own and family benefit

Ms Samuels was appointed to the position of Finance & Administration Manager of BTIB, a senior position that allowed her control over the use of public money. Such a position requires trust and integrity, and ensures public officials exercise due care when incurring public expenditure.

Our analysis confirmed that Ms Samuel abused her position by processing inappropriate and incorrect payments to the value of **\$5,703.93**, which she and her family benefited from. This is outlined in detail below:

Table 1.1: Summary of Payments

Transactions	Amount	Beneficiary
Double payment for Ms Samuels brother's salary for work period 9-17 May 2013	\$539.11	Teariki Samuel
Double payment for Ms Samuels brother's salary in August 2013	\$802.94	Teariki Samuel
Payments to Terrence Edwards (Ms Samuels partner) for cleaning BTIB vehicle	\$850.00	Terrence Edwards
Reimbursement claim by Ms Samuels for BTIB expenditure from her personal funds	\$1,000.00	Sarah Samuel
Double payment for Ms Samuels salary	\$1,079.99	Sarah Samuel
Ms Samuels used BTIB funds to pay for a private newspaper advert	\$102.20	Sarah Samuel

Miss Samuels used BTIB funds to purchase Telecom top up cards	\$250.00	Sarah Samuel
Miss Samuels failed to account for a board members fee	\$150.00	Sarah Samuel
Miss Samuels used BTIB funds to pay for 2 family members to travel to an outer island	\$569.80	Sarah Samuel
Miss Samuels failed to reimburse BTIB for per diems paid from BTIB funds	\$359.89	Sarah Samuel
TOTAL	\$5,703.93	

Ms Samuel's wrongdoing and improper behaviour is a breach of her employment contract and warrants dismissal

Audit found Ms Samuel's behaviour and conduct to be improper and dishonest in that she used public funds for her own use and failed to properly account for the use of public money. She overpaid her brother and partner for payments they were not entitled to. In addition, she processed personal payments and reimbursement claims which she was not entitled to.

We found her behaviour to be totally unacceptable and in breach of her employment contract. Such behaviour warrants dismissal and she should not be in a position that is entrusted to manage public money. We have been advised that Ms Samuels has been indefinitely suspended from her position as of the date of this report.

Elements of Criminal Conduct and breaches to the Crimes Act 1969

The audit findings arising from this review revealed that Ms Samuel's actions and involvement in a variety of transactions allude to be fraudulent and of a criminal nature. A number of provisions in the Crimes Act 1969 were breached as a result of Ms Samuel's actions. These offences include theft by person required to account, falsifying accounts relating to public funds and taking or dealing with certain documents with intent to defraud.

Poor internal controls and breaches of the Cook Islands Government Financial Policies and Procedures Manual

We found the internal controls at BTIB to be poor and BTIB's administrative practices in breach of the CIGFPPM. These relate to inadequate monitoring of cheques and payment vouchers, payment of salaries through the cheque account that failed to ensure the sound accountability of BTIB funds. Of particular concern;

- salary payments and advances were processed and paid through the BTIB cheque account
- the CEO breached the CIGFPPM by pre-signing cheques without adequate monitoring over the use of the pre signed cheques
- the CEO signed cheques without sighting the actual payment voucher and invoices on numerous occasions based on Ms Samuel's advice
- out of 780 payments reviewed, 80 voucher payments were missing, 241 were not signed by the CEO to validate his approval and 58 voucher payments did not have invoices or supporting documentation attached
- financial duties were not adequately segregated between different staff members within the finance division which provided Ms Samuel with too much control and authority over financial transactions.

Environment conducive to abuse resulting from poor internal controls and lack of supervision

Poor internal controls within BTIB and the failure to effectively supervise Ms Samuels's performance were identified as key factors contributing to the anomalies identified. It is quite clear that the environment surrounding Ms Samuels was conducive and open to abuse as there were weak internal controls within the process of approving expenditures exercised by BTIB.

In our view, the CEO failed to review Ms Samuel's performance even though some of the allegations had been raised with him by BTIB staff on several occasions before this audit review. The CEO trusted Ms Samuel to the extent that he signed blank cheques without sighting a payment voucher or invoice based solely on her advice. This casual attitude not only breached government financial policy but provided the perfect opportunity for an environment conducive to improper and inappropriate practices. We concluded his lack of oversight and attention to detail contributed to providing an environment for unacceptable behaviour to go unnoticed.

It is Audit's opinion that these practices could have been prevented and avoided if Ms Samuels's performance was regularly supervised; and had proper internal controls been in place and regularly enforced.

CONCLUSION

We found the allegations against the former Finance Manager of BTIB, Ms Samuels to be valid, legitimate and well founded. Our observations confirm that Ms Samuels misused her position to approve and facilitate payments to herself and immediate family to the value of **\$5,703.93**

This consists of **\$3,511.88** which relates to her personal expense and the remaining balance of **\$2,192.05** relating to her brother and partner. As of the date of this report, Ms Samuels has only repaid a sum of \$1,046.75 which relates to the overpayments to her brother. This leaves a balance of \$4,643.12, still owing to BTIB.

