

**REPUBLIC OF VANUATU
OFFICE OF THE OMBUDSMAN**

PMB 081
PORT VILA
VANUATU

**PUBLIC REPORT
ON THE**

**ALLEGED MISAPPROPRIATION
OF THE
COMMUNITY DEVELOPMENT FUND
BY
MR MAXIME CARLOT KORMAN**

25.10.2000

6069/2000/07

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TABLE OF CONTENTS

SUMMARY	3
1. JURISDICTION	4
2. PURPOSE, SCOPE AND METHODS USED IN THE INVESTIGATION	4
3. OUTLINE OF EVENTS.....	4
4. SUMMARY OF RELEVANT LAWS AND REGULATIONS ALLEGEDLY CONTRAVENED BY MR. MAXIM CARLOT KORMAN AND MR. WILLIE JIMMY .	6
5. RESPONSES TO THE WORKING PAPER	6
6 FINDINGS.....	6
7. RECOMMENDATIONS	9
8 CONCLUSIONS	10
9 INDEX OF APPENDICES	11

SUMMARY

This public report provides an overview of the alleged misconduct, violation, and breaches of fundamental laws and regulations of the country by Mr. Korman while holding the position of the Prime Ministership of this Country.

During his time as Prime Minister of this Country, Mr. Korman used his power to arrange for the Community Development Fund (CDF) to be used outside the purpose of which the fund was legally set up for.

Between 14 August and 30 November, 1995, the year in which the general election took place, a total of VT6.953.245 was drawn from the CDF bank account and distributed in various forms to the supporters of his party, the Union of Moderate Parties (UMP).

One could infer that these payments were made in an attempt to influence voters in the November, 1995 General Election and/or at least pay election expenses. This might be one explanation as to why financial procedures and regulations were deliberately ignored by Mr. Korman and Mr. Willie Jimmy, the then Minister of Finance. As a result some spending could not be explained.

On one occasion during a tour in Australia Mr. Korman illegally borrowed some of the touring imprest issued to Mr. Basil to meet his (Korman) personal interest. Mr. Basil could not retire the imprest so his salary was deducted. Mr. Basil then complained to Mr. Korman to refund his money and instead of refunding Mr. Basil from his personal money, Mr Korman issued a cheque of VT240.150 made out of the CDF to refund Mr. Basil.

Base on the findings the Ombudsman recommends that:

- * To avoid political interference, expenditures on fictitious projects, favoritism and improper spending of public funds, the Government should enforce the Casino Control Act of 1993 and the Financial Regulations of the Republic of Vanuatu and make appropriate inclusions or amendments so as to provide for a proper control and recording of public funds such as the CDF including appropriate penalties.

The Department of Finance should put in place systems and procedures whereby all Community Projects be applied for on authorised "Project Profile Forms". The applications and proposals should always be well represented by the whole community. This would mean proposals should be endorsed by the following people in the community: Church leaders or elders, chiefs, women representatives, youth representatives, all political parties representatives and the Provincial Government representatives. Applications should, at all times, be supported by project plans including cost/benefit analyses.

The projects should then be forwarded to a body within the Government for assessment.

This body should consist of representatives from: Departments of Finance, Provincial Affairs, Department of Economic & Social Development (DESD) and the Prime Minister's Office.

Only upon the approval of this body should the funds be drawn.

The current financial regulations do not specifically stipulate the control systems and procedures over development funds such as the CDF.

- The above findings are identical to those of other reports where Mr. Korman deliberately ignored the laws and regulations of the country and spent public monies to please himself and his friends. Mr. Korman should be investigated by the Police and be brought to justice accordingly, and where possible all unexplained spending should be recovered from him. The law is for everyone. A responsible leader is a person who observes the laws of the country, the health, education, and social well being of the people in the community and the nation as a whole, regardless of which political party

he/she belong to. Mr. Korman's action depicts him as one who does **not** share this view. For this reason he should no longer be entrusted with public funds.

Since there was no documentation to support the spending of Vt 240,150, Government should recover the money from Mr. Korman immediately.

1. JURISDICTION

- 1.1 Under the Constitution and the Ombudsman Act, the Ombudsman has jurisdiction to enquire into the conduct of Government and related bodies, which includes the conduct of a Prime Minister. The Ombudsman also has jurisdiction to enquire into possible discriminatory practices and possible breaches of the Leadership Code. Mr. Korman was a Prime Minister and a leader under the Constitution and the Ombudsman Act at the time of these events.

2. PURPOSE, SCOPE AND METHODS USED IN THE INVESTIGATION

- 2.1 The purpose of this report is to provide the obligations and duties laid down in Article 62 of the Constitution, s11(2) of the Ombudsman Act. Having given the opportunity to the Minister concerned and his witnesses or colleagues to respond to the content of this paper, it appears that the outstanding issues are not resolved. As a result of this the Ombudsman has the responsibility given by the Constitution and the Ombudsman Act to issue a public report and make recommendations to appropriate authorities to help resolve these issues.
- 2.2 The scope of this inquiry is to establish the findings and facts of the allegations that were revealed during the process of our investigation.
- 2.3 This Office collects information and documents through informal requests, summons, letters, interviews and research.

3. OUTLINE OF EVENTS

- 3.1 On 3 May 1990 the Council of Ministers approved the Gaming licence for the Radisson Royal Palms Resort. Part of that approval was a requirement that the Radisson donate 10% of its gross winnings from gaming to a Community Development Fund (CDF). This fund was accounted for by the Department of Finance.
- 3.2 In 1993 the Casino Control Act was passed. The Act allowed for 10% of the gross profit derived from the operation of any casino to be paid into the CDF. The Department of Finance continued to account for the Fund.
- 3.3 11 August 1995, Mr. Jimmy wrote to the Director General of Finance advising him that he had decided to open an account at a commercial bank for the 10% Casino licence tax allocated to the CDF. He requested the Director General to arrange for the account to be opened and the CDF balance of Vt340,000 to be transferred.
- 3.4 On 14 August 1995, the Minister of Finance wrote to the Bank requesting that the account be opened and the signatories to be the Prime Minister or in his absence the Minister of Finance. The Minister of Finance specifically advised the bank that the account should "NEVER TO FALL INTO OVERDRAFT AT ANY TIME" (**see letter as Appendix "A"**).
- 3.5 On 5 September 1995, the Principal Administrative and Finance Officer for the Prime Minister's Office, Jack Kallon, wrote to the bank requesting that the CDF account only bear the signature of Mr. Korman. (**See letter as Appendix "B"**).
- 3.6 On 11 September 1995, Vt280,424 was deposited into the CDF account by the Department of Finance.
- 3.7 On 3 October 1995, a cheque was prepared for Mr. Yvon Basil for Vt240,150 (**See Appendix "C"**). When asked about the cheque Mr. Basil explained that in early 1995

he accompanied Mr. Korman and his wife to Australia as protocol officer. Mr. Korman used the imprest funds assigned to Mr. Basil to help pay for some photographs Mr Korman had purchased to give to chiefs in villages as Mr. Korman had run short of money. Mr. Korman did not replace the said imprest when they returned to Vila. Mr. Basil could not retire the money to the Finance Department so the amount was deducted from his salary. Mr. Basil wrote to the Administration Assistant of the Prime Minister explaining the situation. Mr. Korman settled the matter with Mr. Basil by issuing cheque # 702761 for Vt240,000 to him.

