



ACCOUNTABILITY IN THE PUBLIC SECTOR
THROUGH QUALITY AUDIT SERVICES

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF THE FIJI ISLANDS

Volume 2 Audit Report on Government Ministries and Departments - 2009



PARLIAMENTARY PAPER NO 15 OF 2014



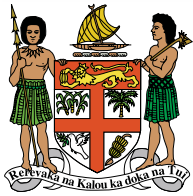
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Audit Report on Government
Ministries and Departments - 2009





**REPUBLIC OF THE FIJI ISLANDS
OFFICE OF THE AUDITOR GENERAL**

8th Floor, Ratu Sukuna House,
MacArthur Street,
P. O. Box 2214,
Government Buildings,
Suva, Fiji Islands.



Telephone: (679) 330 9032
Fax: (679) 330 3812
Email: info@auditorgeneral.gov.fj
Website: <http://www.oag.gov.fj>



ACCOUNTABILITY IN THE PUBLIC SERVICE SECTOR THROUGH QUALITY AUDIT SERVICES

File: 102

30 September 2010

Commodore Josaia V. Bainimarama
Prime Minister & Minister for Finance
Office of the Prime Minister
Government Buildings
SUVA

Dear Commodore Bainimarama

**AUDIT REPORT ON GOVERNMENT MINISTRIES AND DEPARTMENTS 2009 –
VOLUME 2**

In accordance with section 7 (7) of the State Services Decree 2009, I am pleased to transmit to you Volume 2 of my audit report on government ministries and departments for 2009.

Tevita Bolanavanua
Auditor - General



FOREWORD

This is our report on the audit of the Whole of Government Financial Statements and Annual Appropriation Statement for 2009 and its 27 ministries and departments as provided in the Appropriation Promulgation.

The purposes of this report are to:

- report on the audit of the Whole of Government Financial Statements and Annual Appropriation Statement for 2009 covered under volume 1 of the report;
- report on the audit of financial statements of Government Ministries and Departments for 2009 covered under volumes 2-5 of the report;
- report on the results of, and matters arising from, our 2009 audits of Government Ministries and Departments also covered under volumes 2-5; and
- raise other matters that we believe warrant consideration by Cabinet.

The 2009 accounts were again prepared under the cash basis of accounting with the use of the FMIS software called SSA Global. FMIS covers the computerization of public expenditure, management process, especially procurement and accounting. As reported in 2008, the financial statements of government ministries and departments which are essential outputs of the system are still to be produced by the system as they were not included in the original scope of works in the development of the FMIS.

The preparation of the 2009 accounts was again affected by insufficient and lack of competent manpower and support from ministries and departments. The Ministry of Finance like all ministries and departments also continued to face high staff turnover and staff reshuffles which contributed to a lot of deficiencies in the preparation of the accounts. The Ministry of Transport, Works and Energy and the Ministry of Health continue to use their own software ACCPAC and EPICOR systems after which records are uploaded to the FMIS on a regular interval. However our audit has noted that when uploading to FMIS only the end-balances and not all the details are uploaded.

All ministries and departments submitted their 2009 accounts for audit. The Prisons and Corrections Department which was reported together with the Ministry of Justice in 2008 is reported separately in 2009.

There has been some improvement for the 2009 accounts submitted for audit compared to 2008 where all accounts were issued qualified audit opinions. Out of the 27 ministries and departments audited for 2009, 13 were issued qualified audit opinions while 14 were issued unqualified opinions. The qualifications include: financial statements were not presented in accordance with the Financial Management Act; there were significant variances noted between the general ledger balances and ministries and departments' records for Trading and Manufacturing Accounts, the failure to provide trust account statement of receipts and payments and the lack of reconciliations.

The issues qualified above were the same as those highlighted in 2008 but at a lesser extent as some ministries and departments had shown much improvement. There however remains a lot of work to improve the requirements of all stakeholders.

The report for each ministry and department has 2 parts. Part 1 discusses the audit of the financial statements and Part 2 reports on the results of and matters arising from our 2009 audits.



Tevita Bolanavanua
Auditor - General



EXECUTIVE SUMMARY

The Whole of Government Financial Statements and the Annual Appropriation Statement of the Government of the Republic of the Fiji Islands for the year ended 31 December 2009 has been audited in accordance with section 5 of the State Service Decree No. 6, sections 46 & 47 of the Financial Management Act (2004) and section 6 of the Audit Act.

The audit resulted in the issue of an unqualified audit report.

However, matters of concern raised are as follows:

- a) The correctness of operating revenue receipted through the Accounts Receivable module, totaling \$18.6 million, reflected in the Government of the Fiji Islands Consolidated Statement of Receipts and Payments could not be substantiated.
- b) The correctness of the tax revenues collected on behalf of the State, which comprise 77% of Government's total revenue in 2009, could not be substantiated. There is a variance of \$18.9 million between the Ministry of Finance's general ledger and Fiji Islands Revenue & Customs Authority's records.
- c) Revenue recoveries from Lending Fund Account totaling \$5 million was not reflected in the Financial Statement.
- d) Balances in the following accounts could not be substantiated as no supporting documentation was provided:
 - Revolving Fund Account (RFA) – Accounts Payable of \$1.2 million and Accrued Expenses & Deferred Income of \$1.9 million
 - Trading and Manufacturing Account (TMA) surplus and TMA Accumulated surplus totaling \$18 million
 - Credit balances in RFA totaling \$641,044 and Lending Fund account for the Scholarship Unit amounting to \$3.7 million despite the account being asset in nature
 - Revenue in Operating Fund Account totaling \$1.2 million
 - Lending Fund Account balance of \$3.8 million as a result of Mapping to the new accounting system.
- e) Inclusion of TMA credit sales of \$7.6 million in the RFA net receipts in the Statement of Receipts and Payments despite the reporting on cash-basis of accounting.
- f) Balances in the following accounts were not reflected in the Accounts and Finances:
 - RFA balances totaling \$33.6 million
 - TMA balances totaling \$41.6 million made up of Accounts Receivable \$4.4 million, Inventory \$8.1 million, Accounts Payable (\$0.6 million), Deposit & Retention Money (\$0.6 million), TMA appropriation (\$25.0 million) and TMA Accumulated Surplus of (\$29.2 million).
- g) Trial Balance in the respective funds were not balanced i.e. – Fund 4 – TMA by (\$174,681), Fund 1 – Operating Fund by (\$8 million) and Fund 9 Trust Fund by \$8.2 million with the an amount of \$2,671 for Whole of Government.

- h) The Cash at Bank balance of \$94,512,448 as at 31/12/09 has been misstated in view of the errors and omissions amounting \$11,984,331.
- i) An amount of \$2.2 million in respect of trust monies shown in Schedule 1 – Statement of Assets and Liabilities of the Whole of Government Financial Statement is not appropriately supported by cash at bank.
- j) Trust accounts with Ministries/Departments were overdrawn by \$9,123,708.
- k) Term deposit amounting to \$3 million with Colonial National Bank/Bank of South Pacific (CNB/BSP) disclosed in the General Ledger as investment in Economic Services is not reflected in the Accounts and Finances
- l) A prior period adjustment of \$528,793 in the Consolidated Fund Statement of Receipts and Payments could not be verified.
- m) Debt to Government is overstated by \$55.6 million as loan converted to grant are still being reflected in the Lending Fund Account with loan balances of Inoperative Entities amounting to \$1.7 million also being reflected.
- n) Overstatement of the Sinking Fund Account Statement of Assets and Liabilities by \$19.9m.
- o) Investment totaling \$8.6 million in Inoperative Entities recorded in the Consolidated Statement of Assets and Liabilities.
- p) Debts owed to Government totaling \$4.7 million was not recorded in the Lending Fund Account.

The following is a summary of the audit observations.

2009 Accounts and Finance

Cash at Bank

Unpresented cheques have increased significantly from \$59.6 million in 2008 to \$97.9 million in 2009. The increase in unpresented cheques at year end is primarily attributed to spending being concentrated towards the end of the year. However, \$14.3 million was shown as debit balance under drawings in statement of cash and bank balances

Cash balances in departments trust have increased significantly from \$13.7 million in 2008 to \$23 million in 2009. The continuing increase is mainly attributed to the opening of eight new trust fund accounts in 2009.

Domestic bank accounts having balance of \$4,777,660 were not supported with cash.

Investment

Government's total investments held in 31 companies in 2009 was \$441.9 million, an increase of \$1.7 million or 0.4% compared to 2008. Only 8 entities remitted dividends to government totalling \$20.8 million in 2009 compared to \$21.3 million in 2008. Five entities with total government investments of \$8.6 million are in-operative.

Term deposit amounting to \$3 million with Colonial National Bank/Bank of South Pacific (CNB/BSP) disclosed in the General Ledger as investment in Economic Services is not reflected in the Accounts and Finances.

The derivation of the percentage of Government shareholding could not be explained by the Ministry as this are carry forward figures from the previous Statement of Government Investments despite changes in shareholding percentages.

The acquirement sum of \$300,000 of Fiji Ships by Fiji Ports Corporation Limited could not be substantiated as there were no Cabinet decisions and documents obtained pertaining to the acquisition.

Trust Fund

Section 25 of the Financial Management Act (2004) states that trust money should be accounted for separately from public money and other money, and should be kept in a separate bank account. An amount of \$2.2 million in respect of trust monies shown in Schedule 1 – Statement of Assets and Liabilities of the Whole of Government Financial Statement is not appropriately supported by cash at bank.

16 Ministries/Departments had overdrawn their trust fund accounts totalling \$9.1 million as at 31/12/09.

Revenue

The correctness of operating revenue receipted through the Accounts Receivable module, totaling \$18.6 million, reflected in the Government of the Fiji Islands Consolidated Statement of Receipts and Payments could not be substantiated.

The correctness of the tax revenues collected on behalf of the State, which comprise 77% of Government's total revenue in 2009, could not be substantiated. There is a variance of \$18.9 million between the Ministry of Finance's general ledger and Fiji Islands Revenue & Customs Authority's records.

Revenue balances in Operating Fund Account amounting to \$1.2 could not be substantiated as no supporting documentation was provided.

Total income tax and VAT arrears owed by the Fiji Islands Revenue & Customs Authority as at 31/12/09 amounted to \$84.5 million which is 50% of total arrears owed to Government.

Expenditure

The total actual expenditures for 2009 amounting to \$1.9 billion had increased by \$230.9 million or 14% from 2008 and recorded an overall savings of \$133.5 million compared to a savings of \$100.2 million in 2008.

The overall savings arose from savings in established staff by \$2.8 million (0.5%), wage earners by \$0.4 million (0.6%) , travel & communications by \$1.9 million (9.3%), maintenance & operations by \$8.7 million (8.5%), purchase of goods and services by \$0.4 million (0.6%), operating grants & transfers by \$7.4 million (3.5%), special expenditures by \$17.2 million (26.9%), capital construction by \$15.7 million (8.8%), capital grants and transfers by \$7.9 million (5.6%), pensions and gratuities by \$1.5 million (4.1%), and charges on account on public debt by \$59.9 million (11.4%) and VAT by \$10.1 million (16.4%).

The Fiji Police Force, the Ministry of Health, Women & Social Welfare, Republic of Fiji Military Forces, the Ministry of Works & Transport and the Department of Information overspent their budgeted appropriation. The reasons for the over – expenditures were mainly due to the over – spending on salaries and allowances.

Borrowing

Public debt in 2009 totalled \$3.1 billion and comprised of domestic loans of \$2.5 billion or 80% of total debt; overseas loans of \$527.2 million or 17%; and Treasury Bills \$97.7 million or 3%.

In 2009, Government borrowings totalled \$503 million of which \$404.2 million or 80% was through domestic bonds, \$97.7 million or 19% treasury bills and \$1.1 million or 0.2% in overseas loans.

In addition, \$24.3 million of new overseas loans were capitalised to finance projects that were not in cash or did not come through the government central account.

This includes the \$15.7 million worth of in - kind (goods and services) loan in respect of the e-government project and \$1.45 million of interest capitalised in respect of the Suva/Nausori Water Supply project.

Also, \$7.1 million of loan were capitalized for the Fiji Road Upgrading Project III (FRUP) that were directly disbursed to the contractors of the project the Asian Development Bank (ADB).

Principal payments for 2009 on government borrowings totalled \$487.3 whilst interest payments amounted to \$191.7

Government in honouring its guarantor obligation paid a total of \$4.7 million on behalf of the Fiji Sports Council (FSC) and the Fiji Sugar Cane Growers Council (FSCGF) to its lenders, namely, the Fiji National Provident Fund (FNPF) and the Fiji Development Bank (FDB) accordingly.

The honour of this government guarantee payment has not been reflected in the Accounts and Finances as debt owed to government in the Lending Fund Account.

Lending

Loans made by Government and outstanding as at 31/12/09 totalled \$96.6 million, a decrease of \$9.3m or 10% compared to 2008. Repayments received in 2009 totalled \$26.3 million whilst additional loans granted and interest capitalised in 2009 was \$17.1 million.

Parliamentary resolutions between 2001 and 2004 and cabinet decisions in 2008 approved the conversion of loans to grant owed by the Fijian Affairs Board, the Fiji Sugar Corporation and the Rabi Council of Leaders. These conversions have not been executed to date.

Unauthorised postings to LFA natural account numbers whereby it has been noted that other ministries and departments are posting into the Lending Fund Account natural account numbers 61,62, and 63 without having any authority to do so. Due to the lack of controls and authorization provided by the Ministry of Finance, the lending fund natural account numbers are open to any user of the FMIS.

Mapping problem whereby certain Ministries are not able to identify whether certain accounts belong to them or not. This is due to the laxity on the part of Ministry of Finance in not undertaking a proper scrutiny on the mapping exercise done when the transfer was made from the old accounting system.

Private Students loan inactive for a considerable number of years but activities are still noted in this account.

There is no proper written instruction to adhere to when loan repayments are being made by these borrowing institutions.

The balance of \$2.3 million lent to Native Land Trust Board (in 1979), Timber Exporters (1983) and Production Loan to Farmers (1990) have remained dormant to date. There have been no additional advances made, nor interest capitalised or recoveries made under these accounts. The recovery of these loans is uncertain due to the lapse in time

Revolving Fund Account

A total of 696 IDC accounts were noted in the Financial Management Information System (FMIS) compared to 540 accounts in 2008, an increase of 156 accounts. Many of the Ministries and Departments were using more than one IDC account in contradiction to the Ministry of Finance requirements.

RFA – Miscellaneous has large outstanding balances for various ministries/departments totalling to \$66.95 million, an increase by 1% compared to 2008 which amounted to \$66.26 million.

The recovery of advances, dishonoured cheques and surcharges over the 5 year seemed to have slowed down compared to year 2005, while the unclaimed monies are yet to be cleared. While the surcharge balance has reduced by 47%, percentage change in unclaimed monies is below 10%. On the other hand, outstanding balance in the form of advances and dishonoured have increased compared to 2008.

Receipts and Payments reflected in the Accounts and Finance of Government from the operation of the Revolving Fund Account totalled \$2,178,371,162.76 and \$ 2,177,876,622.38 respectively. This receipts and payments total included all the debits and credits that have been made in the year to the account, irrespective of whether they are only adjustments to correct mispostings. In comparison, total government revenue totalled \$1,818,235,071 or 84% while government expenditure totalled \$1,911,402,449 or 88%.

Account balances totalling to \$34.2 million is not reflected in the Accounts and Finance as at 31/12/09. The Ministry could not provide explanation for the omission and the misposting of accounts in relation to the Revolving Fund Account balances.

A variance of \$30,273 was noted between the 2008 audited closing balances in the RFA for Ministry of National Planning to that of the 2009 opening balance of the 2009 Appendix submitted for audit. Moreover, the \$30,273 debtor account by nature should not have a credit balance. However, the reason for this credit balance could not explained by the Ministry of National Planning or the Ministry of Finance.

Audit of the RFA revealed Ministries/Departments with credit balances, such as Trade and Communication amounted to (\$148,300), Fiji Military Forces (424,606), Bureau of Statistics (4,267) and Department of Youth & Sports, (63,871) despite the nature of the account being an asset account. Explanation for the credit balances could not be provided by the respective ministry/department or the Ministry of Finance.

Audit could not substantiate TMA surplus and TMA accumulated surplus balance totalling to \$18 million appearing in the balance sheet and the General Ledger.

There were 22 Trading and Manufacturing Accounts (TMA's) that were either operating above/below their appropriated ceiling. Furthermore, the Public Works Department (PWD) Workshop Wages TMA is operating without any appropriation and therefore questions whether this is an authorized TMA.

Audit noted variance between the records of the Ministry of Health (EPICOR – accounting system) and the Financial Management Information System (FMIS) for the TMA receipts and payments of Ministry Health, the receipts variance totalled \$640,967 and the payments totalled \$531,170.

Despite the availability and operation of the TMA accounts on accrual basis, the presentation of TMA balances in the Accounts and Finance is restricted only to receipts and payments.

Balance sheet accounts such as Accounts Receivable, Inventory and Surplus/Deficit totalling \$41,637,294) are not disclosed in the Whole of Government accounts. In addition to this, credit sales of \$7.6 million have been taken as receipts in the Accounts and Finance despite reporting done on cash-basis of accounting.

Audit scrutiny of the TMA Fund Account (Fund 4) for the accounting of TMA balances revealed that debits totalled \$64,301,199 and credits totalled \$64,475,880, as such Fund 4 of TMA has a credit balance at end of year of \$174,681 which could not be explained by the Ministry.

Contingent Liabilities

The Fiji Hardwood Corporation Ltd (FHCL) has been defaulting on its loan agreement with FNPF and FDB since 2008. Discussions and resolutions of a joint meeting for the proposed debt restructure of FHCL on 10 September, 2009 agreed on the consolidation of FHCL debts in the FDB books and a two (2) year grace period has being granted for the company to facilitate and regroup itself and be in a better position to service its debts.

Total guarantee of FHCL loans as at 31/12/09 amounted to \$14.9 million compared to outstanding liability of \$16.9 million, a variance of \$2 million or 13%. The variance noted resulted from the accumulating accrued interest and principal loans outstanding yet to be settled by FHCL.

2009 Accounts of Ministries and Departments

Office of the President

Monthly reconciliations of the Operating Trust Fund and Revolving Fund accounts have not been carried out since 2005.

Office of the Prime Minister and Public Service Commission

Underline accounts reflected under the old account allocations were not included in the monthly reconciliations. A number of Trust Fund, Revolving Fund and Lending Fund accounts have remained dormant from 2006.

A variance of \$354,114 was noted between the Ministry of Finance's Appendix 3 and the Bank Statement balance as at 31 December 2009 of the Chinese Aid – Trust Fund.

VAT and FNFP reconciliations prepared during the audit revealed significant variances between the actual payments to the Authorities and the balances reflected in the general ledger and other related records. In addition, VAT was claimed on zero rated and exempted supplies.

The Rotuma Island Council did not provide acquittal reports to substantiate how government grants have been utilized by the Council.

A substantial amount of loans are still outstanding or have yet to be recovered from recipients of awards through Cost Sharing Scheme and the Student Loan Scheme.

PSC has not been able to claim maximum refunds from the Training and Productivity Authority of Fiji (TPAF) because the Training Division failed to comply with TPAF's assessment criteria.

Government corporations and bodies have made reviews to the salaries of Chief Executive Officers and other senior positions without consulting the Higher Salaries Commission.

Office of the Attorney General and Public Enterprise

VAT was claimed on zero rated and exempted supplies.

Government Companies and Commercial Statutory Authorities have not fully complied with the prescribed requirements of the Public Enterprise Act in regards to submission of plans and reports.

Ministry of Finance

Two virements amounting to \$2.8 million for Head 50 was approved by the Ministry after the closing dates which contradicted the directives of the Ministry's own Circular.

A number of surcharge cases spanning from 2003 to 2006 referred to in past Auditor General's Reports are still pending thus increasing the risk of becoming irrecoverable as responsible officers had either resigned, retired or terminated.

A total of 1,123 accident cases with repair costs totaling \$2,040,373 are yet to be resolved and awaiting Solicitor General's advice. Delays in implementing surcharge action could result in non-recovery of costs from these negligent officers.

Out of the 1,932 government vehicles, around 81% are over 6 years old and need to be replaced. A further 16% or 310 vehicle did not have sufficient information to determine their ages also need to be replaced.

A number of complaints were received by Ministry of Finance on the alleged misuse of vehicles across government; however the Ministry has yet to investigate many of these cases.

Ministry of National Planning

There is a variance of \$67,813 in the FNPF reconciliation undertaken during the audit.

The Department failed to carry out its 2009 annual Board of Survey as a result no Statement of Loss was produced.

A variance of \$18,559 was noted in the drawings account records between Ministry's record and the General Ledger.

The Ministry had not been monitoring the Northern Development Program closely as the release of funds (\$8.2 million) has not been acquitted quarterly.

Despite the payment of \$24.9 million for the Wairiki port development, the port is still not in operation.

Bureau of Statistics

The Department failed to carry out its 2009 annual Board of Survey as a result a Statement of Loss was not produced.

Government Printing and Stationery Department

The arrears of revenue for Government Printing and Stationery Department as at 31/12/09 amounted to \$175,562. This is an increase of \$95,206 or 118% compared to 2008.

A number of machines were under repair and had been out of service for prolonged periods of time.

Dishonored cheques amounting to \$12,133 dating back to 1999 are still to be cleared from the Revolving Fund Account.

The Department failed to carry out its 2009 annual Board of Survey thus could not produce the Statement of Loss.

Government Supplies Department

The Department failed to carry out its 2009 annual Board of Survey as a result a Statement of Loss was not produced.

Ministry of Provincial Development, Indigenous and Multi-Ethnic Affairs

Trust Fund accounts were overdrawn. Community contributions for capital projects have been accounted as government revenue instead of Trust Funds. Bank reconciliations for the Main Trust Fund were not provided for audit.

The absence of regular revenue reconciliations has resulted in the significant variance between the balances reflected in the general ledger (FMIS) and the Ministry's records.

Significant variances were noted between the actual payments of superannuation contributions to the relevant Authority and the balances reflected in the general ledger and other related records.

Internal controls and Standard Operating Procedures established for effective administration of capital projects are not always adhered to.

The risk for misappropriation of fixed assets is high due to inadequate controls over the custody of fixed assets owned by the Ministry.

The Standard Operating Procedure for Scholarship was not complied with in the awarding of scholarship.

Ministry of Defence, National Security and Immigration

VAT and FNFP reconciliations prepared during the audit revealed significant variances between the actual payments to the Authorities and the balances reflected in the general ledger and other related records.

Trust Fund accounts were overdrawn. A variance of \$976,380 was noted between the closing balance of the Trust Fund account reconciliation as at 31 December 2009 and the Ministry of Finance's Appendix 23A.

Revenue records have not been properly reconciled increasing the risk of mismanagement of revenue.

Illegal immigrants continued to live in Fiji without any action taken against them. Soccer professionals often travelled to Fiji on visitors' visa to participate in soccer tournaments for which they are paid, without work permit.

Ministry of Labour, Industrial Relations and Employment

Monthly bank reconciliations were not carried out for the two accounts maintained for Trust Funds.

VAT reconciliations prepared during the audit revealed significant variances between the actual payments to the relevant Authority and the balances reflected in the general ledger and other related records.

The risk for misappropriation of fixed assets is high due to inadequate controls over the custody of fixed assets owned by the Ministry.

Ministry of Foreign Affairs, International Co-operation and Civil Aviation

Operating Trust Fund accounts have been overdrawn with some accounts having balances that could not be explained by the Ministry.

Proper documentations to support the engagement of local staffs in various Fiji Missions overseas are not maintained with the Ministry. Checks and reviews carried out by the Accounts Sections on acquittals submitted by the Missions are questionable.

Provisions of the Public Service (Diplomatic and Consular Services) Regulations 2005 have not always been complied with by some Fiji Missions overseas.

Personal expenses met by public funds have yet to be refunded to government.

Elections Office

Operating Trust Fund accounts have been overdrawn by \$518,239 with most balances carried forward from previous years. Records to substantiate the overdrawn balances have been misplaced.

Judiciary

Two Main Trust Fund accounts were overdrawn. In addition, the preparations of reconciliations for Trust Fund accounts have not been carried out for more than 20 years.

There is a high risk of mismanagement of funds and overpayments with the current system of payments and record keeping for Maintenance.

Legislature

Operating Trust Fund accounts were overdrawn with balances carried forward from previous years.

Personal charges of telecommunication have not been properly monitored.

Office of the Director of Public Prosecutions

VAT and FNFP reconciliations prepared during the audit revealed significant variances between the actual payments to the Authorities and the balances reflected in the general ledger and other related records.

Operating Trust Fund accounts were overdrawn. Monthly Drawings accounts reconciliations were not properly checked as the opening balances of the subsequent months' reconciliations did not correspond to the closing balances of the preceding month.

Department of Justice

VAT reconciliations prepared during the audit revealed significant variances between the actual payments to the relevant Authority and the balances reflected in the general ledger and other related records. In addition, VAT was claimed on zero rated and exempted supplies and VAT on revenue had been debited to the wrong account allocation.

There is a high risk of fraud, theft or mismanagement of funds as large sums of cash are often maintained in the Office over night or over the weekend.

The risk for misappropriation of fixed assets is high due to inadequate controls over the custody of fixed assets owned by the Department

The Department breached Government procurement procedures by not issuing Local Purchase Orders and in some cases, payments were made to suppliers prior to the supply of goods and services to the Department.

Some companies have not lodged their Annual Returns with the Registrar of Companies.

Ministry of Information

VAT was claimed on zero rated and exempted supplies.

Terms and conditions of the Agreement between the Government and the Fiji Broadcasting Corporation Limited in relation to Public Service Broadcasting were not complied with.

Department of Prisons and Corrections Service

VAT and FNFP reconciliations prepared during the audit revealed significant variances between the actual payments to the Authorities and the balances reflected in the general ledger and other related records.

The risk for misappropriation of fixed assets is high due to inadequate controls over the custody of fixed asset as the Department has not maintained a Fixed Assets Register to records items purchased in 2009 and from previous years.

Capital projects undertaken by the PWD were not properly monitored by the Department.

Fiji Police Force

VAT and FNFP reconciliations prepared during the audit revealed significant variances between the actual payments to the relevant Authorities and the balances reflected in the general ledger and other related records. The Department had overpaid superannuation contributions totalling \$1,357,284 to the FNPF.

The Department had incurred over-expenditures totalling \$9,401,385 in 2009 and failed to seek necessary approval from the Ministry of Finance to regularise the over-expenditures.

Underline accounts were not properly reconciled resulting in significant variances noted between the balances reflected in the Department's reconciliation and the general ledger.

As in previous years, numerous Officers were overpaid salaries and allowances in 2009.

The Department did not comply with Government's procurement procedures for various purchases made in 2009.

Substantial negligence claims by members of the public were paid out for which budget was not provided.

High number of the Department's vehicles involved in road accidents.

Republic of the Fiji Military Forces

VAT and FNFP reconciliations prepared during the audit revealed significant variances between the actual payments to the relevant Authorities and the balances reflected in the general ledger and other related records. The RFMF has been making advance payments of superannuation contributions to the FNPF since the 1990s. The RFMF and the FNPF are working to determine the actual amounts of overpayments.

Accountable advances issued for official travels were not always cleared on time.

Operating Trust Fund Account was overdrawn by \$4,019,621 with balances carried forward from previous years.

The RFMF had incurred an over-expenditure of \$2,384,515 against its budgetary provision for 2009.

Leave records have not been properly maintained and administered resulting in overpayments of leave compensation, utilization of leave in excess of entitlement and excessive accumulation of leave.

Numerous Officers were overpaid ration allowances in December 2009.

Officers occupying official quarters were also receiving lodging allowances.

The relocation of the Nadi Camp to Votualevu (Black Rock Project) was not properly monitored. Expenditures incurred were in excess of the budget, proper records were not maintained and Government's procurement procedures were not complied with for purchases made in 2008 and 2009.

Ministry of Education, National Heritage, Culture and Arts

The Ministry has a total salary overpayment of \$528,180 as at 31/12/09 which is still to be recovered. In 2009, the salary overpayment amounted to \$210,583 of which \$76,742 or 36% was overpaid to staffs upon resignations, terminations and retirement.

The audit of the building grants records for primary and secondary noted that some of the grant recipients have not submitted completion certificates and acquittal reports to the Ministry.

Rules and Regulations for General Purpose Trust Fund, Caution Fee Trust Fund Account were not followed and approval was not obtained from Permanent Secretary for Education for use of trust funds by some government primary and secondary schools.

The audit noted the need for urgent maintenance of the dormitories, toilets and bathroom facilities, dining hall and kitchen at Natabua Secondary while the facilities at Ratu Kadavulevu School and Queen Victoria School have been upgraded in 2010.

The problem of overcrowding was evident at Nakoroboya Primary School where two classes were sharing the same room and only separated by curtains. At Lomawai Secondary School the hostel could not accommodate everyone resulting in a classroom doubling as a hostel after school hours while some students were billeted outside the school compound.

Ministry of Health, Women & Social Welfare

A Statement of Losses and Trust Account Statement of Receipts and Payments was not submitted to audit. The general ledger (FMIS) as at 31/12/09 shows that the Ministry of Health has Operating Trust Funds totaling \$10,052,390 of which \$7,495,121 or 75% represent FNPF. In addition, four Trust Fund Accounts showed debit balances totaling \$276,512 while the Department of Women and Social Welfare had overdrawn their FNPF Trust Fund Account by \$9,998.

The transactions from the Trading and Manufacturing Accounts for the operations of the Bulk Purchase Scheme were not being updated in the FMIS on a timely basis resulting in the overstatement of Assets by \$209,988, understatement of Liabilities by \$177,271, understatement of expenses by \$22,148, understatement of Revenue by \$140,347 and the overstatement of Equity by \$378,327 in the general ledger as at 31 December 2009.

The payments of FNPF contributions and VAT could not be reconciled to the accounts.

Audit noted that drugs worth \$564,945 maintained at the Fiji Pharmaceutical Services had expired at the end of 2009.

As at 31/12/09, a total of \$151,210 was recorded as overpayment of salary by the Ministry of which \$92,506 (62%) was overpayment upon resignation. This is a result of divisional officers failing to advise salaries section at Headquarters on time.

The Ministry has an old fleet of vehicles resulting in excessive maintenance costs of \$104,853 in 2009. Eleven vehicles are more than 7 years old. Three vehicles which are more than 10 years old and no longer in use are parked at the Labasa Hospital.

Department of Local Government, Urban Development and Housing

The department's Trust Fund Accounts need to be reconciled as seven accounts have been dormant and had not shown any movements during the last three years.

In addition, the department failed to prepare VAT reconciliations for 2009. A review of VAT Returns and supporting documents carried out during the audit revealed significant un-reconciled balances.

Department of Youth and Sports

The audit noted a number of sporting bodies that failed to submit their acquittals for the financial assistance provided by the Department and that the Department has not been effective in monitoring and following up acquittals with recipients. As a result the audit could not substantiate whether grants have been utilized for intended purposes.

Under the Vatukoula Rehabilitation Program, a total of 210 redundant miners were provided financial assistance amounting to \$422,482 of which the Department was to recover 50% (\$211,241) from the miners. The audit noted that the Department only managed to recover \$16,813 as at 19/11/09.

The Department through its National Youth Service Scheme (NYSS) provided financial assistance to 556 youths amounting to \$209,518 from 01/01/08 to 31/12/09 of which the Ministry was to recover 50% within the stipulated timeframe as per the respective recipient's memorandum of understanding. The audit noted that the Department has only recovered \$5,747.

Department of Agriculture

Arrears of revenue for the Department of Agriculture as at 31/12/09 totaled \$3,992,057; an increase by \$13,139 or 0.3% compared to 2008. \$3,390,720 or 85% of total arrears of revenue comprises of Cocoa Development.

A variance of \$237,010 was noted between the Department of Agriculture TMA cash at bank balance and the general ledger balance as at 31/12/09. Hence, audit could not substantiate the accuracy of cash at bank balance.

Audit noted that excessive compensation of annual and long service leave totaling \$620,476 were made in 2009 for employees who have retired, resigned, terminated and promoted.

Dr. Richard Beyer was overpaid by \$8,993 upon resignation from the Civil Service. A total of \$5,290 was deducted from his leave pay leaving an outstanding balance of \$3,703.

The Ministry engaged Narendras Transport Limited and Pravinesh Singh's Bulldozing Company in 2009 for the drainage works in respect of the Sigatoka Valley Improvement Programme. A contract agreement was not drawn up and signed between the two companies. The companies were paid a total amount of \$61,550 for the work done.

Some of the projects approved and funded through the Rural and Outer Island Programme were not implemented satisfactorily. In some instances, the forecasted outputs stated in the project proposals were not achieved, agro inputs and planting materials were not supplied to the farming groups while there was a general lack of commitment from the executing groups.

Competitive quotations were not obtained in the engagement of Active Media Publication Limited for publication in the Turaga magazines. A total payment of \$55,687 was paid to Active Media Publication Limited in 2009. Local Purchase orders were issued after invoices were received.

Department of Forest

The Department did not account for overhead cost incurred such as electricity, water, and indirect labour when preparing its Trading and Manufacturing Account for 2009.

The Department's TMA had opening and closing stock of \$33,503 and \$48,726 respectively. The total amount of purchase made during the year was \$6,104. Audit noted that the closing stock value was \$9,119 more than the cost of stock available as at 31/12/09. The Department could not justify the inclusion of \$80,088 as equity in the TMA Balance Sheet as at 31/12/09

The Fiji Pine Trust accounts showed negative net assets of \$45,966 and \$103,511 for the years 2008 and 2007 respectively indicating that the Trust's total liabilities exceeded its total assets.

The trust has a liquidity problem which is evident in the Trust's current ratio of 0.55:1 in 2008 and 0.02:1 in 2007.

Department of Fisheries

The Department of Fisheries maintains a Trust Fund bank account with Westpac Banking Corporation with a credit balance of \$14,380. The Department did not provide any records and details of this bank account and the Trust Fund balance did not appear in the FMIS.

The Department of Fisheries failed to set up a feedback and monitoring system for those fishermen assisted under the Subsidy Assistance Scheme.