We have made recommendations to take corrective measures to improve and strengthen internal controls. These recommendations are intended to deter, detect and prevent opportunities conducive to fraudulent practices.

Could the recipients of this report respond to the recommendations contained in this report within 14 days from the date of the report.

We would like to thank those who have assisted the Audit Office during the course of this review.

Allen Parker
Director of Audit

CC: Hon. Kiriau Turepu, Minister responsible for BTIB
John Tumutoa, Chairman, BTIB Board
Terry Rangi, Chief Executive Officer, BTIB
Sarah Samuels, former Finance & Administration Manager, BTIB
Kim Saunders, Solicitor General, Crown Law Office
Richard Neeves, Financial Secretary, MFEM
Russell Thomas, Public Service Commissioner, OPSC
Geoff Stoddart, Member of PERC
Georjean Nicholas, Member of PERC

Appendix Three: BTIB Exhibit 3 - Investigation Report 2014 (Recommendations)

EXTRACT FROM THE FULL REPORT

15.0 AUDIT RECOMMENDATIONS

The following recommendations are addressed to the CEO of BTIB, BTIB Board and the Solicitor General.

The BITB CEO should:

- 15.1 Immediately remove Ms Samuel as a signatory to the BTIB cheque account, including cancellation of access to all BTIB financial accounts and records;
- 15.2 Consider referring the matters highlighted in this report to the police for further investigation;
- 15.3 Seek recovery of funds from Ms Samuel for the total sum misused;
- 15.4 Ensure that all voucher payments have invoices attached, details on the vouchers are correct, before signing the voucher and cheque. **No cheques are to be pre-signed or signed** without any voucher payments under any circumstances;
- 15.5 Cease the practice of processing personnel payments through the BTIB cheque account and must ensure that all future personnel payments are processed through the MFEM payroll and not through BTIB's cheque account;
- 15.6 Ensure BTIB's internal cash receipt controls are aligned with government financial policy, specifically ensuring cash is adequately secured and banked on the day of receipt or the day after;
- 15.7 Ensure duties are sufficiently segregated between staff responsible for processing payment vouchers, receiving cash, posting financial transactions and the reconciliation of accounts;
- 15.8 Ensure that all finance staff are familiar with and adhere to all requirements as outlined in the Cook Islands Government Financial Policies & Procedures Manual (CIGFPPM);
- 15.9 Review the BTIB travel policy that clearly states staff must reimburse funds received from the sponsor upon their return, with a specific payment timeframe and reconciliation process. The reconciliation process must be adequately segregated between staff.

The Business Trade Investment Board should:

- 15.10 Review the CEO's performance in these matters and determine whether further action is required;
- 15.11 Consider referring the matters highlighted in this report to the police for further investigation

The Solicitor General should:

- 15.12 Should review and assess the findings of this report and determine as to whether there are sufficient grounds to implicate that Ms Samuels breached the Crimes Act 1969 outlined in this report.

16.0 CONCLUSION

We concluded the initial allegations regarding Ms Samuel were valid and well founded. We found Ms Samuels behaviour and actions in managing public funds to be improper and totally unacceptable. In our view, her inappropriate behaviour would have continued if the matter had not been brought to our attention. Ms Samuel exploited BTIB's weak internal controls and the trust placed in her by the CEO.

The anomalies identified are a reflection of poor internal controls, which created an environment and opportunity for such behaviour. This was further compounded by the poor and inadequate weak oversight by the CEO over Ms Samuels performance as a Finance Manager. The CEO failed to supervise and implement basic control procedures over the proper use of public funds and take note of any anomalies that were apparent or raised by concerned staff members.

It is prudent that BTIB applies a fiscal responsible attitude when spending public funds and should ensure that proper controls and procedures are in place to improve proper accountability and transparency of public funds. The BTIB board and CEO must address the recommendations as soon as practical to ensure anomalies identified from this review do not occur again.

Appendix Four: BTIB Exhibit 4 - Investigation Report 2016 (Statements)

5 May 2016

Introduction

On 21st April 2016, allegations were made against Ngamau Tou, Manager Business Development of the Business Trade Investment Board regarding recent dealings with Mr Lefou Jack, a local sole trader who has been in business for several years now in Rarotonga, Cook Islands.

Due to the allegations logged, as per the Code of Conduct Policy of the Cook Islands Government, the Chief Executive Officer (CEO) of the Business Trade Investment Board (BTIB) requested an investigation be carried out by Agnes Parker to get to the root of the allegations put forward against Ngamau. It is the CEO's intention that by addressing this issue, we will prevent similar and related incidents happening in the future.