- 3.8 Between 11 September 1995 and 9 October 1995 ten cheques totaling Vt 1,144,650 were presented to the bank. This caused the account to go into overdraft by Vt911,226.
- 3.9 On 7 October 1995, Mr. Korman purchased 2 cooking pots from Aluminum Boats and General Marine for a total of Vt57,500. He paid for these with a CDF cheque #702765. **(See Appendix "L").**
- 3.10 On 10 October 1995, the bank rejected 2 cheques presented the previous day and the overdraft went down to Vt221,076.
- 3.11 On 11 October 1995, a further Vt3,000,000 was deposited, by the Department of Finance, into the account. **(See Appendix "D").**
- 3.12 On 16 October 1995, Mr. Korman purchased a lawn Mower from Vanuatu Agricultural Supplies for Vt57,200. He paid for this with CDF cheque #702756. **(See Appendix "E").**
- 3.13 Between 11 October 1995 and 1 November 1995, 19 cheques totaling VT2,741,485 were presented.
- 3.14 On 9 November 1995, Vt1,770,795 was deposited into the CDF account.
- 3.15 On 9 November 1995, 3 cheques totalling Vt432,500 were presented.
- 3.16 On 21 November 1995, a cheque for Vt1,000,000 was presented.
- 3.17 On 23 November 1995, Vt500,000 was transferred from the Cyclone Betsy Relief account to the account of CDF.
- 3.18 On 24 November 1995, the previous days transfer from the Cyclone Betsy account of Vt500,000 was reversed.
- 3.19 On 28 November 1995, Mr. Korman purchased a Robin Diesel Generator from Pentecost-Vanua Trading Ltd for Vt242,060. He paid for it with CDF cheque #702789. **(See Appendix "F").**
- 3.20 On 1 December 1995, cheque for Vt242,060 was presented.
- 3.21 On 2 January 1996, Mr. Korman who was no longer the Prime Minister informed the bank that the cheque signatory should be changed to the new Prime Minister, Mr. Serge Vohor. He advised the bank that he had agreed to cancel his signature with effect from 2 January 1996.
- 3.22 On 2 January, Mr. Vohor advised the Bank that he was the new signatory for the account.
- 3.23 On 4 and 5 January 1996, two cheques totaling Vt 37,700 were presented.
- 3.24 On 5 January 1996, a cash cheque for Vt1,000,000 was presented. This cheque was signed by Mr. Vohor and was reversed by the bank on 8 January 1996. **(See Appendix "G").**

4. SUMMARY OF RELEVANT LAWS AND REGULATIONS ALLEGEDLY CONTRAVENED BY MR. MAXIM CARLOT KORMAN AND MR. WILLIE JIMMY

It is alleged that Mr. Korman and Mr. Willie Jimmy contravened fundamental laws and regulations of the Country in the process of opening, transferring and expending funds in the CDF budget and the CDF account. The following laws and regulations appear to have been breached:

- 4.1 **Constitution of the Republic of Vanuatu** – Conduct of Leaders, Article 66 (1) and (2); Definition of A Leader, Article 67;
- 4.2 **Casino Control Act** – Tax, Section 13.1 (a) and (b);
- 4.3 **Government Financial Regulation** – Regulation 228 Allocation of Imprest (1), (2) and (3); Regulation 229 Imprest Holder as an Accountable Officer (1), (2) and (3); Regulation 231 Imprest Expenditure Receipts and Vouchers (1) and (2); Regulation 233 Transfer of Imprests (1); Regulation 274 Opening of Bank Accounts (1), (2), (3) and (4); Regulation 275 Signatories to Government Bank Account; Regulation 277 Crossing of Government Cheques (1) and (2); Regulation 278 Completion of Cheque Forms (1) and (2); Regulation 289 Bank Account Statements and Reconciliations (1) and (2); Regulation 290 Overdrawn Bank Account (1) and (2). **Refer to Appendix "M"**.

5. RESPONSES TO THE WORKING PAPER

- The working paper of this investigation was sent to the following people for their response and/or comments:
 - Maxime Carlo Korman, MP;
 - Barak Tame Sope Mautamate, MP;
 - Moking Steven, MP;
 - Willie Jimmy, MP;
 - Serge Vohor Rialut, MP;
 - Edwin Basil and
 - Jeffrey Wilfred, Director General of Finance
- We only received a response, in french and translated into english, from Hon. Maxime Carlo Korman (**see appendix "Na" and "Nb"**).
- In his response Hon. Korman said that the matter has already been dealt with by Mrs. Marie Noelle Patterson, the former Ombudsman. He also said, among other things, that we made false accusations against him for the misappropriation of a Touring Imprest of VT240.150 which was issued to Mr. Edwin Basil. We then responded to his comments and advised that the former Ombudsman never issued a public report on the investigation into the alleged misappropriation of the Community Development Fund. We also advised him that although the fund was set following the Council of Minister's decision the fund is classified as "**Public Fund**" and as such the operation of the fund is subject to the Financial Regulations of the Republic of Vanuatu. (**see copy of our letter in appendix "O"**).

6 FINDINGS

- 6.1 **Finding No.1:** **The CDF account was not opened in accordance with the Finance Regulations.**

It is the responsibility of the Director General of Finance to obtain the information required for the operation of the account and make the necessary arrangements for the opening of the account with the commercial bank. As a result of the Minister of Finance's advise to the Bank the fundamental details and procedures were not adhered to when opening the said account.

6.2 Finding No.2: **The bank account had only one signatory.**

The Financial regulations require all cheques drawn on Government bank accounts to be signed by 2 officers. This regulation is here to ensure payments are in accordance with Government regulations. When there is only one signatory for an account the account is then available for abuse by the sole signatory.

6.3 Finding No. 3: **Cash cheques were not correctly endorsed.**

Regulation 277 (2) requires cash cheques be endorsed with "please pay cash to..." This was not done and the endorsement was not signed by the signatory. None of the cash cheques drawn from the bank account between September 1995 and 28 November 1995 were endorsed correctly.

6.4 Finding No. 4: **Non-cash cheques were not crossed in accordance with the financial regulations.**

Regulation 277 requires all cheques drawn on a Government Bank account shall be crossed with two parallel lines and endorsed "Not negotiable" and "Account Payee Only". No cheques drawn between September 1995 and November 1995 were crossed and endorsed.

6.5 Finding No. 5: **There was no Evidence that the Imprest of Vt 240,150 was properly spent**

There was no evidence that the Vt 240,150 imprest borrowed by Mr. Korman from Mr. Basil, who was a protocol officer during a tour to Australia, had all been used for the purposes of public interest or Community Development. As there was no supporting documentation to justify the proper spending of Vt 240,150, deductions were made from Mr. Basil's salaries to repay the money. After this Mr. Basil wrote to the Administration Assistant of the Prime Minister explaining the situation. Mr. Korman corrected the situation with Mr. Basil by sending him cheque #702761 for Vt 240,000, paid out of the CDF.

The absence of documentation allowed Mr. Korman to use public funds to repay Mr. Basil for what might have been personal spending by Mr. Korman from the imprest.

6.6 Finding No. 6: **Mr. Korman did not comply with the Financial Regulations when touring the islands and distributing funds and so breached the Leadership Code**

There were occasions where cheques were cashed in lump sums, (**see Appendices "H1 to H12"**) upon Mr. Korman's instructions prior to his visits to the Islands. Mr. Korman then paid or handed out the monies to the various people or communities that he visited. In most cases there was no evidence that the amount of monies paid out have actually been received by the people. There were instances where other cheques were cashed and it was not possible to identify from the register how many cheques have been cashed. This practice was contrary to the Financial Regulations of the Republic of Vanuatu, Regulations 173, 174 (1) to (4) and 175 (a) to (g).

6.7 Finding No. 7: **No Proper Accounting Record of Funds Paid out to the Communities kept by the PM's Office, as required by the Financial Regulations**

There was no proper accounting of monies paid to people and communities maintained by the PM's Office. (**Appendices "I1 – I2"**). Mr. Korman and the Prime Minister's Office cannot provide evidence or explanations as to why fourteen (14) cheques were issued by Mr. Korman in October 1995.

These practices were contrary to the Financial Regulation, and particularly Regulations 19 (1) and (2). Reg. 19 (1) states, "An accountable officer shall personally carry out such duties as will satisfactorily discharge his responsibilities under these regulations...".

As a matter of fact, the administration of the CDF and the procedures of distributions to the communities were done outside that of Chapter 20 of the Financial Regulations; Regulations 343, 346, 347, and 348.

For example Regulation 343 states "Receipt of monies into the Development Fund and expenditure of monies from the Development Fund shall, in all aspects, be in accordance with the normal procedures of the Vanuatu Government...". None of this was complied with.

6.8 Finding No. 8: **There was no Evidence of Community or Project Proposals or Requests from the People or the Communities**

There was no evidence of project proposals submitted by the communities to prove that monies being paid out were in fact for projects that would improve services, standard of living, and to foster relationships so as people in the communities would always live in peace and harmony.

The absence of such vital documentation and procedures places doubts in the minds of the people as to the purpose of setting up the CDF.