Department of Lands

The financial statements were not presented in accordance with the Financial Management Act. The Department of Lands did not provide the Statement of Losses contrary to Section 82(1) of the Financial Instruction 2005.

The arrears position of the Crown Land Lease has increased by \$7,811,070 or 84% compared to the arrears recorded in 2008.

Commercial activities were carried out on residential lots.

Crown Leases were mortgaged with the commercial bank; however development has not taken place on these leases as required by the Crown Lands Act.

Department of Mineral Resources

The Department operates a Mining Trust Fund Account for monies received from exploration, mining and borehole activities. However, the Department failed to include trust account statement of receipts and payments in its financial statements.

The Department failed to submit a Statement of Losses; therefore audit was unable to substantiate the losses incurred by the Department.

The Department operates a Mining Trust Account with Westpac Banking Corporation. Audit was unable to verify the variance of \$658,352 noted between the General Ledger and the Bank Statement balance as monthly bank reconciliation was not prepared.

While being appropriated a budget of \$3,000 to meet the expenditure for casual workers, audit noted that payments in respect of casual workers exceeded the budgetary allocation by \$59,572. In addition, \$37,775 was used to meet the casual worker's pay from other allocations such as Groundwater Assessment and Development and Geological Mapping.

Department of Environment

The Department maintains a Trust Fund Account with Westpac Banking Corporation for monies received from Naboro Landfill gate fees and from ODS fines. However, the Department failed to disclose the Trust Fund Account in the Agency Financial Statement.

A major variance of \$432,444 was noted between the general ledger and the bank statement for Environment Trust Account.

Department of Commerce

No supporting documents relating to payments made by Trade commission based in Los Angeles from the grant for 3rd and 4th quarter were available for audit review.

Since inception of Telecommunications promulgation 2008 which required establishment of Telecommunication Authority of Fiji significant non-renewal of license in Telecommunication service were noted. The Telecommunication Authority of Fiji is yet to be fully established.

Department of Tourism

The Department incurred expenditure totalling \$121,862 for period 01/01/08 to 30/10/09 to conduct the IVS survey. For the period 01/01/08 to 30/10/09 the Department only sold 10 copies of the IVS report at \$25 each generating total revenues of \$250.

The Department signed an Agreement with Stollznow Research Pty Ltd of Australia on 22/12/08 amounting to \$72,000 to carry out the data analysis for year 2009. Audit was not provided with documentary evidence to substantiate whether the contract was referred to the Solicitor General Office for vetting and legal clearance. In addition as of the date of audit (05/11/09), the contractor has not provided any analyzed report of data collected by the IVS staff for the year 2009.

Department of Cooperatives

Significant numbers of co-operative societies were being liquidated. Total loans outstanding from these liquidated co-operatives societies were noted to be \$92,580. The recovery of these balances seems to be very uncertain.

Mr. Gani filed a civil action against the Department of Co-operatives and Attorney General's office claiming damages for personal injuries and other consequential losses due to the accident and was awarded damages totaling \$87,531 in October 2005. Nine years has passed since payment of the damages however no surcharge action has been taken against the driver of the government vehicle who is still employed at the Department of Co-operatives.

Department of Works

Trading and Manufacturing Account Accumulated Surplus of \$3,115,127 and Surplus of \$2,043,315 reflected in the Balance Sheet could not be substantiated as supporting documents was not provided for audit.

The Department of Works has not been submitting arrears of revenue return to the Ministry of Finance since they do not have any records at Department's headquarters.

As at 31 December 2009, the Central/Eastern division incurred \$134,546 as cost of idle hours compared to \$154,546 and \$276,474 in 2008 and 2007 respectively.

Department Transport

The Department of Transport did not submit statement of losses and trust account statement of receipts and payments

The Department of GSS and FIMSA incurred VAT penalties amounting to \$9,297 for late lodgment and late payment of VAT.

Credit sales of Nautical charts totaling \$12,792 were not reflected in Trading and Manufacturing Account thus understating Government revenue.

The Department of GSS is being owed \$45,335 as drum deposits as at 31/12/09. The deposits are with Total Fiji Limited.

Department of National Roads

The Department of National Roads Western division failed to prepare and submit the TMA Drawings account reconciliations to Ministry of Finance.

Excess materials were purchased amounting to \$112,124 for the construction of Nokonoko and Naqali Bridge. These materials were not used and were stored at the Samabula Depot. Such practice locked up government funds.

The Department of National Roads made a payment on 29/12/09 amounting to \$223,620 to Humes Industries for which no materials were supplied at the time of the payment. This payment was for the materials for the construction of the Wainibuku Bridge. The construction of the bridge has not begun as at 30 September 2010.

Department of National Roads Western Division purchased concrete products from Humes Industry totaling \$256,112 without obtaining Major Tender Board Approval

Department of Public Utilities and Energy

The Department failed to submit the Trust Account Statement of Receipts and Payments to audit.

The payments of FNPF contributions and VAT could not be reconciled to the accounts of the Department of Water and Sewerage and audit noted that the three divisions are preparing and lodging their own VAT Returns.

Arrears of revenue for Water and Sewerage Rates as at 31/12/09 totaled \$36,755,411 an increase of \$4,399,619 or 14% compared to 2008.

Some capital projects in the Western Division have exceeded their estimated cost allocations and they need to be closely monitored.

Audit noted high rate of unaccounted water for the Suva/Nausori region where more than 50% of the water is unaccounted for in each month.

For the Department of Energy, the payments of FNPF contributions and VAT could not be reconciled to the accounts. In addition, audit noted that two Main Trust Fund Accounts for the Rural Electrification Unit were overdrawn by \$1,198,219 as at 31/12/09.

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Section 1 Office of the President

Role and Responsibilities

The Office of the President and Vice President provides the necessary administrative support to Their Excellencies the President and the Vice President in the performance of their constitutional functions. The President is vested with the Executive Authority of the State and is the Commander-in-Chief of the Republic of Fiji Military Forces and the Chancellor of the Order of Fiji.

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PART 1: FINANCIAL STATEMENT

1.1 Audit Opinion

The audit of the 2009 accounts of the Office of President resulted in the issue of an unqualified audit report.

1.2 Statement of Receipts and Expenditures

The Office of the President incurred a total expenditure of \$1,452,240 in 2009 compared to \$1,307,184 in 2008.

Table 1.1: Statement of Receipts and Expenditures for 2009

Description	2009 \$	2008 \$
EXPENDITURES		
Operating		
Established Staff	512,438	512,200
Unestablished Staff	257,825	236,318
Travel & Communication	115,359	257,579
Maintenance & Operations	210,568	201,184
Purchase of Goods & Services	34,682	35,214
Special Expenditure	9,759	1,695
Total Operating Expenditure	1,140,631	1,244,190

Description	2009 \$	2008 \$
Capital Expenditure		
Capital Construction	220,601	0
Capital Purchase	0	10,889
Total Capital Expenditure	220,601	10,889
Value Added Tax	91,008	52,105
TOTAL EXPENDITURES	1,452,240	1,307,184

The increase in total expenditure by \$145,056 or 11% when compared to the previous year was due to the construction of a new guard house at the Government House.

1.3 Appropriation Statement

The Office of the President incurred expenditures totalling \$1,452,240 against a budget of \$1,815,500 resulting in a savings of \$363,260 or 20%. Details of expenditures against the budget estimates are provided in Table 1.2.

Table 1.2: Appropriation Statement for 2009

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	622,700	0	622,700	512,438	0	110,262
2	Unestablished Staff	264,800	0	264,800	257,825	0	6,975
3	Travel & Communication	257,000	0	257,000	115,359	0	141,641
4	Maintenance & Operations	253,200	0	253,200	210,568	0	42,632
5	Purchase of Goods & Services	70,700	0	70,700	34,682	0	36,018
7	Special Expenditure	13,100	0	13,100	9,759	0	3,341
	Total Operating Costs	1,481,500	0	1,481,500	1,140,631	0	340,869
	Capital Expenditure						
8	Construction	231,000	0	231,000	220,601	0	10,399
	Total Capital Expenditure	231,000	0	231,000	220,601	0	10,399
13	Value Added Tax	103,000	0	103,000	91,008	0	11,992
	TOTAL EXPENDITURE	1,815,500		1,815,500	1,452,240	0	363,260

1.4 Statement of Losses

There was no loss of money and/or fixed assets/inventory recorded for the year 2009.

PART 2: AUDIT FINDINGS

1.5 Underline Accounts

Within 5 days after each month, the Clerical Officer shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.¹

A travelling officer shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents.² If an advance has not been fully expended, the travelling officer must repay the balance within seven days of completing travel.³

Upon clearance of the advance, the accounts officer shall update the debtors register, offset the advance account and debit the appropriate expenditure account.⁴

Our review of records for the Operating Trust Fund and Revolving Fund accounts revealed the following discrepancies:

- Monthly reconciliation statements were not prepared by the Office. The Office has not carried out any reconciliation since 2005.
- Variances were noted between Ministry of Finance's *Appendix 23B – Operating Trust Fund*, *Appendix 19 – Revolving Fund* and the balances reflected in the general ledger (FMIS). The details are as follows:

Operating Trust Fund:

	\$
Appendix 23B	2,272.91
General Ledger (FMIS)	33,813.18
Variance	<u>31,540.27</u>

Revolving Fund :

Appendix 19	121,582.91
General Ledger (FMIS)	286,539.57
Variance	<u>164,956.66</u>

The lack of reconciliations and records has limited the scope of our audit.

Recommendations

- **The Office should adhere to the requirements of its Finance Manual and carry out monthly reconciliations of all its underline accounts.**

¹ Office of the President – Finance Manual – Section 15.4.1.

² Office of the President – Finance Manual – Section 10.1.11.

³ Office of the President – Finance Manual – Section 10.1.12.

⁴ Office of the President – Finance Manual – Section 10.1.15.

- **The Office should seek the assistance of the Office of the Prime Minister and the Ministry of Finance in the preparation of reconciliations.**

Management Comments

Comments not provided.

Section 2

Office of the Prime Minister and Public Service Commission

Role and Responsibilities

Office of the Prime Minister

The purpose of the Office of the Prime Minister and Cabinet is to provide secretariat services to the Prime Minister to facilitate his role and administrative support services as a chair of the Cabinet and leader of the Government including the discharge of his statutory and policy responsibilities.

In this regard, the Office of the Prime Minister and Cabinet ensures and facilitates effective and speedy decisions by making the Government through the Cabinet. It also oversees and coordinates the implementation of Cabinet decisions by Government across Ministry and Department lines. Where there are conflicts over policy advice and opinions offered by different parts of the public service, the Prime Minister's Office facilitates consensus building as part of its policy coordination responsibilities.

In addition, the Prime Minister's Office is also responsible for the administration of Parliamentary Pension Allowance, the Coordination of special assistance and affirmative action for indigenous Fijians/Rotumans and other minority groups and the provision of private and domestic services to the Prime Minister

Public Service Commission

The purpose of the Public Service Commission is to promote service delivery in the public sector. To achieve this, PSC has the statutory powers to review the machinery of Government in order to ensure its efficiency and effectiveness in fulfilling Government's public sector management objectives. The PSC also has powers to be the central personnel authority

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PART 1: CONSOLIDATED FINANCIAL STATEMENTS

2.1 Audit Opinion

The audit of the 2009 accounts of the Office of the Prime Minister and Public Service Commission resulted in the issue of an unqualified audit report.

2.2 Statement of Receipts and Expenditure

The Office of the Prime Minister and Public Service Commission collected revenue totalling \$639,520 and incurred a total expenditure of \$15,261,178 in 2009. Refer Table 2.1 for details.

Table 2.1: Statement of Receipts and Expenditures for 2009

Description	2009	2008
	\$	\$
RECEIPTS		
State Revenue	612,941	492,047
Agency Revenue	26,579	93,235
TOTAL REVENUE	639,520	585,282
EXPENDITURE		
Operating Expenditure		
Established Staff	4,553,433	4,338,946
Unestablished Staff	489,690	359,868
Travel & Communication	577,591	468,440
Maintenance & Operations	335,403	339,372
Purchase of Goods & Services	69,142	96,373
Operating Grants & Transfers	6,076,763	5,558,709
Special Expenditure	655,148	1,453,189
Total Operating Expenditure	12,757,170	12,614,897

Description	2009	2008
Capital Expenditure		
Construction	1,558,245	0
Purchases	296,802	297,862
Grants & Transfer	449,950	0
Total Capital Expenditure	2,304,997	297,862
Value Added Tax	199,011	170,201
TOTAL EXPENDITURE	15,261,178	13,082,960

The increase in revenue by \$54,238 or 9% was due to the increase in repayments received from recipients of scholarship through Loan Scheme.

Total expenditures increased by \$2,178,218 or 17% compared to the previous year. Factors which contributed to the increase were as follows:

- Payments of leave allowances to Officers appointed on contract and outstanding overtime allowances.
- High travel costs for Officers attending official engagements outside Suva.
- Increase in training and scholarship awards.
- Provision of \$2 million for Tax Free Port developments.
- Implementations of Poverty Projects and developments in Rotuma.

2.3 Statement of Output Costs

The Statement of Output Costs consolidates the 12 outputs prescribed in the Budget Estimates. These are detailed in *Appendix 2.1*.

2.4 Appropriation Statement

Total expenditures incurred amounted to \$15,261,178 against the budget of \$17,008,200. A savings of \$1,747,022 or 10% was recorded for 2009.

Details of expenditures against the budget estimates are provided in Table 2.2.

Table 2.2: Appropriation Statement for 2009

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry-Over \$	Lapsed Appropriation \$
1	Established Staff	5,180,400	(218,000)	4,962,400	4,553,433	0	408,967
2	Unestablished Staff	378,500	50,000	428,500	489,690	0	(61,190)
3	Travel & Communication	542,200	120,000	662,200	577,591	0	84,609
4	Maintenance & Operations	301,400	97,000	398,400	335,403	0	62,997
5	Purchase of Goods & Services	91,400	0	91,400	69,142	0	22,258
6	Operating Grants & Transfers	6,561,200	(87,000)	6,474,200	6,076,763	0	397,437
7	Special Expenditure	710,500	38,000	748,500	655,148	0	93,352
	Total Operating Costs	13,765,600	0	13,765,600	12,757,170	0	1,008,430

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry- Over \$	Lapsed Appropriation \$
	Capital Expenditure						
8	Construction	2,000,000	0	2,000,000	1,558,245	0	441,755
9	Purchases	300,000	0	300,000	296,802	0	3,198
10	Grants & Transfers	450,000	0	450,000	449,950	0	50
	Total Capital Expenditure	2,750,000	0	2,750,000	2,304,997	0	445,003
13	Value Added Tax	492,600	0	492,600	199,011	0	293,589
	TOTAL EXPENDITURE	17,008,200	0	17,008,200	15,261,178	0	1,747,022

2.5 Statement of Losses

The Office of the Prime Minister and the Public Service Commission did not report any lose of money or fixed assets during the financial year ending 2009.

2.6 Trust Account Statement of Receipts and Payments

In 2007, the Office of the Prime Minister received US\$5 million in grant from the Government of the Republic of China. A total of FJD\$1,728,814 was utilised in 2009 for various projects selected by the Office and other administrative expenses. Refer to *Appendix 2.2* for details.

PART 2: AUDIT FINDINGS

OFFICE OF THE PRIME MINISTER

2.7 Board of Survey/Stocktake

A stocktake shall be undertaken each year to verify the existence and condition of assets recorded on the asset register. A written record must be kept of each stocktake and must be signed and dated by the officers undertaking it.¹

Audit noted that the 2009 Board of survey for Office of the Prime Minister was not carried out. Without a board of survey report, the Statement of Losses (other than money) cannot be substantiated.

Failure to carry out a board of survey is a breach of the Finance Instructions.

Recommendation

A board of survey should be carried out annually.

¹ Financial Instructions 2005 s57(1)

Management Comments

The recommendation is noted and the office will make sure that this annual activity is continuously carried out.

2.8 Anomalies in Trust Fund Account

The Accounts Officer shall properly file correspondences, reports, trust agreements and other relevant trust documents and each trust account shall have its own file.²

Main Trust Fund refers to an obligation enforceable in equity which rests on a person (the trustee) as owner of some specific property (the trust property) to deal with that property for the benefit of another person (the beneficiary) or for the advancement of certain purposes.³ Operating Trust Fund Accounts facilitate transactions relating to the Department's administrative role as an employer.

Trust Fund accounts are being reflected under the old account allocation of the Office of the Prime Minister and the Accounts Officer is unaware of the existence of these accounts. As a result, reconciliations have not being prepared and maintained.

Furthermore, there were no movements noted in twenty six (26) of the Trust Fund accounts during 2009. Some accounts have remained dormant since 2006. Refer to Table 2.3 for details:

Table 2.3: Trust Accounts reflected under old account allocation

Account Number (Old Allocation)	Opening Balance \$	Ending Balance \$	Year Last Updated
10120161999861202	189.98	189.98	2007
10120161999861204	185.22	185.22	2007
10120161999861299	(115.50)	(115.50)	2007
10120161999861532	155.00	155.00	2007
10120161999861901	175.41	175.41	2008
10120161999861920	(49,171.32)	(49,171.32)	2008
10120161999861999	(60.00)	(60.00)	2007
10110101999899988	34,382.54	34,382.54	2005
10110101999860101	(0.37)	(0.37)	2007
10110101999861101	117.98	117.98	2006
10110201999861101	16.48	16.48	2006
10110101999861102	(2,403.32)	(2,403.32)	2008
10110101999861105	(52.42)	(52.42)	2007
10110101999861201	77.41	77.41	2006
10110201999861201	(0.64)	(0.64)	2007
10110101999861202	(971.58)	(971.58)	2007
10110201999861202	180.04	180.04	2007
10110101101861204	(181.50)	232.34	2009
10110101999861204	(371.21)	(468.51)	2009
10110201999861204	166.62	166.62	2007
10110101999861532	(292.00)	(292.00)	2007
10110201999861532	137.00	137.00	2007
10110101999861901	(364.61)	(364.61)	2007

² Finance Manual 2005 s15.3.1

³ Solicitor General's Opinion of 17/10/05

Account Number (Old Allocation)	Opening Balance \$	Ending Balance \$	Year Last Updated
10110201999861901	762.89	762.89	2007
10110101999861910	19,529.53	19,529.53	2007
10110101999861920	41,759.45	41,759.45	2008
10110201999861920	5,947.36	5,947.36	2007
10110101999861999	(2,155.92)	(2,155.92)	2007

An outstanding balance under old account allocation 10110101999861204⁴ is also yet to be integrated with the new account allocation codes.

Recommendation

The Office should liaise with the Ministry of Finance and ensure that the general ledger (FMIS) and the Office records are rectified to reflect the correct balances for each Trust Fund accounts.

Management Comments

The recommendation is noted and the officer responsible will look into the matter highlighted.

2.9 Revolving Fund Account

A ledger shall be maintained for advances and revolving fund accounts⁵. With 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the Accounts Supervisor shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.⁶

Six Revolving Fund Accounts have been dormant since 2006 and thus reconciliations have not been carried out. Refer to Table 2.4 for details:

Table 2.4: Dormant Accounts

Account Number		Year last Updated
1-01101-01999-560302	90,124.79	2007
1-01102-01999-560302	(492.46)	2006
1-01201-61999-560302	7,594.35	2007
1-01101-01999-570101	32,590.47	2008
1-01101-01999-570301	35,651.76	2007
1-01101-01999-840602	(512.25)	2006
Total	164,956.66	

The reconciliations prepared by the Office may be incorrect if the above accounts are not reflected in the correct account allocations.

⁴ 244PD - LICI

⁵ Finance Manual 2005 s16

⁶ Finance Manual 2005 s16

Recommendation

The Office should liaise with Ministry of Finance to determine the accuracy of its Revolving Fund Account (RFA) numbers. Subsequently, balances in non-applicable accounts should be transferred to the correct account allocations to ensure future reconciliations are accurate.

Management Comments

The recommendation is noted and the officer responsible is tasked to correct the anomalies highlighted.

2.10 Chinese Aid – Cash and Bank Balance

Each month, the trust account shall be balanced and reconciled with the trust bank accounts. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items should be investigated and resolved.⁷

A variance of \$354,113.59 was noted between the Ministry of Finance's Appendix 3 and the Bank Statement balance as at 31 December 2009. Refer to Table 2.5 for details.

Table 2.5: Variance in Chinese Aid - Trust balances

Bank Account	Bank Statement Balance \$	General Ledger/Appendix 3 \$	Variance \$
Chinese Aid - Prime Minister's Office	1,007,030.28	652,916.69	(354,113.59)

The variance implied mis-postings to the Trust Fund account in the general ledger (FMIS) or that the records maintained by the Office have not been updated.

Recommendations

- **The Office should liaise with the Ministry of Finance and ensure that the general ledger and the Office records are rectified to reflect the correct balance.**
- **Monthly reconciliations should be thoroughly scrutinised to minimise or avoid mis-posting of transactions.**

Management Comments

The recommendation is noted and the officer responsible is tasked to correct the differences highlighted.

2.11 VAT Reconciliation

Subject to the provision of the Vat Decree 1991, the tax shall be charged in accordance with the provisions of this Decree at the rate of twelve and a half percent on the supply (but not including an exempt supply) in Fiji of goods and services, by a registered person in the course or furtherance of a taxable activity carried on by that person, by reference to the value of that supply.⁸

⁷ Finance Instructions 2005 – Trust Money 69 (3)

⁸ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

Output VAT is payable to the Commissioner of Inland Revenue for the supply of all goods and services with the exception of zero rated and exempted supplies. Payments effected by government departments for goods and services are thus subjected to VAT.⁹

A review of the Office of the Prime Minister's VAT Returns with supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$2,324,428.44 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer below for details:

		\$
Total Income / Expenditure as per Expenditure Statement		5,351,393.74
Less: Expenditure not subject to VAT – Total SEG 1, 2 & 6	2,177,341.82	
November & December 2008 Payment made in January 2009	5,940.00	
Penalties	205.10	2,183,486.92
Total Expenditure Subject to VAT (Output)		3,167,906.82
VAT Output as per the VAT Returns		843,478.38
Variance		2,324,428.44

The above variance implied that the Office of the Prime Minister has incorrectly paid VAT charged on expenditure.

Recommendations

- **Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns reconcile with the general ledger.**
- **The Office of the Prime Minister should review its VAT records and reconciliations and institute measures to rectify the variances noted.**

Management Comments

The recommendation is noted and the officer responsible is tasked to look into the differences highlighted.

2.12 Payment Extra Duty Allowance

Where a duty allowance is attached to an appointment, this allowance shall be payable to the holder of the office only while he is actually performing the duties of that office and, during his absence or incapacity shall be payable only at discretion of the Secretary for the Public Service to the Officer performing such duties for the time being.¹⁰

Our review of payroll records revealed that payments of extra duty allowance to Mr. Cagituevei Kisoko whilst a Police Officer continued after his appointment as a Principal Administrative Officer with the NCBBF. The Officer was transferred out of the Fiji Police Force in 2007 and joined the Ministry of Reconciliation. Refer to Table 2.6 for details:

Table 2.6: Payment of Extra Duty Allowance

⁹ Finance Circular No 9/95

¹⁰ General Orders - 406

Year	Department	Amount (\$)
2007	Ministry of Reconciliation	1,135.00
2008	NCBBF	4,307.00
2009	NCBBF	3,921.70
Total Overpayment		9,363.70

The Accounts Officer explained that the payments of extra duty allowances continued since the Officer joined the Office in 2007. Unless approved by the Public Service Commission, audit is of the view that the Officer is only entitled to extra duty allowance while carrying out the duties of a Police Officer under the Fiji Police Force and not as a Principal Administrative Officer.

Recommendations

- Unless approved by the PSC, the payments of extra duty allowance to Principal Administration Officer Cagituevei Kisoko should cease immediately.
- The overpaid allowance of \$9,363.70 should be recovered from the Officer.

Management Comments

We have ceased the payment of Duty Allowance and we are making arrangement with the Officer concerned on appropriate amount to be recovered from his salary.

PUBLIC SERVICE COMMISSION

2.13 FNPF Reconciliation

Every employer shall pay to the Fund in respect of each of his employees, in every month during which such employee by him and in the month following the termination of such employment, a contribution calculated upon the amount of wages payable to such employee by such employer for the preceding month at the appropriate rates.¹¹

The Current rate of contribution (effective 1st July, 1999) is 16 cents on each dollar earned, with the employer and employee each contributing 8 cents each.

A reconciliation of superannuation contributions paid to the FNPF and balances posted to the general ledger (FMIS) revealed a variance of \$163,608.53. Refer to Table 2.7 for details:

Table 2.7: FNPF Reconciliation

Details	Balances (\$)
Payment Vouchers – Employee Contribution	239,974
General (FMIS)	403,583
Variance	163,609

The variance implied that either superannuation contribution to the FNPF was overpaid or that transactions related to the superannuation contributions have been wrongly posted in the general ledger (FMIS).

¹¹ Chapter 219 – Fiji National Provident Fund – Section 13 (1)
Office of the Prime Minister & Public Service Commission

Recommendation

The Commission should take necessary steps to reconcile and account for the variance noted.

Management Comments

No comments provided.

2.14 Dormant Accounts – Lending Fund Account

The Public Service Commission facilitates the award of scholarships and loans to Fiji citizens to study at approved Institutions for higher learning. The Lending Fund Account comprises of the one third components of costs to be recovered from scholarship recipients and the full amounts lent to Fiji citizens under the Student Loan Scheme.

Ten lending fund accounts have been dormant since 2006 and are shown under the old account allocation for the Commission. Refer to Table 2.8 for details:

Table 2.8: Dormant Accounts

Description	Allocation	Beginning Bal	Closing Bal	Year last updated
Tertiary Education	10210502999610810	(23,255.39)	(23,255.39)	2005
Student Loan Scheme	12110121999611101	(4,221.62)	(4,221.62)	2005
	12110121999611102	108,010.70	108,010.70	2005
	12110121999611103	(218.68)	(218.68)	2005
	12110121999611104	907.92	907.92	2005
	12110121999611105	370,788.90	370,788.90	2005
	12110121999611106	14,182.28	14,182.28	2005
	12110121999611107	132,069.34	132,069.34	2005
	12110121999611108	623,876.43	623,876.43	2005
	12110121999611109	2,617,401.70	2,617,401.70	2004

The reconciliations prepared by the Commission may be incorrect if the above accounts are not reflected in the correct allocations.

Recommendation

The Commission should liaise with the Ministry of Finance to determine the accuracy of its Lending Fund Account allocation. Subsequently, balances reflected in the old accounts should be transferred to the correct accounts to ensure the accuracy of reconciliations.

Management Comments

No comments provided.

2.15 Overpayments of Salaries

An officer, who has resigned, deemed to have resigned or terminated shall forfeit all the rights and privileges of his office from the date decided by the Commission.¹² Any sum due by an officer to Government may be deducted by the Permanent Secretary for Finance from salary due to such officer. An officer shall be given prior notice of such action being taken.¹³

Acting allowance will be payable from the date of commencement of the acting appointment to the date of termination.¹⁴

Our review of payroll records revealed that the cessations for payments of salaries to employees who were transferred to other Ministries/Departments or had retired from the Service were not done on time resulting in overpayments of salaries. Refer to Table 2.9 for details.

Table 2.9: Overpayment of Salary

Employee Name	Overpayment \$	Reason for Overpayment
Mr. Yogesh Prakash	961.42	Late cessation in payment of salary on transfer to Ministry of Labour.
Mr. Emosi Rakai	288.43	Late cessation in payment of salary on transfer to the Office of the President.
Ms Suzie Ratumaitavuki	443.76	Late cessation in payment of salary on transfer to Ministry of Public Utilities
Ms Ana Tora	2,435.56	Late cessation in payment of salary on transfer to Department of Immigration.
Mr. Intiaz Shah	2,335.00	Late cessation in payment of salary on transfer to Ministry of Education.
Mr. Bilash Raj	502.79	Late cessation in payment of salary on transfer to Ministry of Provincial Development and Multi Ethnic Affairs.
Ms Penina Cirikeyasawa	1,364.08	Late cessation in payment of salary on transfer to Public Utilities
Ms Elenoa Mara	149.23	Late cessation in payment of salary on resignation.
Mr. Umesh Chand	445.82	Overpayment of leave compensation.
Ms Manjula Solagar	213.77	Overpayment of leave compensation.
Ms Philomena Naigulevu	113.36	Overpayment of leave compensation.
Mr. Savenaca Raiwalui	511.24	Overpayment of acting allowance.

Inadequate supervisory checks of payroll records and reconciliations may have resulted in the overpayments of salaries and allowances.

Recommendations

- The Commission should recover the overpaid salaries and allowances from the relevant officers.
- Supervisory checks of payroll reconciliations should be improved to ensure that overpayments of salaries are minimised or avoided.

Management Comments

Management admits the shortcoming of untimely notification to accounts for cessation of salaries.

¹² General Orders 222 (d)

¹³ General Orders 401

¹⁴ General order 464

Ministry of Finance now does not allow new inputs to be done during correction. As a result, the cessation of salary payment can only be effected for the following pay. The charges are also debited through the respective department/ ministry's IDC so that appropriate actions effected.

Appropriate measures are now introduced to ensure that correspondence affecting salary changes are immediately conveyed to the accounts section.

The method used to calculate the Leave Compensation is different from the one used by the Auditors. Previously that is the standard method used by Ministries/Departments. Subject to the findings made by the Auditors, the Commission will make an appropriate recovery from the Officer concerned by locating her whereabouts. As from now onwards the Commission is applying the same method used by the Auditors.

2.16 Accounting of Value Added Tax (VAT)

Subject to the provision of the VAT Decree 1991, the tax shall be charged in accordance with the provisions of this Decree at the rate of twelve and a half percent on the supply (but not including an exempt supply) in Fiji of goods and services, by a registered person in the course or furtherance of a taxable activity carried on by that person, by reference to the value of that supply.¹⁵

The supply of transport services relating to the international carriage of passengers and goods from a place in Fiji to a place outside Fiji are zero rated supplies as per the second schedule of the VAT Decree.¹⁶

Output VAT is payable to the Commissioner of Inland Revenue for the supply of all goods and services with the exception of zero rated and exempted supplies. Payments effected by Government Departments for goods and services are thus subjected to VAT.¹⁷

Our review of VAT records revealed that the Commission had claimed VAT on expenses for overseas travels. Refer to Table 2.10 for examples:

Table 2.10: Incorrect VAT Claims

Date	Cheque Number	Particulars	Amount \$	VAT claimed \$
12/03/09	17005	Air tickets -Overseas travel	2,491.60	276.84
27/05/09	17594	Air tickets -Overseas travel	2,540.60	282.29
11/03/09	16989	Air tickets -Overseas travel	10,917.80	1,213.09
02/04/09	17197	Air tickets -Overseas travel	8,150.69	905.63
04/11/09	18764	Air tickets -Overseas travel	9,876.10	1,097.34
24/02/09	16888	Per diem allowance - Govind Sami & Shish Ram	3,815.84	423.98
Total			37,792.63	4,199.17

The Commission did not remit the correct VAT to the Fiji Islands Revenue and Customs Authority (FIRCA) by claiming input tax refunds on items not subject to VAT and by not claiming VAT on purchase of furniture.

The monthly expenditures incurred on SEGs 1, 2, 6 and 10 were also subtracted from the VAT Output calculation in the VAT Returns. However, VAT paid on expenditures charges to SEG 6 were unaccounted for in the VAT Input calculation, that is, VAT inclusive prices were posted to the General Ledger under SEG 6. Refer to *Appendix 2.3* for expenditures under SEG 6 for which VAT were unaccounted.

¹⁵ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

¹⁶ VAT Decree 1991, Second Schedule, section 2 (10), (23)

¹⁷ Finance Circular No 9/95

The incorrect accounting of VAT has led to the overpayments of VAT to the Fiji Islands Revenue & Customs Authority.

Recommendation

The Commission should lodge amended VAT Returns for the input tax claimed and for the respective months for which VAT paid on expenditures charged under SEG 6 were not claimed.

Management Comments

Definitely, VAT should not be charge on to Air tickets –overseas travel but all this charges was done by the former Senior Accountant but amended vat return will be lodge to FIRCA for our input vat.

2.17 Outstanding Loan Repayments - Scholarship

The Fiji Government Scholarship operates on a cost sharing system in which the Government contributes two-thirds (2/3) and the student or guardians contributed one-third (1/3) of the total cost of training. Government pays all fees and allowances at the outset and 1/3 contribution by the student is treated as an interest free loan which will be repaid at the end of their studies and on commencement of employment.¹⁸

Under the Student Loan Scheme, the recipient on being employed is to pay back the 100% amount of loan used on his/her education by an annual remittance of 20% from his/her gross wages/salary per annum.¹⁹

Section 4(1)(a) of the Limitation Act does not allow any action founded on simple contract to be brought before the Court after the expiration of six years from the date which the cause of action accrued.

Our review of records maintained with the Scholarship Unit revealed that a substantial amount of funds are outstanding or have yet to be recovered from recipients of awards through Cost Sharing Scheme and the Student Loan Scheme. Refer to Tables 2.11 and 2.12 for details:

Table 2.11: Outstanding Balances - Cost Sharing Scheme

Institution	2001(\$)	2003(\$)	2004(\$)	2005(\$)	2006(\$)	2007(\$)	2008(\$)
Fiji Institute of Technology	5,733	12,097	13,671	15,535	9,374	16,093	**
University of the South Pacific	227,353	594,687	528,572	459,870	240,765	174,280	101,279
Fiji College of Advance Education	79,502	29,112	8,034	70,737	111,589	**	467,248
Fiji School of Medicine	14,735	**	75,488	**	**	**	**
Lautoka Teachers College	NA	**	19,336	64,480	30,478	113,590	**
Corpus Christi Teachers College	**	6,156	3,078	1,687	1956	136,233	**
Total	327,323	642,052	648,179	612,309	394,162	440,196	568,527

**Information not available

Table 2.12: Outstanding Balances - Student Loan Scheme

Institution	2000(\$)	2002(\$)	2003(\$)	2004(\$)	2005(\$)	2006(\$)
Fiji Institute of Technology	**	173,930	170,472	126,612	241,070	111,063

¹⁸ PSC Scholarship and Student Loan Scheme Handbook

¹⁹ PSC Scholarship and student loan Scheme Handbook, page 11

Institution	2000(\$)	2002(\$)	2003(\$)	2004(\$)	2005(\$)	2006(\$)
University of the South Pacific	**	**	304,104	398,567	500,903	238,281
Fiji College of Advance Education	**	**	**	**	48,477	6,106
Fiji School of Medicine	156,086	92417	**	178,612	**	**
Fulton College	96,115	20,643	75,694	5,905	**	**
Total	252,201	286,990	550,270	709,115	790,451	355,449

**Information not available

Information on outstanding loans under the Loan Scheme was not available during the audit. The Scholarship Unit was still working on the list. Loans and costs outstanding from 2000 to 2003 may be irrecoverable.