Reference

Business Trade Investment Board	BTIB
Business Development Division	BD
Ngamau Tou	Manager Business Development Board
Moari Allsworth	Officer, Business Development Board
Nicholle Ama	Officer, Trade and Marketing Board
Tunoa Kaina	Manager, Finance and Administration
Lefou Jack	Client
Pauline Maoate	Immigration Officer
Teariki Vakalalabure	Chief Executive Officer, BTIB
Agnes Parker	Senior Finance and Admin Officer, HR

Allegations made towards Ngamau Tou

- 1. Acted in conflict of interest as Manager Business Development by obtaining monetary gain from Lefou Jack, a person who would require a letter of support from you in order to bring into the Cook Islands a foreign worker, conduct which is prohibited under the Code of Conduct Policy- Government of the Cook Islands. Further that it is in breach of clause 6.1 of your contract of employment.*
- 2. Acted improperly to obtain monetary benefit for yourself by using your position as Manager Business Development and responsible for recommending to the Immigration Department on whether a small business is able to afford a foreign worker, conduct which is prohibited under the Code of Conduct Policy- Government of the Cook Islands.*
- 3. Acted dishonestly by saying to staff in the office who enquired about the money you were paid words to the effect that-: Teariki has approved that BTIB/BD will assess all foreign worker applications like a one stop shop and approved that you receipt all cash with your*

own receipt book, knowing this to be false and is contrary to clause 7(b) and (f) of your contract.

Methods of Investigation

This investigation was carried out by face to face interviews with the alleged Ngamau Tou, the client involved Lefou Jack and witnesses that have seen and heard facts involved with the allegations. The interviews were followed by a statement provided and signed by the witnesses.

Emails and source documents have been gathered of which that provide relevant information to the investigation and have given light to the findings outlined below.

Summary of Statements, Interviews and Documents

Moari Allsworth Statement

1. Moari Allsworth is the Business Development Officer that works under Ngamau Tou as her manager. Moari states in her statement on Monday 18th April 2016 she resumed back at work after a month away on holiday overseas.
2. Around 10am that same morning Monday 18th April, Lefou Jack walked in her office to see Ngamau. They held discussions over Lydias desk followed by exchange of large amount of cash handed over by Lefou to Ngamau. Ngamau receipted the cash and handed over receipt to Lefou.
3. Moari confirms both her and Nicholle Ama were present when the transaction between Ngamau and Lefou took place. Moari asked Ngamau what Lefou was up to. Ngamau responds in a quirky tone, I quote from Moari statement 'While you were away, Teariki approved that BTIB/BD will handle all processing of Foreign Worker applications like a one stop shop, but he asked that I receipt all cash with my own receipt book'. Ngamau then tucked the cash into a money zip bag, placed it into her receipt book and left it on her desk.
4. At that point Moari had her reservations and was sceptical about the process. She was not convinced that the CEO of the BTIB would say such a thing or introduce such a process. Moari goes on to say in her statement, they have never dealt with cash in the past nor would it make sense for their division to be receipting cash for and on behalf of another agency. It is common sense and a practise advocated to that they are not to accept cash from their clients, consultants or the general public unless through the channel of the finance team as authorised by the CEO.
5. On Wednesday 20th April 2016, Moari confirms in her statement, Ngamau met with Petua Meti regarding paper work for a foreign worker.
6. Around 11am the same day, Wednesday 20th April, Moari sought confirmation from the Finance Manager of the BTIB, Tunoa Kaina, on the so called new process that Ngamau had discussed. Tunoa declined the process and advised, I quote from Moari statement; 'this is very wrong, we are not to accept cash like that or receipt cash in a personal receipt book unless receipted in the BTIB receipt book'. Tunoa advised she will bring this to the attention of the CEO for possible misconduct if any and or investigation.

7. At 11.45am the same day, Tunoa and Moari decided to call Lefou Jack and ask if he can provide a copy of the receipt written out by Ngamau. Lefou came to the office not long after at 11.51am and have a copy of the receipt to Tunoa. Lefou advised Ngamau promised that she will sort out a foreign worker, employment contract, medicals and went on to say Ngamau was to pay for all expenses and cost via her credit card and that he just repay amount owing in cash, which he delivered.

Nicholle Ama Statement

Nicholle Ama in her statement confirms the following:

1. Recalls seeing Lefou Jack come into the office to see Ngamau.
2. Nicholle did not see with her own eyes Lefou exchange money with Ngamau however she did see a receipt book with cash on Ngamau desk when Lefou had left the office
3. Nicholle confirms hearing Ngamau tell Moari that Teariki (CEO of the BTIB) directed Ngamau to receipt clients from her own receipt book.

Tunoa Kaina Statement

Tunoa Kaina in her statement confirms the following:

1. On 20th April 2016 Moari shared with her something she was unsure about regarding the Business Development Division.
2. Tunoa had asked Moari to describe the situation and says she has seen a receipt book in the office with cash and was advised by her Manager that Teariki had advised that was to be kept separate from the normal operations of the office.
3. Tunoa asked what they were receiving cash for and Moari advised it was for the services provided by BTIB for local residents wanting to bring in a foreign worker, the most recent customer being Petua Nicholas and Lefou Jack.
4. Tunoa asked Moari then to contact Lefou Jack for proof of what described by Moari. Lefou provided a receipt for the amount of \$5920.00. Being for Indonesian Foreign worker contracts, airfare one way and fees.
5. Tunoa concludes her statement stating she then thought it is necessary to bring to the attention of the CEO.