6.9. Finding 9: **The Community Development Fund was used to purchase items that have no relevance to Community Development**

There were instances where items such as photo frames, trophies and pots that have no relevance and significance to community development were paid out of the CDF and handed to the communities by Mr. Korman.

6.10 Finding No.10: **Mr. Korman interfered with the Director General of Finance in the performance of his duties.**

It was revealed that Mr. Korman's intentions were to control and pay out monies from the CDF without having to comply to the appropriate financial regulations.

This was evidenced by his letter, dated 2 October 1992, to Mr. Terry Fisher, the then Acting Director General of Finance. The letter states, among other things, "I would like to make it clear to you my dissatisfaction of your performance of duties with respect to the draw down of funds from the above mentioned head as requested on Wednesday, 30 September, 1992.

"I would like to make it absolutely clear that when I decide to draw funds from this Head for Community Development Projects, it is not for any civil servants to question my authority and the time required to draw down the funds..." (**Appendix "J"**).

The absence of proper compliance to financial procedures reflected the fact that Mr. Korman's intentions were to use the funds for his personal and political interests to gain support for himself and his political party.

Mr. Korman's actions portray his lack of sense of responsibility, good governance and accountability to the nation, and particularly to the communities the fund was set up for (Community Development Fund).

6.11 Finding No. 11: **Majority of the cheques were issued just two Months Before the General Election in 1995**

It was interesting to note that on 11 August 1995, the year in which the general election took place Mr. Jimmy, then Minister of Finance, wrote and advised the Director General of Finance to open a bank account and transfer VT340.000 from the CDF budget to that account. (**Appendix "K"**).

The account was then opened with the Bank of Hawaii.

On 14 August 1995, Mr. Willie Jimmy instructed the bank that the signatory to the account would be Mr. Korman and in his absence, the Minister of Finance, which was himself. (see **Appendix "A"**).

Following that, substantial amounts of funds were transferred from the CDF budget to the said bank account.

Between 14 August and 30 November, 1995 a total of VT5.915.545 was drawn from the CDF bank account and distributed in various forms to the community and the people.

Immediately after the General Election in November 1995, a further VT1.037.700 was drawn and distributed.

One could infer that these payments were made in an attempt to influence voters in the November, 1995 General Election or at least pay election expenses. This might be one explanation as to why financial procedures and regulations were deliberately ignored by Mr. Korman and Mr. Willie Jimmy. As a result some spending could not be explained.

6.12 Finding No. 12: Breach of Finance Regulation 274.

There is no evidence that the Auditor General was informed of the opening of this Account, as requested by Finance Regulation 274.

6.13 Finding No. 13: Breach of Finance Regulation 290.

Mr. Korman issued cheques the total amount of which caused the said Account to go into overdraft in October and November 1995, contrary to Finance Regulation 290.

7. RECOMMENDATIONS

After 21 days (14 days as required by section 16 (4) of the Ombudsman's Act) we have not received any constructive recommendation and/or comments on our working paper by the recipients. Therefore, the Ombudsman makes the following recommendations:

7.1 Recommendation 1:

To avoid political interferences, expenditures on fictitious projects, favouritism and improper spending of public funds, the Government should enforce the Casino Control Act of 1993 and the Financial Regulations of the Republic of Vanuatu and make appropriate inclusions or amendments so as to provide for a proper control and recording of public funds such as the CDF including appropriate penalties.

The Department of Finance should put in place systems and procedures where all Community Projects be applied for on authorised "Project Application Forms." The applications and proposals should always be well represented by the whole community: Church leaders or elders, chiefs, women representatives, youth representatives, all political parties representatives and the Provincial Government representatives. Applications should, at all times, be supported by the project plans including cost/benefit analyses.

The projects should then be forwarded to a body within the Government for assessment.

This body should consist of representatives from: Department of Finance, Provincial Affairs, Department of Economic and Social Development (DESD) and the prime Minister's Office.

It should be only upon the approval of this body that funds be drawn.

The current financial regulations do not specifically stipulate the control systems and procedures over development funds such as CDF. This should be implemented in the Financial Regulations.

7.2 Recommendation 2:

The above findings are identical to those of other reports where Mr. Korman deliberately ignored the laws and regulations of the country and spent public monies to please himself and his friends. Mr. Korman should be investigated by the Police and be brought to justice accordingly, and where possible all unexplained spending should be recovered from him,

The law is for everyone. A responsible leader is a person who observes the laws of the country, the health, education, social well being of the people in the community and the nation as a whole, regardless of which political party they belong to. Mr. Korman's actions depict him as one who does **not** share this view. For this reason he should no longer be entrusted with public funds.

7.3 Recommendation 3:

Since there was no documentation to support the spending of Vt 240,150 Government should take legal steps to resolve that amount from Mr. Korman.

8 **CONCLUSIONS**

- 8.1 In accordance with Article 63(2) of the Constitution and Section 22 of the Ombudsman Act, the Ombudsman requests the Prime Minister, the Minister of Finance and the Director General of Finance to consider these recommendations and to put them into effect.
- 8.2 The Office of the Ombudsman must be notified within thirty (30) days of the date of this Public Report outlining the decision and steps proposed to implement the recommendations.

Dated this **25th** day of **October**, 2000.



Hannington G ALATOA
OMBUDSMAN OF THE REPUBLIC OF VANUATU

9 INDEX OF APPENDICES

- A** Letter from Mr. Willie Jimmy instructing the Managing Director of the Bank of Hawaii to open a new bank account in the name of "The Community Development Fund" (CDF)
- B** Letter from Mr. Jack H Kallon to Mr. Noel Tinevan of the Bank of Hawaii advising them that CDF would have only one signatory and that was of Mr. Maxim Carlot Korman
- C** Copy of chq (Vt 240,000) in refund of Mr. Basil
- D** Copy of GPV indicating transfer of Vt 3,000,000 to CDF bank account
- E** Copy of chq for payment of lawn mower from Agriculture Supplies
- F** Copy of chq payment of Robin Diesel Generator bought from Pentecost Vanua*
- G** Copy of chq presented but later reversed
- H1 – H12** Copies of chqs cashed in lump sums
- I1 – I2** Copies of letters from Mr. Korman and Dereck Alexander admitting the absence of proper records
- J** Copy of letter from Mr. Korman interfering with the duties of the Acting DGF
- K** Copy of letter from Mr. Willie Jimmy to DGF to open bank account and transfer Vt 340,000 from CDF budget to the bank account
- L** Details of payment of the Aluminum Boat from Marine General Engineering
- M** Relevant laws and regulations
- Na** Copy of Hon. Korman's letter in french, in response to the Ombudsman working paper
- Nb** Copy of Hon. Korman's letter translated into english
- O** Copy of the Ombudsman's response to Hon. Korman's comments

MINISTERE DES FINANCES

Sac Postal Privé No. 058, Port Vila

REF: 600/6/2/WJ/jn/MOF/1253

DATE: 14th August, 1995



MINISTRY OF FINANCE

Private Mail Bag 058, Port Vila

Telephone (678) 23032 or (678) 24538
Fax (678) 25732
Telex 1040 VANGOV

The Managing Director
Bank of Hawaii
BP 29
PORT VILA.

Dear Sir,

Under the powers conferred on me by S7.1 of The Public Finance Act. I hereby instruct you to establish a new bank account in the name of the Government of Vanuatu to be called "The Community Development Fund".

Signatories to the account are to be ;

The Honourable Prime Minister or,

The Honourable Minister of Finance

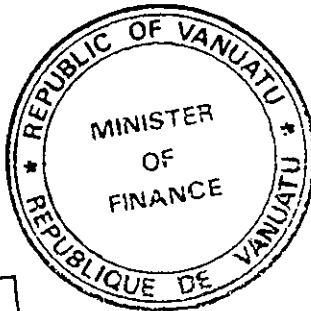
I further advise that this fund is a Special Fund under the terms of S.9.1 of the Finance Act and therefore is NEVER TO FALL INTO OVERDRAFT AT ANY TIME.

Please forward the appropriate documentation to me for completion and return to you.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'WJ Jimmy'.

Honourable Willie Jimmy (MP)
MINISTER OF FINANCE.



8 SEP. 1995

A handwritten signature in black ink, appearing to be 'WJ Jimmy'.