Recommendations

- The guarantor's clause should be invoked if students fail to inform PSC of their employment status.
- Every effort should be taken by the Commission to recover outstanding student loans.

Management Comments

The commission had reviewed some of the challenges in loan recovery as follows:

Opening of a new bank account for student loan recovery: Talks are underway with commercial banks and Post Fiji for the opening of a new bank account for the commission, wherein students from around could lodge their payment.

Immigration watch list: Names of defaulting students and the guarantors are being put on the Immigration department watch list. Additionally work is underway on the issuing of a degree to this effect.

Serving a garnishee order to employers: work is currently underway with the solicitor general's office for the issuing of a garnishee order to employers to make automatic deductions from the PSC sponsored students pay towards the repayment of the scholarship obligations.

Strengthening of the recovery unit: The commission has strengthened its recovery unit with three additional clerical officers for recovery purposes.

Introduced a cost recovery plan: Five desk officers have been allocated specific institutions and they have completed the data input for the years 2001-2008. Accounts are now being reconciled and students and the guarantors are being reminded to commence payment. Those who do not cooperate are going to be included in the immigration watch list.

Direct deduction from civil servants: where students have been identified to be civil servants, direct deductions effected. Those who default but have civil servants as their guarantors, direct deduction are made accordingly.

2.18 TPAF Levy Refunds

As required under the levy order of the TPAF Act 2002, all the employees must pay the Training Productivity Authority of Fiji (TPAF) a levy that equals 1% of the total gross wages²⁰ out of which, up to 90% is claimable.

²⁰ Para. 4 of the levy order. (s.19 of the TPAF Act 2002)

The Public Service Commission is responsible for payments of levies to the TPAF. Ministries and Departments are required to keep and update records for all positions under their agency and to produce to the Commission when required.

Under the Act, the Commission will claim training grants annually from the TPAF for all training conducted in the Service. The PSC has not been able to claim maximum refunds because the Training Division failed to comply with TPAF's assessment criteria. The following anomalies were noted from the training records for 2009:

- Training Needs Analysis was not received for all courses.
- Trainers are not registered with TPAF.
- Course Reports were not written in a consistent format.
- Training Plans for all Ministries and Departments were not submitted to Commission.

The maximum refund received by the Commission for the past ten years was only 51.3%, which was in the year 2000. Refer to Table 2.13 for details:

Table 2.13: TPAF Levy Refunds

Year	Total Levy Paid to TPAF	10% Retained by TPAF	90% Claimable by Govt.	25% Pre-Assessment Return	Post Assessment Return	Total Amount Returned (pre + post assessment)	Amount Retained by TPAF	% Return/Refund
2000	1,112,839	111,284	1,001,555	0.00*	513,909	513,909	487,646	51.30%
2001	1,221,736	122,174	1,099,563	305,434	232,863	538,297	561,266	48.96%
2002	1,396,837	139,684	1,257,153	349,209	260,929	610,138	647,015	48.53%
2003	1,284,650	128,465	1,156,185	0.00*	476,348	476,348	679,837	37.08%
2004	1,554,425	155,443	1,398,983	388,606	153,733	542,339	856,644	38.77%
2005	1,193,541	119,354	1,074,187	298,385	85,696	384,081	690,105	35.76%
2006	1,086,931	108,693	978,238	271,733	42,716	314,449	663,789	32.14%
2007	1,307,520	130,752	801,900	326,880	251,698	578,578	728,943	44.25%
2008	919,625	91,963	827,623	229,906	Awaiting return from TPAF			
2009	TPAF levy circular memorandum issued 6/4/09 – submission of personnel emolument figures for 1/1 – 30/6/09							
Total	9,741,958	1,196,910	10,397,285	2,497,034	2,017,892	3,958,139	5,315,243	

Failure by the Training Division to follow the assessment criteria set out by TPAF has led to the low percentage of refunds of levy to the PSC.

The assistance of all Ministry and Department is needed in adhering to certain requirements by TPAF to enable the PSC to claim up to 90% of the levy paid to TPAF.

Recommendation

The Commission through the Training Division should ensure that requirements by TPAF are met to enable maximum refunds of levy paid annually by Government.

Management Comments

The training division had taken the following steps to address highlighted issues and other important TPAF requirements:

PSC circular memorandum 13/2/4-9 dated 20/01/10 issued to all ministries/ departments to provide training information required for the payment of levy to TPAF for period 01/07-31/12/09 – levy being paid to TPAF on 30/03/10

The Training division met with TPAF on 21/05/10 to specifically discuss important issues that the division or government needs to seriously consider to ensure that TPAF requirements are met and to enable maximum refund of levy paid annually to government.

The training division is currently working on the issue to identify what assessment requirements/criteria are yet to be met and how much more need to be done on requirements that have not been fully addressed.

2.19 Salary Reviews – Higher Salaries Commission

The functions of the High Salaries Commission shall be to consider and determine the salary of the Chief Executive Officer of each of the corporations and bodies specified (either by name or by class) in the First Schedule and the salaries of the holders of such other offices in those corporations and bodies as the Commission may prescribe.²¹

Some Government corporations and bodies have made reviews to the salaries of Chief Executive Officers without consulting the Commission as required. Refer to Table 2.14 for details:

Table 2.14: Salary Review without Consultation with HSC

File Reference	Organization	Posts
C29/211/102	Fiji Broadcasting Corporation	Chief Executive Officer
C29/211/50	Posts Fiji Ltd	Chief Executive Officer
C29/211/105	Fiji National Provident Fund	Chief Executive Officer
C29/211/135	Fiji Islands Trade & Investment Board	Chief Executive Officer
C29/211/159	Fiji Islands Revenue and Customs Authority	Chief Executive Officer

Audit also noted that some organizations have not submitted salary submissions for reviews by the Commission. Refer to Table 2.15 for details:

Table 2.15: Submissions not yet received by the Commission

File Reference	Organisation	Posts	Reminder Letter Sent
C29/211/150	Pacific Fishing Company Limited	CEO	03/09/09
C29/211/173	Airports Fiji Limited	All positions	03/09/09
C29/211/107	Fiji Sugar Corporations	All Positions	03/09/09
C29/211/167	Fiji Ships and Heavy Industry	All Positions	09/09/09
C29/211/175	Fiji Audio Visual Commission	CEO	09/09/09
C29/211/119	Fiji Pine Limited	CEO	09/09/09
C29/211/172	Fiji Hardwood Corporation	CEO	09/09/09
C29/211/191	National Centre for Small & Micro Enterprise Development	CEO	09/09/09
C29/211/162	Water Authority of Fiji	All Positions	11/11/09

Failure by Government corporations and bodies to seek the Higher Salaries Commission's consideration in the reviews of salaries of positions specified under Schedule 1 is a breach of the Higher Salaries Commission Act.

²¹ Higher Salaries Commission Act [Cap 2A] Section 11(1)(a)

The role of the High Salaries Commission as stated in the Higher Salaries Commission Act becomes ineffective without the cooperation of Government companies and other Statutory Authorities.

Recommendations

- **All Organization that fall under the Higher Salaries Commission Act must make their submissions to the Higher Salaries Commission for any salary review and remuneration.**
- **The Higher Salaries Commission must strengthen its monitoring process in order to be effective in its role.**

Management Comments

Table 2.20 – Salary Review without Consultation with HSC

- *Fiji Broadcasting Corporation - Reminder was sent in September and a meeting with the chairman and CEO in October 09. Nothing forthcoming since. Final reminder sent.*
- *Post Fiji Limited - Commission determined remuneration ceiling in April 2010 and conveyed to the chairman, PFL on 15th April 2010*
- *Fiji National Provident Fund - Two reminders sent but nothing forthcoming. Final reminder sent.*
- *Fiji Islands Trade and Investment Bureau - Two reminders sent but nothing forthcoming. Final reminder sent.*
- *FIRCA - Package breakdown received without signed contract. Final reminder sent.*

The remuneration packages for the CEO's of FNPF and FIRCA were approved by the Minister during the time when the HSC was not meeting from August 2007 to November 2008. The remuneration packages for the CEO's of FBCL, Post Fiji and FTIB were also approved by their line Ministers.

Table 2.21 – Submissions not yet received by the Commission

PAFCO - Nothing forthcoming final reminder sent.
AFL - Two positions to be tabled at this June meeting.
FSC - HSC decided to defer their case until the current restructure.
Fiji Ships and Heavy Industry - Nothing forthcoming. Final Reminder sent.
Fiji Audio Visual Commission - Nothing forthcoming. Final Reminder sent.
Fiji Pine Limited - Nothing Forthcoming. Final Reminder sent.
Fiji Hardwood Corporation - Position currently vacant
National Centre for Small and Micro Enterprise - Nothing Forthcoming. Final Reminder sent.
Water Authority of Fiji - Nothing forthcoming.

General Comment

The monitoring role of the HSC has not been effective due high turnover and staffing constraints in the unit. We had requested for an additional EO position specifically for this purpose but were declined by the commission (PSC).

Appendix 2.1: Statement of Output Costs for 2009**Office of the Prime Minister****Statement of Output Costs for 2009 – General Administration**

DESCRIPTION	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	1,341,696	1,103,462
Unestablished Staff	207,263	135,150
Travel & Communication	296,345	120,938
Maintenance & Operations	118,876	96,408
Purchase of Goods & Services	6,917	5,669
Operating Grants & Transfers	448,647	429,847
Special Expenditure	433,234	1,000,262
Total Operating Costs	2,852,978	2,891,736
Capital Costs		
Construction	1,558,245	0
Grants & Transfers	449,950	0
Total Capital Costs	2,008,195	0
Value Added Tax	83,669	48,682
TOTAL COSTS	4,944,842	2,940,418

Statement of Output Costs for 2009 – Cabinet Office

DESCRIPTION	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	141,287	146,314
Unestablished Staff	38,449	15,341
Travel & Communications	19,193	21,709
Maintenance & Operations	33,525	31,765
Purchase of Goods & Services	1,206	1,385
Special Expenditure	160,909	130,046
Total Operating Costs	394,569	346,560
Value Added Tax	11,983	16,044
TOTAL COSTS	406,552	362,604

Public Service Commission**Statement of Output Costs for 2009 – Portfolio & Executive Leadership**

DESCRIPTION	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	346,632	444,386
Unestablished Staff	34,796	20,062

DESCRIPTION	2009 \$	2008 \$
Travel & Communication	16,828	22,789
Maintenance & Operations	74,375	48,671
Purchase of Goods & Services	30,259	45,307
Operating Grants & Transfers	(18)	(61)
Total Operating Costs	502,872	581,154
Capital Costs		
Purchases	578	0
Total Capital Costs	578	0
Value Added Tax	13,746	13,376
TOTAL COSTS	517,196	594,530

Statement of Output Costs for 2009 – Management Improvement Division

DESCRIPTION	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	530,849	515,526
Unestablished Staff	11,658	9,397
Travel & Communication	299	662
Maintenance & Operations	10,402	8,813
Total Operating Costs	553,208	534,398
Capital Costs		
Purchases	296,224	128,542
Total Capital Costs	296,224	128,542
Value Added Tax	36,753	16,325
TOTAL COSTS	886,185	679,265

Statement of Output Costs for 2009 – Corporate Services

DESCRIPTION	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	739,745	734,549
Unestablished Staff	98,239	84,959
Travel & Communication	228,600	267,086
Maintenance & Operations	100,344	120,264
Total Operating Costs	1,166,928	1,206,858
Capital Costs		
Purchases	0	169,320
Total Capital Costs	0	169,320
Value Added Tax	38,448	47,413
TOTAL COSTS	1,205,376	1,423,591

Statement of Output Costs for 2009 – Employee Relations

DESCRIPTION	2009 \$	2008 \$
EXPENDITURE		

DESCRIPTION	2009 \$	2008 \$
Operating Costs		
Established Staff	596,037	603,114
Unestablished Staff	4,636	70
Travel & Communication	3,572	8,250
Maintenance & Operations	1,816	2,074
Special Expenditure	0	222,702
Total Operating Costs	606,061	836,210
Value Added Tax	894	7,454
TOTAL COSTS	606,955	843,664

Statement of Output Costs for 2009 – Training

DESCRIPTION	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	744,283	633,623
Unestablished Staff	84,341	86,653
Travel & Communication	6,724	21,002
Maintenance & Operations	(9,297)	27,215
Purchase of Goods & Services	30,760	44,013
Operating Grants & Transfers	5,628,133	5,128,923
Special Expenditure	53,005	59,695
Total Operating Costs	6,537,949	6,001,124
Value Added Tax	11,599	13,377
TOTAL COSTS	6,549,548	6,014,501

Statement of Output Costs for 2009 – Public Service Appeals Board

DESCRIPTION	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	112,904	157,972
Unestablished Staff	10,307	8,235
Travel & Communication	6,031	6,005
Maintenance & Operations	5,364	4,162
Special Expenditure	8,000	40,484
Total Operating Costs	142,606	216,858
Value Added Tax	1,919	7,530
TOTAL COSTS	144,525	224,388

Appendix 2.2: Trust Account for 2009 - Chinese Grant

DESCRIPTION	2009 \$
RECEIPTS	
Interest	3,851
Other Receipts	14,472
TOTAL RECEIPTS	18,323

DESCRIPTION	2009 \$
PAYMENTS	
Water Supply - Rural Areas	11,849
Road Upgrading Projects	792,528
Community Better Utilization of Lands Project	40,244
Transport Assistance to Schools	58,504
Renovation & Construction of Schools & Villages	452,736
Furniture's to Schools	38,140
Withholding Tax	111,081
Office Equipment to Schools	50,267
Village Assistance	5,000
Camera	708
Rural Electrification	52,356
Plant & Equipment	26,867
Water Tanks	680
Upgrade Of Wainibokasi Hospital	50,000
Prime Minister's Vehicle Accessories	36,398
School Assistance	1,413
Bank Fee	43
Total Payments	1,728,814
Balance as at 1 January 2009	2,730,950
Closing Balance as at 31 December 2009	1,020,459

Appendix 2.3: Unaccounted VAT for SEG 6 – Operating Grants and Transfers

Training Scholarships -10230502999060301

Date	Supplier / Payee	Cheque No.	Amount \$	VAT \$
22/01/09	Indoor Dining Cuisine	16599	150.00	16.67
10/02/09	Daily Post	16720	1,559.25	173.25
17/02/09	Hotel Takia	16769	225.00	25.00
17/02/09	Lautoka Hotel	16770	150.00	16.67
17/02/09	Pacific Sun	16774	249.00	27.67
18/02/09	Fiji Sun	16804	1,882.20	209.13
18/02/09	Fiji Times Limited	16805	3,191.40	354.60
18/02/09	Lautoka Hotel	16807	150.00	16.67
25/02/09	Hotel Takia	16892	150.00	16.67
25/02/09	Hotel Northpole	16894	136.00	15.11
03/03/09	Hotel Takia	16947	225.00	25.00
03/03/09	Pacific Sun	16950	197.30	21.92
13/03/09	Daily Post	17007	519.75	57.75
17/03/09	Rakiraki Hotel	17049	160.00	17.78
20/03/09	Salia Basaga Shipping	17068	320.00	35.56
26/03/09	Courier Document Parcels Limited	17100	210.00	23.33
26/03/09	Pacific Sun	17105	197.30	21.92

Date	Supplier / Payee	Cheque No.	Amount \$	VAT \$
15/05/09	Fiji Times Limited	17517	904.50	100.50
06/06/09	Abacus Graphics Limited	17673	65.00	7.22
22/06/09	Lautoka Hotel	17748	525.00	58.33
31/07/09	Extreme Stationery & Printing	17982	310.00	34.44
14/08/09	Grand Eastern Hotel	18089	675.00	75.00
18/08/09	Telecom Fiji Limited	18123	1,190.27	132.25
21/08/09	Leahlangi Cakes and Catering	18151/18152	910.00	101.11
21/08/09	Tabua Handicrafts	18162	30.00	3.33
Total			14,281.97	1,586.89

In Service Training – 10230502999060301

Date	Supplier / Payee	Cheque No.	Amount \$	VAT \$
10/02/09	Daily Post	16720	519.80	57.76
10/02/09	Patterson Brothers Shipping Co	16722	180.00	20.00
10/02/09	Price Waterhouse Coopers	16723	4,725.00	525.00
17/02/09	Lautoka Hotel	16770	160.00	17.78
17/02/09	Northern Club	16772	180.00	20.00
18/02/09	Fiji Sun	16804	739.20	82.13
18/02/09	Lautoka Hotel	16807	660.00	73.33
25/02/09	Geckos Resort	16891	250.00	27.78
27/02/09	Lautoka Hotel	16921	75.00	8.33
03/03/09	Hotel Northpole	16948	340.00	37.78
13/03/09	Office 2000 Limited	17010	11,050.00	1,227.78
17/03/09	Lautoka Hotel	17045	375.00	41.67
30/03/09	First Light Inn	17146	198.00	22.00
30/03/09	Pacific Sun	17150	249.00	27.67
17/04/09	Courier Documents Parcels Limited	17300	5.00	0.56
17/04/09	Pacific Data Services	17306	7,191.00	799.00
24/04/09	Pacific Sun	17363	283.38	31.49
15/05/09	Hotel Northpole	17523	68.00	7.56
22/05/09	Warehouse Stationery Supplies	17569	50.00	5.56
26/06/09	Bligh Water Shipping Limited	17779	39.00	4.33
30/06/09	Extreme Stationery & Printing Supplies	17807	310.00	34.44
14/07/09	Bondwell Computers	17871	556.28	61.81
20/07/09	Office Mart Limited	17892	420.00	46.67
20/07/09	Pacific Sun	17894	317.70	35.30
30/07/09	Leahlangi Cakes & Catering	17976/17977	400.00	44.44
31/07/09	Kanvan Papers Limited	17983	750.00	83.33
31/07/09	Lautoka Hotel	17984	225.00	25.00
31/07/09	Mass Stationery Supplies Limited	17985	392.86	43.65
31/07/09	Hotel Northpole	17987	272.00	30.22

Date	Supplier / Payee	Cheque No.	Amount \$	VAT \$
31/07/09	Warehouse Stationery Supplies	17995	190.00	21.11
04/08/09	Bligh Water Shipping Limited	18028	28.00	3.11
18/08/09	Telecom Fiji Limited	18123	2,129.44	236.60
21/08/09	Fiji Electricity Authority	18153	821.94	91.33
25/08/09	Professional Stationery Supplies	18189	1,014.00	112.67
25/08/09	Warehouse Stationery Supplies	18196	343.00	38.11
28/08/09	Leahlangi Cakes & Catering	18223	400.00	44.44
Total			35,907.60	3,989.73

Section 3**Office of the Attorney General, Solicitor General and Department of Public Enterprise****Role and Responsibilities**

The Office is responsible for providing quality legal advice to all ministries and departments; drafting Government Bills and Subsidiary Legislations; undertaking systematic review; reform and development of laws in Fiji Islands; undertaking Statutory Law Revision; providing legal assistance to impoverished persons in family and criminal laws through legal representation and advice. The administration of the Registrar of Companies, Registrar General's Office, Registrar of Titles, Official Receivers Office, and Stamp Duties Office has all been reassigned to the Solicitor General's Office. These offices are required to administer and implement those legislations assigned to the Minister of Justice by the President.

The Department of Public Enterprise and Public Sector Reform is responsible for overseeing and implementing Government's Public Sector Reform programme with the intention of increasing the efficiency and effectiveness of the Public Enterprise Sector.

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PART 1: CONSOLIDATED FINANCIAL STATEMENTS**3.1 Audit Opinion**

The audit of the 2009 accounts of the Office of the Attorney General and Department of Public Enterprise resulted in the issue of an unqualified audit report.

3.2 Statement of Receipts and Expenditures

The Office of the Attorney General and Department of Public Enterprise collected revenue totalling \$206,796 and incurred a total expenditure of \$6,280,935 in 2009.

Table 3.1: Statement of Receipts and Expenditures for 2009

Description	2009 \$	2008 \$
RECEIPTS		
State Revenue		
Hotel License	128,079	136,446
Liquor License	1,333	1,568
Miscellaneous Fees	9,916	1,113
Other Revenue	12,458	28,331
Total State Revenue	151,786	167,458
Agency Revenue		
Miscellaneous	55,010	14,760
Total Agency Revenue	55,010	14,760
TOTAL REVENUE	206,796	182,218
EXPENDITURE		
Operating		
Established Staff	2,523,254	2,159,295
Unestablished Staff	153,461	158,173
Travel & Communication	145,736	140,282
Maintenance & Operations	211,852	230,292
Purchase of Goods & Services	1,398,165	1,324,057
Operating Grants & Transfers	601,353	2,979,323
Special Expenditure	910,570	1,309,841
Total Operating Expenditure	5,944,391	8,301,263
Capital Expenditure		
Capital Construction	0	10,473
Capital Purchases	0	120,289
Total Capital Expenditure	0	130,762
Value Added Tax	336,544	496,046
TOTAL EXPENDITURES	6,280,935	8,928,071

The decrease in expenditure in 2009 by 30% compared to 2008 resulted from the following:

- No budget was provided to the Fiji Independent Commission Against Corruption (FICAC) through the Office's budget allocation in 2009, thus the decrease in Operating Grants and Transfers.
- There was no budget provided for Capital expenditure in 2009.

3.3 Statement of Output Costs

The Statement of Output Costs consolidates the ten outputs prescribed in the Budget Estimates. These are detailed in Appendix 3.1.

3.4 Appropriation Statement

The Office of the Attorney General and Department of Public Enterprise incurred expenditures totalling \$6,280,935 against the budget of \$9,167,700 resulting in a savings of \$2,886,765 or 31%. Details of expenditures against the budget estimates are provided in Table 3.2.

Table 3.2: Appropriation Statement for 2009

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry-Over \$	Lapsed Appropriation \$
1	Established Staff	3,461,700	(37,303)	3,424,397	2,523,254	0	901,143
2	Unestablished Staff	118,000	37,303	155,303	153,461	0	1,842
3	Travel & Communication	158,300	0	158,300	145,736	0	12,564
4	Maintenance & Operations	241,600	6,000	247,600	211,852	0	35,748
5	Purchase of Goods & Services	2,461,100	(6,000)	2,455,100	1,398,165	0	1,056,935
6	Operating Grants & Transfers	605,400	0	605,400	601,353	0	4,047
7	Special Expenditure	1,568,000	0	1,568,000	910,570	0	657,430
	Total Operating Costs	8,614,100	0	8,614,100	5,944,391	0	2,669,709
13	Value Added Tax	553,600	0	553,600	336,544	0	217,056
	Total Expenditure	9,167,700	0	9,167,700	6,280,935	0	2,886,765

The Ministry of Finance approved the following transfer of funds during the year:

- \$37,303 from *SEG 1 - Established Staff* to *SEG 2 - Unestablished Staff* to cater for the overtime payments for unestablished staff.
- \$6,000 from *SEG – 5 Purchase of Goods & Services* to *SEG – Maintenance & Operations* for the repair and maintenance of the Permanent Secretary's vehicle.

PART 2: AUDIT FINDINGS

OFFICE OF THE ATTORNEY GENERAL

3.5 VAT Claims on Exempted Items

Every registered person who supplies in Fiji goods and services shall keep in Fiji sufficient records in the English language to enable ready ascertainment by the Commissioner or any officer authorized by him, of that person's liability to tax and shall retain in Fiji all such records for a period of at least seven years after the end of the taxable period to which they relate to.¹

¹ VAT Decree 1991 – Section 79(1).

The supply of transport services relating to the international carriage of passengers and goods from a place in Fiji to a place outside Fiji and the supply by the State of water and sewerage services are zero rated supplies as per the second schedule of the VAT Decree.²

Our review of the expenditure records revealed that the Office claimed VAT on items that were exempted. These include VAT on water bills, payment of salaries & wages³, sitting allowances, telegraphic transfers (TTs) and bank drafts. For example, VAT claimed on wages and salaries paid from *SEG 6 – Operating Grants and Transfers* and *SEG 7 – Special Expenditures* amounted to \$461,935.90 and \$275,873.20 respectively.

The VAT Returns submitted to the Fiji Islands Revenue and Customs Authority (FIRCA) maybe incorrect.

Recommendations

- **It is recommended that the Office lodge amended VAT Returns for the input tax already claimed to avoid paying penalties when detected by FIRCA.**
- **Internal control procedures in the Accounts Section, especially supervisory checks need to be strengthened to avoid such discrepancies.**

Management Comments

The Office of the Attorney General notes the findings of the Audit Team. However, the Accounting Procedures in terms of VAT calculation was set by the Ministry of Finance since 1991 when VAT was first introduced into the country. The calculation is as follows:

<i>Total Expenditure incurred for the month</i>	<i>(Seg 1 to Seg 13)</i>
<i>Less Exempted Supplies</i>	<i>(Seg 6 and Seg 10)</i>
<i>Expenditure subject to VAT</i>	<i>Difference</i>
	<i>=====</i>
<i>VAT payable on Supplies</i>	<i>Difference/9</i>
<i>Less VAT paid indirectly</i>	<i>Total recorded in Seg 13 for the month</i>
	<i>=====</i>
<i>VAT due to FRICA</i>	<i>Difference</i>
	<i>=====</i>

There has been no further instruction from the Ministry of Finance to effect changes except for the inclusion of Segs 1 and 2 in the VAT exempt listing.

DEPARTMENT OF PUBLIC ENTERPRISE

3.6 Agency Financial Statements

Commencing 2006 financial year, each annual report must include financial statements which have been prepared and signed in accordance with these Instructions, audited by the Auditor General, and accompanied by an audit opinion prepared by the Auditor General.⁴ The draft financial statements must be submitted to the Auditor General by 31 March in the following year, or within such other time as agreed to with the Auditor General.⁵

² VAT Decree 1991 – Second Schedule – Section 2 (10),(23).

³ Payments from SEG 6 and SEG 7.

⁴ Finance Instructions 2005 – Section 81 (2).

⁵ Finance Instructions 2005 – Section 81 (3).

The Statement of Losses was not submitted by the Department for audit as required under Section 82 of the Finance Instructions 2005. Non compliance with Finance Instructions in the preparation of the financial statements has restricted the scope of our audit.

Recommendation

The Department should ensure that the requirements of the Finance Instructions are strictly followed in the preparation of Agency Financial Statements.

Management Comments

Comments not provided.

3.7 Unreconciled Operating Trust Fund and Revolving Fund Accounts

Each agency must have in place a cost effective system of internal controls which safeguards money and property against loss; avoids or detects accounting errors; and avoids unfavourable audit reports.⁶

Each month, the Accounting Head must provide a signed and dated report to the Permanent Secretary to advise whether all reconciliations and checks required in the agency's Finance Manual have been carried out and the current status of any unresolved external or internal audit issues.⁷

The closing balances of reconciliations prepared by the Department did not agree to the balances in the general ledger (FMIS). Audit noted variances of \$87,959.84 and \$31,349.23 between the closing balance of the reconciliations for December and Ministry of Finance's Appendices 23B and 19 respectively. Six Operating Trust Fund accounts were also overdrawn or had debit balances as at 31 December 2009. Refer to the Tables 3.3 and 3.4 for details:

Table 3.3: Operating Trust Fund Account (Overdrawn Balance)

Account No.	Account Name	Department's Reconciliation \$	FMIS (Appendix 23B) \$	Variance \$
10240186999861920	501 PD Employees FNPF	-	(1,518.24)	(1,518.24)
10320186999861106	390 PD Govt Water Rates	(390.00)	(390.00)	-
10320186999861202	241 PD CMLA	(11.44)	(11.44)	-
10320103201861901	201 PD Tax Arrears	3,369.04	3,369.04	-
10320186999861920	501 PD Employees FNPF	4,372.11	4,372.11	-
10470104999861202	241 PD CMLA	-	197.18	197.18
10470104999861204	244 PD LICl	-	43.39	43.39
10470104999861532	PD Public Employees Union	-	(20.00)	(20.00)
10470104999861901	201 PD Tax Arrears	-	3,830.36	3,830.36
10470104999861910	383 PD Sundries	-	(128.14)	(128.14)
10470104999861920	501 PD Employees FNPF	-	85,555.29	85,555.29
Variance		7,339.71	95,299.55	87,959.84

⁶ Finance Instructions 2005 – Part 10: Internal Controls – Section 70 (1).

⁷ Finance Instructions 2005 – Part 10: Internal Controls – Section 71.

Table 3.4: Revolving Fund Account

Account No.	Account Name	Department's Reconciliation \$	FMIS (Appendix 19) \$	Variance \$
10320186999570301	Advances	68.00	68.00	-
10320104999840602	Withholding Tax Payable	-	(15,170.12)	(15,170.12)
10320186999840602	Withholding Tax Payable	-	478.50	478.50
10470104701560203	AR Individuals	-	(19,456.77)	(19,456.77)
10470104999570301	Advances	-	2,663.16	2,663.16
Variance		68.00	(31,417.23)	(31,349.23)

The credit balances have been carried forward from 2006 and the Department is in the process of identifying the debit entries in order to perform necessary adjustments to clear the accounts.

The Department was previously under Budget Heads 2 and 4; audit noted that some accounts belonging to the Department have yet to be transferred to Head 3, thus the variances between the Department's records and the general ledger (FMIS).

Recommendations

- The Department should identify the documentary evidence and liaise with the Ministry of Finance to rectify the variances noted between its records and the general ledger (FMIS).
- The internal control procedures in the Accounts Section, especially supervisory checks needs to be strengthened in order to avoid such discrepancies.

Management Comments

The transactions of the Trust Fund Account have been reviewed and adjustments of mispostings identified have been submitted to FMIS for GL posting.

The Department has identified the incorrect transfer of balances carried forward from the year 2006 to 2009 in respect of non clearance of Accounts Payable and had submitted journal input adjustment for FMIS to post.

OAG Additional Comments

From our verification of the general ledger (FMIS) on 13/09/10, the mispostings have not been adjusted.

3.8 Non- Submission of Planning Documents and Reports

The Public Enterprise Act requires Government Commercial Companies (GCC) and Commercial Statutory Authorities (CSA) to prepare and submit to the Minister of Public Enterprise the following documents:

- Statement of Corporate Intent.⁸
- Corporate Plan.⁹
- Employment and Industrial Relation Plan.¹⁰
- Half Yearly Report.¹¹
- Draft Annual Report.¹²

⁸ Public Enterprise Act Section 96(1).

⁹ Public Enterprise Act Section 90(1).

¹⁰ Public Enterprise Act Section 108 (5).

¹¹ Public Enterprise Act Section 101(2).

¹² Public Enterprise Act Section 102.

Most entities have not fully complied with the prescribed requirements of the Public Enterprise Act in regards to submission of plans and reports. As of 29/04/10, the following entities have not submitted the required statements, plans and reports for the financial year ending 2009:

Table 3.5: Non-Submission of Required Statements

GCC/CSA	2009 Statement/Planning Documents	2009 Half Yearly Report	2008 Annual Report
Fiji Hardwood Corporation Ltd			x
Rewa Rice Ltd		x	x
Fiji Broadcasting Corporation Ltd			x
Unit Trust of Fiji (Mngt) Ltd	x		x
Food Processors Fiji Ltd			x
Yaqara Pastoral Co. Ltd		x	x
Post Fiji Ltd			x
Fiji Public Trustee Corporation Ltd			x
Fiji Ships & Heavy Industries Ltd			x
Viti Corps Co. Ltd	x (No KPI's provided)	x	x
Public Rental Board			x
Housing Authority			x
Fiji Meat Industry Board			x
Pacific Fishing Co.Ltd		x	x

x - *Not Submitted*

This has been an ongoing problem and has been consistently highlighted in previous audit reports. Audit understands that circulars have been issued by the Department to remind entities on the submission of their reports and plans.

The untimely submission of documents required under the Act will affect the effectiveness of the monitoring role by the Department.

Recommendation

The Department should continue to liaise with GCCs and CSAs on the timely submissions of their reports and plans.

Management Comments

Comments have been noted and we continue to remind as well as encourage submission of corporate documents on a timely basis. New measures have been implemented such as aligning to annual bonus payout considerations, which might improve compliance.

Appendix 3.1: Statement of Output Costs for 2009**Portfolio Leadership Policy Advice and Secretariat Support**

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	1,106,353	1,251,384
Unestablished Staff	76,719	98,160
Travel & Communication	63,837	79,311
Maintenance & Operations	97,916	135,112
Purchase of Goods & Services	812,152	967,906
Operating Grants & Transfers	355,400	2,234,492
Special Expenditure	538,147	982,381
Total Operating Costs	3,050,524	5,748,746
Capital Expenditure		
Capital Construction	0	7,855
Capital Purchases	0	90,217
Total Capital Expenditure	0	98,072
Value Added Tax	188,398	354,029
TOTAL EXPENDITURE	3,238,922	6,200,847

Consulting Services – Litigation & Advisory, Legislative Drafting, Legal Reform

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	486,720	250,277
Unestablished Staff	33,751	19,632
Travel & Communication	28,084	15,862
Maintenance & Operations	43,076	27,022
Purchase of Goods & Services	357,292	193,581
Operating Grants & Transfers	156,352	446,898
Special Expenditure	236,748	196,476
Total Operating Costs	1,342,023	1,149,748
Capital Expenditure		
Capital Construction	0	1,571
Capital Purchases	0	18,043
Total Capital Expenditure	0	19,614
Value Added Tax	82,883	70,806
TOTAL EXPENDITURE	1,424,906	1,240,168

Consulting Services – Legal Aid

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	278,928	166,852
Unestablished Staff	19,342	13,088
Travel & Communication	16,094	10,575
Maintenance & Operations	24,686	18,015
Purchase of Goods & Services	204,756	129,054
Operating Grants & Transfers	89,602	297,932
Special Expenditure	135,675	130,984
Total Operating Costs	769,083	766,500
Capital Expenditure		
Capital Construction	0	1,047
Capital Purchases	0	12,029
Total Capital Expenditure	0	13,076
Value Added Tax	47,498	47,204
TOTAL EXPENDITURE	816,581	826,780

Licensing, Compliance and Monitoring – Government Owned Enterprise

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	651,253	490,782
Unestablished Staff	23,649	27,294
Travel & Communication	37,720	34,534
Maintenance & Operations	46,174	50,142
Purchase of Goods & Services	23,966	33,515
Total Operating Costs	782,762	636,267
Value Added Tax	17,765	24,008
TOTAL EXPENDITURE	800,527	660,275

Section 4**Ministry of Finance****Role and Responsibilities**

The Ministry is responsible for formulating and implementing fiscal, financial and monetary policies. Its main functions are the collection and disbursement of public revenue, raising and repayment of loans, and developments of economic policies. It also provides various services to other departments, which include provision of printing and stationery services by the Government Printer, procurement and processing of supplies through Government Procurement Office. Also coming under the ambit of the Ministry of Finance are the several statutory bodies, namely, the Reserve Bank of Fiji, the Fiji Development Bank, the Colonial National Bank, the Fiji National Provident Fund and the Unit Trust of Fiji.