Lefou Jack Statement

Lefou Jack confirms the following in his statement:

1. He had wanted to employ foreign workers for some time now and has been through the process trying to get workers from Indonesia.
2. Lefou confirms he was in contact with Immigration Cook Islands regarding the process for bringing in foreign workers and managed to do all the paper work and requirements with Pauline at Immigration.
3. Lefou advises his application was approved and Pauline at Immigration advised that he see Ngamau at BTIB to inquire about foreign workers. He then arranged to meet with Ngamau for two reasons; 1. Business Support Loan and 2. The process of getting two foreign workers from Indonesia.

4. Lefou confirms on his meet with Ngamau he asked her what she can do for him to get foreign workers and she advised that she was getting an Indonesian worker for herself and could help him get two for himself.
5. Lefou states after their meet, they agreed that Ngamau will do some inquiries for him to get two workers and let him know later what she can do. Ngamau then called Lefou on Friday 15th April 2016 stating she had made arrangements for two workers for Lefou and used her credit card to pay for airfares one way, contracts, police reports, health reports. Ngamau provided Lefou with a break down when they next met.
6. Lefou confirms in his statement that Ngamau advised Lefou all he needed to do was to reimburse her \$5920 cash to pay back what she used from her credit card. Lefou advised Ngamau he will go to the bank on Saturday 16th April 2016 and get money to pay back Ngamau.
7. Lefou confirms meeting Ngamau on Saturday 16th April 2016 at the BTIB office with \$5000 cash and paid Ngamau. He confirms receiving and receipt from Ngamau for the \$5000. Lefou confirms there was no one else present at the office when he paid the \$5000 cash
8. On Monday 18th April 2016, Lefou met Ngamau again at the BTIB office and saw Moari present in the office at the same time. He confirms paying Ngamau a balance of \$920 cash and Ngamau cancelled the first receipt of \$5000 and re-receipted Lefou with a new receipt of \$5920. Ngamau then told Lefou she was going overseas and someone from the BTIB will call him to come in and select two of the eight workers that she is bringing in from Indonesia.
9. Lefou confirms Ngamau called him on Wednesday 27th April 2016 and asked to meet him at the Punanga Nui Market at 2pm. They met and Ngamau explained to Lefou that she had been suspended from the BTIB because of the work she was doing for him. Lefou confirms asking Ngamau what would happen then to the workers he requested and Ngamau advised Lefou that they put everything on hold until the suspension is finish and then she will continue to process workers for him.
10. Lefou concludes his statement advising he was not comfortable giving money to Ngamau at the time but had to trust her because he was desperate for workers and had been stuffed around before. He goes on to say, Ngamau made it sound really convincing for him to trust her and mentioned to him that it was faster for a government worker to deal with another government worker in Indonesia. 9 Ngamau sounded good and convincing and because she is a Cook Islander, Lefou says he thought he was doing the right thing trusting her.
11. Lefou adds, he has recently heard from other people in the community that Ngamau is known for having bad dealings with people's money in the past and now he is afraid that this might be the case for him. He is worried about his money and hoping he can get it back from Ngamau if she is not genuine about helping him with foreign workers.
12. Lefou confirms he has not seen any other paper work or receipt of what Ngamau has paid for with her credit card except for the breakdown Ngamau has given.

Ngamau Tou – Letter in response to allegations

On Friday 29th April 2016, Ngamau met with Teariki and Agnes of the BTIB and gave a letter responding to the allegations made towards her.

A summary of the letter outlined:

1. Ngamau confirm there was no monetary gain while consulting Lefou Jack in regards to his assessments of 'Affordability of a Foreign Worker'. The process was completed and submitted prior to their meeting on Monday 18th April 2016.
2. In a confidential discussion with Immigration and Lefou Jack, it was disclosed to both agencies that Lefou Jack had an unfortunate experience and as a result lost a large amount of money and his foreign workder to another person.
3. The meeting on Monday 18th April 2016 was to assist Lefou Jack in identifying an appropriate foreign worker, development of an appropriate contract and understanding the task he needs to complete to meet the criteria of the Immigration department.
4. The payment received from Lefou Jack on the 18th April 2016 was reimbursement for a payment Ngamau made for him using her credit card, given he did not have a credit card. Ngamau receipted the payment with her own receipt book as per what she usually does with her personal accounts to confirm receipt of payment. The payment received was not a payment for services but rather reimbursement.
5. Ngamau only recall a discussion of update with Maori Allsworth along the lines that Foreign Investment now have a one stop shop policy where all payments for health etc are made to BTIB. She was not referring to affordability of foreign worker.

Interview of Ngamau Tou – Friday 29th April 2016

A copy of the minutes taken during the interview of Ngamau Tou and the BTIB (CEO and F&A Officer) is listed below as a summary of what was asked and said in the interview.