GOUVERNEMENT
DE LA RÉPUBLIQUE
DE VANUATU

BUREAU DU PREMIER MINISTRE



GOVERNMENT
OF THE REPUBLIC
OF VANUATU

OFFICE OF THE PRIME MINISTER

PM/202/17/577/JHK/an/95

5th September 1995

Mr Noel Tinevan
Bank of Hawaii Ltd
PORT VILA.

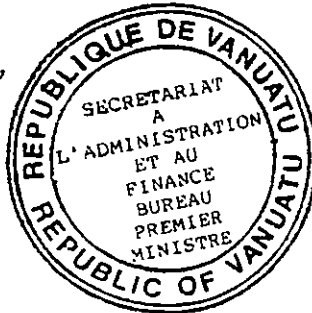
Dear Sir,

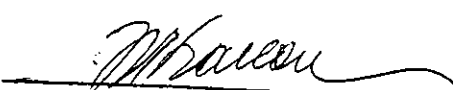
RE : THE COMMUNITY DEVELOPMENT FUND - ACCOUNT
No. VT.1629720280

Please arrange for the above account to bear soley an individual signature of Honourable Prime Minister Maxime CARLOT KORMAN.

Thankyou for your kind assistance.

Yours faithfully,




JACK H. KALLON
PRINCIPAL ADMINISTRATIVE AND FINANCE OFFICER
PRIME MINISTER'S OFFICE

8 SEP. 1995



S^{IE} BB N° 702761

VT 240.150

La Banque d'Hawaï (Vanuatu) Ltd
P.O. Box 29 - Kumul High School
Port Vila - Vanuatu

VILA Payez contre ce chèque
Pay against this cheque

*Two hundred and
thirty three
thousand
two hundred
and thirty
three
dollars
and
thirty
three
cents*

10 OCT 1993
PAYING NEGOTIABLE
OPERATOR 32
TELLER 2

à l'ordre de **MR YVONNER 1**
To **YVONNER 1** Name of beneficiary

PAYABLE
BANQUE D'HAWAÏ
(VANUATU) LTD
PORT VILA
THE COMMUNITY DEVT, FUND
VT 16297 202 80

le 20. 1995

[Handwritten signature]
[Circular stamp]

50-098162-30

VANUATU GOVERNMENT GENERAL PAYMENT VOUCHER

DUPLICATE TO TREASURY FOR SEQUENTIAL FILE

COMPUTER INPUT DETAILS

ENTRY TYPE

VOUCHER NUMBER TREASURY USE ONLY

242457

DEPT. DOCUMENT REFERENCE

DETAILS OF PAYMENT

TRANSFER OF CDF B.H.V.

Transfer of CDF

TOTAL — VT 3,000,000

ACCOUNT NUMBER JOB NUMBER

5210410121

GROSS AMOUNT VT

1 3 0 0 0 0 0 0 0 0

LESS DEDUCTIONS VT

NET AMOUNT VT

NUMBER OF PERIODS

MENT ENTERED IN VOTE BOOK

Vote Book Page No. Line No.
Signature: *[Signature]*
Date: 3/10/95

CERTIFICATION BY HEAD OF DEPT. OR AUTHORISED OFFICER

I certify that the above particulars are correct; that the prices charged are fair and reasonable and are in accordance with quotation or contract; that the expenditure committed has been properly incurred against the budget head or project indicated by the account number(s) shown and is in accordance with government regulations and project specifications; that funds are available to meet this payment under the account number(s) quoted.

Signature of Head of Department
Official Stamp

Print Name: *PAUL H. BALLE*

DEDUCTIONS - CREDITS

ACCOUNT NUMBER	JOB NUMBER	CREDIT AMOUNT VT

MULTIPLE ALLOCATIONS - DEBITS

ACCOUNT NUMBER	JOB NUMBER	DEBIT AMOUNT VT

ACCOUNTANT GENERAL DEPARTMENT USE

Checked	Approved	Cheque Number	Che
<i>[Signature]</i>	<i>[Signature]</i>		

Received from the Government the sum of VT: _____

Signed: *RELANIE*

Date: 11/

SE BB N° 702756

VI 57.200

Somme en chiffres Amount in figures

Banque d'Hawaii (Vanuatu) Ltd.

P.O. Box 29 - Kumul Highway - Port Vila - Vanuatu

Payez contre ce chèque
Pay against this cheque

Fifty seven thousand two hundred vatu.

a l'ordre de *AGRICULTURE LTD.*

To *AGRICULTURE LTD.*

PAYABLE
BANQUE D'HAWAII
(VANUATU) LTD
PORT VILA

THE COMMUNITY DEVP FUND
VT 16297 202 83

le *3. 10. 1995*

37 OPERATIONAL NEGOTIABLES
37 OPERATIONAL NEGOTIABLES
VT 16297 202 83
Name of Issuer: Name of Beneficiary
Via Corp. pas
Somme en chiffres: Amount in words

[Signature]

11

SE DB N° 702756

la Banque d'Hawaïi (Vanuatu) Ltd.
P.O. Box 29 - Kumul Highway - Port Vila - Vanuatu

VT. 57.200
Somme en chiffres Amount in figures

Fifty seven thousand two hundred

Payez contre ce chèque
Pay against this cheque
 hundred vatu.

à l'ordre de *AGRICULTURES*

To *Vanuatu Agri. Corp. Ltd.*
Somme en lettres
Vatu
Vanuatu Agri. Corp. Ltd.
Beneficiary

PAYABLE
BANQUE D'HAWAII
(VANUATU) LTD
PORT VILA

THE COMMUNITY DEVELOPMENT FUND
VT 18297 202 89

37 OPERATIVE
NEGOTIABLE
1995

LTD.

le 3. 10. 1995

(Signature)

5

ST BB : 702789

Banque d'Hawaii (Vanuatu) Ltd.

P.O. Box 29 - Kumul Highway - Port Vila - Vanuatu

V 242.060
Somme en chiffres Amount in figures

Payez contre ce chèque
Pay against this cheque

Two hundred and twenty eight thousand

and sixty eight

Vanuatu - Vanuatu

28 01 95

PAYABLE
BANQUE D'HAWAII
(VANUATU) LTD
PORT VILA

THE COMMUNITY DEPT. FUND
VT 18297 202 83

21 OPERATOR
NOT NEGOTIABLE

Mr. [Signature]

4

1/9

AN Banque d'Hawaii (Vanuatu) Ltd.

P.O. Box 29 - Kumul Highway - Port Vila, Vanuatu



One million

Somme en chiffres Amount in words

l'ordre de *Bank*

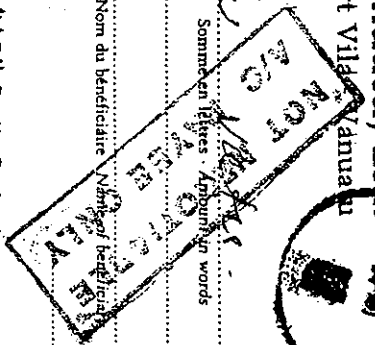
To

Nom du bénéficiaire Name of beneficiary

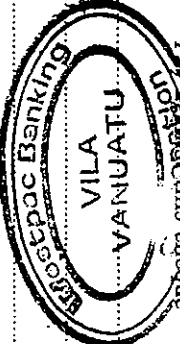
PAYABLE

BANQUE D'HAWAII
(VANUATU) LTD.
PORT VILA

THE COMMUNITY DEVP T. FUND
VT 16297 202 83



Payez contre ce chèque
Pay against this cheque



le 20. 11. 19 95

SV Harris

3

ANQUE D'HAWAII (VANUATU) LTD. S^{IE} BB N^o 7027700

h Banque d'Hawaii (Vanuatu) Ltd.
 P.O. Box 29 - Kumul Highway - Port Vila - Vanuatu

VT. 100.000
 Somme en chiffres - Amount in figures

Payez contre ce chèque
 Pay against this cheque

One hundred without vatu

à l'ordre de *cash*
 To

Nom du bénéficiaire - Name of beneficiary
 THE COMMUNITY DEVPT. FUND
 VT 18297 202 83

le 3. 10. 1995

PAYABLE
BANQUE D'HAWAII (VANUATU) LTD.
 PORT VILA

14:32 #16297202 PAYE HEN

PAYÉ

S^{IE} BB N^o 702758

h Banque d'Hawaii (Vanuatu) Ltd.
 P.O. Box 29 - Kumul Highway - Port Vila - Vanuatu