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PART 1: CONSOLIDATED FINANCIAL STATEMENT

4.1 Audit Opinion

The audit of the 2009 accounts of the Ministry of Finance resulted in the issue of a qualified audit report.

The qualification is as follows.

- a) The balances for TMA Surplus (-\$4.2m) and TMA Accumulated Surplus (\$22.3m) for Government Printing Department and Government Procurement Office could not be substantiated as no supporting document was produced by the Ministry.

Without further qualification to the opinion expressed above, attention is drawn to the following matters:

- (i) The accuracy of the Statement of Losses (Schedule 11) cannot be determined as Board of Survey was carried out on only two of the six departments of the Ministry.

- (ii) The Ministry did not produce a Stock Certificate for Government Supplies (\$2.7m) and Printing and Stationery Department's (\$3.3m) finished goods valued at \$6 million as at 31/12/09.
- (iii) The Ministry as describe in Note 2 (c) was not able to accurately determine the actual costs under each Budget Output.

4.2 Statement of Receipts and Expenditure

The Ministry collected revenue totalling \$1,744,602,986 and incurred a total expenditure of \$77,660,019 in 2009.

TABLE 4.1: STATEMENT OF RECEIPTS AND EXPENDITURE IN 2009

Description	2009 \$	2008 \$
RECEIPTS		
State Revenue		
Operating Revenue	1,273,136,670	1,315,039,972
Investing Revenue	60,548,588	41,802,155
Borrowing Revenue	405,389,740	345,648,652
Total State Revenue	1,739,074,998	1,702,490,779
Agency Revenue		
Board Member	76,649	74,315
Miscellaneous Revenue	5,265,046	8,832,645
Sales of Publications	186,293	179,539
Total Agency Revenue	5,527,988	9,086,499
TOTAL REVENUE	1,744,602,986	1,711,577,278
EXPENDITURES		
Operating		
Established staff	10,510,610	10,270,840
Unestablished staff	1,352,410	1,474,896
Travel & communication	1,364,614	1,576,533
Maintenance & Operations	2,117,416	2,959,536
Purchase of goods & services	2,414,593	435,099
Operating grants & transfers	39,702,280	38,622,144
Special expenditures	3,054,919	2,732,615
Total Operating Costs	60,516,842	58,071,663
Capital Expenditure		
Capital Construction	2,652,192	2,099,999
Capital Purchases	2,796,880	4,906,838
Capital Grants & Transfers	9,923,636	16,588,303
Total Capital Expenditure	15,372,708	23,595,140
Value Added Tax	1,770,469	1,488,506
TOTAL EXPENDITURES	77,660,019	83,155,309

Total revenue increased by \$33,025,708 or 2% due to increases in investment revenue by \$18,746,433 and borrowing revenue by \$59,741,088 in 2009 compared to 2008. Total expenditure declined by \$5,495,290 or 7% mainly due to decline in maintenance and operations by \$842,120, capital purchase costs by \$2,109,958 and capital grants and transfers by \$6,664,667.

4.3 Statement of Output Costs

The Statement of Output Costs consolidates the 11 outputs prescribed in the Budget Estimates. These are detailed in *Appendix 4.1*.

4.4 Appropriation Statement

The Ministry incurred expenditures totalling \$77,660,019 in 2009 against the budget of \$85,493,300 resulting in a savings of \$7,833,281 or 9%.

Details of expenditures against the budget estimates are provided in Table 4.2.

TABLE 4.2: APPROPRIATION STATEMENT FOR 2009 – HEAD 4

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	12,772,800	(967,986)	11,804,814	10,510,610	---	1,294,204
2	Unestablished Staff	1,420,100	50,566	1,470,666	1,352,410	---	118,256
3	Travel & Communication	1,799,400	(212,638)	1,586,762	1,364,614	---	222,148
4	Maintenance & Operations	2,731,200	(27,086)	2,704,114	2,117,416	---	586,698
5	Purchase of Goods & Services	2,495,100	305,045	2,800,145	2,414,593	---	385,552
6	Operating Grants & Transfers	39,715,000	---	39,715,000	39,702,281	---	12,719
7	Special Expenditure	4,856,200	(126,231)	4,729,969	3,054,919	---	1,675,050
	Total Operating Costs	65,789,800	(978,330)	64,811,470	60,516,842	---	4,294,628
8	Capital Construction	---	4,300,000	4,300,000	2,652,192	---	1,647,808
9	Capital Purchases	3,894,000	54,694	3,948,694	2,796,880	---	1,151,814
10	Capital Grants and Transfers	10,000,000	(76,364)	9,923,636	9,923,636	---	---
	Total Capital Expenditure	13,894,000	4,278,330	18,172,330	15,372,709	---	2,799,621
13	Value Added Tax	1,972,000	537,500	2,509,500	1,770,469	---	739,031
	TOTAL EXPENDITURE	81,655,800	3,837,500	85,493,300	77,660,020	---	7,833,281

The Ministry approved the transfer of funds totalling \$1,000,000 (out) and \$4,837,500 (in) of Head 4.

The Appropriation Statements for [Heads 50 *Miscellaneous Services*], 51 *Pensions, Gratuities and Compassionate Allowances*, 52 *Charges on Account of Public Debt* were not provided for audit.

4.5 Statement of Losses

The Ministry of Finance recorded no losses in 2009. However, following the annual Board of Survey for the Ministry alone, assets totalling \$177,685 was written off as per table 4.3 below:

TABLE 4.3: ASSETS WRITTEN OFF IN 2009

Section	BOS No.	Amount \$	Date Approved	Item
ITC Services (Labasa)	6/27/2008	69,430	12/10/09	Various computer and office equipment.
ITC Services (Suva)	4/6/2009	3,505	04/24/09	Laptop
ITC Services (Suva)	4/22/2009	3,401	05/04/09	Fax and Air Condition
ITC Services (Suva)	6/9/2009	10,320	06/22/09	LGO6 Digital Printer

Section	BOS No.	Amount \$	Date Approved	Item
FMIS	177/02/09	444	02/09/09	Chairs
Salaries	174/09/09	10,000	08/04/09	LG 6 Printer
Salaries	2/26/2009	1,396	02/09/09	Cabinets
Salaries	178/8/09	715	09/10/209	Office Chair
FAM	2/18/2009	199	02/09/09	Executive Chair
Internal Audit	178/179/08/09	1,440	09/10/09	14 chairs
Admin	6/24/2009	299	06/29/09	Chairs
Admin	69/05/09	18,000	06/22/09	Photocopier
Admin	180/08/09	80	09/10/09	Chair
Admin	126/09/09	199	10/26/09	Chair
Admin	6/19/2009	349	06/26/09	Car Stereo & Speakers
Admin	49/8/09	600	09/03/09	4 Drawer filing Cabinet
Admin	126/09/09	240	09/26/09	Medium back office chair
Budget	70/05/09	23,000	06/22/09	Photocopier
Budget	255/09/09	1,820	11/05/09	Network Printer
Budget	2/25/2009	4,853	02/09/09	Computers, Fans & Chairs
Pension	2/19/2009	660	02/09/09	Glass dip, stapler & punch
Pension	242/07/09	879	08/12/09	Electric kettle & HP Laser Printer
Policy Unit	255/9/09	500	11/05/09	HP Laser Jet Network Printer
Training Division	48/1/09	15,500	02/06/09	Photocopying machine
Ministry of Finance	71/5/09	9,856		LG06 Plus Printer
Total		177,685		

The Departments under the Ministry's portfolio that did not submit Statement of Losses include: *Government Procurement Office, Government Printing & Stationery Department, Bureau of Statistics and National Planning Office.*

4.6 Manufacturing Account – Trading & Manufacturing Activity

Description	31 December 2009 \$	31 December 2008 \$
Raw Materials (01/01/09)	1,085,150	1,146,339
Add: Purchases	2,059,267	12,443,558
	3,144,417	13,589,897
Less: Raw Materials (31/12/09)	911,406	1,085,150
Raw Materials Used	2,233,011	12,504,747
Add: Work in Progress (01/01/09)	---	---
Direct Costs	6,911,735	8,826,356
Direct Labour	81,307	627,365
Less: Work in Progress (31/12/09)	---	---
Cost of Manufactured Goods Transferred to Trading A/C	9,226,053	21,958,468

The Manufacturing Account is a consolidation of Government Printing and Government Procurement Office accounts. The total production costs in 2009 amounted to \$9.2 million, of which \$2.2m or 24% was for raw materials, \$6.9m or 75% for direct costs and \$0.08m for direct labour.

4.7 Trading Account – Trading & Manufacturing Activity

Description	31 December 2009 \$	31 December 2008 \$
Sales	12,362,448	14,024,071
Stock of Finished Goods (01/01/09)	6,614,363	7,186,360
Add: Cost of Manufactured Goods	9,226,054	21,958,468
	15,840,417	29,144,828
Less: Stock of Finished Goods (31/12/09)	6,038,963	6,614,363
Cost of Finished Goods Sold	9,801,453	22,530,465
Gross Profit Transferred to Profit/Loss Account	2,560,994	(8,506,394)

The Cost of goods sold amounted to \$9.8m whilst the sales were \$12.3m, resulting in a gross profit of \$2.5m.

4.8 Profit & Loss Statement – Trading & Manufacturing Activity

Description	31 December 2009 \$	31 December 2008 \$
Income		
Gross Profit transferred from Trading Account	2,560,994	(8,506,393)
Expenses		
Travel & Communication	102,065	52,335
Subsistence	---	37,711
Telecommunications	---	83,271
Fuel & Oil	---	86,889
Office Upkeep & Supplies	---	46,028
Repair & Maintenance of Fixed Assets	320,673	98,827
Power Supply	---	49,114
Water & Sewerage	---	49
Lease & Rent payments	---	---
Special Expenditure	---	24,580
Training Expenses	---	---
Advertising, Promotion & PR	---	27,656
Other Expenses	47,478	---
Value Added Tax	(345,377)	---
Value Added Tax	608,112	640,065
Total Expenses	732,950	1,146,525
Net Profit/ loss	1,828,043	(9,652,918)

The Profit & Loss Statement shows a Consolidated Net profit of \$1.8 million for the Ministry, after accounting for other expenses totalling \$0.7 million. The major components of expenses include Travel and communication (14%), Repair & Maintenance of Fixed Assets (44%), other expenses (6%) and Value Added Tax (36%).

4.9 Balance Sheet – Trading & Manufacturing Activity

Description	31 December 2009 \$	31 December 2008 \$
TOTAL LIABILITIES & EQUITY	17,786,567	15,500,259
Current Assets		
Bank	7,462,143	5,319,283
Raw Materials	911,406	---
Inventories	6,038,963	7,699,514
Inventory Clearing Account	---	21,040
Accounts Receivable	3,374,054	2,460,422
NET ASSETS	17,786,566	15,500,259

The Consolidated Net Assets of the Ministry amounts to \$17.8 million.

4.10 Trust Account Statement of Receipts and Payments

Description	31 December 2009 \$	31 December 2008 \$
Opening Balance	628,879	11,218,546
Receipts		
Receipts from Performance Bonds	1,908,186	154,540
Trust Receipts	8,000,000	340,997
Total Receipts	9,908,186	495,537
Payments		
Payments of Performance Bonds	1,759,364	346,895
Trust Payments	---	10,738,309
Total Payments	1,759,364	11,085,204
Closing Balance	8,777,701	628,879

The total trust fund for the Ministry has increased by \$8,148,822 or 1,296% from \$628,879 in 2008 to \$8,777,701 in 2009.

PART 2: AUDIT FINDINGS AND RECOMMENDATIONS

MINISTRY OF FINANCE

4.11 Virements Accepted after Closing Date

Permanent Secretaries must ensure that all virement warrants are submitted to the Budget Division of the Ministry of Finance no later than 8th January 2010 for approval and then to FMIS by 15th January 2010 for processing. Virements will not be accepted at Budget and FMIS after those respective dates.¹

Contrary to the above regulations, the Ministry of Finance approved the following virements for Head 50. Refer to Table 4.5 below for details.

¹ Part 9.1 Finance Circular 15/2009 Closing of Accounts Procedure issued on the 04/11/2009
Ministry of Finance

TABLE 4.5: VIREMENTS APPROVED AFTER CLOSING DATE

Virement No.	Department	Date of approval – Budget Section	Date of approval – FMIS Section	Amount \$
V50029	Miscellaneous Services – Ministry of Finance	16/02/2010	17/02/2010	2,117,200
V50030	Miscellaneous Services – Ministry of Finance	16/02/2010	17/02/2010	1,725,603

The above finding indicate the laxity of the Ministry in submitting virements before due date defeating the directives of the Ministry's own Circular.

Continuation of such practices may set precedence for other Ministries and Departments to obtain approval for the virements after closing date.

Recommendation

The Ministry should ensure that it adhere to its own directives.

Ministry's Comments

The recommendation is noted.

The two virements raised were book entries transactions done at the closing of accounts every year to regularise the books. Head 50 is usually the last account to be closed as Ministry of Finance needs to wait for other Ministries to post all the relevant charges to Head 50 Inter-Departmental Clearance (IDC) before it closes the account. It is only at this point that the Ministry of Finance will know the final expenditure position for Head 50 and is able to clear any over-spending from available balances in other areas within the same Head through raising of virements. Over-spending is usually the subject of audit queries, particularly when there are savings in other areas; hence the need to raise virements to clear over-expenditure before the accounts are finalised.

4.12 Pending Surcharge Cases

A surcharge may be imposed on an officer who is directly or indirectly responsible for unauthorized expenditure, damage, theft or loss of property and for loss of money.² A surcharged person may appeal against the surcharge within one month after being notified of the surcharge or a longer period allowed by the authority.³

Audit noted that some surcharge cases for 2003 to 2006 which were reflected in the previous Auditor General's Reports are still pending. **Appendix 4.2** provides a list of pending cases.

The above indicates that the Ministry is lacking expertise in the identification of officers in breach of controls and therefore questions the Ministry's role as the premier Ministry for the management and monitoring of whole of government accounts and finances.

It is obvious that the backlog will continue unless the processes applied are reviewed and strengthened.

The above issue was highlighted in the previous (2008) audit memorandum, however there has not been any improvement to date.

² Section 74 (1) (a-c) – Finance Instructions 2005

³ Section 69 – Finance Management Act 2004

Recommendation

Stringent and immediate measures need to be applied by the surcharge authority in their follow up with Ministries/Departments to have these pending cases cleared.

Ministry's Comments

Despite repeated requests, Ministries/Departments failed to provide the names of officer(s) involved therefore the surcharge unit wrote to the then Deputy Secretary for Finance requesting if action could be taken against Officer(s) to whom the reminders were addressed to but ruled that there was no authority to do so and that the Office of the Auditor- General should identify the officers to be surcharged.

A memorandum was written to the OAG on 20/10/2009 and reminder sent on 22/02/2010 and to date no response has been received.

Since Internal Audit will be decentralized by end of June to the four (4) big Ministries, they will be tasked to try and look into the issue and help identify people responsible.

4.13 Irrecoverable Surcharge Cases

The clerical officer must promptly follow up accounts that fall due. If a final notice had been issued to one of the debtors listed, the Director may approve that the case be deferred to the Solicitor General or Small Claims Tribunal, after considering the cost implications and the probability of recovery.⁴

The Ministry of Finance's fourth quarter surcharge report as at 31/12/09; shows a total of \$171,639 as irrecoverable, consisting of surcharges on losses, misappropriation of revenue and motor vehicle accident damage costs. Refer to Table 4.6 below for details of irrecoverable surcharges amount in excess of \$2,500:

TABLE 4.6: IRRECOVERABLE LIST FOR SURCHARGE ABOVE \$2500

Department	Name	EDP/FNPF No.	Status	Amount \$
Public Works Department	Marika Ganivatu	DB376	Retired	3,450
Public Works Department	Sudama Nand	60122	Resigned	8,040
Public Works Department	Ravi Narayan	NM614	Terminated	3,601
Public Works Department	Sheik Ahmed	JF951	Terminated	5,742
Public Works Department	Joseph Montu	41870	Terminated	2,732
Solicitor General's Office	Josevata Taucilagi	UY868	Retired	2,700
Ministry of Agriculture	Josaia Rasilawale	HM386	Retired	6,178
Ministry of Agriculture	Apimeleki Vunisinu	CY750	Terminated	45,470
Ministry of Health	Peter Zinck	53660	Resigned	46,717
Government Supplies Department	Alivereti Tuitakali	60057	Terminated	2,984
Forestry Department	Mate FD	15137	Terminated	5,481

Table 4.6 above shows that the amounts are irrecoverable as the concerned officers have resigned; retired or terminated.

⁴ Finance Manual 2005: Section 9.2.1 & 9.2.4

The non-collection of surcharge debt indicates that officers implicated have escaped the penalty with ease, thus setting misguided precedence for future offenders.

Recommendation

The Ministry of Finance should seek clarification from the Solicitor General's Office for recovery procedures of debt owed officers from sources such as the Fiji National Provident Fund (FNPF), Tax Refunds owed with the Fiji Islands Revenue and Customs Authority (FIRCA) or income from officer if employed elsewhere.

Ministry's Comments

Memo was written to SG's Office on 5th May 2010 and they have responded and advise as follows:

- *That Civil legal proceedings can be sought for debt recovery for surcharges owing but this will be determine on a case by case basis. Such debts are obtained through normal civil legal proceedings and can be recovered from retired, resigned or terminated Civil Service.*
- *Only Debts accruing within 6 year time limitation period re recoverable by way of legal proceedings. Any debts outside of the period cannot be recovered as they are Statute Barred and are considered bad debts requiring write-off.*
- *The jurisdiction of court proceedings is determined by monetary limitations and it is therefore advisable that for any amount between \$100 to \$500 can be sought by way of debt recovery in the Small Claims Tribunal, between \$5001 to \$50,000. Civil proceedings can be sought in the High Court.*
- *That address or place of abode in Fiji must be clear to assist in serving of court documents.*
- *That it is important that facts are clear and evidence for amount be recovered are readily available for the purpose of civil proceedings.*
- *Government can also make claims against assets of deceased civil servant with estate by seeking civil actions directly with the Administrator or the Trustees.*
- *For Ex civil servants that have migrated overseas, it is possible to seek debt recoveries against their assets in conjunction with a number of other orders in order to freeze or restrain their assets.*

For all this recommendations to be implemented the Unit will put up a request for funding through Budgetary provisions in 2011 to cater for Court cost.

4.14 Pending Accident Cases Still With Solicitor General's Office

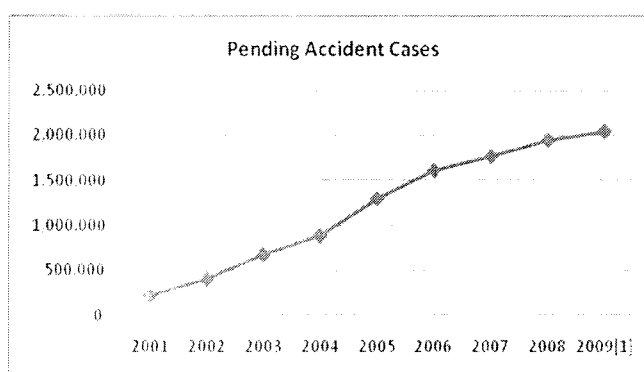
The accident report, Police report (if available), Solicitor General's advice and the Deputy Secretary Finance's (Administration) recommendations will all be taken into consideration by the surcharging authority before any surcharge is imposed.⁵

A large number of vehicle accident cases are yet to be resolved since the Solicitor General's advice regarding such incidents have not been received. Table 4.7 below shows the number of cases awaiting Solicitors General's advice.

⁵ Section 12.6.8 – Finance Manual 2005

TABLE 4.7: PENDING CASES AWAITING SOLICITOR GENERAL'S ADVISE

Year	No. of Cases	Cost of Repairs \$
2001	85	217,955
2002	126	184,066
2003	91	270,334
2004	123	211,170
2005	191	412,496
2006	201	310,231
2007	123	159,450
2008	123	176,216
2009 ⁶	60	98,455
Total	1,123	2,040,373



The delay in implementing surcharge action can result in the unlikelihood of recoveries since the negligent officers may no longer be employed in the civil service or their cases declared statute barred due to the lapse in time. Non enforceability of surcharge recoveries results in losses to Government as it has to meet the maintenance and related costs to damaged vehicles and compensation to injured parties.

Despite the issue being highlighted in the previous Auditor General's report, the cases have not been resolved and are accumulating with new cases added to the previous pending cases.

Recommendation

The Vehicle Control Unit should consistently follow up with the Solicitor General regarding its submissions to surcharge liable officers.

Ministry's Comments

When an Accident Report is received it is forwarded to the Solicitor General's office for an early advice so that the case is closed-off satisfactorily. Then a bring-up method is followed between the next three to six months. A follow-up memo is sent once again to SG's office requesting them for their early advice, copied to the Min/Dept concerned advising them to do the same follow-up. Having both the Ministry of Finance and the Min/Dept concerned following up with SG's office, we anticipate receiving an early advice.

This office will also carry out its own follow-up with the Solicitor General's, requesting SG to be prompt in advising us to avoid statute Barred of Accidents cases.

4.15 Ageing of Government Vehicles

All ministries vehicles are to be replaced when the life of the vehicle is over 6 years and the mileage has exceeded 200,000 km.⁷

The audit noted that 81% of the Government vehicles currently used by Ministries/Departments are more than 6 years old. Refer to Table 4.8 below for details.

⁶ As at 31/10/09

⁷ Cabinet Decision, Extract from Minutes of Meeting Held on Tuesday, 24 March 1998 at 9.00 a.m., Paragraph k of Government Vehicle Policy.

TABLE 4.8: VEHICLE AGE CATEGORY

Age of Vehicles	Number	Percentage %
0-6 years	365	19
6-10 years	363	19
10-15 years	293	15
15 + years	601	31
No date Specification	310	16
Total	1,932	100

Furthermore, 16% or a total of 310 vehicle's age across government could not be determined as a result of lack of data raising the possibility of an increased number of vehicles for replacement over the age of 6 years. Refer to *Appendix 4.3* for the detailed listing of vehicle per ministry/department for replacement.

While the need for vehicles in certain Ministries and Departments cannot be denied, the condition of these vehicles pose a risk to their users. The utilization of aged vehicles also represent a probable liability to government as they are susceptible to malfunctions putting lives of officials and the public at risk.

In addition, the cost for the repairs and maintenance of these vehicles would escalate if the Ministry/Department intends to use the vehicles.

Despite being raised in previous audit reports, action for material improvement is yet to be seen.

Recommendations

- **Ministry of Finance should ensure that it adheres to the Cabinet Decision of 1998 on vehicle replacement policy.**
- **The Vehicle Control Unit must conduct a cost benefit analysis of the cost of repairs and maintenance to government vehicles at the end of the year in an effort to provide a valid submission for an increase in the budgetary allocations for the purchase of government vehicles.**

Ministry's Comments

Government policy is to reduce the ages of Government vehicles from 10 years to 6 years and the mileage to remain unchanged at 200,000kilometers has been implemented.

Government vehicles can only be replaced when they meet the replacement criteria, both in terms of age and mileage. For example: most vehicles only reach 6 years but not the total mileage of 200,000km; many government vehicles reach the 200,000km after more than 10years.

Financial constraint is also one of the reasons some vehicles could not be replaced upon meeting the replacement criteria.

Vehicle leasing arrangement is now in place and more new vehicles will be delivered which could reduce the vehicles which are due for replacement in terms of age and mileage.

We will also conduct a cost benefit analysis of the cost of repairs and maintenance to government vehicles at the end of this year in an effort to provide a valid submission for an increase in the budgetary allocation for the purchase (of specialized) or leasing of vehicles.

4.16 Alleged Misuse of Government Vehicles

Vehicle must only be used for official purposes unless approved in writing by the Deputy Chief Executive Officer (CEO) Administration under an officer's term of employment.⁸ In addition, drivers should park vehicles at the agency's official garage or car park at the end of each business day and the weekends.⁹

Audit of the alleged misuse of government vehicle register noted that the following Ministries and Departments are yet to provide their explanations on complaints received in 2009 against their office for unofficial use of government vehicles. Refer to Table 4.9 below for details.

TABLE 4.9: DETAILS ON THE ALLEGED MISUSE OF GOVERNMENT VEHICLES

Date	Vehicle No.	Ministry/ Department	Complain	Comment by Investigating Unit
02/02/09	GN153	Health	Driver of GN153 carrying family members (2 kids and a lady passenger) on Monday 02/02/09 around 8.20pm at Belo Street buying yagona.	Awaiting decision, case still pending
26/02/09	GN534	Forestry	The driver of vehicle GN534 was seen transporting his wife in Rakiraki on 25/02/09 and also in Nadi in 2008.	To follow up 31/08/09.
03/02/09 Principal Accountant (PWD)	GN262 and GM137 and probably other vehicles were used	PWD	Government vehicles at the Water Department have been picking staff from their residence and transporting them to the office as well as dropping them off after work.	No comment
13/03/09	Unknown	Agriculture	- The Acting Principal Agriculture Officer (Farm Management) has been using Government vehicle for personal purposes. The driver of the vehicle, Kitone who drops Acting Principal Agriculture Officer's daughter to Dikusha, drops his little son to his aunt at Lelean for the day and during weekends uses the vehicle to visit his son at QVS. - again on 10/03/09 drop son back to QVS.	Mrs. Babitu called on 15/04/09 that she had just received the complaint and that it will take some time to gather all required information.
13/03/09	Unknown	Provincial Development	DO (Taveuni) using Government vehicle for personal use. Transporting family members in the vehicle and using the vehicle for church functions.	No comment.
14/08/09	GN555	Police CID	Prime Minister witnessed, the driver of GN 555 (Indian) dropping off 2 ladies and a child at CWM on 13/08/09 3.15pm.	No comment.

⁸ Section 12.3.1 – Finance Manual 2005

⁹ Section 12.4.1 – Finance Manual 2005

The investigating officers of the Ministry of Finance have failed to regularly follow-up on the above complaints.

Delay in formulating an efficient follow up policy results in a lack of co-operation from Ministries/Departments. As a result the effectiveness of the Vehicle Complaints Section is minimised and could lead to an increase in number of cases involving abuse of government vehicles.

Recommendations

- The Ministry should formulate an effective follow up policy to ensure that Ministries/Departments promptly respond to complaints inquiries.
- Disciplinary action should be instigated against offenders (drivers/transport officers) found to be misusing government vehicles.

Ministry's Comments

When a complaint is received, the Ministries and Departments are advised to submit an explanation to this office no later than 7 days from the date of our memorandum.

NATIONAL PLANNING OFFICE

4.17 FNPF Reconciliation

Every employer shall pay to the Fund in respect of each of his employees, in every month during which such employee by him and in the month following the termination of such employment, a contribution calculated upon the amount of wages payable to such employee by such employer for the preceding month at the appropriate rates.¹⁰

The current rate of contribution is 16 cents on each dollar earned, with the employer and employee each contributing 8 cents.

A reconciliation of FNPF contributions against salaries and wages reported in the Financial Statements revealed variances as follows:

TABLE 4.10: FNPF RECONCILIATION

Details	Amount \$
(a) Total FNPF against salaries and wages for 2009:	
FNPF as per financial statement	95,763.13
Less: December 2008 FNPF	20,081.42
	75,681.71
Add: December 2009 FNPF	21,207.52
FNPF for 2009	96,889.23
Gross Pay subject to FNPF (FNPF for 2009 / 0.08)	1,211,115.38
(b) Salaries and Wages for 2009 subject to FNPF	
Salaries, wages and allowances as per financial statement	1,293,312.43
Less: Salaries, wages and allowances for 2009 not subject to	14,384.38

¹⁰ Chapter 219 – Fiji National Provident Fund – Section 13 (1)
Ministry of Finance

Details	Amount \$
FNPF	
	1,278,928.05
Un-reconciled Variance	(67,812.67)

No explanation was provided by the Ministry for the variance stated above.

In addition, it was noted that the Ministry failed to prepare its monthly as well as annual FNPF reconciliation despite the issue being raised in the previous years Agency Financial Statement audit report.

The above findings indicate ineffective controls and the lack of supervisory checks in the FNPF records and the Payroll Section. Therefore the Financial Statements submitted may not truly reflect the Ministry's financial position at year end.

Recommendations

- **The Ministry should ensure that monthly or annual FNPF reconciliations are prepared and supervisory checks are performed in order to ensure employees FNPF are correctly accounted for.**
- **The Ministry should review its FNPF records and reconciliations and provide explanations for the variances.**

Ministry's Comments

The FNPF Reconciliation in this Ministry was not being carried out from 2006 during the term of service of the previous Assistant Accountant Mr. Raphael Prasad. The current Assistant Accountants Officer Mr. Atevete Kaikadavu replaced the predecessor in July 2007 and during the Agency Financial Statement audit of 2007 realized that the reconciliation has not been made from 2006.

The current Assistant Accountant is therefore working on this reconciliation and it has to be reconciled from 2006 to 2010. It will take some time and the reconciliation will therefore be prepared and submitted to Auditor General's Office when it is completed.

However, the un-reconciled FNPF variance noted during the Audit of 2009 is mainly due to FNPF of IHRDP staffs that are not in our salary payroll and their salary and FNPF are paid from Seg 7 and not from Seg 1. They are mainly Project Officers.

4.18 VAT Reconciliation

Subject to the provision of the VAT Decree 1991, the tax shall be charged in accordance with the provisions of this decree at the rate of twelve and a half percent on the supply (but not including an exempt supply) in Fiji goods and services, by a registered person in the course or furtherance of a taxable activity carried out by that person, by reference to the value of that supply.¹¹

A review of VAT Returns and supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$108,098.69 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer to Table 4.11 below for details:

¹¹ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – Section 15 (1)
Ministry of Finance

TABLE 4.11: VAT RECONCILIATION

Details	Amount \$
Total expenditure/income as per Expenditure Statement	1,255,741.85
Less: Expenditure not subject to VAT – Operating Grant	0
	1,255,741.85
Add vatable revenue	0
Total expenditure/income subject to VAT	1,255,741.85
Less: Total taxable supplies as per VAT Returns	1,147,643.16
Un-reconciled variance	(108,098.69)

No explanation was provided for the variance.

Recommendations

- The Ministry should review its VAT records and reconciliations and provide explanations for the variances.
- Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns reconcile with the GL.

Ministry's Comments

The variance of \$108,098.69 noted as un-reconciled variance is due to the reason that all purchase made for IHRDP is under Seg 7. The VAT calculation is made monthly as per attached spreadsheet (Appendix 1) and transferred to the VAT return form. Expenditure is extracted from the monthly GL Report and any payment due to FIRCA is paid by end of the month. Since the variance noted is for the December and December accounts are closed on 31.12.2009 therefore any additional expenditure unaccounted as at 31.12.2009 will contribute to this variance in the VAT as noted by the Audit. However, this December VAT is paid in January 2010 when these variances are settled with FIRCA.

On the reconciliation part, we must admit that this was not done from 2006 and when the current AAO came in late July 2007 nothing has been reconciled so it will take a while to go back and compile the outstanding reconciliation from 2006 to 2010. As soon as, this is completed it will be provided to the Auditor-General's Office

4.19 Discrepancies in Drawings Account

The Accounting Head shall certify all financial reports that must be submitted to the Ministry of Finance. These reports include monthly drawings reconciliation statements. These reports must be submitted to the Ministry of Finance within the timeframe set by the Ministry.¹²

Audit of the Ministry's drawings account records noted a variance of \$18,558.53 between the Ministry's record and the General Ledger. It was due to the unposted balances in the General Ledger, and the existence of unidentified variances and difference between Banklink unrepresented listing and manual unrepresented listing. Refer to Table 4.12 below for the details.

¹² Finance Manual 2005 – Section 17.3

TABLE 4.12: VARIANCE BETWEEN MINISTRY'S RECORD AND GENERAL LEDGER

Balance as per Ministry's record \$	Balance as per General Ledger \$	Variance \$
272,549.50	291,108.03	18,558.53

Audit adjustment was passed to rectify the above anomaly of unposted balances in General Ledger; however, it was noted that the variance further increased to \$22,216.10. Refer to Table 4.13 below for details.

TABLE 4.13: VARIANCE BETWEEN MINISTRY'S RECORD AND GENERAL LEDGER AFTER ADJUSTMENT

Balance as per Ministry's record \$	Balance as per General Ledger \$	Variance \$
272,549.50	294,765.60	22,216.10

It was further noted that part of the variance stated in the table above was due to the inclusion of an IDC allocation with a balance of \$ 1,337.54.

In addition, a variance of \$7,237.55 was noted between the Ministry's un-presented cheque balance as at 31 December 2009 and the UP listing. Refer to Table 4.14 below for details.

TABLE 4.14: VARIANCE BETWEEN MINISTRY LEDGER AND UP LISTING

Balance as per Ministry's record \$	Balance in UP List \$	Variance \$
280,421.52	273,183.97	7,237.55

Lack of coordination and communication between the Ministry and Ministry of Finance have resulted in the above variance in the drawings account reconciliation. It also indicates ineffective controls and lack of supervisory checks in the Accounts Section of the Ministry and the responsible officer at the Ministry of Finance.