At the beginning of the meeting, Ngamau gave Teariki a letter with her responds to the allegations made against her. The meeting then begins with the following minutes of the interview:

1. Teariki asked Ngamau if she had receipts for what her credit card was used for and Ngamau advised yes she has electronic copies and they are on her computer because the payments were done online.
2. Ngamau advised she did meet with Lefou on Wednesday 27th April 2016 at the Punanga Nui Market and he dropped off a letter to support her confirming she was helping him get foreign workers – Letter was not cited by Teariki or Agnes.
3. Ngamau went on to advise she can get an electronic copy of what was paid for by her colleague from Indonesia. She can ask her colleague for a copy.
4. Teariki asked Ngamau what the money was for and what payments she had made.
5. Ngamau advised that she had no monetary gain from the cash paid to her by Lefou. She goes on to say, the money was for two airfares one way, passports and a list of other things she had provided to Lefou. Ngamau then mentioned that the cash paid by Lefou is sitting in her credit card as a security and has not been spent yet, when funds are needed, she will use her credit card.
6. Ngamau goes on to say, she helped Lefou because of his experience before hand. When consulting with Lefou, she asked him if he had a credit card and he said no, so she offered to help him by using her credit card. Ngamau advised she receipted the funds he paid because she wanted to assure Lefou that if anything happened, he shouldn't worry because she

receipted him so that would be proof that there was a payment made from Lefou to Ngamau.

7. When asked by Teariki if she thought at any time that what she was doing was wrong. If she thought that taking money from a client is wrong?
8. Ngamau replied she did not think that it was wrong to assist Lefou to get a foreign worker. Lefou said he got no credit card to process things so she offered her support to help him.
9. When asked in her role as BD manager, you didn't recognise that taking money from a client was an issue?
10. Ngamau responded no she didn't think it was an issue, she didn't see that she was getting any monetary gain; she was just trying to help Lefou.
11. Ngamau states as the Business Development Manager, she felt her job was to assist Lefou in his business. It wasn't the affordability of the foreign worker; that was already completed and was sent to Pauline at Immigration.
12. Teariki asked who processed the affordability of a foreign worker and Ngamau responded she did the financial analysis and sent a copy to Pauline and there's one on file. She goes on to say her findings from work she did on Lefou's affordability of a foreign worker showed his accounts was healthy and he could afford foreign workers.
13. Teariki asked, what arrangements do you have with Aunty Pauline at Immigration? Ngamau advised, Vaise sent an email to Ngamau and advised that BTIB assess and assist locals trying to get a foreign worker.
14. Teariki goes on to ask, how many locals trying to get a foreign worker have you assisted so far? Ngamau responds, she has helped, Petua, Ariki Akamoeau and Lefou Jack.
15. Teariki asked, have you taken money from any of these clients apart from Lefou? Ngamau advises, she only took money from Lefou. The others already had contracts in place and were already in the process of getting their worker.
16. Ngamau was asked what the emails were about from Vaise and she replies, Vaise states in her emails, in the past BTIB has been in the role of assessing the affordability of the worker. Ngamau goes on to advise Lefou first met with Tangata Tou, previous Business Development Manager.
17. Teariki shows Ngamau the breakdown received from Lefou Jack regarding the breakdown of what he was paying for.
18. Ngamau confirms that she created it for Lefou and that is what he paid for. She also confirms that all the reports listed in the breakdown is reports for Indonesia not the Cook Islands – Attached.
19. Teariki asked Ngamau about her contact in Indonesia and Ngamau advised her contact is a guy named Raka. She advised she has been in contact with Raka via email and will send the emails to Teariki regarding her agent in Indonesia.
20. Teariki asked Ngamau, How did she meet Raka?
21. Ngamau responds, she met Raka in Indonesia on her last trip there for work. Raka works for an agency in Indonesia for foreign workers, more like a HR consultancy firm. Ngamau goes on to say she was just dealing with Raka who owns the company, he is the company. He was part of the Delegation that was there, he was one of the business people that were there. Raka was at every meeting that they were at.

22. Teariki asked, did you and Raka discuss foreign workers at the time in Indonesia? Ngamau advises, no they did not discuss doing foreign workers while they were there.
23. Agnes then asked Ngamau again if the transaction had happened from her credit card and Ngamau confirmed, no transaction has happened yet, it's just sitting in her credit card as security. Ngamau advised, Raka gave her the breakdown of what is to be paid in an email and she will forward the email to Teariki and Agnes.
24. Teariki asked Ngamau when did she first get in contact with Raka regarding foreign workers? Ngamau advises if she can recall correctly, she contacted Raka on either one of these dates 13/14/15th April 2016. She is unsure.
25. Teariki asked Ngamau, didn't she think she needed to advise Teariki as CEO about what she was doing?
26. Ngamau goes on to say she did not see any conflict of interest by doing what she was doing. She said in her role as manager she was just assisting him. Ngamau felt sorry for him and was sympathetic for him without thinking that it might be her doing something wrong. And admits that yes maybe she should have gone through Teariki first to advise him of what she was doing.
27. Teariki asked if she was asked to return Lefou Jack money to him today, would she be able to. Ngamau replies, Yes she can.
28. Teariki advised that we will complete the investigation today or Monday 2nd April 2016, with Ngamau to send the emails regarding Raka, Vaise and electronic copies of payments to us today Friday 29th April 2016.
29. Teariki advised Ngamau to return the money to Lefou and do not get in touch with any of the witnesses who may be required to give information for this investigation.
30. Teariki advises, Lefou is a local business man and we do not want Lefou to be part of any of this investigation. We don't want Lefou business to lose out in terms of his business.
31. Ngamau goes on to say, she didn't think it will end up like this, she thought she was doing the right thing. Since she was doing the transaction in the BTIB office, she didn't think it was wrong and wasn't hiding anything.
32. Teariki advised Ngamau to read a copy of the Code of Conduct and her contract in light of her allegations. Ngamau claims she doesn't have her contract but Teariki firmly states that Ngamau has her copy of the contract and she went away with it to be signed after a discussion with CEO but did not return it to Teariki. Teariki states your contract outlines how every employee should behave and no employee of the BTIB should take money from any client.
33. Ngamau was then asked again several times where her contract is. To which she responded she does not have it and asked if Agnes can check on her desk if her copy of the contract is in her tray.
34. Agnes then questioned Ngamau about the schedule of payments to ensure that Agnes had the correct documentation of the minutes. Ngamau then advised as per below:
 - Lefou paid \$5000 cash to Ngamau on Friday 15th April 2016 at BTIB office, reception area. Ngamau states it was about lunch time on Friday and there was no one at reception, it was just her. Ngamau advises someone from reception called her to come down and see Lefou. When Agnes asked who that employee was that called