VT. 120.000
 Somme en chiffres - Amount in figures

Payez contre ce chèque
 Pay against this cheque

One hundred and twenty thousand vatu

à l'ordre de *cash*
 To

Nom du bénéficiaire - Name of beneficiary
 THE COMMUNITY DEVPT. FUND
 VT 18297 202 83

le 3. 10. 1995

PAYABLE
BANQUE D'HAWAII (VANUATU) LTD.
 PORT VILA

14:16 #16297202 PAYE HEN

PAYÉ

S^{IE} BB N^o 702757

h Banque d'Hawaii (Vanuatu) Ltd.
 P.O. Box 29 - Kumul Highway - Port Vila - Vanuatu

VT. 30.000
 Somme en chiffres - Amount in figures

Payez contre ce chèque
 Pay against this cheque

Thirty thousand vatu

à l'ordre de *cash*
 To

Nom du bénéficiaire - Name of beneficiary
 THE COMMUNITY DEVPT. FUND
 VT 18297 202 83

le 3. 10. 1995

PAYABLE
BANQUE D'HAWAII (VANUATU) LTD.
 PORT VILA

14:17 #16297202 PAYE HEN

PAYÉ

Bank of Hawaii (Vanuatu) Ltd.

P.O. Box 29, Kiriti Hiri, Port Vila - Vanuatu



Payez contre ce chèque
Pay against this cheque

John Lusk and *Bob*

1000000
D 6 VC 1995
KILAKILAK

NOT NEGOTIABLE
OPERATOR 23

3 10 1995

PAYABLE
BANQUE BHAWAIT
(VANUATU) LTD
PORT VILA

THE COMMUNITY DEPT. FUND
VI 18297 202 89

[Signature]

50-079332-01

NATIONAL BANK OF VANUATU

HEREBY REVOKES ALL

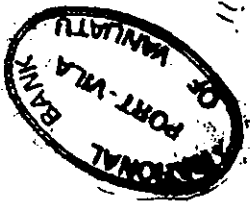
ENCUMBRANCES OF THIS CHEQUE

TO BANK OF HAWAII

[Signature]

L CULLWICK

Manager Operations



[Signature]

450001
11
450001

20
S^E BB N^o 702770

VT. 20.000
Somme en chiffres Amount in figures

Banque d'Hawaii (Vanuatu) Ltd.
P.O. Box 29 - Kumul Highway - Port Vila - Vanuatu

Payez contre ce chèque
Pay against this cheque

Mr. Valentyn Trounev

Value 20.000

à l'ordre de *Bank*

11:11
297202
10/95

Beneficiary - Name of beneficiary
10/95

PAYEE 9.10.1995

PAYABLE
BANQUE D'HAWAII
(VANUATU) LTD
PORT VILA

THE COMMUNITY DEPT. FUND
VT 18297 202 83

[Signature]

H3

STB BB N° 702771

h Banque d'Hawaii (Vanuatu) Ltd.
P.O. Box 29 - Kumil Highway - Port Vila - Vanuatu

VI. 25.000
Somme en chiffres Amount in figures

à l'ordre de *base*

Suivant - June Hoeseva

Somme en lettres Amount in words

Payez contre ce chèque
Pay against this cheque

To *base*

Nom du bénéficiaire - Name of beneficiary

BANQUE D'HAWAII
(VANUATU) LTD
PORT VILA

THE COMMUNITY DEVP. FUND
VI 18297 202 89

[Signature]

STB BB N° 702765

h Banque d'Hawaii (Vanuatu) Ltd.
P.O. Box 29 - Kumil Highway - Port Vila - Vanuatu

VI. 57.500
Somme en chiffres Amount in figures

Payez contre ce chèque
Pay against this cheque

Filey - seven hundred

BANQUE D'HAWAII
(VANUATU) LTD
PORT VILA

THE COMMUNITY DEVP. FUND
VI 18297 202 89

37 Operator

GENERAL ENGINEERING

[Signature]
1995

57

"HS"

SIÈGE SOCIAL
Banque d'Hawaïi (Vanuatu) Ltd.
P.O. Box 29, Kumbi Highway, P.O. Vila - Vanuatu

VI - 50 - 0000
Somme en chiffres Amount in figures

Payez contre ce chèque
Pay against this cheque

à l'ordre de *Bank*
à l'ordre de *Messieurs Vate*
à l'ordre de *DAWIE*

PAYABLE
BANQUE D'HAWAÏ
(VANUATU) LTD.
PORT-VILA
THE COMMUNITY DEPT. FUND
VI 16297 202 80

le 13. 10. 1995

[Signature]

[Signature]

Sth BB N^o 1702772

Banque d'Hawaii (Vanuatu) Ltd.

P.O. Box 29 - Kumul Highway - Port Vila - Vanuatu

LVI 80.000
Somme en chiffres Amount in figures

Payez contre ce chèque
Pay against this cheque

Tigley Howard

Somme en lettres Amount

A l'ordre de To *Bank*

Nom du bénéficiaire Name of beneficiary

le 13. 10. 19 95

PAYABLE
BANQUE D'HAWAII
(VANUATU) LTD
PORT VILA

THE COMMUNITY DEVP. FUND
VT 16297 202 89

Jan. C.

Anden

"H6"

Banque d'Hawaii (Vanuatu) Ltd.

P.O. Box 29 - Kumul Highway - Port Vila - Vanuatu

V.V. HS. 000
Somme en chiffres Amount in figures

Payez contre ce cheque
Pay against this cheque

One hundred and
thousand

no

To l'ordre de *cash*

Nom du bénéficiaire - Name of Beneficiary
Somme en lettres - Amount in figures
117,000
117,000
1995

PAYABLE
BANQUE D'HAWAII
(VANUATU) LTD
PORT VILA

THE COMMUNITY DEVP. FUND
VT 18297 202 83

NOUVEAU
17 OCT 1995
21 OCT 1995

117,000
117,000
1995

"8H"

"49"

SE BB N° 702780

VF. 500.000
Somme en chiffres Amount in figures

BN Banque d'Hawaii (Vanuatu) Ltd.

P.O. Box 29, Kumbi Highway - Port Vila - Vanuatu

Payez contre ce chèque
Pay against this cheque

Five hundred

thousand

500 000



Objet du bénéficiaire - Name of beneficiary

le 1. 11. 1995

**BANQUE D'HAWAII
(VANUATU) LTD.
PORT VILA**

THE COMMUNITY DEPT. FUND

VT 18297 202 80

Francis

M. Walter

Banque d'Hawaii (Vanuatu) Ltd.

P.O. Box 29, KUALI Highway, Port Vila - Vanuatu

Two hundred and sixty-eight thousand
vatu

Payez contre ce chèque
Pay against this cheque

à l'ordre de *cash*
Somme en lettres - Amount in words
Non du bénéficiaire
of beneficiary
le 21 11 1985

BANQUE D'HAWAII
(VANUATU) LTD
PORT-VILA

THE COMMUNITY DEVP. FUND
VI 18297 202 89

Mar. 1

4014

Lino Bulukuli - Soave

Spallehnd

S. BB No 102183

BN Banque d'Hawaii (Vanuatu) Ltd.

P.O. Box 29, Kumhu Highway, Port Vila - Vanuatu

PAYÉ

Payez contre ce chèque
Pay against this cheque

One hundred fourteen thousand five hundred
thirty

cash

Nom du bénéficiaire - Name of beneficiary

le 2 11 19 95

**BANQUE DHAWAIT
(VANUATU) LTD
PORT VILA**

THE COMMUNITY DEVP. FUND
VI 18297 202 89

M. J. ...

h. Coulot

CASH

10:03 #18297202
PAYE JAC

000RM2371

114500
10
114500

VI 114.500
Somme en chiffres Amount in figures

Banque d'Hawaïi (Vanuatu) Ltd.
P.O. Box 29 - Kurnal Highway - Port Vila - Vanuatu

Payez contre ce cheque
Pay against this cheque

Thirty thousand Vatu

Somme en lettres - Amount in words

à l'ordre de *Banki*

To

le 14 11 1985

PAYABLE
BANQUE D'HAWAII
(VANUATU) LTD
PORT VILA

THE COMMUNITY DEVP. FUND
PT 18297 202 89

IPV PRINTERS

[Signature]


11/12

" I 1 "

TRANSLATION OF LETTER FROM MAXIME KORMAN

Thank you for your letter of 14 August 1998 received on 24 August 1998.