Recommendations

- **The internal control procedures in the two Ministries, specifically supervisory checks should be strengthened to avoid such discrepancies.**
- **The Ministry should liaise with Ministry of Finance to identify the variances noted in the drawings record and have it adjusted accordingly to avoid future variation in the record.**

Ministry's Comments

The discrepancies in the drawings account have been adjusted in January 2010 through JV 61/07 as the total amount of variance between the GL and UP list amount of \$21,778.99 have been adjusted in 2010 to avoid future variation in the drawings account. The bank link record was the main cause and this variation and efforts made by FMIS bank link officer William Bingwor to rectify the variances have been unsuccessful thus we are compiling our drawings account manually from January 2010. A copy of our latest drawings reconciliation and UP list as at 30.6.2010 is attached for reference, which is attached as Appendix II.

4.20 Cheques still appearing in UP Listing

State cheques (those which are at least 6 months old) shall be reviewed each month to determine the need for a replacement cheque. Where a replacement cheque is not required, actions should be taken to clear it. If for some reason cheques continue to remain un-presented for more than 12 months, stop notice action shall be waived and action should be taken to clear them.¹³

A variance of \$20,248.67 existed between the Manual un-presented cheque list maintained by the Ministry of National Planning and the Banklink un-presented cheque List.

The officer-in-charge revealed that the variance was due to presented cheques still appearing in the Banklink un-presented cheque listing. Refer to Table 4.15 below for details.

TABLE 4.15: PRESENTED CHEQUE LIST

Date	Cheque Number	Amount \$
09/03/07	10631	606.00
26/04/07	10742	16,000.00
27/03/09	13883	200.00
26/05/09	14282	310.00
13/10/09	15384	11.34
26/10/09	15461	11.34
02/11/09	15518	10.34
09/11/09	15591	10.34
30/11/09	15738	10.34
07/12/09	15812	10.34
Total		17,180.04

Furthermore, the following cheques are still appearing in the Banklink un-presented cheque listing, even though these cheques were voided.

TABLE 4.16: VOIDED CHEQUE LIST

Date	Cheque Number	Amount \$
20/08/07	11080	411.11
07/09/07	11151	91.00
22/05/08	12264	51.00
29/09/08	12892	40.00
06/11/08	13082	8.58
19/12/08	13382	70.30
06/03/09	13730	337.50
13/03/09	13757	200.00
09/04/09	13966	63.20
28/04/09	14077	440.26
10/06/09	14415	620.00
11/09/09	15193	120.00
16/11/09	15627	10.34
02/12/09	15765	493.00
10/12/09	15846	83.00
22/12/09	15911	10.34

¹³ Finance Instructions 2005 – Section 40 (3) & (4)

Date	Cheque Number	Amount \$
22/12/09	15912	19.00
Total		3,068.63

These cheques were raised in 2007 and 2008, which are stale cheques and should have been cleared.

The officer in charge revealed that FMIS was responsible to adjust these figures in the Banklink; however no adjustment has been made. The delay in the adjustment of the above anomalies, has led to the overstatement of the Ministry's un-presented cheques listing.

Recommendation

The Ministry should continuously follow up with FMIS in trying to adjust the above anomalies in the Banklink.

Ministry's Comments

The issue regarding the cheques mentioned in your audit query is true. The problem with the bank link UP list was raised with the FMIS desk officer but no action has been taken by FMIS on this issue. Whether it is a technical problem only FMIS will be able to know. As a result of this we are no longer using the bank link when we do our bank and drawings reconciliation and UP list. All the stale cheques and voided cheques appearing in the bank link UP list are incorrect as the correct UP list is on the manual UP list as at 31.12.2009. Based on this UP list we have made our 2010 bank reconciliation and drawings reconciliation and manual UP list, which is now balanced with the GL. A copy of our latest bank reconciliation and drawings reconciliation is attached as Appendix III and Appendix IV.

4.21 Failure to Provide Board of Survey Report

An Annual Losses Statement shall be prepared by the HOS/AO (Office Services)/SAO (T) for inclusion in the Agency's Annual Financial Statements as and when required by Finance Instruction 66.¹⁴ The losses statement shall provide information on losses written-off during the financial year and the status of recoveries of losses.¹⁵ One week after the end of each quarter, the HOS/AO (Office Services)/SAO (T) shall forward a write-off report to the Ministry of Finance outlining the type and amount of losses that were written off during that quarter.¹⁶

The audit noted that the Ministry failed to carry out its 2009 annual Board of Survey and thus could not produce a Statement of Loss during the audit.

The failure to comply with the Finance Instruction 2005 has resulted in the understatement Statement of Losses reported in the Agency Financial Statement not reflecting the true picture of the account, hence it could be understated.

Any deviation from the established procedure increases the risk of losses of valuable items through theft and misappropriation of inventories/ fixed assets.

Recommendation

The Ministry should ensure that an annual Board of Survey and preparation of the Loss Statement is carried out in accordance with the Section 14 of the Financial Manual 2005.

¹⁴ Ministry of Finance, Finance Manual 2005, section 14.1.1

¹⁵ Ministry of Finance, Finance Manual 2005, section 14.1.2

¹⁶ Ministry of Finance, Finance Manual 2005, section 14.2.15

Ministry's Comments

No board of survey was carried out in 2009 thus no statement of losses was also prepared.

However, we have conducted a Board of Survey for 2008 and 2009 in 2010 and a statement of losses will be prepared in accordance with section 14 of the Financial Manual 2005. Also, together with the statement of losses, a completed Board of Survey Report will be forwarded to you, shortly.

We will ensure that all the requirements stated in the various acts, regulations and instructions are fulfilled.

4.22 Rotuma Island Development

The following capital projects for year 2009 were approved through the Cabinet decision 394 dated 09/09/08:

- up-grade of the 49km road and the Oinafa port;
- relocation of the PWD depot;
- phase II upgrade of the Rotuma airstrip;
- funding of the High Temperature Forced Air (HTFA) package including the HTFA plant, laboratory, sheds, quarters and a vehicle; and the
- reprioritisation of capital program for the construction of the new hospital by the Ministry of Health.¹⁷

Of the above approved projects, only the road upgrade is on schedule after a lapse of one year. The other projects for Rotuma are yet to be completed with the following project status:

- relocation of the PWD depot to be reconsidered;
- Oinafa airport upgrade of \$2.2 million to commence in the third quarter of the year;
- delay in the implementation of the of the HTFA project;

The re-prioritisation of capital construction by the Ministry of Health for the hospital in Rotuma is unknown.

Despite the consultancy work carried out at a cost of \$170,000 by Erasito Beca Consultants¹⁸ on the design and documentation of the airport, as at audit date¹⁹, actual construction of airport is yet to commence.

Furthermore, the following anomalies as per report dated 20/07/2009 have been identified in the establishment of the HTFA project valued at \$250,000:

- absence of a feasibility study for the establishment of the HTFA project. These should have included the viability of the project and the necessary support infrastructure required to support the project.
- absence of market analysis of the products produced through the HTFA project such as the inconsistent shipping services;
- lack of co-operation and support of the people of Rotuma as the HTFA project has the possibility of affecting the islands water supply and land degradation.
- the HTFA is one of the Ministry of Agriculture's unsuccessful and unsustainable projects from the past.

¹⁷ Cabinet Decision No. 394 Dated 09/09/08

¹⁸ Airports Fiji Limited (AFL) working paper dated 07/05/07

¹⁹ 15/11/2009

- absence of institutional capacity to manage the facility.
- the HTFA package was not initiated from the Public Sector Investment Programme (PSIP).

Other hindrances to the development of Rotuma project include issues such as ministries left to continue to work along their respective sectoral areas, reliance of the co-ordinating ministry on respective ministry/department for technical and administrative processes and the lack of feasibility studies conducted before the implementation of the projects.

Despite government's commitment to the projects with the funding made available since 2008, and the establishment of the task force, these projects seem to be continuing into the year 2010 demanding additional resources for the successful development of the island.

Implementing projects without careful planning raises the risk of project failure resulting in loss of state resources and the nation deprived of economic, social and financial prosperity.

Recommendations

The Ministry in its monitoring role should ensure that:

- **feasibility studies are conducted before the implementation of projects to suit the project socio-economic, capacity and geographical location;**
- **project officers are assigned and projects are implemented within a reasonable time frame;**
- **taskforce established are active and held accountable for the project;**
- **project proposal to be implemented through the Public Sector Investment Programme (PSIP);**
- **project co-ordination and communication is enhanced between ministries/departments for effective and efficient implementation;**
- **consultancy of design and documentation of projects are implemented within a reasonable time.**

Ministry's Comments

Although a file is maintained with the Ministry of National Planning of the Rotuma Island Development, the Ministry of National Planning is not directly involved in its implementation. The project officers, the task force and the project co-ordinators evaluate its effectiveness and efficiency as well as the consultancy, design and document are all with the implementing ministries. Through our quarterly project progress report (QPPR) the onus falls on the respective implementing ministry to send to Ministry of National Planning a clear project monitoring report of the respective project. This is done on a quarterly basis. We acknowledge your sincere findings in respect of the Rotuma Island Development and ensure you that it would be raised in our consultations with the concerned Ministry.

4.23 Northern Development Programme (NDP)

The authority to incur expenditures is subject to:

- appropriations from parliament;
- virements approved by the Minister of Finance or the Chief Executive Officer (CEO);
- requisitions to incur expenditure.²⁰

²⁰ Section 2.1.1 – Finance Manual 2005
Ministry of Finance

The Northern Development Programme (NDP) was designed to promote Vanua Levu's economic growth, trade and competitiveness in the local and global economy to increase household incomes and to reduce poverty.²¹

The following expenditure for the NDP was budgeted and incurred by the Ministry of National Planning (MNP) through the National Centre for Small and Medium Enterprise (NCSME) for the years 2007 and 2008.

TABLE 4.17: EXPENDITURE DETAILS FOR NDP

Year	Original Budget \$	Revised Budget \$	Actual Expenditure \$
2007	5,000,000	3,068,800	3,068,800
2008	5,000,000	---	4,615,549
Total	10,000,000	3,068,800	7,684,349

The NDP is divided into three sectors namely, the enterprise management unit for the administrative function of the NDP, enterprise training unit and the enterprise development unit.

Over the two-year period of the project administration through the MNP, evidence of concrete investment, economic production and development, trade and self-sufficiency is still lacking.

The MNP had not been monitoring the programme closely as the released funds have not been accompanied with the quarterly acquittals of the expenditure incurred.

In addition, the proposed training budget earmarked for year 2008 from the NDP funds totalled \$630,000. However, there are no records with the MNP of the trainings conducted and its contribution to the northern economy. Refer to Table 4.18 below for details.

TABLE 4.18: PROPOSED TRAINING BUDGETS

Proposed Training	Budget \$
Competency based economics through formation of enterprises, new business creation courses.	225,000
Business Improvement Training to assist existing business to set up. Training to strengthen and develop business capabilities of enterprises with high market attractiveness for its products and services.	60,000
Technical Skills training – introduce or upgrade skills for business to take advantage of innovative ideas and opportunities.	150,000
Enterprise Promotional Activities – advertising and showcasing.	50,000
Research and Field Surveys - Carry out research and surveys on the status of people livelihood and business opportunities.	35,000
Training of Trainers – training new and existing business trainers.	80,000
Monitoring and Evaluation – conduct periodic monitoring and evaluation to reduce failures by making timely and appropriate interventions.	30,000
Total Proposed Expenditure	630,000

Moreover, the grant disbursed in the northern division through the NDP ranged from \$800 to \$25,000 in the agricultural, commercial and industrial sector. Of the 164 recipients for the disbursed funds totalling \$449,030 as at 30/06/2008, only three of the grants given were above \$10,000. Refer to Table 4.19 below for details:

²¹ Northern Development Plan (4.0)

TABLE 4.19: DISBURSEMENT OF GRANTS

Range \$	Number of Individuals	Amount \$
\$800 – \$3,000	147	352,608
\$3,001 - \$9,999	14	96,422
\$10,000 - \$25,000	3	50,000
Total	164	499,030

The disbursement of grants in such small proportions indicate the lack of business and research assessment to enable the Ministry to identify projects that could be operational on a large scale and contribute to a sustained northern economy. Also, there was no project status reports received to substantiate whether grants were being used for the projects for which they were given.

The above indicates lack of due diligence in the implementation and facilitation of the NDP compromising economy, accountability and transparency in the manner in which the funds were utilised.

Despite government's initiative in spending almost \$7.7 million for the NDP, lack of monitoring has hindered government's development and increased the risk of misuse of funds without any evidence of sustained development.

Recommendations

The Ministry should ensure that:

- **projects for the development of regions are undertaken with due diligence;**
- **issue of grants are made to benefit the region at national level;**
- **acquittals on the use of funds are received and scrutinised every quarter;**
- **status reports on the projects undertaken are received and reviewed for the sustainability and prospects for future growth analysed.**
- **trainings conducted are scrutinised for the benefits of the project development and enhancement.**

Ministry's Comments

The Ministry of National Planning is the facilitating Ministry for disbursing of funds to National Centre for Small and Micro Enterprises Development (NCSMED). The NCSMED comes also under the ambit of Trade and Commerce. Ministry of National Planning being the disbursing agency have also requested NCSMED to provide acquittals for 2007/2008. However, this did not eventuate and eventually a through auditing was conducted by the Ministry of Finance Internal Audit in 2009. A report of this can be obtained from the Internal Audit and the recommendations of the findings that are contained therein.

4.24 Sugar Unit

The authority to incur expenditures is subject to:

- i. appropriations from parliament;
- ii. virements approved by the Minister of Finance or the Chief Executive Officer (CEO);
- iii. requisitions to incur expenditure.²²

²² Ministry Of National Planning, Finance Manual 2005, Section 2.1.1
Ministry of Finance

The South Pacific Fertiliser Limited (SPFL) shall provide the Permanent Secretary (National Planning) acquittals on the utilisation of funds.²³

The Ministry of National Planning (MNP) was charged with the role of monitoring the sugar unit and thus in its role facilitated the following disbursement in respect of the sugar unit reform for the years 2007 and 2008:

TABLE 4.20: PAYMENTS IN RESPECT OF SUGAR UNIT REFORM

Year	Allocation	Amount \$	Nature of Payment
2008	4-6-1-10	514,000	Government's 1/3 contribution towards Sugar Research Institute of Fiji (SRIF).
2008	4-6-1-10	13,698	Airfare and Per-diem for Minister – Mr. Mahendra Chaundry for ACP meeting in Ethiopia.
2008	4-6-1-10	2,500,000	Financial support reimbursement to Sugar Cane Growers Fund (SCGF) for the provision of financial assistance to the South Pacific Fertilizer Company Ltd (SPFL) for the purchase of fertilizer raw materials.
2008	4-6-1-8	1,500,000	Upgrade of cane access road.
2008	4-6-1-8	100,000	Locomotive/Rail Upgrade
2008	4-6-1-8	200,000	Cane access road upgrade.
2007	4-6-1-8	750,000	Sugar Commission of Fiji
2007	4-6-1-8	700,000	Cane access road upgrade.
Total		6,277,698	

Despite these payments, the Ministry has yet to receive an update on how these payments have helped to revitalise the industry. There is no report to indicate how the payment to the South Pacific Fertilizers Limited of \$2.5m for purchase of fertilizer to produce blended fertilizer benefited the industry and how this fertilizer was distributed to the growers.

Moreover, almost \$3.3m expenditure has been incurred in the upgrade of the cane access roads and the locomotive rail upgrade with a total of 870 and 928 roads for the Lautoka and Labasa mill respectively. However, there has been no verification on the acquittals that have been submitted and neither an inspection report from the engineers on the road and locomotive rail upgrade.

In addition, the upgrade of the roads has been conducted on the one-third community and two-third government contribution basis. However, it has been noted that there are areas where the cane access road upgrade could not be conducted as the community was not able to secure the one-third contribution. For illustration:

Road	2/3 Contribution \$	1/3 Contribution \$
Legalega	26,676	13,338
Meigunyah	18,468	9,234
Malolo	23,598	11,799

With such large grants to the Sugar Commission of Fiji for the reform of the sugar industry, the agreement between the Sugar Commission of Fiji and the Government of Fiji failed to include the clause for submission of the audited accounts and records upon the successful completion of the works.

²³ MOU Between MFNPSI and SPFL (6)

Lack of monitoring and the non submission of the audited accounts of projects undertaken could result in undetected extravagant spending.

Recommendations

The Ministry should ensure that:

- funds that have been channeled into the industry is assessed and audited;
- the utilization of the funds contributed to SRIF is assessed;
- the distribution of the blended fertilizer to the growers is transparent;
- agreements include a clause for the submission of audited accounts and records after the completion of the project;
- acquittals are received from the inception to the completion of the project.

Ministry's Comments

The Minister of Finance, National Planning and Sugar in his wisdom allowed National Planning to be the disbursing agency for the Sugar Industry in 2007. The disbursement was solely dependent upon instructions by the Minister of Finance, National Planning and Sugar upon receiving of submissions from the Fiji Sugar Corporation and its subsidiaries. No acquittals were received by the National Planning Office. However, the Fiji Sugar Cooperation Board meeting and the Fiji Sugar Marketing Board meeting reports of how the funds were utilized, were forwarded to the Minister of Finance, National Planning and Sugar Industry.

4.25 Development of Wairiki Port

Cabinet in its meeting on 18th May 2004 approved the construction of the integrated port facility in Bua and also approved the budget requirement and the construction of the integrated port facility in 2005.²⁴

The project was initiated through the Public Sector Investment Programme (PSIP) with Ministry of Fisheries and Forest, to develop the pine industry in Vanua Levu where harvesting was affected due to poor and inadequate infrastructure services.

The development of a port in Wairiki was carried out to assist Fiji Pine Ltd (FPL) in addressing the issue of mature pines for harvest in Vanua Levu, of which only 37.5% was to be sawn timber while the rest will be pulp logs for woodchip production at a production rate of 200,000 tonnes of mature logs for harvest.

The Wairiki port development was in three stages. The first phase was the completion of a detailed geotech study to identify the most appropriate site for the port facility and its access road, the establishment of preliminary designs and costing for the facilities, acquisition of land and the payment of fishing rights compensation. The second and third phase involved the final design and the construction of the port and the road access facilities.

Phase one of the port development was contracted out to Erasito Beca consultants at a cost of \$1,659,863 through the tender board approval dated 6th July 2004, together with the establishment of a steering committee.

The establishment of the initial steering committee lacked representation from key stakeholders, namely, the landowner representatives, Native Land Trust Board (NLTB), Town and Country Planning, Fiji Pine Limited (FPL) and the Land's department representatives. Inclusion of these

²⁴ Cabinet decision No. 226 dated 18/05/2004
Ministry of Finance

representatives in the steering committee would have reduced the project delays as detailed key information for the implementation and the de-reservation of land for the port facility could have been expedited through this.

Furthermore, the conduct of the feasibility study was delayed by 31 weeks due to inaccurate topographical survey details provided the Ministry of Fisheries and Forest and delays in stakeholder response to the consultants in respect of the following:

- release of information from Ministry of Fisheries and Forest on plant layout and processes, water demand and plant axle loadings;
- Fiji Pine Limited's (FPL's) non-clarification of water demand for sawmill and the appointment of consultant for provision of water on the site and;
- Public Works Department (PWD) non-response for the re-alignment of the road;

Others delays include:

- agreement and acceptance of consultancy services on 2nd August 2004 compared to a target date of 11 May 2004, 13 weeks behind schedule;
- concept study report delayed by 4 weeks;
- concept study/Geotech investigations with regard to design parameters and the inability to procure a barge for drilling delayed for 3 and 8 weeks respectively;
- incorrect hydrographical information. The information indicated for the wharf structure to be within the coral sea-bed conditions. However, the seabed conditions at the wharf structure foundations are marine sediments and therefore could not be pursued with for geotech design assumptions.

Phase II and III of the port development contract was awarded to McConnell Dowell Fiji Ltd at a cost of \$23.2 million with a contingency sum of \$2.3 million at a rate of 10% on 26 August 2005 while the monitoring and supervisory of the port construction was extended to Erasito consultants.

The minutes of the Steering Committee meeting dated 7 March 2006 noted the following weaknesses in the project:

- delay in work for 5 weeks for the stockpile and wood chip platform;
- department of Environments (DOE) non-response to the causeway extension approval;
- submission of change in port design after the award of contract;
- dispute between government and FPL on the chipping facility. A static port design facility was approved compared to a mobile facility as currently being demanded;
- change in wharf design proposed by FPL to a storage facility basement compared to a sacrificial layer where pine chips will be permanently laid as basement. With the sacrificial layer and gravel, the chipped timber will be contaminated.
- dispute over the port ownership between the FPL and Fiji Ports Corporation Ltd (FPCL);

The above indicate poor project planning and therefore could be one of the reasons for the non-operation of the port as of today.

In addition, the variation cost of \$2 million was paid. These were costs incurred as a result of price adjustment, and survey errors.

Furthermore; despite the plan for the port to be in operation by January 2006, the certificate of completion was dated 30 June 2007 a lapse of one an half years. Also, from the certificate of

completion date, a period of one year was granted as defect liability period. However, there has been no account of ships berthing at the port to identify defects with the full operation of the port.

To date²⁵, the port remains inoperative with the conveyor belt yet to be fitted and is considered a non-viable investment as Tropik Woods Fiji Ltd (TWFL) has been unable to secure the Japanese market for the export of pine chips.

Absence of careful project planning and delayed implementation resulted in an uneconomical investment contributing to the wastage of tax payer funds.

Recommendations

The Ministry should ensure that:

- **Public Sector Investment Programmes (PSIPs) are monitored on a regular basis;**
- **steering committees to include key organisations for the facilitation of documentary procedures to avoid project delays;**
- **efficient, effective and economical project management policies to be employed to minimise risks and delays;**
- **ministries/departments concerned to provide active responses to project details and the required data;**
- **project liaison officer is appointed for effective communication and coordination of processes;**
- **the necessary declarations for the establishment of a port is defined from the outset such as the declaration of port of entry, the ownership and the land on which it is to be built;**
- **agreements between the government and stakeholder for project specifications are clearly defined to avoid disputes;**
- **variation costs are minimised and avoided through careful project monitoring and planning;**
- **projects are completed within the stipulated timeframe;**
- **capital projects undertaken to be realistic and to have the possibility of effective operations and not to be dependent on only one form of operation;**
- **Public Works Department (PWD) in coordination with the Ministry responsible to be active in project monitoring and supervising to oversee the successful implementation of the project.**

Ministry's Comments

The construction of the Wairiki Port was supported by a taskforce comprising of all relevant stakeholders to facilitate the smooth implementation of the project

The Port remains un-operational due to the declining of buying of pine chips overseas. The Minister of Fisheries and Forests announced that the 1st shipment of chips will be made to Japan in August 2010.

Any new projects like the Wairiki Port goes through an oversight committee comprising the relevant stakeholders.

²⁵ 30/11/2009

GOVERNMENT PROCUREMENT OFFICE

4.26 Failure to Provide Board of Survey Report

An Annual Losses Statement shall be prepared by the HOS/AO (Office Services)/SAO (T) for inclusion in the Agency's Annual Financial Statements as and when required by Finance Instruction 66.²⁶ The losses statement shall provide information on losses written-off during the financial year and the status of recoveries of losses.²⁷ One week after the end of each quarter, the HOS/AO (Office Services)/SAO (T) shall forward a write-off report to the Ministry of Finance outlining the type and amount of losses that were written off during that quarter.²⁸

The Government Procurement Office failed to carry out its 2009 annual Board of Survey and thus the Department could not produce a Statement of Loss during the audit.

The failure to comply with the Finance Instruction 2005 has resulted in the understatement Statement of Losses reported in the Agency Financial Statement not reflecting the true picture of the account, hence it could be understated.

Any deviation from the established procedure increases the risk of losses of valuable items through theft and misappropriation of inventories/ fixed assets.

Recommendation

The Office should ensure that an annual Board of Survey and preparation of the Loss Statement is carried out in accordance with the Section 14 of the Financial Manual 2005.

Office's Comments

Your comments are noted.

Losses relating to stock (Inventory) are accommodated in the Schedule of Discrepancies and Schedule of Unserviceable Items as the case may be. These are submitted to the Permanent Secretary for Finance for approval of adjustments to stock records. The Annual Losses Statement referred to are not applied in this case as it would not appropriately accommodate requirements of inventory control.

GOVERNMENT PRINTING & STATIONERY DEPARTMENT

4.27 Failure to Provide Board of Survey Report

An Annual Losses Statement shall be prepared by the HOS/AO (Office Services)/SAO (T) for inclusion in the Agency's Annual Financial Statements as and when required by Finance Instruction 66.²⁹ The losses statement shall provide information on losses written-off during the financial year and the status of recoveries of losses.³⁰

²⁶ Ministry of Finance, Finance Manual 2005, section 14.1.1

²⁷ Ministry of Finance, Finance Manual 2005, section 14.1.2

²⁸ Ministry of Finance, Finance Manual 2005, section 14.2.15

²⁹ Ministry of Finance, Finance Manual 2005, section 14.1.1

³⁰ Ministry of Finance, Finance Manual 2005, section 14.1.2

One week after the end of each quarter, the HOS/AO (Office Services)/SAO (T) shall forward a write-off report to the Ministry of Finance outlining the type and amount of losses that were written off during that quarter.³¹

The Department failed to carry out its 2009 annual Board of Survey and thus could not produce a Statement of Loss during the audit.

The failure to comply with the Finance Instruction 2005 has resulted in the understatement Statement of Losses reported in the Agency Financial Statement not reflecting the true picture of the account, hence it could be understated.

Any deviation from the established procedure increases the risk of losses of valuable items through theft and misappropriation of inventories/ fixed assets.

Recommendation

The Department should ensure that an annual Board of Survey and preparation of the Loss Statement is carried out in accordance with the Section 14 of the Financial Manual 2005.

Department's Comments

No comments received

4.28 FNPF Reconciliation

Every employer shall pay to the Fund in respect of each of his employees, in every month during which such employee is employed by him and in the month following the termination of such employment, a contribution calculated upon the amount of wages payable to such employee by such employer for the preceding month at the appropriate rates.³²

The current rate of contribution is 16 cents on each dollar earned, with the employer and employee each contributing 8 cents.

A reconciliation of FNPF contributions against salaries and wages reported in the Financial Statements revealed variances as follows:

TABLE 4.21: FNPF RECONCILIATION

Details	Amount \$
(a) Total FNPF against salaries and wages for 2009:	
FNPF as per financial statement	93,737.25
Less: December 2008 FNPF	21,569.76
	72,167.49
Add: December 2009 FNPF	29,853.15
FNPF for 2009	102,020.64

³¹ Ministry of Finance, Finance Manual 2005, section 14.2.15

³² Chapter 219 – Fiji National Provident Fund – Section 13 (1)

Details	Amount \$
Gross Pay subject to FNPF (FNPF for 2009 / 0.08)	1,275,258.00
(b) Salaries and Wages for 2009 subject to FNPF	
Salaries, wages and allowances as per financial statement	1,605,430.90
Less: Salaries, wages and allowances for 2009 not subject to FNPF	2,999.08
	1,602,431.82
Un-reconciled Variance	(327,173.82)

No explanation was provided by the Office for the variance stated above.

In addition, the Department failed to prepare its monthly as well as annual FNPF reconciliation despite the issue being raised in the previous years Agency Financial Statement audit report.

The above findings indicate ineffective controls and the lack of supervisory checks in the FNPF records and the Payroll Section. Therefore the Financial Statements submitted may not truly reflect the Department's financial position at year end.

Recommendations

- The Department should ensure that monthly or annual FNPF reconciliations are prepared and supervisory checks are performed in order to ensure employees FNPF are correctly accounted for.
- The Department should review its FNPF records and reconciliations and provide explanations for the variances.

Department's Comments

We only reconciled the FNPF Trust Account. The payment of FNPF is done monthly through Payroll and SI report. For Established staffs the Salaries section credits our Trust Allocation with the total FNPF amount payable for each pay and for GWE's FNPF it will appear in the payroll and in the FMIS panel AP410.

4.29 Arrears of Revenue

The credit officer must promptly follow up accounts that fall due. If recovery is unsuccessful after one month, the following actions shall be taken:

- no further credit shall be extended to the debtor;
- a demand notice for payment shall be sent to the debtor after his/her debt has been overdue for more than one month;

If the account still remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within fourteen days.³³

As at 31/12/09, the Department's arrears of revenue amounted to \$175,562.39, an increase of \$95,205.97 or 118% compared to 2008.

The aging of the arrears of revenue as at 31/12/09 is as follows:

³³ Section 9.2.1 – Finance Manual 2005

TABLE 4.22: AGING OF ARREARS OF REVENUE

Arrears of Revenue as at 31/12/09 (\$)	Current (\$)	1-3 Months (\$)	4-6 Months (\$)	7-9 Months (\$)	10-12 Months (\$)	1-2 Years (\$)
175,562.39	31,646.76	31,451.49	16,122.56	17,575.81	9,724.33	69,041.44

Table 1 above shows that a significant portion (39.3%) of the debtors has been outstanding for more than a year. In addition, the Department contradicted its statement to Public Accounts Committee where they indicated that the arrears were almost fully recovered. Refer to Table 4.23 below for the prominent accounts in arrears.

TABLE 4.23: PROMINENT ARREARS OF REVENUE ACCOUNTS

Customer ID	Description	Amount \$
100437	Mary Clare Ave	2,810.14
101493	Jim Yanu Yanurua	950.00
103479	Mrs. Turabe	3,580.00
104294	Air Terminal Services	845.00
104234	FTIB	880.00
-	Public Employees Union	18,597.07
-	Sisters Air Cool	782.46
GO12	Director AH & Production	7,660.76
NO11	USP	6,944.42
No16	Suva City Council	1,953.89
NO27	Pio Bosco Tikoisuva	1,149.06
No30	FIRCA	3,323.84
NO64	Munro Leys	1,227.54
N103	Diven Prasad Lawyers	1,152.16
N106	Daily Post	24,349.69
N033	Colonial-Suva	49,711.16

The aging of arrears of revenue clearly reflects the ineffectiveness of the Department's debt collection mechanism and will negatively affect the Department's cash flows as cash is tied up in receivables.

Recommendations

- **No further credit facility should be provided to those debtors with long outstanding overdue accounts and disciplinary action taken against those staffs who do not comply with it.**
- **The Department should strengthen its credit facility procedures and ensure that company background is researched and only those with sound financial background should be engaged with.**

Department's Comments

The department sends out Reminders to those with overdue payments every 3 months. Most of the debts have been settled by March 2010. The clients with huge owing to the Department are paying in instalments.

4.30 Variance between the Estimated Cost and Actual Cost

The Department previously used the print cost software for estimating the cost of the particular jobs. Now the Department uses material plus 25% mark up cost plus 12% VAT for estimating the cost of particular job.

Audit of job costing and pricing records noted large variances between the actual cost and the estimated cost for jobs undertaken by the Department, where the Department's sales price is the estimated cost of the job.

Refer to *Appendix 4.4* for details.

It was noted that another contributing factor to poor costing estimates was the lack of co-ordination between the Planning Section and the Co-ordination Section which provides actual costing for all the jobs undertaken by the Department.

No analysis is carried out by the Co-ordination Section upon completion of a job to establish reasons for the significant variances between the quoted price and the actual costs. The result of such a flawed costing system is that the Government Printing Department cannot provide an accurate cost of the jobs and thus is unable to compete with the private companies.

Even though this issue has been raised in the previous audit reports, the management is yet to take corrective measures.

Recommendations

- The Department should ensure that there is an improvement in co-ordination and communication between the planning and coordination sections in order to minimize the variances.
- The Department should contemplate implementing a new and better costing system than the existing ones to increase its competitiveness and profitability.

Department's Comments

The soft ware that was used for last 13 years is obsolete. The management is committed to up grade the costing system by installing a new soft ware Prism that does the costing on printing.

4.31 Jobs Reprinted

Jobs undertaken by the Department should be thoroughly checked by responsible officers before printing to ensure that the job quality is of the customer's expectation. Moreover, the proof reading section staffs are to scrutinise the jobs before the job is printed and is to be filed in the job bag.

Audit noted instances where the jobs undertaken by the Department were reprinted due to poor quality which did not meet the customers' expectations. Refer to Table 4.24 below for details:

TABLE 4.24: JOBS REPRINTED IN 2009

Job No.	Job Description	Amount Qty	Reprint Cost \$	Remarks
08/607B/09	Subject File Cover	40 full sheets	48	Scrumming due to water not being cooled properly.

Job No.	Job Description	Amount Qty	Reprint Cost \$	Remarks
39/M/09	Lesone ni Yalo Vou Dua	Details not provided	Details not provided	No Details provided
73/OED/09	Basic Technology Q/A Form 4	4000 each	Details not provided	Unwanted image at the back of the sheets.
85/OED/09	Urdu Answer Book	300	Details not provided	Wrong cutting
3/SA/09	Link 1 Rapid Reading	100 full sheets	100	Wrong cutting
100/OED/09	Exams Geography Activity Book	Details not provided	Details not provided	Miss - prints
144/OED/09	Exams Biology	Details not provided	Details not provided	Spoilage
123/PR/09	Diary	Details not provided	Details not provided	Spoilage
25/FI929/09	Government Payroll Forms FS03	Details not provided	Details not provided	No Details provided
13/SA/09	Maths 3A	Details not provided	Details not provided	Folio Missing
5/SA/09	Maths Class 8	34 plates	Details not provided	Wrong Grip Gauge -all
2/SA/09	Link 1	46	Details not provided	Wrong Grip Gauge -all
11/SA/09	Na Viti Ono	3000 sheets	Details not provided	Spoilage (jobs that were misprinted or spoilt and need reprinting.)
9/SA/09	Maths 6	300 sheets	Details not provided	Spoilage (jobs that were misprinted or spoilt and need reprinting.)
08/SW018/09	Family Assistant Voucher (Cover)	500 full sheet	Details not provided	Wrong printing of cover front
23/W/09	Strategic Plan	40 sheets	52	Laminating problem – bubbles on cover
5/POL/09	Road Traffic Report 08	Details not provided	Details not provided	Cover backup by title page
23/SA/09	Na Viti Lima – EA 73311	850 full sheets	Details not provided	Wastage on the machine
35/FI042/09	Revenue Receipt	1 plate	Details not provided	Reborn plate SM74

Such mistakes are costly as the cost of these reprints is borne by the Department. Moreover, job reprints will result in delays in the printing of other jobs and subsequently lead to more overtime work being done by the Production staffs.