Ngamau to come and see Lefou, Ngamau said she was unsure if it was Tunoa or Metua but someone called her and she came down to reception to see Lefou and no one was there when he paid her the cash. She then gave him a receipt for \$5000

- Lefou paid Ngamau \$920.00 Monday 18th April 2016 at the BTIB office, remainder of what needs to be reimbursed. Moari and Nicholle were present in the office when the transaction took place. Ngamau then cancelled original receipt of \$5000 and made a new receipt of \$5920 and gave it to Lefou on Monday 18th April 2016.

35. Ngamau confirmed she met with Lefou on Wednesday 27th April 2016 and advised Lefou she was suspended. Lefou asked what would happen to his workers and Ngamau advised that they put his request for workers on hold for now until the investigation is complete then Ngamau will carry on to sought his workers.
36. To conclude the meeting with Ngamau, Teariki advised that it is not our job to do the work for our clients; it is our job to guide them and help show them the way. He advised Ngamau should have given Lefou Raka's email and he can deal with Raka.
37. Ngamau then said that she helped Lefou because he didn't have an email account and couldn't contact Raka via email. She also stated Lefou mentioned that there was another guy who could help bring a foreign worker in for him but he advises the fees are too expensive. Teariki went on to advise that is how business works, business needs to get paid to get work done and the private sector exists to do that.
38. Teariki asked Ngamau for the contact details of her colleague in Indonesia and she advised that she does not have a phone number for Raka but she contacts him via email and will send Teariki his email address.

Findings

The allegations made towards Ngamau Tou on the 21st April 2016 stand to be true on the following counts:

1. Acted in conflict of interest as Manager Business Development by obtaining monetary gain from Lefou Jack on the grounds founded below;
 - In efforts to gather information about Ngamau's status of service provided for Lefou Jack, CEO of the BTIB, Teariki contacted Pauline Maoate at Immigration to seek further information regarding her dealings with Ngamau in regards to Lefou Jack. It is noted in an email that was sent from Ngamau to Pauline, the financial analysis confirming Lefou ability to afford a foreign worker as well as assistance offered to Lefou to seek an appropriate worker with the Indonesian Embassy.
 - In the email dated Monday 18th April 2016 by Ngamau Tou at 8.47am, It is evident to appreciate Ngamau Tou was acting as the Manager Business Development of the BTIB when sending such email. I quote from the email to Pauline as the immigration officer, 'we are also assisting him with to seek an appropriate Indonesian Foreign worker with the Indonesian Embassy'. It is apparent Ngamau was referring to the Business Trade Investment Board when saying 'we are also assisting him...'

- When asked in the interview with Ngamau Tou on Friday 29th April 2016, refer to “Interview of Ngamau Tou Friday 29th April 2016, point 9, 10 and 11” if Ngamau thought in her role as BD manager, she didn’t recognise that taking money from a client was an issue? Ngamau responds, No she didn’t think it was an issue and goes on to say in point 11 of the interview, as Business Development Manager, she felt her job was to assist Lefou.
- Later changing her story on Tuesday 3rd May 2016 in an email sent by Ngamau Tou using her personal Gmail account to Agnes and Teariki of the BTIB at 10.24am, stating that all correspondence regarding Raka Tipuk an agent she is dealing with in Indonesia be sent to Lefou given that Ngamau was helping him after business hours and not as Manager, Business Development.
- Lastly, in the letter of response received from Ngamau Tou dated 28th April 2016, refer to “Ngamau Tou – Letter in response to Allegations point 4”, it is confirmed by Ngamau Tou in her letter that payments made by Lefou Jack was for reimbursement purposes and she receipted the payment with her own receipt book as per what she usually does with her personal accounts to confirm receipt of payment.
- Refer to “Interview of Ngamau Tou Friday 29th April 2016, point 1 and 2”, Ngamau was asked if she had receipts for what her credit card was used for with a response from Ngamau advising yes she has electronic copies and they are on her computer.
- However when asked in the interview with Ngamau on Friday 29th April 2016, refer to “Interview of Ngamau Tou Friday 29th April 2016, point 23”, whether transactions had happened from her credit card, Ngamau responds, no transaction has happened yet, it’s just sitting her in credit card as security.