I would like to remind you that I have given a sworn statement about Community Development Fund under Prime Minister Korman.

Anyway, I will answer some of these questions in your letter:

- 1) I don't remember the account # for which Minis of CDF or Finance and I opened with Banque d'Hawaii (Vanuatu) Ltd.
- 2) I don't remember I cashed cheques or not.
- 3) I can't say whose name they were under.
- 4) It is the same purpose for creating CDF helping of communities.
- 5) I don't know what happened, but if I'd given a cheque, it was directly to the person who receives cheques to cash with the help of the Secretary of the Province.
- 6) Every document is with Finance.

The principal administration officers are responsible for the accounting of the fund. They should take the documents to Finance.

Re Principal Administration Officers at the Prime Minister's Office, I made sure that they are accountable and responsible for this Fund. It would be good if your office went to check the computers at the Ministry of Finance in this regard

"une fois pour tente".

Thanks a lot.

Sincerely

M C Korman

GOUVERNEMENT
DE LA RÉPUBLIQUE
DE VANUATU

BUREAU DU PREMIER MINISTRE

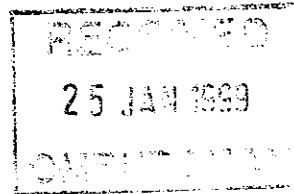
19 January 1999

Mrs. Julie Hawkes
Office of the Ombudsman
PMB 081
Port Vila



GOVERNMENT
OF THE REPUBLIC
OF VANUATU

OFFICE OF THE PRIME MINISTER



Dear Mrs. Hawkes

**Re: Irregularities in use of Community Development Fund Leadership
Enquiry Mr. M. Korman**

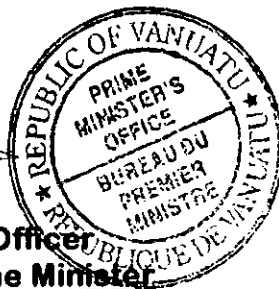
I acknowledged receipt of your letter to me on 10 July 1998. Sorry for the delay in response.

I must admit, since my tenure of this position, I have not seen any documents concerning the issue as mentioned above. I would however, suggest that you contact those person who held this position before me and maybe they might be of assistance to you in your investigation.

Thank you for your understanding and cooperation.

Yours sincerely

Derek Alexander
Principal Admin Officer
Office of the Prime Minister



Cc: - Hon. Prime Minister
- DG, Office of PM



MEMORANDUM

Your Ref.
V/Ref.

Our Ref.
N/Ref.

Date 2nd October, 1992.

from
du ~~The Hon Prime Minister~~

to
à Mr. Terry Fisher, Acting Director.
General of Finance

SUBJECT: COMMUNITY DEVELOPMENT PROJECT - HEAD 520.40.101

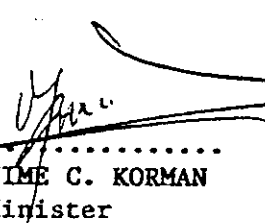
I would like to make clear to you my dissatisfaction of your performance of duties with respect to the draw down of funds from the abovementioned Head as requested on Wednesday, 30 September, 1992.

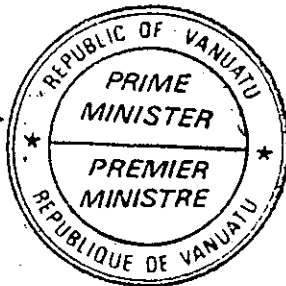
I wish to make it absolutely clear that when I decide to draw funds from this Head for Community Development Projects, it is not for any civil servant to question my authority and the time required to draw down the funds. I do not understand why the application was referred to the Minister of Finance when I am responsible for this particular Head.

I would like an explanation from you as to why the application for the draw down of funds was not implemented as requested.

As Head of this Government, I do not accept reasonings in relation to computer time slots etc. The Department of Finance should put in place at once, appropriate procedures to enable draw downs at short notice.

In the future, I will no longer accept such delays.


.....
HON MAXIME C. KORMAN
Prime Minister



c.c. Hon Minister of Finance
Director General of Finance
Mrs Leitau WILLY

GOUVERNEMENT DE LA
REPUBLIQUE DE VANUATU
MINISTERE DES FINANCES

See Postal Privé No. 058, Port Vila



GOVERNMENT OF THE
REPUBLIC OF VANUATU

MINISTRY OF FINANCE

Private Mail Bag 058, Port Vila

MEMORANDUM

YOUR REF:
V/REF:

OUR REF: 600/6/2/WJ/jn/MOF/1246
N/REF:

FROM: Honourable Minister of Finance
DU:

TO: Director General of Finance
A:

DATE: 11th August, 1995

Subject: Community Development Fund is Considered as
Special Fund under Section 9 of the Public
Finance Act (Cap 117)

My view to ten percent (10%) income received through gambling operation and charged to Community Development Fund which comes directly under the control of the Prime Minister should now be separated from the Department of Finance immediately.

I have decided that an account should be opened under "Community Development Fund" with the Bank of Hawaii and the authorise signitures to the account should be the Prime Minister himself, or in his absence, the Minister of Finance, can sign the cheque on his behalf to pay for the projects which had been approved by the Prime Minister himself earlier on.

You are hereby instructed to arrange with the Bank of Hawaii Limited to open an account under the name "Community Development Fund" and have the necessary documents forwarded to Prime Minister for his signature at the earliest opportunity possible.

The current balance of three hundred and forty thousand Vatu (VT. 340,000) should be transferred immediately as an opening balance of the above account and forward the cheque Book to Prime Minister's office.

This account should also be subject to Auditor General at any time if and when, he decides to examine the records of transactions that will be going through this account and report his findings in the normal procedures as any other reports recorded in the Auditor General's Report.

...../.....

I have discussed this proposal with the Prime Minister and he had agreed to it. This will relief the Department of Finance to monitor the account in the future. The only responsibility that remain is to make sure to transfer at the end of each month this ten percent (10%) revenue to the Community Development Fund account as soon as it is received by the Department of Finance.

Yours faithfully,



Honourable Willie Jimmy (MP)
MINISTER OF FINANCE.

c.c : To Honourable Prime Minister

" L "

OFFICE OF THE OMBUDSMAN

P. O. BOX. 126
PORT VILA
VANUATU

Phone: 27200 / 26757

Fax: 27140 / 25660

LIST OF CHEQUES PAID OUT FROM THE COMMUNITY DEVELOPEMENT FUND

Date	Chq no	Amount	Paid To
28/02/95	BB 702751	48.000	Cash
28/09/95	BB 702752	56.500	Port Vila Hardware Ltd
03/10/95	BB 702753	30.000	Tafea Community Belvue
03/10/95	BB 702754	80.000	Efate Smol Project
03/10/95	BB 702756	57.200	Agriculture Supplies Ltd
03/10/95	BB 702757	30.000	Cash <i>Jack Kalon - Misappropriation</i>
03/10/95	BB 702758	120.000	Cash <i>Jack Kalon</i>
03/10/95	BB 702759	200.000	Tafea Community Blacksand
03/10/95	BB 702760	100.000	Cash
03/10/95	BB 702761	240.150	Mr. Yvon Basil
03/10/95	BB 702762	25.500	Chung PO General Merchants & Import
03/10/95	BB 702763	131.528	Him-Ford Store
03/10/95	BB 702764	46.000	Navara S.A.R.L.
03/10/95	BB 702765	57.500	Aluminium Boats Marine General Engineering
03/10/95	BB 702766	450.000	Cash
03/10/95	BB 702767	21.000	Chew Store
06/10/95	BB 702768	50.000	Mr Benjemin Lingtamat
06/10/95	BB 702769	300.000	Graig Cove Dev. Committee
09/10/95	BB 702770	20.000	Cash <i>Jack Kalon</i>
09/10/95	BB 702771	25.000	Cash
13/10/95	BB 702772	50.000	Cash
14/10/95	BB 702773	179.000	Cash
14/10/95	BB 702774	47.500	Himford Store
14/10/95	BB 702775	17.000	Chung PO General Merchants & Importers
14/10/95	BB 702776	115.000	Cash - Anita from Chung po Gen Mer Signed back
14/10/95	BB 702777	53.000	Better Price
13/10/95	BB 702779	50.000	Cash (a) <i>Jack Kalon</i>
01/11/95	BB 702780	500.000	Cash (a) <i>Jack Kalon</i>
02/11/95	BB 702781	268.000	Cash <i>Lino Bolekuli Suczac</i> (UMP Candidate?)
02/11/95	BB 702783	114.500	Cash <i>L. Carlot</i>
09/11/95	BB 702784	7.700	Fung Kuei
14/11/95	BB 702785	30.000	Cash <i>No Signature</i>
20/11/95	BB 702787	1000-000	Cash <i>No Signature - Mui M. Carlot</i>
28/11/95	BB 702789	242.060	Pentecost - Vanua Trading Ltd
05/01/96	BB 702791	1,000.000	Cash <i>William Tari</i>
	TOTAL	5 762.138	