There is also a risk of the loss of these customers to commercial printing companies because of the poor service provided by the Department.

Recommendations

- **Responsible Officers if found to be negligent should be surcharged for the cost of jobs that are reprinted.**
- **Proof reading should be thoroughly undertaken before the job is printed and action taken against those officers not complying with it.**

Department's Comments

The department placed the surcharge system in place:

- (i) *Where the cost is recovered from pay being deducted.*
- (ii) *The officers have to work extra hours without pay.*

In remaking of plates mostly the customer has change the size of the text or has additional pages to the text that is where the plates need to be redone. In this case the customer agrees to pay for the cost of plates.

4.32 Flawed Inventory Management System at Bookshop

Inventory purchasing, storage and recording should be efficiently managed to ensure that there is a sufficient level of inventories when needed, while minimising the cost of holding inventory and the risk of stock becoming obsolete or damaged.³⁴

The Bookshop section uses a Quick Book System to record the movement of its stock/inventories. This system was implemented by E-Tech Limited in December 2006. The total cost of the system could not be ascertained as no records were provided to audit.

Despite having the Quick Book system, the following anomalies were noted:

- The Bookshop inventory records were not updated correctly into the system resulting in negative balances on hand reflected upon sales of items. Thus it was not possible to ascertain the correct amount of closing balance, as tally cards were also not updated. Refer to the illustration below.

	Price	Tax	On Hand
...	134.00	5	0
...	130.00	5	0
...	129.00	5	0
...	129.00	5	0
...	122.50	5	0
...	121.50	5	0
...	118.00	5	0
...	115.00	5	0
...	110.00	5	0

Screen Shot of Quick book system, note that stock on hand is nil

- Due to the lack of system data it was very difficult to trace the exact sales made for each item as the manual stock cards were either not updated promptly or not updated at all.
- The staffs of the bookshop were not aware of most features of the inventory system and thus could not fully utilise the inventory management system. As such this could impede with their decision making regarding the management of the bookshop.
- According to the Accountant, there was a signed agreement between Government Printing Department and E-Tech Ltd however, this could not be located for audit purposes.

Recommendation

Concerted effort should be made by the Department to locate the signed copy of the agreement with E-Tech Limited, evaluate what avenues are there in the contract to ensure that the

inventory system is reviewed and the flaws highlighted in this report are resolved with minimum cost.

Department's Comments

The Department has managed to contact the Company concerned. The Company is based in Nadi and will be coming to look at the machine.

4.33 Discrepancy between Physical Stock and Stock Card Balances

The storekeeper shall keep an inventory card for each inventory item to determine the value of items. Each card must provide the following details:

- i. dated and description of each item purchased;
- ii. quantity purchased and cost price;
- iii. quantity sold and at which price;
- iv. quantity remaining and price.³⁵

A stock take of the stores items kept at the Bookshop revealed that stock quantity of most of the items did not match with the balances in the Tally Cards. The variances were due to tally cards not being updated.

Refer to *Appendix 4.5* for details.

If tally cards are not updated or maintained, the management is not in a position to determine the quantity of any stock it has at any point in time. The above also increases the risk of unauthorised sale, theft and misappropriation, subsequently resulting in a loss of government revenue.

This issue has been raised in the previous years audit memorandums, however the Department failed to take heed of the audit recommendations.

Recommendations

- The Department should ensure that the tally cards are regularly updated and verified against the physical stock.
- The Storekeeper should be disciplined for not complying with Section 8.1.6 of the Finance Manual 2005.

Department's Comments

Most of the items are obsolete and are not taken on charge especially for the ball pens.

4.34 Outstanding Dishonoured Cheques

Where the bank dishonours a cheque, it shall be the responsibility of the revenue collector (*or other receiving officer*) to recover the amount of the cheque and the dishonour fee.³⁶

The revenue collector must provide the Accounting Head with an explanation in writing stating reasons for accepting the cheque and the attempts that have been made toward recovery.³⁷

³⁵ Section 8.1.6 – Finance Manual 2005

³⁶ Section 7.5.9 – Finance Manual 2005

If the Accounting Head finds that the cheque should not have been accepted because it was not properly completed or was a personal cheque, and that the amount cannot be recovered within 2 months of being dishonoured, the Accounting Head shall recommend that disciplinary or surcharge action be taken.³⁸

The following dishonoured cheques dating back to 1999 are yet to be cleared from the Revolving Fund Account. Refer to Table 4.25 for details.

TABLE 4.25: OUTSTANDING DISHONoured CHEQUES

Particulars	Amount \$
November 1999 Ratu Navula Junior Secondary School	108.20
November 1999 Nabua Secondary School	991.55
June 2002 JV 94/06 (Paradise Book Centre)	8,738.68
June 2002 JV 94/06 (Paradise Book Centre)	714.72
June 2002 JV 94/06 (Paradise Book Centre)	7.50
June 2002 JV 94/06 (Paradise Book Centre)	7.50
April 2003 JV 140/04 Above Graphics	22.75
April 2003 Bank fees dishonoured cheques	7.50
Above Graphics BS 25/3/03 JV 252/11/03	70.00
Above Graphics BS 25/3/03 JV 252/11/03 bank fee	7.50
JV 08/12/06 (Fiji Daily Post) – Dishonoured Cheque	1,457.50
Total	12,133.40

Failure by the Department in not clearing the dishonoured cheques has resulted in funds unnecessarily being tied up. The above also indicates lack or poor supervision by the Accounting Head, resulting in non-clearance of dishonoured cheques.

Recommendations

- **The Department should identify these long outstanding transactions and clear them from the RFA when identified or if deemed irrecoverable.**
- **Any charges to the RFA account should be identified and cleared promptly to avoid such recurrences.**

Department's Comments

The department has written to the Ministry of Finance requesting for write off but no reply has been received.

4.35 Printing Machines – Breakdowns

The Government Printing and Stationery Department (GPSD) operating on a quasi – commercial basis cater for all printing requirements of the Government.

The review of the printing machines at the Department noted that a number of machines were under repair and out of service for a prolonged period. Refer to Table 4.26 below for examples:

³⁷ Section 7.5.10 – Finance Manual 2005

³⁸ Section 7.5.11 – Finance Manual 2005

TABLE 4.26: PRINTING MACHINES UNDER REPAIR AND OUT OF SERVICE

Machine Description	Area / Section	Function	Time Period Not – in Use	Reason / Remark
Roland Favorit	Printing/Prepress	Does only one side printing.	Over 1 year	Front Left Sensor not working
Kord	Printing/Prepress	Handy machine doing black and white printing.	Over 1 year	- Pressure problem - Internal problem that is gear not working
Heidelberg Second-hand Speed master SM2P	Printing/Prepress	Does printing using one unit.	6 months	Only one unit working.
Wholenberg Guillotine	Print Finishing (Binding Section cutting/Trimming)	- Cutting - binding - trimming	2 years	One section not working
Stitching machine	Print Finishing (Binding Section cutting/Trimming)	Binding	N/A	Two section under repair
Numbering machine	Print Finishing (Binding Section cutting/Trimming)	Number prints	Over 1 year	Not working.
Bourg BST10 Collating Tower	Print Finishing (Binding Section cutting/Trimming)	N/A	6 – 7 months	Not working
4 Industrial Fan	Print Finishing (Binding Section cutting/Trimming)	To cool machines	Over 1 year	Over used because the air condition is not working.

The FMIS system shows that as at 31/12/09, the Department has utilised \$21,104.73 as repair and maintenance costs.

Due to the aging of machines, there is lot of machine breakdowns, which has resulted in the increase in repair and maintenance costs. The above problem also reduces the Department's competitiveness against other printing companies.

Recommendations

- **The Department should ensure that all machines are repaired without prolonged delay.**
- **Also the Department should ensure that technical officers employed have correct level of qualifications to undertake their job satisfactorily.**
- **The Department should undertake review of all machines and equipment that need urgent maintenance or replacement and contemplate procuring new ones to be competitive in the printing market.**

Department's Comments

Most of the machines have being repaired. The Heidelberg machines when breakdown it needs part replacement that is where it takes time in maintenance. The parts are not available locally; request is made to Heidelberg New Zealand. This company is the sole supplier of machinery and parts in the Pacific countries.

After receiving Quotation for parts request for funds from MoF, is sought or approval to get Engineers over for Maintenance. The approval is forwarded to Public Service Commission for final endorsement. This process takes time on repair; during breakdowns, job is diverted to another machine to meet customer delivery.

Technical Officer Electrical is on contract with department and contract is subject to his performance.

However, your comments are noted.

BUREAU OF STATISTICS

4.36 FNPF Reconciliation

Every employer shall pay to the Fund in respect of each of his employees, in every month during which such employee by him and in the month following the termination of such employment, a contribution calculated upon the amount of wages payable to such employee by such employer for the preceding month at the appropriate rates.³⁹

The current rate of contribution is 16 cents on each dollar earned, with the employer and employee each contributing 8 cents.

A reconciliation of FNPF contributions against salaries and wages reported in the Financial Statements revealed variances as follows:

TABLE 4.29: FNPF RECONCILIATION

Details	Amount \$
(a) Total FNPF against salaries and wages for 2009:	
FNPF as per financial statement	95,584.58
Less: December 2008 FNPF	44,846.24
	50,738.34
Add: December 2009 FNPF	31,600.96
FNPF for 2009	82,339.30
Gross Pay subject to FNPF (FNPF for 2009 / 0.08)	1,029,241.25
(b) Salaries and Wages for 2009 subject to FNPF	
Salaries, wages and allowances as per financial statement	1,133,669.84
Less: Salaries, wages and allowances for 2009 not subject to FNPF	1,204.00
	1,132,465.84
Un-reconciled Variance	(103,224.59)

No explanation was provided by the Department for the variance stated above.

In addition, the Department failed to prepare its monthly as well as annual FNPF reconciliation despite the issue being raised in the previous years Agency Financial Statement audit report.

The above findings indicate ineffective controls and the lack of supervisory checks in the FNPF records and the Payroll Section. Therefore the Financial Statements submitted may not truly reflect the Department's financial position at year end.

Recommendations

- **The Department should ensure that monthly or annual FNPF reconciliations are prepared and supervisory checks are performed in order to ensure employees FNPF are correctly accounted for.**
- **The Department should review its FNPF records and reconciliations and provide explanations for the variances.**

Department's Comments

As recommended, the department is now reviewing and carryout detail checking and verification as from 2009 to establish the figures highlighted in the report. We admitted that there exist some loopholes in the supervisory checks, but we need to continue with the exercise and a detailed breakdown of figures and the years will be submitted at the end of the exercise.

4.37 Failure to Provide Board of Survey Report

An Annual Losses Statement shall be prepared by the HOS/AO (Office Services)/SAO (T) for inclusion in the Agency's Annual Financial Statements as and when required by Finance Instruction 66.⁴⁰

The losses statement shall provide information on losses written-off during the financial year and the status of recoveries of losses.⁴¹

One week after the end of each quarter, the HOS/AO (Office Services)/SAO (T) shall forward a write-off report to the Ministry of Finance outlining the type and amount of losses that were written off during that quarter.⁴²

The Department failed to carry out its 2009 annual Board of Survey and thus the Department could not produce a Statement of Loss during the audit.

The failure to comply with the Finance Instruction 2005 has resulted in the understatement of Statement of Losses reported in the Agency Financial Statement not reflecting the true picture of the account.

Any deviation from the established procedure increases the risk of losses of valuable items through theft and misappropriation of inventories/ fixed assets.

Recommendation

The Department should ensure that an annual Board of Survey and preparation of the Loss Statement is carried out in accordance with the Section 14 of the Financial Manual 2005.

Department's Comments

The recommendation made by the Auditor General's Office has been accepted. The Department is also short-staffed thus 2009 Board of Survey could not be conducted. Fiji Islands Bureau of Statistics is in the process of appointing the President and the members to conduct 2010 Board of Survey. A minute has been circulated to all Divisional Managers requesting them to provide a representative to assist with the 2010 Annual Board of Survey.

⁴⁰ Ministry of Finance, Finance Manual 2005, section 14.1.1

⁴¹ Ministry of Finance, Finance Manual 2005, section 14.1.2

⁴² Ministry of Finance, Finance Manual 2005, section 14.2.15

4.38 Board of Survey

The Government Statistician shall nominate administrative officer and the registry clerk to undertake an annual stock take of fixed assets and expendable items at a specified date.⁴³

All assets acquired with a cost in excess of \$2,000, shall be recorded in a fixed assets register.⁴⁴ The asset clerk shall record items valued at less than \$2,000 but more than \$200.00 in an expandable items register.⁴⁵

The Bureau of Statistics has not been undertaking regular Board of Survey and for some of its sections, the last surveys were undertaken in 2000 and 2001. Refer to the following table for details:

Section	Last Board of Survey as per Inventory Register
Economic Statistics	October 2003
Household Survey	2000
Administration section	2000
Accounts	March 2000
Research & Coordination	September 2002
Data Processing	2000
Census	March 2001
National Accounts, trade & Balance of Payments	March 2001
Revision of Boundaries	2000

In addition, the 2009 Corporate Plan earmarked to carry out a special board of survey to write off old and obsolete office equipment by June 2009 is yet to materialize. Furthermore, the Department is yet to prepare a Fixed Assets Register (FAR).

Recommendations

The Department should ensure that:

- **A stock-take is carried out annually and all fixed assets and inventories are taken on charge in their respective registers.**
- **Corporate Plan outputs are monitored and commitment to audit for improvements to be honored.**

Department's Comments

Agree with the issue raised on the above subject. This has been a critical area that needs to be seriously addressed.

Previously, maintenance of the inventories was centralized in our Corporate Services Division. However, purchases were done by the respective divisions.

Agreed with the fact that the inventories were not updated when non-expandable items received and it was difficult for the Board of Survey team to carry out the necessary formalities.

Limited staff resources in our Administration and Accounts Sections are the main problem that we have encountered all these years.

⁴³ Section 11.4.1 – Finance Manual 2005

⁴⁴ Section 11.1.3 – Finance Manual 2005

⁴⁵ Section 11.2.5 – Finance Manual 2005

Activities undertaken in almost all the division in FIBOS, including the Administration and accounts Section have been considerably expanded, but the staff ceilings remain the same.

There have been a number of on-going projects and major projects with staff appointed, thus the increase in workload for the Administration and Accounts staff.

The Department has to start somewhere to solve this problem and agreed for an officer to be assigned to do a physical count of all non-expendable items in each division and to update the non-expendable register accordingly.

4.39 Actual Output versus Corporate Plan Output

As per the Departments Annual Corporate Plan (ACP), one of the outputs of the Department was to reorganise to reflect the directions established in the Corporate Plan.⁴⁶

The audit noted that the following Divisions are yet to achieve their outputs as per the Corporate Plan:

Division/ Section	Output as per Corporate Plan	Deadline	Actual Output Verification as at 31/09/09
Social Statistics Division	Social Trends Table 1987 -2007	Oct 2009	Data is yet to be gathered from 2005-2007.
	Demographic Trends 1900-2007	Nov 2009.	Table completed till 2003
	Social Atlas	-	WIP. Depends on Census data
	2007 thematic maps by enumerators	Oct 2009	yet to be published
	2007 Census Enumerators Descriptions	July 2009	Pending
	2007 Census Query Template	Sept 2009	Pending
	Vital Stats report of 2004-2006	Nov 2009	2003 published in Sept. Delay due to production of Immigration data.
	Draft evaluation report of registered vital events vs. events from Health Dep't	Oct 2009	Not done due to staff shortage. Priority given to employment surveys
	Up-to date register of all information requests	Ongoing	Pending
	2003 -2004 annual employment survey report	May 2009	2004 done but not published.
	2005 annual employment survey report	Sept 2009	Delayed.
	2006 -2007 annual employment survey report	Sept 2009	Field work for 2007 in progress
	Provisional monthly Visitor Arrivals by Country from ports of entry.	Before 15 th of next month	Completed till May 2008 only
	Monthly Visitor Arrival Releases	2 nd week of Sept from Aug	Completed till April 2009 only
	2004-2006 Annual Tourism & Migration Report	Dec 2009	Pending due to staff shortage
Business Unit Administration Section	Library Cataloguing	Continuously	Pending
	Appoint Board of Survey members for 2006-2007 & Board of Survey of non-expendable items	Dec 2009	Pending
	Special Board of Survey to write off old 7 obsolete equipment	June 2009	Pending

Discussion with the Section Heads revealed that staff constraints have resulted in the non-achievement of outputs as per Corporate Plan. In addition, the persistent late arrivals in the Department could be one of the reasons for the non-delivery of output as per the Corporate Plan.

⁴⁶ FIBOS Annual Corporate Plan 2009, page 7.

Failure to achieve goals in the Corporate Plan indicate inadequate planning, inefficient organisation, which in turn compromises the Department's service delivery.

Recommendations

The Department should ensure that:

- **outputs as per Corporate Plan are monitored and measures put in place to ensure successful delivery of service and outputs.**
- **resource constraint and unproductive hours resulting from late arrivals are addressed.**

Department's Comments

The recommendation is taken on board.

Division	Performance Measures	Performance Targets 2009	Remarks & Achievements
Social Statistics Division	Demographics Trends	To compile and publish timely population and demographic statistics through the Social Trends, Demographic Trends	Did not achieve target date due to no data on net migration so population projection not revised for 1996 to 2031
	Social Trend 1987 2005 June 2008	Finalize Social Trends 1987 – 2005 Reports by June 2008	Did not achieve both reports. Currently on hold as the officer assigned to perform this task has resigned
	2003 – 2005 Annual Employment Survey Report	Annual Timely Release 100% Achievement	Report published. 2004 Report had been delayed due to poor response rate. Estimations had to be done for the non-response. 2005 Report – 80% achieved where tables are currently been generated for report writing.
	Tourism and Migration 2004 - 2008	Monthly/ Annually 100% Achieved	100% achievement in monthly releases An annual report for 2004 – 2006 is in progress and should be released in the first quarter 2010. Annual report is basically the aggregate of the monthly releases. 70% achieved
	Vital Statistics 2004 - 2005	Annual 100% Achievement Annual	90% report write-up is in near completion but delayed as the officer in-charge was reassigned for census work for fertility report
	Library Cataloging	Quarter 1 & 2 – No achievement Quarter 3 & 4 – No achievements Outstanding library cataloging to continue 2009	Librarian resigned in the beginning of 2008 – post not filled as to date
Corporate Service Division			

Division	Performance Measures	Performance Targets 2009	Remarks & Achievements
	Board of Survey	<p>Annual Only Board of Survey for Non-expandable items and updated non expandable ledgers</p> <p>Board of Survey 2006 – 2007 to be completed by end of 2008</p> <p>Board of Survey to be completed by December 2009</p>	<p>Committee was not formed</p> <p>2004 Board of Survey Report not submitted as to date</p>

The FIBOS has a monitoring system in place and monitoring of actual outputs versus the expected outputs as per the Departments Annual Corporate Plan is an ongoing process as an officer has been assigned to prepare monitoring reports. The main reason for failing to meet the expected ACP outputs is due to high number of vacancies and the FIBOS is in the process of filling these vacancies to address the issues raised.

APPENDICES

Appendix 4.1: Statement of Output Costs

Portfolio Leadership Policy Advice and Secretariat Support 2009

Description	2009 \$	2008 \$
EXPENDITURES		
Operating		
Established Staff	1,392,735	1,353,310
Government Wage Earners	49,078	51,650
Travel & Communication	163,208	226,120
Maintenance & Operations	217,127	294,024
Purchase of Goods & Services	264,386	65,862
Operating Grants & Transfers	561,256	1,400,233
Special Expenditures	610,984	600,184
Total Operating Costs	3,258,774	3,991,383
Capital Expenditure		
Capital Construction	265,219	1,800,000
Capital Purchases	349,845	615,934
Capital Grants & Transfers	---	4,133,262
Total Capital Expenditure	615,064	6,549,195
Value Added Tax	220,618	404,887
TOTAL EXPENDITURES	4,094,457	10,945,465

Budget Management – Planning, Execution and Monitoring 2009

Description	2009 \$	2008 \$
EXPENDITURES		
Operating		
Established Staff	2,707,976	2,453,697
Government Wage Earners	217,711	215,189
Travel & Communication	94,274	104,323
Maintenance & Operations	114,877	102,006
Purchase of Goods & Services	33,704	53,152
Operating Grants & Transfers	---	---
Special Expenditures	841,706	18,464
Total Operating Costs	4,010,248	2,946,830
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	4,475	---
Capital Grants & Transfers	---	2,455,040
Total Capital Expenditure	4,475	2,455,040
Value Added Tax	141,913	41,893
TOTAL EXPENDITURES	4,156,636	5,443,763

Provision of Accounting Services 2009

Description	2009 \$	2008 \$
EXPENDITURES		
Operating		
Established Staff	657,893	606,879
Government Wage Earners	23,023	28,987
Travel & Communication	7,488	8,941
Maintenance & Operations	168,021	215,364
Purchase of Goods & Services	11,108	19,279
Operating Grants & Transfers	5,032,800	5,037,899
Special Expenditures	---	---
Total Operating Costs	5,900,333	5,917,349
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	4,475	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	4,475	---
Value Added Tax	25,022	31,668
TOTAL EXPENDITURES	5,929,831	5,949,017

Collection of Taxes 2009 – FIRCA

Description	2009 \$	2008 \$
EXPENDITURES		
Operating		
Established Staff	29,513	32,758
Government Wage Earners	3,203	3,896
Travel & Communication	1,835	2,592
Maintenance & Operations	5,574	5,184
Purchase of Goods & Services	701	487
Operating Grants & Transfers	33,418,000	31,534,440
Special Expenditures	---	---
Total Operating Costs	33,458,826	31,579,358
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	4,475	---
Capital Grants & Transfers	9,923,636	10,000,000
Total Capital Expenditure	9,928,111	10,000,000
Value Added Tax	1,564	962
TOTAL EXPENDITURES	43,388,501	41,580,320

Financial Asset and Liability Management 2009

Description	2009 \$	2008 \$
EXPENDITURES		
Operating		
Established Staff	29,513	32,758
Government Wage Earners	3,203	3,896
Travel & Communication	1,835	2,592
Maintenance & Operations	5,574	5,184
Purchase of Goods & Services	701	487
Operating Grants & Transfers	---	---
Special Expenditures	---	---
Total Operating Costs	40,826	44,918
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	4,475	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	4,475	---
Value Added Tax	1,564	962
TOTAL EXPENDITURES	46,865	45,880

Financial Management Reform – Development & Implementation of Reform Initiatives 2009

Description	2009 \$	2008 \$
EXPENDITURES		
Operating		
Established Staff	823,912	784,822
Government Wage Earners	11,273	15,305
Travel & Communication	18,461	20,843
Maintenance & Operations	18,912	16,894
Purchase of Goods & Services	99,234	83,354
Operating Grants & Transfers	---	---
Special Expenditures	565,194	513,234
Total Operating Costs	1,536,986	1,434,452
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	422,521	1,001,998
Capital Grants & Transfers	---	---
Total Capital Expenditure	422,521	1,001,998
Value Added Tax	48,814	131,456
TOTAL EXPENDITURES	2,008,322	2,567,906

Public Reporting – Statistics & Statistical Forecasts 2009

Description	2009 \$	2008 \$
EXPENDITURES		
Operating		
Established Staff	975,249	1,020,909
Government Wage Earners	40,870	27,920
Travel & Communication	87,912	103,038
Maintenance & Operations	140,427	132,065
Purchase of Goods & Services	54,238	55,176
Operating Grants & Transfers	8,224	6,012
Special Expenditures	1,037,035	1,590,732
Total Operating Costs	2,343,955	2,935,852
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	4,475	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	4,475	---
Value Added Tax	186,782	207,751
TOTAL EXPENDITURES	2,535,213	3,143,603

Supply of Goods – General Hardware & Stock Take Services 2009

Description	2009 \$	2008 \$
EXPENDITURES		
Operating		
Established Staff	1,331,105	1,304,685
Government Wage Earners	657,608	641,681
Travel & Communication	30,931	42,392
Maintenance & Operations	101,623	93,604
Purchase of Goods & Services	16,698	27,753
Operating Grants & Transfers	---	---
Special Expenditures	---	---
Total Operating Costs	2,137,965	2,110,115
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	17,901	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	17,901	---
Value Added Tax	20,464	25,578
TOTAL EXPENDITURES	2,176,329	2,135,693

Supply of Goods – Stationery & Printing Services 2009

Description	2009 \$	2008 \$
EXPENDITURES		
Operating		
Established Staff	1,450,638	1,481,187
Government Wage Earners	313,961	452,156
Travel & Communication	16,670	25,714
Maintenance & Operations	378,169	460,348
Purchase of Goods & Services	9,820	15,391
Operating Grants & Transfers	---	---
Special Expenditures	---	10,000
Total Operating Costs	2,169,258	2,444,797
Capital Expenditure		
Capital Construction	---	299,999
Capital Purchases	8,951	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	8,951	299,999
Value Added Tax	100,319	90,791
TOTAL EXPENDITURES	2,278,528	2,835,587

Provision of Infrastructure – Electronic Networking, Software and Services 2009

Description	2009 \$	2008 \$
EXPENDITURES		
Operating		
Established Staff	1,112,076	1,199,834
Government Wage Earners	32,480	34,216
Travel & Communication	941,999	1,039,978
Maintenance & Operations	967,111	1,634,865
Purchase of Goods & Services	1,924,003	114,156
Operating Grants & Transfers	---	---
Special Expenditures	---	---
Total Operating Costs	4,977,669	4,023,049
Capital Expenditure		
Capital Construction	2,386,973	---
Capital Purchases	1,975,287	3,288,906
Capital Grants & Transfers	---	---
Total Capital Expenditure	4,362,260	3,288,906
Value Added Tax	1,023,407	552,558
TOTAL EXPENDITURES	10,363,337	7,864,513

Licensing, Compliance & Monitoring – Domestic Price Control 2009

Description	2009 \$	2008 \$
EXPENDITURES		
Operating		
Established Staff	---	---
Unestablished Staff	---	---
Travel & Communication	---	---
Maintenance & Operations	---	---
Purchase of Goods & Services	---	---
Operating Grants & Transfers	682,000	643,560
Special Expenditures	---	---
Total Operating Costs	682,000	643,560
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	---	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	---	---
Value Added Tax	---	---
TOTAL EXPENDITURES	682,000	643,560

Appendix 4.2: Pending Surcharge Cases

Details	Ministry/ Department	Year Case Received at Surcharge Section	Reasons
Cases Not Sourced From Auditor Generals Report			
Non recovery of boat fares	Transport & Civil Aviation	9/02/2006	Case on hold with PSC, a memo has been written to PSC chair on the 9 th of October 2009.
Auditor General's Report 2005 – Tabled in 2006			
Abuse of funds allocated for construction of water Supervisor's Office.	Local Govt, Urban Dev and Public Utilities	27/02/2007	Memo Written to OAG Office on 9/10/09 seeking assistance.
Payment for idle hours by supervisor of Nadi water supply	Local Govt, Urban Dev and Public Utilities	27/02/2007	Memo written to OAG on 9/10/09 seeking assistance to identify officers responsible.
Unjustified excessive urgent delivery at Lautoka Water Supply Stores.	Local Govt, Urban Dev and Public Utilities	27/02/2007	Memo written to OAG on 9/10/09 seeking assistance to identify officers responsible.
Installation of meters in the wrong zone	Local Govt, Urban Dev and Public Utilities	27/02/2007	Memo written to OAG on 9/10/09 seeking assistance to identify officers responsible.
Damage to various assets	Fiji Islands Maritime Safety Administration	27/02/2007	Memo written to OAG on 9/10/09 seeking assistance to identify officers responsible.
Damage to vehicle GM 894	Fiji Islands Maritime Safety Administration	27/02/2007	Vehicle Control Unit awaiting reply from SG's Office. Reminder sent on 19/01/09.
The Road Engineer needs to be surcharged for authorizing overpayment of \$8,600.	Roads	27/2/2007	Memo written to OAG on 9/10/09 seeking assistance to identify officers responsible.
Officer responsible for	Govt. Printing	27/02/2007	Memo written to OAG on 9/10/09 seeking

Details	Ministry/ Department	Year Case Received at Surcharge Section	Reasons
deficiency in stores			assistance to identify officers responsible.
Extravagant expenditure incurred by Commissioner of Prisons	Fiji Prisons Services	27/2/2007	Explanation letter issued on 11/12/07. Case on hold, awaiting SG's clarification.
Overpayment of salary	Agriculture	27/02/2007	Memo written to OAG on 9/10/09 seeking assistance to identify officers responsible.
Officer to be surcharged for non recovery of quarantine fees.	Agriculture	27/2/2007	Dept has written to Solicitor General for legal action. Latest correspondence on 01/10/09 to SG to proceed with bankruptcy against Mr. Cavuati.
Officer approving excessive purchases need to be surcharged.	Roads	27/02/2007	Memo written to OAG on 9/10/09 seeking assistance to identify officers responsible.
Overpayment to contractor for hire of grader and carting of digger/excavator.	Roads	27/02/2007	Memo written to OAG on 9/10/09 seeking assistance to identify officers responsible.
Drivers to be surcharged for 3 separate accidents.	Works	27/02/2007	Two drivers surcharged (100%) on separate accidents. Action is yet to be taken for the third driver. Latest follow up on 30/06/09.
Officer to be surcharged for payment made without delivery of goods	Roads	27/02/2007	Memo written to OAG on 9/10/09 seeking assistance to identify officers responsible.
Auditor General's Report 2004 – Tabled in 2005			
Advance payment to facilitate bank guarantee	Energy	2005	Finance to investigate further.
Auditor General's Report 2003 – Tabled in 2004			
Clearance of accountable advances	Agriculture	18/10/2004	Reply is still being awaited from Agriculture. Memo written to them on 17/04/2007.