It is eminent in my findings to confirm Ngamau Tou met with Lefou Jack initially as the Business Development Manager and received cash from Lefou to the sum of \$5920 receipting him with her own personal receipt book as she has stated.

I note from Moari Allsworth statement, refer to “Moari Allsworth Statement point 6”, Tunoa Kaina as the financial manager advised Moari the process Ngamau had done, receipting cash with her own receipt book is very wrong and goes on to say, we are not to receipt cash in a personal receipt book unless receipted in the BTIB receipt book.

Ngamau Tou admitted several times during this investigation that she was acting as the Business Development Manager and confirms receipting Lefou Jack with her own personal receipt book.

It is unmistakable to my findings Ngamau Tou acted in conflict of interest as the Business Development Manager and obtained monetary benefit for herself by receipting the client, Lefou Jack with her own personal receipt book.

In addition to this, I rule out the possibility of Pauline Maoate of the Immigration Cook Islands having to have any informal dealings with Ngamau Tou during the time working with Ngamau and Lefou. It is apparent Pauline was dealing with Ngamau professionally and within her function as a supervisor of the Cook Islands Immigration.

As a support to my findings, I'd like to make note of the inconsistency of Ngamau's statement during the stretch of this investigation is substantial to confirm misrepresentation on her part, a clear indication of dishonesty.

2. Further that it is in breach of clause 6.1 of Ngamau Tou contract of employment; 'The Employee shall not without the prior written approval of the Employer, enter into any activity, or contract, or relationship or do anything which could bring the Employee into direct conflict with the Employees obligations under this Contract or which may adversely affect the Employee's duty of fidelity to BTIB'

- It is noted that Ngamau Tou acted as the Business Development Manager when assisting Lefou Jack to obtain a foreign worker, obtaining cash from Lefou without the correct procedures of the BTIB, receipting the cash from Lefou a client who came to BTIB to seek assistance and paid a large amount of cash.
- Refer to "Interview of Ngamau Tou Friday 29th April 2016 point 25, 26" Teariki as the CEO of the BTIB had asked Ngamau in the interview whether she thought she needed to advise Teariki as CEO about what she was doing in regards to Lefou? Ngamau responds as per the minutes, she did not see it was a conflict of interest by doing what she was doing. Further in the paragraph she states, 'yes maybe she should have gone through Teariki first to advise him of what she was doing'.
- Refer to "Interview of Ngamau Tou Friday 29th April 2016 point 32" Teariki advises Ngamau to read a copy of the Code of Conduct and her contract in light of her allegations. Further in the paragraph Teariki advises Ngamau her contract outlines how every employee of the BTIB should behave and no employee of the BTIB should take money from any client.

It is evident in my findings that the CEO of the Business Trade Investment Board, Teariki Vakalalabure did not approve Ngamau to assist Lefou Jack in obtaining a foreign worker; in fact the CEO was not aware that Ngamau was assisting clients to obtain foreign workers.

Refer to "Interview of Ngamau Tou Friday 29th April 2016 point 36" CEO, Teariki advises Ngamau that it is not our job to do the work for our clients, it is our job to guide them and help show them the way. He advised Ngamau should have given Lefou Raka's contacts and allows him to deal directly with Raka.

My findings confirm a clear breach of clause 6.1 of Ngamau Tou contract of employment, given that no approval was given to Ngamau Tou from the Employer to carry out such actions.

3. Acted dishonestly throughout her dealings with Jack Lefou, contrary to clause 7(b) and (f) of Ngamau Tou Employment Contract.

- Contrary to clause 7 (b) of Ngamau employment contract, refer to "Moari Allsworth Statement point 3" Ngamau acted dishonestly by advising Moari that while she was away, Teariki approved that BTIB/BD will handle all processing of Foreign Worker applications like a one stop shop but he asked that Ngamau receipt all cash with her own receipt book.

- Refer to “Nicholle Ama Statement point 3” Nicholle confirms hearing Ngamau tell Moari that Teariki directed Ngamau to receipt all clients from her own receipt book.

It is confirmed that neither Teariki nor the BTIB was aware of such a process and no approval was given to Ngamau or any employee of the BTIB to receipt clients from their own receipt book. A clear breach of clause 7(b) of Ngamau Tou Employment Contract.

- Contrary to clause 7 (b) of Ngamau employment contract, Ngamau acted dishonestly by stating in her letter of response, refer to “Ngamau Tou – Letter of Response, point 4” that payment received from Lefou Jack was for reimbursement then later advised in her interview that no funds had been used yet, it was just sitting in her credit card as security, refer to “Interview of Ngamau Tou Friday 29th April 2016 point 23”.
- It is confirmed that Ngamau had advised Lefou Jack on Friday 15th April 2016 in a phone call, refer to “Lefou Jack Statement point 5 and 6” that she had made arrangements for two workers from Indonesia and paid for everything from her credit card and all he needed to do was to reimburse her \$5920 cash to pay back what she used from her credit card.
- Refer to “Interview of Ngamau Tou Friday 29th April 2016 point 23” It is noted when Ngamau was asked if any transactions had happened yet, she responded no transactions had happened, it was just sitting in her account as security.