*Raso
Linalua
Kalon*

APPENDIX "M"

Constitution of the Republic of Vanuatu

CONDUCT OF LEADERS

66. (1) Any person defined as a leader in Article 67 has a duty to conduct himself in such a way, both in his public and private life, so as not to-
- (a) place himself in a position in which he has or could have a conflict of interests or in which the fair exercise of his public or official duties might be compromised;
 - (b) demean his office or position;
 - (c) allow his integrity to be called into question; or
 - (d) endanger or diminish respect for and confidence in the integrity of the Government of the Republic of Vanuatu.
- (2) In particular, a leader shall not use his office for personal gain or enter into any transaction or engaged in any enterprise or activity that might be expected to give rise to doubt in the public mind as to whether he is carrying out or has carried out the duty imposed by subarticle (1).

DEFINITION OF A LEADER

67. For the purposes of this Chapter, a leader means the President of the Republic, the Prime Minister and other Ministers, members of Parliament, and such public servants, officers of Government agencies, the Ombudsman, a person appointed to a statutory authority or cooperation, a director appointed by the Government to a cooperation or company or organisation and other officers as may be prescribed by law.

CASINO CONTROL ACT

13. TAX

- (1) (a) The casino licensee shall pay tax on the gross profit derived in each month in connection with the operation of the casino.
- (b) The tax payable under subsection (1) shall be a sum equivalent to 20 percent of the gross profit out of which 10 percent shall be paid into the Government Revenue Fund and the remaining 10 percent to the Community Development Fund.

GOVERNMENT FINANCIAL REGULATIONS

ALLOCATION OF IMPREST

- Regulation 228**
- (1) A Special Imprest will be allocated to the expenditure head of the officer to whom the Imprest is issued.
- (2) When cash and expenditure vouchers are surrendered on retiring a Special Imprest, a General Treasury Receipt will be issued crediting the original Imprest account with the cash received.
- (3) When a Standing Imprest is replenished, expenditure vouchers should be presented and the replenishment will equal the total value of such vouchers. A Payment Voucher shall be issued for the replenishment, the expenditure being allocated to the appropriate code in the normal manner.

IMPREST HOLDER AS AN ACCOUNTABLE OFFICER

- Regulation 229**
- (1) An Imprest holder shall be considered to be an accountable Officer and accordingly shall observe all Financial Regulations and any other instructions or regulations issued with regard to the control of expenditure and the disbursement of public moneys.
- (2) An Imprest holder must ensure that the imprest is used only for the purpose for which it was issued. The use of an Imprest for any other purpose whatsoever will be considered as a disciplinary offence.
- (3) If an imprest holder has failed to replenish his imprest, he shall not use other public monies for that purpose.

IMPREST EXPENDITURE – RECEIPTS AND VOUCHERS

- Regulation 231**
- (1) An officer issued with an Imprest shall, wherever possible, obtain receipts or similar vouchers to support all expenditure from the Imprest. Where it is not possible to obtain a receipt or voucher, the officer shall personally certify the purpose for which the money was expended and why he could not obtain a receipt.
- (2) All vouchers will be presented to the original issuing office when an Imprest is replenished or retired.

TRANSFER OF IMPRESTS

- Regulation 233** (1) Under no circumstances shall a Special Imprest be transferred or lent from one officer to another. Where an officer holding a Special Imprest is no longer in a position to use it, the Imprest must be retired at once. If another officer is taking over the task they must make a fresh application for a Special Imprest.

REGULATION 274 OPENING OF GOVERNMENT BANK ACCOUNTS

- (1) No Government bank account shall be opened without the prior written approval of the Minister of Finance.
- (2) Where it is considered necessary to open a Government bank account, the Accounting Officer concerned shall submit a written request to the Director General of Finance giving reasons why such a facility is required. The request shall include the following detail:
- (a) name and location of the bank with whom the account is to be maintained;
 - (b) name of the accounting officer who will be responsible for the operation of the account, together with names of the proposed signatories;
 - (c) type of account required;
 - (d) estimated average balance that will be held on the account;
 - (e) maximum balance that will be held on the account; and
 - (f) any other relevant details.
- (3) Upon receipt of the application, the Director General of Finance will, if he considers it expedient and necessary, recommend to the Minister of Finance to authorise in writing the opening of the account. The Director General of Finance will confirm in writing:
- (a) the name and title of the officer who will be accountable for the operation of the account;
 - (b) the name of officers who are authorised to sign cheques and other instruments on the account; and
 - (c) any limitation as to the maximum amount of public moneys that may be held on the account and instructions as to the distribution in excess of such a limit.

The Director General of Finance shall write to the bank and make the necessary arrangements for the opening of the account and the supply of the initial specimen signatures of the authorised signatories to the account, etc.

- (4) The Auditor General is to be informed of all opening or closures of Government bank accounts.

REGULATION 275 SIGNATORIES TO GOVERNMENT BANK ACCOUNT

All cheques and other instruments drawn upon a government bank account will be signed by two officers, one of whom shall be the accountable officer responsible for the operation of the account.

REGULATION 277 CROSSING OF GOVERNMENT CHEQUES

- (1) All cheques drawn on a government Bank account shall be crossed with two parallel lines and endorsed "Not Negotiable" and "Account Payee Only"
- (2) When a cheque is issued to any public officer for the purpose of obtaining cash, it shall be endorsed "please pay cash to" and the endorsement shall be signed by two signatories to the bank account.

REGULATION 278 COMPLETION OF CHEQUE FORMS

- (1) Before signing a Government cheque, and authorised signatory must ensure that:
 - (a) the amount of the cheque and the name of the payee agree with the details on the voucher;
 - (b) the voucher has been duly passed for payment;
 - (c) the voucher has been endorsed "PAID";
 - (d) the amount written in words on the cheque agrees with the amount in figures; and
 - (e) the counterfoil of the cheque, where appropriate, records all the pertinent details of the cheque issued.
- (2) Under no circumstances will an authorised signatory sign a blank or incomplete cheque.

REGULATION 289 BANK ACCOUNT STATEMENTS AND RECONCILIATIONS

- (1) The officer responsible for the bank account shall prepare a bank reconciliation statement at least every month.
- (2) Wherever possible all bank reconciliation statements will be prepared by an officer other than the one responsible for the issue of cheques drawn on the account and the one responsible for the preparation of the deposits to the account.

REGULATION 290 OVERDRAWN BANK ACCOUNT

- (1) The Government shall not borrow moneys except as prescribed by Section 8 of the Public Finance Act. Accordingly, no Government bank account shall be overdrawn by an amount in excess of that prescribed by Parliament at any time.
- (2) An officer accountable for the operation of a Government bank account must obtain prior written approval from the Minister of Finance before permitting it to become overdrawn.

1922
GOUVERNEMENT
DE LA
REPUBLIQUE DE VANUATU

MINISTÈRE DES TERRES, DES
RESSOURCES NATURELLES ET DU
SERVICE DES EAUX

SAC POSTAL RÉSERVÉ 007,
PORT VILA
TÉLÉPHONE: (678) 23105
FAX: (678) 25165



1/3
GOVERNMENT
OF THE
REPUBLIC OF VANUATU

MINISTRY OF LANDS, GEOLOGY,
MINES, ENERGY AND RURAL
WATER SUPPLY

PRIVATE MAIL BAG 007,
PORT VILA,
PHONE: (678) 23105
Fax: (678) 25165

Your Ref:

Votre Ref:

Our Ref:

Notre Ref: ...MOL/2AA/12.....