Appendix 4.3: Fiji Government Vehicle Summary

Ministry/ Department	0-6 years	6-10 years	10-15 years	15 + years	No Date specified	Total vehicles
Office of the Auditor General	---	---	---	---	3	3
Attorney General's Chambers & Solicitor General	1	5	3	---	2	11
Bureau of Statistics	2	6	-	4	---	12
Commissioner Northern	---	---	---	---	1	1
Department of Civil Aviation	---	4	2	---	---	6
Department of Cooperatives	---	4	1	4	2	11
Department of Defence	4	1	1	1	2	9
Department of Energy	1	3	2	---	2	8
Department of Fisheries and Forests	19	11	13	51	8	102
Department of Immigration	1	4	---	1	---	6
Ministry of Primary Industry	1	7	3	2	2	15
Department of Information	---	4	1	1	---	6
Department of Lands and Survey	5	14	1	7	---	27
Ministry of Local Government	5	2	3	---	---	10
Department of Meteorology	---	2	3	2	---	7
Department of Mineral Resources	2	6	5	27	---	40
Department of Multi Ethnic Affairs	2	---	2	---	---	4
Department of Public Enterprises	---	2	1	---	---	3

Ministry/ Department	0-6 years	6-10 years	10-15 years	15 + years	No Date specified	Total vehicles
Department of Social Welfare	1	8	5	---	2	21
Department of Tourism	1	1	---	---	1	3
Fiji College of Agriculture	---	---	---	---	1	1
Fiji Islands Maritime and Safety Administration	---	1	2	1	-	4
Fiji Police Force	113	119	54	24	32	342
Ministry of Finance	1	3	1	---	---	5
Ministry of Foreign Affairs	---	---	---	---	10	10
Department of Government Printing	1	1	---	---	---	2
Government Shipping Services	---	2	1	---	---	3
Department of Government Supplies	5	4	9	6	2	26
Human Rights Commission	---	2	---	---	---	2
Information, Technology and Computing Services	1	1	1	---	---	3
Judicial Department	5	2	---	---	---	7
Legislature	2	---	2	1	---	5
Ministry of Agriculture	16	8	64	146	27	261
Ministry of Education, National Heritage, Culture and Arts	3	16	12	19	12	62
Ministry of Health	25	36	51	60	14	186
Ministry of Indigenous Affairs	2	2	2	---	3	9
Ministry of Justice	---	2	---	1	---	3
Ministry of Labour, Industrial Relations & Employment	3	4	8	3	1	19
Ministry of Provincial Development	4	---	---	---	39	43
Department of Youth and Sports	---	---	---	---	6	6
Ministry of National Planning Office	---	1	---	---	1	2
Office of the Agricultural Tribunal	---	---	1	---	1	2
Office of the Director of Public Prosecutions	3	2	1	1	---	7
Office of the Fiji Independent Commission on Anti-Corruption	4	---	---	---	2	6
Office of the Prime Minister	2	7	3	---	3	15
Office of the Supervisor of Election	2	---	---	---	1	3
President's Office	4	3	2	2	2	13
Prisons & Corrections Department	7	7	9	5	12	40
Public Service Commission	1	4	1	1	1	8
Public Works Department	86	32	18	220	82	438
Republic of Fiji Military Force	30	20	5	6	33	94
Total	365	363	293	601	310	1932

Appendix 4.4: Variance between Estimated Costs and Actual Costs

(1) Under Estimation

Department	Total Jobs Received	Estimated Cost \$	Actual Cost \$	Variance	
				\$	%
Commerce	2	815.00	963.40	(148.40)	18.21
Court	1	1,800.00	2,998.70	(1,198.70)	66.59
Education	29	---	147,520.00	(147,520.00)	---
GP - Stock	2	8,915.00	8,927.25	(12.25)	0.14
Gazette	16	4,822.40	6,165.90	(1,343.50)	27.86
Information	3	865.00	1,154.65	(289.65)	33.49
Judicial	1	1,800.00	2,998.70	(1,198.70)	66.59
Prime Minister	2	525.00	652.80	(127.80)	24.34
Parl. Paper	1	610.00	677.50	(67.50)	11.07
Post Fiji	1	670.00	682.65	(12.65)	1.89

Department	Total Jobs Received	Estimated Cost \$	Actual Cost \$	Variance	
				\$	%
Works	12	6,610.00	159,695.45	(153,085.45)	2,315.97
Commerce	1	72.95	95.00	(22.05)	30.23
FGG	17	3,319.40	3,363.95	(44.55)	1.34
Fijian Affairs	1	975.00	1,021.15	(46.15)	4.73
GP - Stock	11	9,560.00	9,757.25	(197.25)	2.06
Labour	1	---	12.00	(12.00)	---
Miscellaneous	26	722.65	725.60	(2.95)	0.41
Provincial Dev.	1	1,785.00	2,019.75	(234.75)	13.15
PSC	7	1,625.40	2,380.00	(754.60)	46.43
Social Welfare	2	6,125.00	6,461.15	(336.15)	5.49
Tourism	1	60.00	69.00	(9.00)	15.00
Works	10	2,183.00	4,641.40	(2,458.40)	112.62
Bureau Of Stats	4	2,493.00	2,590.20	(97.20)	3.90
Crown Law	1	1,320.00	1,339.60	(19.60)	1.48
Education	6	27.50	20,667.65	(20,640.15)	75055.09
Finance	4	12,784.95	13,460.50	(675.55)	5.28
GP - Stock	3	7,447.50	8,173.15	(725.65)	9.74
Health	2	3,635.00	5,757.25	(2,121.25)	58.36
Judicial	1	300.00	0.00	300.00	100.00
Labour	1	60.00	62.75	(2.75)	4.58
Miscellaneous	27	1,193.40	1,618.25	(424.85)	35.60
Parliament	4	1,050.05	1,681.40	(631.35)	60.13
Parliamentary Paper	4	3,724.25	4,636.50	(912.25)	24.49
Printing	1	385.00	0.00	385.00	100.00
Prison	2	972.00	1,213.15	(241.15)	24.81
Sales Of Goods	1	596.50	733.90	(137.40)	23.03
Works	17	2,734.50	3,233.40	(498.90)	18.24
Agriculture	1	350.00	474.35	(124.35)	35.53
Crown Law	3	2,112.00	2,181.95	(69.95)	3.31
Education	19	5,870.00	40,070.35	(34,200.35)	582.63
Energy	1	35.00	252.55	(217.55)	621.57
Parliament	1	150.00	180.50	(30.50)	20.33
Parliamentary Paper	1	2,200.50	3,317.65	(1,117.15)	50.77
Police	1	3,440.00	4,423.20	(983.20)	28.58
Works	12	1,680.00	1,743.65	(63.65)	3.79
Laws	1	503.00	766.18	(263.18)	52.32
Audit	1	35.00	40.13	(5.13)	14.66
Fijian Affairs	2	215.63	1902.75	(1,687.12)	782.41
Fiji Military	2	131.29	400.00	(268.71)	204.67
FICAC	1	180.41	568.6	(388.19)	215.17
Foreign Aff.	3	361.13	5820	(5,458.87)	1,511.61
FRG	23	5,124.40	5,663.80	(539.40)	10.53
Finance	11	1,917.62	10,410.66	(8,493.04)	442.89
Home Aff.	1	2.35	120.00	(117.65)	5,006.38
Immigration	1	368.72	7,607.25	(7,238.53)	1,963.15
Information	2	260.79	300.00	(39.21)	15.04
Justice	4	601.40	1,010.40	(409.00)	68.01
Judicial	1	116.08	227.81	(111.73)	96.25
Marine	3	906.30	1,659.38	(753.08)	83.09
Mineral Res.	2	273.12	500.01	(226.89)	83.07
Misc	28	8,902.90	15,066.51	(6,163.61)	69.23
Multi-Ethnic	1	1,064.76	1,255.88	(191.12)	17.95
National Pl.	3	787.37	1,048.00	(260.63)	33.10
Parliament	9	2,408.96	5,770.93	(3,361.97)	139.56

Department	Total Jobs Received	Estimated Cost \$	Actual Cost \$	Variance	
				\$	%
Printing	17	2,803.15	8,230.90	(5,427.75)	193.63
Post	1	109.80	490.00	(380.20)	346.27
Prime Minister	6	40,136.60	29,288.93	(10,847.67)	27.03
Prison	3	297.18	790.15	(492.97)	165.88
PSC	12	4,079.69	6,160.91	(2,081.22)	51.01
Sales Of Goods	3	1,418.41	1,597.00	(178.59)	12.59
Stock	28	20,430.92	78,202.65	(57,771.73)	282.77
Works	48	12,297.49	15,006.33	(2,708.84)	22.03
Bureau Of Stats	1	290.00	294.85	(4.85)	1.67
Civil Aviation	1	60.00	61.20	(1.20)	2.00
Gp - Stock	4	11,917.00	12,035.65	(118.65)	1.00
Health	4	4,904.00	4,959.00	(55.00)	1.12
Immigration	11	1,298.00	1,933.60	(635.60)	48.97
Information	6	2,292.00	2,620.80	(328.80)	14.35
Lands	3	1,960.00	1,983.85	(23.85)	1.22
Library Service	1	950.00	1,160.40	(210.40)	22.15
Police	1	2,694.95	3,018.05	(323.10)	11.99
Parliamentary Paper	1	760.00	1,930.00	(1,170.00)	153.95
RFMF	2	487.05	759.20	(272.15)	55.88
Works	19	5,484.50	6,413.25	(928.75)	16.93
Youth & Sports	1	1,950.00	2,086.10	(136.10)	6.98

(2) Over Estimation

Department	Total Jobs Received	Estimated Cost \$	Actual Cost \$	Variance	
				\$	%
Agriculture	1	1,785.05	1,597.70	187.35	10.50
Bureau of Stats	1	476.00	319.80	156.2	32.82
Crown Law	2	200.00	140.55	59.45	29.73
Fijian Affairs	8	4,714.00	3,811.35	902.65	19.15
Health	2	4,830.00	4,710.70	119.3	2.47
Lands	1	60.00	33.05	26.95	44.92
Local Govt	1	150.00	82.30	67.7	45.13
Marine	3	1,252.25	1,247.10	5.15	0.41
Misc	22	702.00	354.25	347.75	49.54
National Planning	1	120.00	45.70	74.3	61.92
Printing	10	4,575.00	2,390.90	2,184.1	47.74
PSC	3	581.00	252.00	329	56.63
RFMF	4	230.00	199.25	30.75	13.37
Finance	2	273.75	217.65	56.10	20.49
Audit	2	510.00	281.00	229.00	44.90
Crown Law	4	308.50	224.44	84.06	27.25
Finance	4	3,280.05	2,801.55	478.50	14.59
FMF	1	530.00	256.70	273.30	51.57
Foreign Affairs	3	415.00	347.40	67.60	16.29
Health	3	812.00	638.65	173.35	21.35
Immigration	1	100.00	75.30	24.70	24.70
Judicial	1	1,660.00	1,437.75	222.25	13.39
Lands	2	1,375.00	240.30	1,134.70	82.52
Marine	1	500.00	321.55	178.45	35.69
National Fire	1	950.00	839.00	111.00	11.68

Department	Total Jobs Received	Estimated Cost \$	Actual Cost \$	Variance	
				\$	%
Parliament	1	1,300.50	238.10	1,062.40	81.69
President	1	65.00	23.50	41.50	63.85
Prison	6	6,232.00	5,649.65	582.35	9.34
Prime Minister	2	340.00	199.20	140.80	41.41
Printing	1	180.00	172.15	7.85	4.36
Agriculture	3	780.00	652.20	127.80	16.38
Commerce	1	90.00	72.95	17.05	18.94
Fgg	16	6,325.50	5,995.50	330.00	5.22
Fijian Affairs	2	1,430.00	444.70	985.30	68.90
Lands	3	480.00	210.05	269.95	56.24
Police	1	135.00	100.60	34.40	25.48
PSC	2	375.50	72.15	303.35	80.79
Commerce	1	95.00	66.70	28.30	29.79
Finance	2	235.00	154.50	80.50	34.26
Forestry	1	267.00	231.35	35.65	13.35
FGG	11	2,290.95	2,193.50	97.45	4.25
GP - Stock	2	7,825.00	4,782.95	3,042.05	38.88
Health	2	3,835.00	3,360.40	474.60	12.38
Information	2	194.00	183.50	10.50	5.41
Lands	1	31.50	---	31.50	100.00
Miscellaneous	19	822.50	328.05	494.45	60.12
Mineral Resources	1	215.00	157.70	57.30	26.65
Prison	4	985.00	785.75	199.25	20.23
Printing	5	480.00	378.40	101.60	21.17
PSC	2	295.00	118.80	176.20	59.73
Agriculture	1	75.00	44.10	30.90	41.20
Commerce	1	337.75	118.85	218.90	64.81
Crown Law	5	8,810.00	8,666.10	143.90	1.63
DPP	2	710.00	663.90	46.10	6.49
Education	1	285.00	284.35	0.65	0.23
Fijian Affairs	4	6,736.00	5,162.65	1573.35	23.36
Finance	2	1,555.00	758.05	796.95	51.25
FICAC	3	1,564.00	869.10	694.90	44.43
Forestry	1	110.00	21.55	88.45	80.41
Gazette	28	5,972.05	5,851.60	120.45	2.02
Judicial	4	598.65	377.80	220.85	36.89
Laws	1	3,312.00	213.30	3,098.70	93.56
Marine	8	2,862.00	2,078.20	783.80	27.39
Misc	28	5,039.75	1,829.95	3,209.80	63.69
Multi - Ethnic	2	835.00	573.65	261.35	31.30
National Fire	1	980.00	947.60	32.40	3.31
National Archives	1	80.00	22.85	57.15	71.44
Post Fiji	1	685.00	682.65	2.35	0.34
Prison	1	2,300.00	1,194.90	1,105.10	48.05
PSC	4	855.50	457.35	398.15	46.54
Printing	7	1,421.00	1,243.25	177.75	12.51
Sales Of Goods	2	990.00	916.80	73.20	7.39
Catholic Ed.	2	2,970.00	2,732.44	237.56	8.00

Department	Total Jobs Received	Estimated Cost \$	Actual Cost \$	Variance	
				\$	%
Commerce	2	370.00	148.25	221.75	59.93
Education	5	5,153.46	4,162.90	990.56	19.22
Forestry	2	193.06	110.00	83.06	43.02
Labour	1	104.94	80.00	24.94	23.77
President	1	146.60	79.00	67.60	46.11
Parliament Paper	1	1,333.33	1,273.50	59.83	4.49
Agriculture	3	1,595.00	1,106.27	488.73	30.64
Crown Law	6	6,635.00	408.38	6,226.62	93.85
Education	1	335.00	309.20	25.80	7.70
Energy	1	264.00	157.11	106.89	40.49
Fijian Affairs	2	965.00	798.38	166.62	17.27
FICAC	1	340.00	312.65	27.35	8.04
FGG	21	3,590.00	2,339.93	1,250.07	34.82
FMF	1	410.00	208.43	201.57	49.16
Health	2	3,348.00	250.14	3,097.86	92.53
ITC	1	320.00	53.90	266.10	83.16
Immigration	1	115.00	28.03	86.97	75.63
Judicial	1	329.40	97.75	231.65	70.32
Labour	1	95.00	65.98	29.02	30.55
Lands	2	125.00	37.07	87.93	70.34
Marine	6	1,690.00	364.52	1,325.48	78.43
Miscellaneous	29	5,557.00	4,750.36	806.64	14.52
National Fire	4	1,240.00	151.20	1,088.80	87.81
Prime Minister	1	120.00	107.81	12.19	10.16
Printing	18	4,729.00	2,444.90	2,284.10	48.30
PSC	3	1,782.00	1,662.17	119.83	6.72
President	2	1,700.00	517.48	1,182.52	69.56
Prison	1	1,490.00	53.90	1,436.10	96.38
Sales Of Goods	1	524.25	63.55	460.70	87.88
Social Welfare	3	1,030.00	714.22	315.78	30.66
Stock	4	4,931.00	762.50	4,168.85	84.54
Works	9	2,503.00	1,206.28	1,296.72	51.81

Appendix 4.5: Discrepancy between Physical Count & Stockcard Balance

Item	Stock Tally Card	Physical Count	Variance
Bookshop			
Julius Caesar	173	21	152
Hamlet	214	35	179
Crayons	---	23	(23)
Roler Boy Clock & Pen	---	86	(86)
Tape Dispenser with 3 Tapes	192	7	185
A2 Art Sleeve	---	17	(17)
Star File	173	31	142
Island of Blue Dolphins	180	172	8
Realities	320	29	291
Introduction to Economics	136	19	117
CEFI X-L	---	97	(97)

Item	Stock Tally Card	Physical Count	Variance
Glitter Deco Fun	200	32	168
Stories of Famous People	---	22	(22)
FJC Maths Form 4	242	39	203
Elementary Science 6	---	63	(63)
Listen, Speak, Read & Write	1,210	25	1,185
I Heard the Owl Call my Name	148	88	60
Senior Acrylic Colour Blast	---	30	(30)
Target 7	374	22	352
Fiji Form 7 Mathematics	40	36	4
Jumbo Chalk – 20 Pieces	576	89	487
Dampener	330	18	312
Cello Impact Ball Point Pen - Blue	1,560	120	1,440
Cello Impact Ball Point Pen - Black	55	0	55
Cello Jolly Pen - Blue	4,600	5,500	(900)
Cello Pronto - Red	2,000	1,200	800
Cello Sleek Pen	250	6,500	(6,250)
Cello Sleek Pen - Blue	6,500	5,700	800
Cello Gripper Pen – Black	812	570	242
Cello Kool Pen - Blue	500	---	500
Cello Kool Pen - Red	950	3,000	(2,050)
Cello Nice - Black	500	250	250
Cello Nice - Red	20	250	(230)
Cello Nice - Blue	500	---	500
Cello Smartline - Red	680	---	680
Cello Smartline - Black	1,800	560	1,240
Cello Fine Grip – Red	160	---	160
Cello Fine Grip – Black	240	---	240
Cello Fine Grip – Blue	1,000	500	500
Cello Pointec Gel Pen - Red	700	150	550
Cello Pointec Gel Pen – Blue	1,240	100	1,140
Cello Pointec Gel Pen - Black	620	---	620
Cello Alpha - Black	50	---	50
Cello Alpha - Blue	220	170	50
Cello Alpha - Red	490	200	290
Cello Speed - Red	---	750	(750)
Cello Speed – Black	2,350	750	1,600
Cello Techno Tip	300	---	300
Cello Techno Tip - Red	360	---	360
Cello Techno Tip - Blue	70	200	(130)
Cello Maxwriter - Black	600	700	(100)
Cello Maxwriter - Red	1,150	800	350
Cello Maxwriter - Blue	760	300	460
Cello Pin Point – Black	100	2,200	(2,100)
Cello Pin Point – Blue	1,800	400	1,400
Cello Pin Point – Red	2,400	2,000	400
Cello Max Gel - Red	340	---	340
Cello Max Gel - Blue	350	---	350
Cello Max Gel – Black	500	---	500
Cello Impact Ball Point Pen - Red	175	---	175

Appendix 4.6: Alleged Misuse of Government Vehicles

Date	Vehicle No.	Ministry/ Department	Complain	Comment
07/02/08	GN 184	Police Department	Vehicle almost collided with the complainant's vehicle when turning into Vesivesi Road.	Memo has been sent by Finance. Explanations yet to be received
08/02/08	GN 048	Commerce, Industry, Investment and Communications	Vehicle was seen around 10 pm picking up civilians at the Nadi Back Road.	3 memos were sent by Finance dated 21/04/08, 13/05/08 & 07/07/08. Explanations yet to be received.
02/07/08	GM 474	Agriculture & Primary Industries	Vehicle seen carrying private passengers for weddings, picnics and other personal use. Vehicle is also taken to a Mr. Uday Bhan Singh for repairs without the proper authorities being informed.	Memo has been sent by Finance dated 25/07/08. Explanations yet to be received.
02/07/08	GN 325	Provincial Development	Vehicle seen carrying private passengers for weddings, picnics and other personal use. Vehicle is also taken to a Mr. Uday Bhan Singh for repairs without the proper authorities being informed.	Memo has been sent by Finance dated 25/07/08. Explanations yet to be received.
06/05/08	GM 877, GN 388, GM 997	Mineral Resources	<p>GM 877 and GN 388 were given to Mineral Resources for repairs & replacement of vehicle parts but were still in running conditions.</p> <ul style="list-style-type: none"> ➤ No written approval was granted to mechanic Arun Kumar to garage government vehicles at his residence. ➤ All 3 vehicles (GM 997, GM 877, GN 388) mentioned by the complainant have no vehicle records i.e. no running sheets and logbooks. 	Explanations not given yet also Mineral Resources has not submitted any of their quarterly returns since the 3 rd quarter of 2006.

Section 5 **Ministry of Provincial Development, Indigenous and Multi Ethnic Affairs**

Role and Responsibilities

The Ministry of Provincial Development and Multi-Ethnic Affairs is responsible for facilitating and coordinating development in Fiji's rural sector. The Ministry is also working towards improving service delivery and co-ordination in Fiji's rural areas through the establishment of Divisional and Provincial Development Boards whose focus is to ensure that government efforts are better coordinated.

The Department of Indigenous Affairs is responsible for good governance and well being of the iTaukei which includes preservation of Indigenous culture. It is also responsible for native land administration and education assistance.

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PART 1: CONSOLIDATED FINANCIAL STATEMENTS

5.1 Audit Opinion

The audit of the 2009 accounts of the Ministry of Provincial Development, Indigenous and Multi-Ethnic Affairs resulted in the issue of a qualified audit report.

The qualifications are as follows:

- a) The Ministry has not provided the following contrary to Finance Instructions 82(1):
 - Statements of Output Costs;
 - Statement of Losses for the Department of Multi-Ethnic Affairs;
 - Trust Fund Account Statement of Receipts and Payments. The general ledger (FMIS) shows that the Ministry of Provincial Development as at 31 December 2009 had trust funds totalling \$891,953.
- b) Statement of Losses (other than money) submitted by the Ministry of Provincial Development and Department of Indigenous Affairs could not be substantiated as fixed assets records have not been properly maintained.

5.2 Statement of Receipts and Expenditures

The Ministry of Provincial Development, Indigenous and Multi-Ethnic Affairs collected revenue totalling \$1,790,596 and incurred a total expenditure of \$51,234,052 in 2009.

Table 5.1: Statement of Receipts and Expenditures for 2009

Description	2009 \$	2008 \$
RECEIPTS		
State Revenue	1,664,318	1,424,945
Agency Revenue	126,278	19,737
TOTAL REVENUE	1,790,596	1,444,682
EXPENDITURES		
Operating		
Established staff	5,405,912	5,267,174
Unestablished staff	1,124,104	1,208,545
Travel & communication	255,535	320,481
Maintenance & Operations	477,887	565,333
Purchase of goods & services	1,543,592	278,074
Operating grants & transfers	20,906,344	19,281,838
Special expenditures	845,899	1,437,943
Total Operating Expenditure	30,559,273	28,359,388
Capital Expenditures		
Capital Construction	3,685,446	1,062,093
Capital Purchases	51,806	95,794

Description	2009 \$	2008 \$
Capital Grants & Transfers	16,239,034	15,300,117
Total Capital Expenditure	19,976,286	16,458,004
Value Added Tax	698,493	485,997
TOTAL EXPENDITURES	51,234,052	45,303,389

The increase in fees collected from the renewal of Arms and liquor licenses contributed to the overall increase in revenue by \$345,914 or 24% when compared to the previous year. Included as part of revenue are trust funds amounting to \$152,395, which are community contributions for rural development projects.

Total expenditure increased by \$5,930,663 or 13% when compared to 2008. The increase in expenditures for 2009 resulted from the following:

- Introduction of landowner's compensation under *SEG – Purchases of Goods and Services*.
- Increased funding for Fijian Education Scholarships.
- Increased funding for the upgrading of Non-Cane Access Road and Existing Cane Access Roads.
- Increased number of self help projects and rural housing assistance undertaken by the Ministry during the year.

5.3 Statement of Output Costs

The Statements of Output Costs were not submitted for audit contrary to section 82 of the Finance Instructions. The 2009 Budget prescribed 11 outputs for the Ministry.

5.4 Appropriation Statement

The Ministry of Provincial Development, Indigenous and Multi-Ethnic Affairs incurred expenditures totalling \$51,234,052 against the budget of \$54,364,742 resulting in a savings of \$3,130,690 or 6%. Details of expenditures against the budget estimates are provided in Table 5.2.

Table 5.2: Appropriation Statement for 2009

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	5,485,100	13,593	5,498,693	5,405,912	0	92,781
2	Government Wage Earners	1,148,700	15,387	1,164,087	1,124,104	0	39,983
3	Travel & Communication	344,500	(33,596)	310,904	255,535	0	55,369
4	Maintenance & Operations	560,000	(32,847)	527,153	477,887	0	49,266
5	Purchase of Goods & Services	1,604,300	(6,194)	1,598,106	1,543,592	0	54,514
6	Operating Grants & Transfers	20,223,880	1,191,602	21,415,482	20,906,344	0	509,138
7	Special Expenditure	871,100	43,657	914,757	845,899	0	68,858
	Total Operating Costs	30,237,580	1,191,602	31,429,182	30,559,273	0	869,909
	Capital Expenditure						
8	Capital Construction	3,800,000	0	3,800,000	3,685,446	0	114,554
9	Capital Purchases	30,000	25,745	55,745	51,806	0	3,939
10	Capital Grants & Transfers	13,152,200	5,026,415	18,178,615	16,239,034	0	1,939,581
	Total Capital Expenditure	16,982,200	5,052,160	22,034,360	19,976,286	0	2,058,074

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
13	Value Added Tax	901,200	0	901,200	698,493	0	202,707
TOTAL EXPENDITURE		48,120,980	6,243,762	54,364,742	51,234,052	0	3,130,690

In 2009, Cabinet approved the re-deployment of \$6,243,762 under SEGs 6, 9 and 10 to other Ministries and Departments.

PART 2: AUDIT FINDINGS

MINISTRY OF PROVINCIAL DEVELOPMENT

5.5 Agency Financial Statements

Commencing 2006 financial year, each annual report must include financial statements which have been prepared and signed in accordance with these Instructions, audited by the Auditor General, and accompanied by an audit opinion prepared by the Auditor General.¹ The draft financial statements must be submitted to the Auditor General by 31 March in the following year, or within such other time as agreed to with the Auditor General.²

The Ministry of Provincial Development submitted its Agency Financial Statements for audit on 14/05/10. The financial statements were not prepared in accordance with the requirements of Section 82 of the Finance Instructions 2005. The Ministry failed to prepare and submit as part of the Agency Financial Statements the following:

- Statements of Output Costs;
- Statement of Losses for the Department of Multi Ethnic Affairs; and
- Trust Fund Account Statement of Receipts and Payments. The general ledger (FMIS) shows that the Ministry as at 31/12/09 had trust funds totalling \$891,953.

Although the facility to allow the measurement and accounting of output costs has yet to be integrated in the Financial Management Information System (FMIS) of government, Ministries and Departments were required to estimate the costs under each output.

Non compliance with the Finance Instructions in the preparation of the financial statements restricted the scope of the audit and has been included in the audit report as qualifications.

Recommendation

The Ministry should ensure that the requirements of the Finance Instructions are complied with in the preparation of the Agency Financial Statements.

¹ Finance Instructions 2005 – Section 81 (2).

² Finance Instructions 2005 – Section 81 (3).

Management Comments

No comments provided.

5.6 Overdrawn Trust Fund Account

Each month, the trust account shall be balanced and reconciled with the trust bank accounts. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Unreconciled items should be investigated and resolved promptly.³

According to the Ministry of Finance's Appendix 23, the Ministry has the following Trust Fund balances as at 31 December 2009:

- Main Trust Fund of \$891,953.
- Operating Trust Fund of \$68,775.

Eight Main Trust Fund accounts and twenty five Operating Trust Fund accounts were overdrawn (debit balances). Refer to Tables 5.3 and 5.4 for details:

Table 5.3: Overdrawn Main Trust Fund Accounts

Account	Description	Overdrawn Amount \$
9-05201-68032-895016	Rural Housing Deposit	500.00
9-05201-68035-895016	Rural Housing Deposit	151,384.35
9-05205-68018-895020	PM Relief/ Rehab Committee	14,121.05
9-05205-68025-895020	PM Relief/ Rehab Committee	30,914.65
9-05205-68026-895020	PM Relief/ Rehab Committee	21,840.52
9-05201-68027-899988	Unclaimed Wages	150.39
9-05201-68038-860102	Rural Housing - CED	2,634.00
9-05201-68999-860102	Rural Housing Deposits	18.72
Total		221,563.68

Table 5.4: Overdrawn Operating Trust Fund Accounts

Account	Description	Overdrawn Amount \$
1-05201-68999-861101	202 PD OPR current year	144.15
1-05201-68999-861102	384 PD OPR previous year	2,158.54
1-05202-91991-861102	384 PD OPR previous year	4.00
1-05202-93991-861102	384 PD OPR previous year	311.38
1-05202-91991-861202	241 PD CMLA	152.17
1-05202-93991-861202	241 PD CMLA	355.50
1-05202-94991-861202	241 PD CMLA	47.15
1-05202-91991-861204	244 PD LICl	129.78
1-05201-93011-861206	246 PD Marsh & McLennan	9.00
1-05202-91991-861206	246 PD Marsh & McLennan	42.81
1-05202-93991-861206	246 PD Marsh & McLennan	13.46
1-05205-93991-861209	249 PD Marsh & McLennan	36.50

³ Finance Instructions 2005 – Section 69 (3).

Account	Description	Overdrawn Amount \$
1-05202-91991-861525	Service Worker Credit Union	30.00
1-05202-91991-861532	Public Employee Union	33.00
1-05201-68999-861599	PD Others	25.00
1-05201-93011-861599	PD Others	131.76
1-05202-68999-861599	PD Others	15.00
1-05202-93991-861602	342 PD Maintenance	12.00
1-05202-93991-861901	Tax Arrears/ PAYE	177.02
1-05201-93011-861913	PD RFA IDC Salaries	8.58
1-05201-93011-861920	Employees FNPf	2,508.48
1-05201-99011-861920	Employees FNPf	2,844.28
1-05202-68999-861920	Employees FNPf	126.44
1-05202-93991-861920	Employees FNPf	16,599.08
1-05205-68999-861920	Employees FNPf	3,620.96
Total		29,536.04

The overdrawing of Main and Operating Trust Fund may have resulted from incorrect journal entries posted to the accounts. The overdrawn balances have been brought forward from previous years.

Recommendations

- The Ministry should ensure that monthly reconciliations are carried out properly and accurately.
- The Ministry should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences that should be produced during audit.
- Supervisory checks in the Accounts Section should be strengthened and improved.
- A thorough review of the Main and Operating Trust Fund accounts is recommended to rectify incorrect journal entries that may have been posted to the accounts from previous years.

Management Comments

It became very difficult for the Ministry to reconcile the Trust Fund Account when Ministry of Finance merged the individual accounts to 14 Provinces Accounts.

However, we have made a tremendous effort in getting the Trust accounts reconciled to ensure that all Accounts have correct balances and monthly reconciliations are done.

5.7 Bank Reconciliation – Main Trust Account

The Accounts Officer shall prepare bank reconciliation within 5 days of the end of the month⁴.

The Ministry did not provide for audit the bank reconciliations for the Main Trust Fund bank account. A variance of \$239,593.88 existed between the general ledger (FMIS) and the bank statement as at 31 December 2009. Refer to Table 5.5 for details:

⁴ Finance Manual – Section 7.4.7.

Table 5.5: Main Trust Account

Particulars	Amount \$
General Ledger (FMIS)	859,486.13
Bank Statement	1,099,080.01
Variance	239,593.88

In the absence of proper records, it is difficult to verify the accuracy of the balances of the Main Trust Fund bank balance stated in the general ledger (FMIS).

Recommendations

- The Ministry should ensure that monthly bank reconciliations are carried out properly and accurately.
- The Ministry should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences and should be produced during audit.

Management Comments

The Ministry will shortly forward a copy of the reconciliation once completed. Only the UP Listing for this account has been maintained so far and we are now completing all the Bank Reconciliations.

5.8 Revenue Variances

Each Accounting Head shall ensure that revenue is recorded against the correct account; the recording of revenue is reconciled monthly with the Ministry of Finance; the Ministry of Finance is advised of any errors or discrepancies within 10 working days after the end of each month; and VAT is correctly accounted for and remitted as required.⁵

The clerical officer (revenue) shall prepare a journal voucher or journal entry input form before posting revenue transactions into the general ledger. The journal voucher should outline:

- I. reason for raising adjustments;
- II. the accounts that should be debited and credited;
- III. the amount debited and credited to each account.⁶

Where revenue is received on behalf of another agency; the officer in charge shall inform the responsible agency through the appropriate advice form within one week of collection and a copy to his Divisional HQ and a copy to HQ Suva.⁷

Our review of the revenue records revealed that the Ministry did not prepare monthly revenue reconciliations. A variance of \$181,327.29 existed between the general ledger (FMIS) and the Ministry's records. Refer to Table 5.6 for details:

⁵ Finance Instructions 2005 – Section 30(1).

⁶ Ministry of Provincial Development – Finance Manual 2005 – Section 5.5.4.

⁷ Ministry of Provincial Development – Finance Manual 2005 – Section 5.3.11.

Table 5.6: Revenue Variances

Account Allocation	General Ledger (FMIS) \$	Ministry's Records \$	Variance \$
VAT (220199)	8,542.85	0	8,542.85
Cemetery (230314)	20.00	20.00	0
Registration (230319)	106,289.96	102,364.13	3,925.83
Miscellaneous Fees (230399)	80,479.28	49,834.37	30,644.91
Arms (230401)	108,918.34	0	108,918.34
Liquor License (230405)	955,845.30	937,977.94	17,867.36
Trading License (230406)	194,886.33	188,046.55	6,839.78
Others (230499)	6,989.21	5,880.71	1,108.50
Fines (230801)	331.65	331.65	0
Administration Fines (230802)	17.40	17.40	0
Rental- Official Quarters(271202)	780.66	0	780.66
Commission (270301)	847.34	0	847.34
Veterinary (279906)	346.50	0	346.50
Miscellaneous (279999)	162,532.46	164,620.73	(2,088.27)
OPR (281203)	123,810.30	120,216.81	3,593.49
Total	1,750,637.58	1,569,310.29	181,327.29

The absence of regular reconciliations has resulted in the variances between the general ledger (FMIS) and the Ministry's records.

Recommendation

The Ministry should reconcile the variances noted between the Revenue Register and the general ledger. Monthly reconciliations with proper supervisory checks should be carried out.

Management Comments

The figures that are appearing in the GL system (FMIS) are derived from the Journal Vouchers for the monthly Revenue Clearance. However, we are carrying out the monthly reconciliation of revenue.

5.9 FNPF Reconciliation

The current rate of superannuation contribution (effective 1st July, 1999) is 16 cents on each dollar earned, with the employer and employee each contributing 8 cents each.

A reconciliation of superannuation contributions paid to the FNPF and amounts posted to the general ledger (FMIS) revealed variances as tabulated below:

Table 5.7: Variances between the Records

	January \$	February \$	March \$	April \$	May \$
Ministry's Record	38,930.25	39,989.60	44,034.96	60,265.12	38,281.44
General Ledger	132.64	38,899.36	37,114.14	38,532.00	56,725.16
Difference	38,797.61	1,090.24	6,920.82	21,733.12	(18,443.72)

To account for the payments of employees' 8% contribution to the FNPF, the Ministry had incorrectly debited the FNPF account allocation for the months of January to May instead of the relevant Operating Trust Fund account allocation resulting in the overstatements of FNPF contributions and Operating Trust Funds in the general ledger (FMIS).

The Senior Accounts Officer agreed that the 8% employee contributions for the months of January to May were incorrectly posted to the general ledger. This issue had been previously raised in the 2008 Audit Memorandum.

The above finding indicated ineffective supervisory checks of records and reconciliations in the Accounts Section.

Recommendation

Supervisory checks in the Accounts Section should be improved to ensure that the general ledger and other related records are correct.

Management Comments

The FNPF deductions are reconciled monthly and paid to FNPF and we have taken every effort to see they are true and correct.

5.10 Accounting of Trust Funds as Revenue

Accounting Heads may open a trust bank account with the prior written authority of the Chief Accountant.⁸ The receipt and payment of Trust money should be recorded in a separate cashbook or set of ledger accounts.⁹

The Grants to Self Help program involves a wide range of small sized community based development projects which encourages rural communities to undertake development projects on a cost sharing arrangement with Government [1/3 to 2/3 ratio].¹⁰

Our review of revenue records revealed that the Ministry had accounted contributions from the community in relation to capital projects, as Government revenue. Community contributions are not Government revenue as such funds are refundable if Government fails to deliver or implement the projects. This practice has resulted in the overstatement of revenue in the Financial Statements. Refer to Table 5.8 for details:

Table 5.8: Miscellaneous Revenue – Community Contributions

Year	Allocation	Description	Amount \$
2009	10520168999279999	Miscellaneous – Revenue	152,395.57
2010	11810168999279999	Miscellaneous – Revenue	31,659.90

The Ministry's initiative to properly account for funds contributed by the community is commendable; however, it should be recorded in the proper accounts to correctly reflect the nature of the contributions.

⁸ Finance Instructions 2005 – Section 69(1).

⁹ Finance Instructions 2005 – Section 69(2).

¹⁰ Ministry of Provincial Development – Circular No 01/2009.

Recommendation

It is recommended that community contributions for capital projects are accounted as Trust Funds instead of Revenue.

Management Comments

The Ministry will take your recommendation to the Ministry of Finance upon agreeing, we will request MOF to open a Trust Fund account for Community Contribution for Capital Revenue.

5.11 Administration of Capital Projects

Project implementation will proceed once community contribution is acquired for those approved projects. District Officers will continually monitor all projects and submit regular progress reports to the Divisional Commissioners. Projects implemented are to be visited from time to time by officials from Development and Rural Housing Unit. Upon completion of the project, District Officers are to submit acquittal reports, which not only certify the completion of the project, but also provide the acquittal information required by the Ministry of Finance.¹¹

In 2009, the Ministry was allocated \$4.5 million for Self Help Projects and \$3.8 million for upgrading cane and non-cane access roads. The assistance was granted for both community-based and individual projects for which no budgetary allocations were provided by other line Ministries. Funding was based on cost sharing basis of one-third contribution from the community and two-third from Government.