It is evidence Ngamau acted dishonestly by advising Lefou she had paid for the arrangements using her credit card, then later advising in her interview that no payment had been made yet. My findings conclude Ngamau to be in breach of her contract.

Refer to “Interview of Ngamau Tou Friday 29th April 2016 point 3, 19, 28”, Ngamau advised she will send through to Teariki and Agnes via email all documentation of her correspondence between her and her agent Raka in Indonesia regarding Lefou’s arrangement for workers and what she had paid for. I note these documents have not been received yet by Teariki or Agnes of the BTIB.

It is precise to confirm Ngamau constantly lied throughout the investigation when asked about the cash paid to her by Lefou. Ngamau was dishonest in regards to her credit card being used and later advising it was not used, no transactions had happened. This is in breach of her contract with the BTIB, Clause 7 (b).

- Contrary to clause 7 (b) and (C)of Ngamau employment contract, it is noted in a statement from Lefou Jack, refer to “Lefou Jack Statement point 6 and 7” that he had paid Ngamau \$5000 on Saturday 16th April 2016 at the BTIB office and no one else was in the office at the time the transaction took place.
- When Ngamau was asked when the payment of \$5920 was made from Lefou Jack refer to “Interview of Ngamau Tou Friday 29th April 2016 point 34”, Ngamau advises Lefou paid \$5000 to Ngamau on Friday 15th April 2016 at the BTIB office, reception area. Ngamau advised, it was about lunch time and no one was at reception at the time the transaction had taken place.

My findings conclude I do not see any reason for Lefou Jack to lie regarding the day payments were made as the cash belongs to him and he is the client paying for services. However I have every reason to believe that Ngamau Tou may have acted dishonestly by advising payment was made on Friday 15th April going against a statement from Lefou Jack.

Because no one else was at the office the time the transaction took place as a witness of such, It is hard to determine the true fact of when the payment was made however, I find 20 this to be an event that Ngamau may have deliberately planned to take place on a day the BTIB office was closed for Business (Saturday 16th April 2016) with no other employees of the BTIB present to witness the large amount of cash paid to her.

In addition, I'd like to think that Ngamau handpicked the BTIB office as the place of payment on Saturday 16th April 2016, to create an idea for Lefou Jack to believe the transaction was justified and the services he was paying can be trusted as per the environment of the BTIB.

Conclusion to my findings

In summary of my findings on the counts of;

1. Acted in conflict of interest as Manager Business Development by obtaining monetary gain from Lefou Jack – I find this to be true.
2. Breach of clause 6.1 of Ngamau Tou contract of employment; 'The Employee shall not without the prior written approval of the Employer, enter into any activity, or contract, or relationship or do anything which could bring the Employee into direct conflict with the Employees obligations under this Contract or which may adversely affect the Employee's duty of fidelity BTIB' – I find this to be true.
3. Acted dishonestly throughout her dealings with Jack Lefou, contrary to clause 7(b) and (f) of Ngamau Tou Employment Contract. – I find this to be true.

Recommendation

On the subject of the findings of this report and the facts provided, I confirm the allegations made against Ngamau Tou, Business Development Manager of the Business Trade Investment Board and her recent dealings with Lefou Jack to be true and a nature of serious misconduct by Ngamau Tou.

I hereby recommend Ngamau Tou by Terminated from the Business Trade Investment Board, as per the Code of Conduct 3.1, Instant dismissal for serious misconduct and contrary to Ngamau Tou Contract of Employment clause 7, Termination without notice.

Appendix Five: BTIB Exhibit 5 - BTIB Victim Impact Statement



Business Trade Investment Board

Cook Islands

7 February 2016

To whom it may concern

RE: VICTIM IMPACT STATEMENT ROSA GEORGE CASE

Kia Orana,

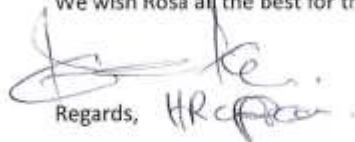
The Business Trade and Investment Board welcomed Rosa George to our team on 10th April 2015 as the Finance and Admin Officer. Rosa was part of the finance and administrations team that included a senior officer and a manager. Her role in particular was to man the reception area of the office offering great customer service to our clients and processing funds and applications that came through our doors.

During the process of her time with us, as part of the financial duties, reconciliations for the funds received and deposited into our bank account was done and this is when we realised that funds were being received by Rosa but not banked appropriately. This was brought to the attention of the Financial Manager and then to the CEO where the decision was made to report this to the police and now in a result of theft.

As a body of the Cook Islands Government, we are sad that we had to encounter this experience with Rosa. It is our uttermost desire to offer the best service to our people and our economy by hiring the best people to work in our agency. Like all our employees, we entrusted Rosa with the duties given to her to comply sincerely and truthfully however in this case, that was not what took place.

Our final and only request now is that the funds taken by Rosa from our agency, to the sum of \$1700 NZ dollars be paid back in full as these funds belong to the crown.

We wish Rosa all the best for the future and hope that this will be a life lesson for her.


Regards, HRC