Date: ...Port-Vila, le 13 Août 2000.....

À
Monsieur H.G. ALATOA
Médiateur de la République
Port-Vila
VANUATU

Objet: Working Paper of the Community Development Fund
Référence: Votre 3036/6069/L54/M.K.C

Monsieur le Médiateur,

Je suis surpris de voir que votre bureau produit un working paper sur une affaire traitée déjà par votre prédécesseur Mme Marie Noëlle PATTERSON (Production d'un rapport).

Mon commentaire sur cette affaire et que je conteste les trois paragraphes du sommaire dont Mme M.N. PATTERSON se base dessus pour faire ses recommandations.

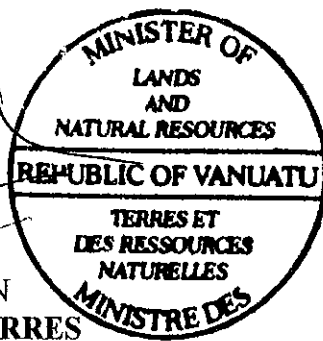
Je vous rappelle que ce Fonds a été mis en place à la suite d'une décision du Conseil de Gouvernement (Conseil des Ministres) et un compte avait été ouvert à la Banque d'Hawaï légalement par le Ministre des Finances. Le Premier Ministre avait donc l'utilisation à sa discrétion pour aider les Communautés urbaines et rurales de l'Archipel. Votre quatrième paragraphe du sommaire est une fausse accusation. Si j'ai remboursé le touring Impress par le fonds communautaire, les achats ne m'étaient pas personnels.

Si vous tenez en tant que Successeur de Mme M.N. PATTERSON de reprendre cette affaire alors je vous recommanderai de changer le titre de votre document rouge ainsi:

“REPORT”
on the Alleged Misappropriation
Community Development Fund
By
Prime Minister Maxime Carlot KORMAN

Je vous prie de croire, Monsieur le Médiateur, à l’expression de mes sentiments
les plus respectueux et dévoués.

M. Carlot
Maxime C. KORMAN
MINISTRE DES TERRES



" Nb "

MEMORANDUM

File No:

To	RTG	Date	26 September 2000
cc:			
From	DK	Ref	0299/6069/M45/rtg
Subject	Translation of Minister Maxime Carlot's letter		

Subject: Working Paper of the Community Development Fund

Dear Ombudsman,

I am surprised to see that you have produced a working paper on a matter that was already dealt with by your predecessor, Mrs. Marie-Noelle Paterson (Issued a report).

My comment on this matter is that I do not agree with the 3 paragraphs of the summary on which Mrs. M.N.Patterson based her recommendations.

I remind you that this fund was set up following the Council of Minister's decision and the Minister of Finance legally opened an account at Banque d' Hawaii. The Prime Minister used this fund at his discretion to help the rural and urban communities of Vanuatu. Your fourth (4th) paragraph in the summary is a false accusation. If I reimbursed the touring impress with the community funds, the spending was not for personal purpose.

If you, as the successor of Mrs. MN Patterson, want to deal with this matter again then I recommend you to change the title of your red document to:

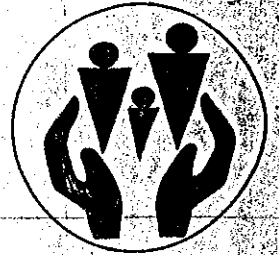
Report on the alleged misappropriation
Community development fund
By
Prime Minister Maxime Carlot Korman

Yours Sincerely,

Maxime C. KORMAN
Minister of Lands



Office of the Ombudsman
Bureau du Médiateur
Ofis blong Ombudsman



Our Ref: 3036/6069/L54/mck
(Please quote this reference in all correspondence)

30 August, 2000

Honorable MP Maxim Carlot Korman
Parliament Chambers
PMB 052
Port Vila

Dear Sir

**WORKING PAPER ON THE ALLEGED MISAPPROPRIATION OF THE
COMMUNITY DEVELOPMENT FUND (CDF)**

We enclose a copy of the working paper that outlines and description of the facts, relevant laws and our preliminary findings on the above enquiry.

It is alleged that the fundamental laws of this country, and namely the Constitution of the Republic of Vanuatu, the Casino Control Act and the Finance Regulation, were contravened in the process of opening, transferring, and expanding the Community Development Fund during your time as Prime Minister of this Country, in 1995. There were also instances whereby the Community Development Fund has been expanded or spent for purposes other than the Fund was set up for.

As Prime Minister then and, heavily involved in the alleged misappropriation of the Fund at that time, you have the right to comment on the subject of this inquiry. Your comments can be made in writing or orally. If you want to answer orally, please contact this Office for an appointment so that a statement can be taken. Please provide to us any information or documentation you may have, to support your response, correct the facts, and or resolve the matter at this stage. **If we do not hear from you by 26 September, 2000, we will assume that you have no comment to make and we will proceed to making a Final Report if necessary.**

Warning: The Constitution and the Ombudsman Act state that the Ombudsman's inquiries are confidential until a public report is made. *The Act says that you cannot discuss this investigation, this letter, or any other information that comes from the Office of the Ombudsman, except with your lawyer. The penalty for breaking this law is 6 months in jail or a fine of Vt 100,000 or both.* Please contact us if you have any questions about this warning.

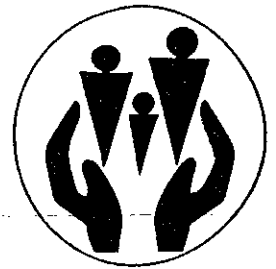
Yours sincerely

Hannington G ALATOA
OMBUDSMAN OF THE REPUBLIC OF VANUATU

Enclosure: Working Paper



Office of the Ombudsman
Bureau du Médiateur
Ofis blong Ombudsman



Our Ref: 0358/6069/L54/mck
(Please quote this reference in all
correspondence)

03 October, 2000

Honorable MP Maxim Carlot Korman
Parliament Chambers
PMB 052
Port Vila

Dear Hon. M C Korman,

**RE WORKING PAPER ON THE ALLEGED MISAPPROPRIATION
OF THE COMMUNITY DEVELOPMENT FUND (CDF)**

Thank you for your response and comments dated 13 August, 2000 on the above working paper.

In response to your comments we would like to clarify the issues as follows:

1. The investigation into the CDF was initiated ^{by} the former Ombudsman Mrs. Marie N F Patterson and completed by the current Ombudsman, Mr. Hannington G ALATOA. As such we are in the process of issuing a public report on the CDF after the working paper which you have forwarded your comments.
2. Mrs. M N Patterson (Former Ombudsman) had issued a report on **cyclone Betsy Account** in February, 1998. The Betsy Account is **separate and different** from the Community Development Fund (CDF) complaint or issue.
3. Although the CDF was set up following the Council Ministers decision the CDF is **classified as Public Fund**. As such the operation of the Fund is subject to the Financial Regulations of the Republic of Vanuatu. In this regard we refer you again to **Appendix "M"** of the said working paper.
4. The handling of the said Touring Imprest (cash advance) was done outside that of the requirements of the Financial Regulation and as such your actions appeared to be illegal. Even there was no receipts and/or documentation to justify that the VT 240.150 was properly spent. Again we refer you to Appendix "M" of the working paper. Also refer to chapter 8 and 9 of the Financial Regulations of the republic of Vanuatu.
5. As the investigation into the CDF is not subject to any previous report we will **not** change the title of the report as suggested by you.

Having explained your concerns and comments we would like to advise you that we are releasing the report on the CDF in due course.

Warning: The Constitution and the Ombudsman Act state that the Ombudsman's inquiries are confidential until a public report is made. *The Act says that you cannot discuss this investigation, this letter, or any other information that comes from the*

Office of the Ombudsman, except with your lawyer. The penalty for breaking this law is 6 months in jail or a fine of VT. 100,000 or both. Please contact us if you have any questions about this warning.

This warning is a standard precaution taken by this Office to maintain confidentiality of our investigation. It does not prevent you from obtaining information and documents from reliable sources. At the same time ensuring that the interest of the Ombudsman is not disclosed.

Yours sincerely



Hannington G ALATOA
OMBUDSMAN OF THE REPUBLIC OF VANUATU