The audit noted that the internal controls established by the Ministry for effective administration of capital projects are not always adhered to. Scrutiny of project files as well as visits to project sites revealed the following anomalies, which have been continuously raised by audit:

- The Ministry does not maintain a separate Trust Fund Account to record cash contributions made by the community. The records in the Western Division (Nadi, Lautoka and Ba) revealed that all cash contributions from the community were recorded as revenue and deposited in the Consolidated Fund Account. As a result, Governments operating revenue had been overstated.
- Reports on the completion of the projects are not always submitted by the District Officer although; acquittal reports are normally prepared by the District Officer on the delivery of construction materials to facilitate payments.
- Lack of evidence to certify the completion of projects in the files maintained at the Divisional Offices. A number of projects visited were incomplete. Refer to *Appendix 5.1* for illustrations.

In 2009, Government through the Ba District Office funded the maintenance of Cane Access Roads (CAR) costing \$256,774.90. The Office failed to maintain individual project files for the funding provided to the individual sectors hence it was difficult to establish whether all the requirements under the Capital Budget Program – Standard Operating Procedures for Cane Access Roads were met by the recipients. Refer to *Appendix 5.2* for details of funding provided to each sector.

There is inconsistency in the maintenance of records in the various Offices in Ba, Lautoka and Nadi.

The risk of misappropriation of funds allocated for capital projects increases if records are not adequately maintained.

¹¹ Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 5.2.1(d).

Recommendations

- District Officers should comply with the Standard Operating Procedures formulated by the Ministry.
- To improve accountability and ensure transparency in the implementation of capital projects, the Ministry should ensure that records are properly maintained, regularly checked and are made available for audit purposes.

Management Comments

[a] Trust Fund Account

There have been so many cases on investigations of the community contribution being abused by officers. The only best way is to deposit it into the consolidated account as this will avoid abuse of funds by the respective PA's and DO's.

[b] Completion Certificate by PA's and DO's

This is an area where the Division is working on to improve on the administration of projects. The Commissioner Western has been stressing in our DO's meeting of the proper recording of projects and to involve stakeholders such as Agriculture to assist in the planning of the project as they will also issue completion certificates.

[c] Divisional/District Office Records

With the strengthening of the development section proper records are now maintained at the Divisional office. PA's and DO's have been told to open files for each project if they have not kept one and to keep it opened until a completion certificate is issued. Furthermore the Division does not maintain project cards as this was not issued by HQ however project files are maintained where all information of the project is kept.

It is confirmed that DO Ba received a sum of \$256,774.90 for cane access road in 2009.

Funding of roads is determined by the Sector committee of each District which consists of the Field Officer from FSC, Sugar Cane Growers Council and District Officer concerned. It is impossible to open individual files for individual roads as there are so many roads to be funded however DO Ba had opened files for each sector for record purposes.

5.12 Anomalies noted in the Fixed Assets and Expendable Register

The Accounts Officer shall be responsible for maintaining the fixed assets register. The fixed assets register shall provide information such as date of acquisition (including if asset was acquired by transfer, gift or second – hand) and cost; description; serial number and model; location; and other relevant information (e.g. if asset is sold or written off).¹²

The accounts officer must ensure that the register is kept updated.¹³ All agencies shall maintain a Fixed Asset Register until the asset module of the financial management information system is implemented.¹⁴

The Officer in Charge who has the custody of an asset at the time of the Stock take shall be responsible for responding to any issues raised in the report. If an asset has been lost while in the care

¹² Ministry's Finance Manual 2005 – Part 11: Property, Plant & Equipment – Section 11.2.1.

¹³ Ministry's Finance Manual 2005 – Part 11: Property, Plant & Equipment – Section 11.2.2 & 11.2.6.

¹⁴ Finance Instructions 2005 – Section 54 (2).

of that the officer, he /she shall take appropriate measures to the recover the asset.¹⁵ The Officer in Charge who has custody of an asset at the time of the stock take shall be responsible for the loss of an asset.¹⁶

Audit noted that the controls over the custody of fixed assets owned by the Ministry are inadequate. Fixed assets purchased by the Ministry in 2009 have not been taken on charge in the Fixed Assets Register (FAR). Refer to Table 5.9 for examples:

Table 5.9: Items not recorded in the Fixed Assets Register

Date	Voucher No.	Payee	Particulars	Amount \$
17/12/09	51591	Nair Builders	Payment for the purchase of Table & Dining Office Chairs.	2,540.00
17/12/09	51618	Mass Stationery	Payment for the Purchase of Chairs for Head Quarters.	2,650.00
23/12/09	52176	Bondwell Computers	Payment for the Purchase Acer 19 inch Monitor, mouse and keyboard.	828.00

In addition, the Expendable items Register was not updated when items were purchased or disposed off. In 2008, a stocktake report prepared by the Ministry showed variance in the recording of items which indicated that items previously purchased, written off or are missing were not recorded initially and were only recorded after the stocktake, creating surpluses or deficits. Refer to Table 5.10 for examples:

Table 5.10: Items Highlighted as Surplus & Deficit

Item	Unit Price \$	Location	Ledger Balance	Actual Stock	Surplus/ (Deficit)
Table Fan	45.00	Nausori	1	-	(1)
Blue Tarplin	14.00	Nausori	6	5	(1)
Dictionary	15.00	Nausori	2	-	(2)
Benzin Light	80.00	Nausori	1	-	(1)
Conference Chair	-	Nausori	25	22	(3)
GM 695 – Radio with speaker	350.00	Nausori	1	-	(1)
Calculator	10.00	Nausori	1	-	(1)
Printer LaserJet	300.00	Nausori	1	-	(1)
EPA Monitor	500.00	Nausori	1	-	(1)
Multi Scanner	2000.00	Nausori	1	-	(1)
Acer LCD Screen	200.00	Tailevu	2	3	1
Safe Handle	150.00	Tailevu	-	1	1
Tender Box With Padlock & Key	-	Tailevu	-	1	1
Spagon Gas Cylinder	20.00	Nausori	17	10	(7)
Hard Drive	200.00	Nausori	1	-	(1)
Flash Drive	20.00	Nausori	3	1	(2)
Swival Chairs	150.00	Nausori	5	-	(5)
Padded Chairs with Arm Rest	150.00	Nausori	3	2	(1)
Glass Coffee table	129.00	Bua	-	1	(1)
3pcs Brown settee	499.00	Bua	-	1	(1)
Electric Fan	92.50	Bua	2	1	1

¹⁵ Ministry of Provincial Development – Finance Manual 2005 – Section 11.4.4.

¹⁶ Ministry of Provincial Development – Finance Manual 2005 – Section 11.4.5.

Item	Unit Price \$	Location	Ledger Balance	Actual Stock	Surplus/ (Deficit)
Electric Typewriter	150.00	Bua	1	-	(1)
Swivel Chair	82.50	Nausori	2	1	(1)
Husqvana Chainsaw	1,866.67	Nausori	3	1	(2)
Calculator	30.00	HQ - Development	-	4	4
Sony Digital Camera	500.00	HQ - Development	-	1	1
Easy Tel	19.00	HQ - Development	-	1	1
Laptop Dell	3000.00	HQ - Development	-	2	2
Binoculars	100.00	Lomaiviti	1	-	(1)

There is a high risk of misappropriation of fixed assets if records are not properly maintained and updated.

Recommendations

- The Ministry should ensure that all fixed assets and expendable items are taken on charge in the Fixed Assets and Expendable items Registers.
- Appropriate disciplinary actions should be taken against Officers responsible for proper maintenance of fixed assets records.

Management Comments

No comments provided.

DEPARTMENT OF MULTI-ETHNIC AFFAIRS

5.13 FNPf Reconciliation

Every employer shall pay to the Fund in respect of each of his employees, in every month during which such employee is employed by him and in the month following the termination of such employment, a contribution calculated upon the amount of wages payable to such employee by such employer for the preceding month at the appropriate rates.¹⁷

The current rate of contribution is 16 cents on each dollar earned, with the employer and employee each contributing 8 cents.

A reconciliation of superannuation contributions paid to the FNPf against salaries and wages reported in the Financial Statements revealed variances as follows:

a) Total FNPf Against Salaries/Wages 2009	\$
FNPf as per Financial Statement:	37,900.24
Add : December 09 FNPf Paid Jan 2010	3,673.12
	<hr/> 41,573.36
Less : December 08 FNPf Paid in Jan 2009	<hr/> 4,515.60

¹⁷ Chapter 219 – Fiji National Provident Fund – Section 13 (1).

FNPF For 2009	37,057.76
Gross Pay Subject to FNPF (\$37,057.76 divide by 0.08)	463,222.00
 b) Salaries/ Wages for 2009 Subject to FNPF	
Salaries, Wages & Allowances as per Financial Statement (SEG 1, 2, 6 & 10)	515,455.78
Less: Salaries & Wages not subject to FNPF	-
Salaries, Wages and Allowance for 2009 Subject to FNPF	515,455.78
 Variance [(a) – (b)]	(52,233.78)

The variance indicated that either superannuation contributions to the FNPF may have been underpaid or that transactions were wrongly posted to the FNPF account in the general ledger.

Recommendation

Supervisory checks in the Accounts Section should be improved to ensure that the general ledger and other related records are correct.

Management Comments

We have noted the recommendation of the Auditor and will try and look into these variances.

5.14 Lack of Analysis in Community Development Projects Funded

The approval and the adoption of the projects are vested with the Development Committee, which comprise of the following officers:

Chairman: Director Multi Ethnic Affairs
 Members: Principal Assistant Secretary
 Accountant
 Senior Administrative Officer
 Secretary: Assistant Secretary (Development/ Rural Advisory Assistants)

The Committee meets to identify, assess and appraise projects to be finalized.¹⁸

The Committee submits its recommendation to the Permanent Secretary/Director on the proposed list of projects to be approved together with the minutes of the proceedings.

The Requisition to Incur Expenditure (RIE) submitted by the Department of Multi Ethnic Affairs to Ministry of Finance provides details of project profiles approved by the Department to be provided assistance. The Requisition to Incur Expenditure (RIE) is sent to Finance for the quarterly release of funds for the approved projects.¹⁹

Our review of the Community Development Project records revealed that the Committee failed to have consistent quarterly meetings to select appropriate projects that need to be undertaken for a particular

¹⁸ Department Standard Operating Procedure – Community Development Projects – Section 5.1.

¹⁹ Department Standard Operating Procedure – Community Development Projects – Section 6.2.

quarter. During 2009, the Committee had one meeting in the first quarter for which the RIE was submitted to Ministry of Finance for approval.

In the second and third quarters, projects details submitted with the RIE to the Ministry of Finance for funding were selected by the Officer responsible for the community projects in consultation with the Director. The Committee did not meet to identify, assess and appraise projects. Although the Director explained that the Committee met to discuss the projects, there were no evidences in the form of minutes of meetings or any other records such as project assessments and appraisals to support his explanations.

The audit further noted that the lists of projects submitted with the RIE to the Ministry of Finance were not selected for implementation once funds were released to the Department. Refer to Tables 5.11 and 5.12 for examples:

Table 5.11: Examples of Projects Submitted with the RIE but not Funded

Project	Total Project Cost \$
Reddy's Water Project	4,380.00
Raviravi Seaside Water Project	6,000.00
Raviravi Mandir Road Water Project	5,400.00
Nakavika Water Supply	5,962.50
Buabua Water Project	7,100.00
Saru MGM School Hall	35,612.40
Balata Community Hall	4,349.26
Lageregere Bore Hole Project	13,494.00
Saiyad Place Water Project	7,278.00
Kabisi Water Project	6,750.00
Olosara Ram Temple	3,770.00
Sese Settlement Water Project	9,012.50
Naduru Stage 2 Water Project	3,790.00
Vuniwai Water Project	1,877.45
Vunimoli Water Project	2,545.50
Silivakatini Fishing Boat Project	4,230.00
Arun Prabhat Prem Ramayan Mandali	1,304.47
Vuisiga Women's Melanesian Group	2,438.00

Table 5.12: Examples of Project Funded but not included with the RIE

Project	Project Cost \$
Korovou Bus Shelter	4,045.40
Nausori High School	5,000.00
Viria Indian Water Project	5,280.00
Delaivatocou Water Scheme	5,282.45
Waidravo Water Scheme	13,070.23
Baulevu Water Project	9,600.00
Wainadoi Footcrossing Bridge	16,234.53
Witherow Family Project	5,000.00
St Andrews Church Project	9,231.00
Naleba Water Project	3,900.00
Nubu Water Project	1,510.00
Seaqaqa Cemetery Fencing /Upgrading	7,231.20

Project	Project Cost \$
Qaranoqoli ramayan Mandali	8,124.70
Wanivesi Water Project	7,558.00
Vuninoko Water Project	6,600.00
Boroboro Farmers Project	5,214.00
Korokadi/ Nasama Water Project	8,160.00
Vatudamu Community Hall	16,950.16
Buca Hillside Community Project	4,900.50

According to the Director, projects were not implemented because they were not viable. However, audit is of the view that if projects were properly assessed and appraised before RIEs are submitted to the Ministry of Finance, then they should be viable for implementation when funds are available.

The process taken to select projects for funding lacks transparency and accountability. Deviations from the established procedures increase the risk of collusion and misappropriations of public funds.

Recommendations

- The selection of community development projects for funding should be done according to the Department's Standard Operating Procedure. Records to evidence that procedures have been followed should be maintained not only for management decision making purposes but also for audit purposes.
- The Department should ensure that proper assessments and appraisals of projects are carried out before Requisitions to Incur Expenditure (RIE) are submitted to the Ministry of Finance for approval.

Management Comments

Comment is noted.

5.15 Cost Sharing Accountability

Funding for self-help projects is based on a cost sharing basis of at least one-third contribution from the community and two third from government.²⁰ In cases where communities do not have financial capacity to contribute cash, other resources such as gravel, sand, timber and labour is acceptable.²¹

For community projects that are identified within areas as economically deprived, projects therefore be fully funded by government.²²

From our review of records, audit noted that the Department had fully funded a number of projects during the year for which audit was not able to determine or establish as to how the Department determined a particular area/community as economically deprived. Refer to the Table 5.13 for examples:

²⁰ Department Standard Operating Procedure – Community Development Projects – Section 3.2.

²¹ Department Standard Operating Procedure – Community Development Projects – Section 3.3.

²² Department Standard Operating Procedure – Community Development Projects – Section 3.4.

Table 5.13: Projects fully Funded

Project	Total Project Cost \$	Government Contribution \$	Community Contribution
Vuninoko water tank project	6,600.00	6,600.00	-
Baulevu viti hillside water project	9,600.00	9,600.00	-
Nausori high school	5,000.00	5,000.00	-
Samoan settlement	15,000.00	15,000.00	-
Bethseda church project	3,739.00	3,739.00	-
Korokadi water project	10,000.00	10,000.0	-
Nakadi Tauli bridge project	14,000.00	14,000.00	-
Motusa dorcas women's sewing project	3,000.00	3,000.00	-
Tuako womens sewing project	3,000.00	3,000.00	-
Itumita dining hall project	20,000.00	20,000.00	-
Lagalevu settlement sea transport project	9,600.00	9,600.00	-
Koroqqa Farmers Drainage Project	7,200.00	7,200.00	-

If one third cash contribution cannot be provided by the community for a given project, other forms of contributions such as labour, gravel and others were considered. However, other contributions were not always quantified.

Guiding principles exist to ensure transparency and accountability. Any deviation from set guidelines increases the risk of abuse of public funds.

Recommendations

- **Procedures on how the Department should determine whether a particular area/community is economically deprived should be clearly specified in the *Department Standard Operating Procedure – Community Development Project*.**
- **Community contributions other than cash should be properly quantified to determine the contributions provided by the community.**
- **Proper monitoring should be carried out to ensure that funds are used in the most economical way.**

Management Comments

Comment is noted. We will need to develop a uniform way of valuing the contribution before we could properly cost the community contribution.

5.16 Awarding of Scholarship

In 2009, the Department was allocated \$5.5 million for scholarship. Our review of records maintained with the Scholarship Unit revealed the following:

- Applicants short-listed for scholarships were not interviewed as required by the *Standard Operating Procedure for Scholarship*. The Department verified and selected the students based solely on information provided with the application forms. The Student Councillor explained that a point rating system was used, whereby students were awarded points after considering the applicants academic field and their parents/guardians income status. However, the records of the point rating system were not provided for audit purposes.

- From our review of a sample of applications, we noted that those awarded scholarships did not provide all necessary documents as required under the *Standard Operating Procedure for Scholarship*. Information to be submitted by applicants should include certified birth certificates, evidence of salary/wages slip and certification by employers where wages slips are not issued. Refer to Table 5.14 for examples:

Table 5.14: Inadequate Documentary Evidence

File Ref	Name of Student	Institution	Remarks
RAAC08090112	Abishek Preetesh Lal	USP	Father is a bailiff at Courts Home Centres- No pay slip attached.
RAAHQ04090002	Sivnit Krisan Mudaliar	USP	Father is a senior sales man – salary slip not attached. Income stated in the application form was \$12,000.
RAAW07090125	Bhavana Bharthika Pillay	USP	Father's employment not mentioned in the application form, only \$9000 income stated without salary slip.
RAAHQ16090001	Joeli De Like	USP	No evidence of application made by student. Father is a businessman; however no details /evidence on the type of business and income generated.
RAAC08090090	Krishnil Sadal	USP	No evidence of application made by the student.
RAAN06090215	Navin Maharaj	FIT	No application form sighted in the file and no birth certificate of applicant.
RAAN02090013	Joanne Kate Miller	FIT	Applicant stated parents unemployed; however income stated in the application form is \$10,000.
RAAC08090150	Priya Prashika Chand	USP	Father is a bus driver, no salary slip provided.

The process used in selecting those to be awarded scholarship is questionable when established procedures are not followed. It also increases the risk of awarding scholarships to those that do not qualify in terms of the criteria stated in the Standard Operating Procedures.

Recommendations

- Any approved changes or deviation from the Standard Operating Procedure for Scholarship should be documented as evidence not only for audit purposes but also for the future decision making purposes.
- In the absence of any evidence to support deviations from standard procedures, it is recommended that the Department comply with the *Standard Operating Procedure for Scholarship* to ensure transparency and accountability in the selection of students to be awarded scholarships.
- In the absence of interview, it is imperative that all documents required for proper assessments of applications are submitted by applicants.

Management Comments

Comment is noted.

5.17 False Declaration Made by Applicants

Any form of misrepresentation and non disclosure is a ground for termination of scholarship awarded.²³

²³ Standard Operating Procedure – Scholarship Section 6.2.

The following issues were noted from our review of records and correspondences kept at the Scholarship Unit:

- Reema Alpana²⁴ (R/N RAAC08090011) was awarded scholarship in semester one of 2009 to study at the University of the South Pacific. The applicant falsely declared in her application form that no member of her family had previously been awarded scholarship. The Department received a letter of complaint dated 9 February 2009 stating that the applicant's brother had studied on a Multi-Ethnic scholarship. The Department however did not investigate the complaint.

Our review of scholarship records through the database showed that the applicant's brother, Edward Jitik Narayan had studied on scholarship in 2003, and his father's name was listed in the database as Albert Narayan. The Department did not provide for audit purposes Edward Jitik Narayan's file when requested. However, audit managed to contact the applicant's mother²⁵ on 12/11/09 and confirmed that both Edward Jitik Narayan and Reema Alpana are the children of Albert Paras Ram.

It was evident that Reema Alpana had intentionally stated her father's name as Paras Ram so that it differed from her brother's information in the Department's database.

- Another complaint was received by the Department against Samantha Naidu who has been awarded a scholarship to study at the Fiji Institute of Technology. According to her application, her husband works for the British American Tobacco Manufacturing Company as an Electrician earning a salary below \$10,000. However, she did not declare in her application that her husband is one of the Directors of Auto Winches Limited. The Department investigated the complaint and confirmed the information provided through the complaint.

It is imperative that the Department adopt measures to ensure that information provided by those considered to be awarded scholarships is correct. The above implies that the Scholarship Unit may not have been thoroughly scrutinising information provided in the applications for scholarship.

Recommendations

- **The Department should thoroughly investigate all complaints received and prepare detailed report on the investigation and where necessary, scholarship should be terminated for those applicants who have breached the guidelines.**
- **The Department should review and improve the scholarship vetting process to ensure that information provided by those considered for scholarship is correct.**
- **The Department should take appropriate action against Reema Alpana for falsely declaring information in her application form.**

Management Comments

Comment is noted. We are now investigating this issue. We will also try to be more careful when vetting application.

²⁴ Father's name – Paras Ram.

²⁵ Mother's name – Wed Mati.

DEPARTMENT OF INDIGENOUS AFFAIRS

5.18 Maintenance of Fixed Asset Records

The Accounts Officer shall be responsible for maintaining the asset register. The Fixed Asset Register shall provide the relevant details such as the date of acquisition, cost, description, serial number, model and location and other relevant information pertaining to the fixed assets.²⁶ The Accounts Officer must ensure that the fixed asset register is kept updated.²⁷

The Accounts Officer shall also maintain expendable items register and ensure that the register is kept updated.²⁸ The Senior Accounts Officer shall nominate two officers to undertake an annual stocktake of fixed assets and expendable items at a specified date.²⁹

Our review of records pertaining to the fixed assets purchased in 2009 revealed that the Department failed to maintain a Fixed Assets Register as such the items purchased have not been recorded in a register. Refer to Table 5.15 for examples:

Table 5.15: Items Purchased during the year were not Recorded

Date of Purchase	Division/ Unit	Vendor Name	Particulars	Amount \$
24/12/09	Appeals Tribunal	Dynamic Solutions	Purchase of 1 Laptop.	2,599.00
04/12/09	Institute of Fijian Language and Culture	Clariti South Pacific Ltd	Purchase of 1 Laptop.	2,585.00
28/12/09	Native Land and Fisheries Commission	VT Solutions	Purchase of 1 Multimedia Projector.	1,782.00
10/09/09	Scholarship	Office Products	Purchase of 2 Desktop Computer.	3,590.00
18/10/09	Scholarship	Office Products	Purchase of 2 Desktop Computer.	3,590.00
17/11/09	Scholarship	VT Solutions	Purchase of 1 Multimedia Projector.	2,250.20
17/11/09	Scholarship	Clariti South Pacific Ltd	Purchase of 1 Laptop.	3,250.00

In 2009, a stocktake report prepared by the Department showed surpluses of items which indicate that items previously purchased were not recorded initially and were recorded after the stocktake, creating surpluses. Refer to the *Appendix 5.3* for examples.

Discussion with the Registry Officer revealed that fixed assets and expendable items provided by the Public Service Commission when the Department was relocated to the GCC Complex have not been taken on charge in the Fixed Assets and Expendable Register. Refer to *Appendix 5.4* for details.

The above findings imply inadequate controls over the custody of fixed assets and expendable items. The risk of misappropriation of fixed assets is high.

Recommendations

- **The Department should ensure that all fixed assets and expendable items are taken on charge in the Fixed Assets and Expendable items Registers.**

²⁶ Department of Indigenous Affairs Finance Manual 2005 – Section 11.2.1.

²⁷ Department of Indigenous Affairs Finance Manual 2005 – Section 11.2.2.

²⁸ Department of Indigenous Affairs Finance Manual 2005 – Section 11.2.5 and 11.2.6.

²⁹ Department of Indigenous Affairs Finance Manual 2005 – Section 11.4.1.

- **The Department should address these shortcomings by communicating and coordinating matters affecting administration section between various sections/ units within the department in a timely manner.**

Management Comments

We acknowledge the findings. We have taken action in updating both the Fixed Asset Register and Expendable Item Register.

APPENDICES

Appendix 5.1: Administration of Capital Projects

(a) Dratabu Village Flush Toilet Project – Incomplete



(b) Natutu Village Community Hall – Incomplete



(c) Nawaqarua Evacuation Centre - Incomplete



(d) Sagunu Farm Road – Overgrown



(e) Beteki Piggery – Items not used after completion of the project



Appendix 5.2: Failure to Maintain Project Files

Sector: Varavu (All projects completed by Tulsi Ram & Sons Ltd)

Name of Road	Length (km)	Purchase Order No.	Government Contribution \$
Navia Top Hill Road	2.5	92031 - 000066	1,200.00
Waigaru Road	4	92031 - 000066	2,500.00
Navia Khalsa Road	1	92031 - 000066	1,200.00
Navia S. D. Road	2	92031 - 000066	1,500.00
Nadhari Bilolo Road	2.5	92031 - 000066	1,500.00
Waivuka Markaz Road	4	92031 - 000066	1,200.00
Waivuka Feeder Road	4	92031 - 000066	1,800.00
Latchmi Brothers Road	3.3	92031 - 000066	1,800.00
Bilolo No. 2 Road	2	92031 - 000066	1,200.00
Sagar Road	2	92031 - 000067	1,500.00
Qalela Road	2	92031 - 000067	2,000.00
Vatiyaka Link Road	4	92031 - 000067	1,200.00
Jugun Road	1.5	92031 - 000067	1,200.00
Delana Road	1	92031 - 000067	1,500.00
Sigave Back Road	1.5	92031 - 000067	1,500.00
Viviek Khadim Road	2	92031 - 000067	1,000.00
Red Hill Road	1	92031 - 000067	1,200.00
Green Hill Road	1.75	92031 - 000067	1,000.00
Wailailai Road	0.8	92031 - 000067	1,200.00
Batiri No. 18 Road	2	92031 - 000067	1,200.00

Sector: Mota (All projects completed by Dayal's Quarries Ltd)

Name of Road	Length (km)	Purchase Order No.	Government Contribution \$
Delana Road	6	92031 - 000068	3,000.00
Shankar Road	1	92031 - 000068	1,800.00
Sevula No. 1 Road	2	92031 - 000068	2,400.00
Waiwai No. 2 Road	3.5	92031 - 000068	4,500.00
Motonuku Road	2	92031 - 000068	2,400.00
Korowabula Road	2	92031 - 000069	3,000.00
Nabaka No. 1 Road	2	92031 - 000069	2,100.00
Nair Nukuloa Road	3	92031 - 000069	2,100.00
No. 4 Road	2.5	92031 - 000069	1,800.00
Toge/ Nacaci Road	4	92031 - 000069	2,100.00

Name of Road	Length (km)	Purchase Order No.	Government Contribution \$
Nadrau Road	2.5	92031 - 000070	4,500.00
Nakapai Road	2	92031 - 000070	1,500.00
Bros. Feeder Road	3	92031 - 000070	1,800.00
Prem Feeder Road	1.5	92031 - 000070	2,100.00
Sevula No. 2 Road	1	92031 - 000070	1,200.00
NKK Road	1.5	92031 - 000071	2,100.00
Rande Road	2	92031 - 000071	1,200.00
Green Field Road	2	92031 - 000071	1,800.00
Ganga Ram Road	4	92031 - 000071	2,400.00
Taba Road	1.5	92031 - 000071	1,800.00

Sector: Naloto (All projects completed by Dayal's Enterprises Company)

Name of Road	Length (km)	Purchase Order No.	Government Contribution \$
Babriban Road	7	92031 - 000072	1,500.00
Nanuku Road	3	92031 - 000072	4,000.00
Samoni 1 Road	2.5	92031 - 000072	1,500.00
Samoni 2 Road	2	92031 - 000072	1,800.00
Samoni 3 Road	1.7	92031 - 000072	1,800.00
Samoni 4 Road	2	92031 - 000072	1,800.00
Patododo Road	4	92031 - 000072	1,800.00
Nukuloa Cemetery Road	4	92031 - 000073	2,100.00
Nuvutu Road	2	92031 - 000073	1,800.00
Vitawa Road	1	92031 - 000073	2,100.00
Toge Road	3	92031 - 000073	2,100.00
Matakarasoni Road	3	92031 - 000073	1,800.00
Narayan Sami Road	3	92031 - 000073	2,100.00
Ram Rup Road	2	92031 - 000073	2,100.00
Savatu Fijian Road	4	92031 - 000074	1,800.00
Shiu Lakhan Road	4	92031 - 000074	2,100.00
Uma Dutt Road	3	92031 - 000074	1,500.00
Lamaki Road	2	92031 - 000074	1,500.00
Sarava Road	1	92031 - 000074	2,400.00
Anirudh Prasad Road	2	92031 - 000074	1,800.00

Sector: Veisaru (All projects completed by A. Kumar Bulldozing Works)

Name of Road	Length (km)	Purchase Order No.	Government Contribution \$
Navatu/Varadoli Road	4	92031 - 000075	1,600.00
Sadasivan Road	1.5	92031 - 000075	1,000.00
Elevuka Road	3	92031 - 000075	1,400.00
Jai Narayan Road	2	92031 - 000075	1,500.00
Subramani Road	4	92031 - 000075	1,100.00
Qara B. Road	3	92031 - 000075	4,600.00
Prakash Circular Road	3	92031 - 000075	3,400.00
Koroboya 1 Road	4	92031 - 000076	1,800.00
Bali Raj Road	2	92031 - 000076	800.00
Namada/ Veisaru Road	3	92031 - 000076	1,800.00

Name of Road	Length (km)	Purchase Order No.	Government Contribution \$
Bali Ram Road	2	92031 - 000076	600.00
Koroboya 2 Road	4	92031 - 000076	1,600.00
Navisa Road	2	92031 - 000076	1,100.00
Tacini Road	2	92031 - 000076	1,300.00
Navau Road	1.5	92031 - 000076	1,600.00
Golia Road	2	92031 - 000077	1,000.00
Manzoor Road	3	92031 - 000077	1,300.00
Ram Badhan Road	1.5	92031 - 000077	1,000.00
Field 14 Busabusa Road	2	92031 - 000077	1,100.00
Navoli/ Veisaru Road	3.5	92031 - 000077	1,600.00

Sector: Rarawai (All projects completed by T. F. Bulldozing Co. Ltd)

Name of Road	Length (km)	Purchase Order No.	Government Contribution \$
Andhra Circular Road	1.6	92031 - 000078	2,700.00
Rarawai Cemetery Road	1.2	92031 - 000078	2,100.00
Rarawai Pump Road	1.2	92031 - 000078	1,800.00
Rawarai Feeder Road	1.2	92031 - 000078	2,700.00
Singhs Feeder Road	1.3	92031 - 000078	1,800.00
Shiu Kumar Feeder Road	1	92031 - 000078	1,500.00
Field 27 No. 2 Road	1	92031 - 000078	1,200.00
S K Pratap Feeder Road	1.1	92031 - 000079	1,800.00
Soweri Back Road	1.8	92031 - 000079	2,700.00
Nukudrala Field 12 Road	1	92031 - 000079	1,500.00
Line 25 Back Road	1	92031 - 000079	1,192.80
Rarawai Dam Road	1	92031 - 000079	1,800.00
Vaia Feeder Road	1	92031 - 000079	1,800.00
Charan's Feeder Road	1.2	92031 - 000079	2,100.00
Dam's Feeder Road	1.6	92031 - 000080	1,758.00
Eraglus Feeder Road	0.5	92031 - 000080	896.50
Changal's Circular Road	1.2	92031 - 000080	2,100.00
Gopals Feeder Road	0.5	92031 - 000080	597.60
Etatoka Circular Road	1.5	92031 - 000080	1,800.00
DAV Back Road	1.3	92031 - 000080	1,730.00

Sector: Koronubu (All projects completed by R. Azzam Investment)

Name of Road	Length (km)	Purchase Order No.	Government Contribution \$
Vaia/ Vunisamaloa Road	2	92031 - 000081	4,500.00
Korovuto Cemetery Road	1.5	92031 - 000081	3,000.00
Namacuku Road	2	92031 - 000081	2,100.00
Nakavika Link Road	2	92031 - 000081	2,100.00
Benai East Road	1.5	92031 - 000081	2,100.00
Benai Cona Road	2	92031 - 000081	4,500.00
Qerelevu Latchman Road	2	92031 - 000082	2,100.00

Name of Road	Length (km)	Purchase Order No.	Government Contribution \$
Naboutolu Feeder Road	2	92031 - 000082	2,100.00
Qerelevu Riverside Road	2	92031 - 000082	1,500.00
Asiasi Road	3	92031 - 000082	3,000.00
Valley Road	5	92031 - 000083	6,000.00
Duara Road	4	92031 - 000083	3,000.00
Nabulolu H/Line Road	2	92031 - 000083	3,000.00
Nakavika Road	2	92031 - 000084	3,000.00
Amrit Reservoir Road	2	92031 - 000084	2,100.00
Ganga Daran Road	1.5	92031 - 000084	2,100.00
Nandu Road	1.5	92031 - 000084	2,100.00
Benai Tramline Road	1.5	92031 - 000085	6,000.00
Benai Challa Road	1.5	92031 - 000085	2,100.00
Namau Cemetery Road	1.5	92031 - 000085	2,100.00

Sector: Varoko (All projects completed by Lal's Digging Works)

Name of Road	Length (km)	Purchase Order No.	Government Contribution \$
Tarivo No. 1 Road	1.5	92031 - 000086	2,000.00
Tarivo No. 2 Road	2	92031 - 000086	1,600.00
Vatulaulau Road	1	92031 - 000086	900.00
Wailagi No. 1 Road	1	92031 - 000086	900.00
Wailagi No. 2 Road	2	92031 - 000086	1,000.00
Wailagi Alim Road	2	92031 - 000086	1,000.00
Maururu Circular Road	1.2	92031 - 000086	600.00
Maururu Mandir Road	1	92031 - 000086	600.00
Yalalevu Back Road	1.5	92031 - 000086	800.00
Yalalevu Circular Road	1.5	92031 - 000086	800.00
Nalobia Road	2.5	92031 - 000087	600.00
Korovatu Road	1.4	92031 - 000087	600.00
Vutuni Road No. 1	2.5	92031 - 000087	800.00
Vutuni No.2 Road	1.5	92031 - 000087	800.00
Yalalevu Mandir Road	1	92031 - 000087	600.00
Nabaya 1 & 4 Road	2	92031 - 000087	1,000.00
Nabaya 2 Road	1	92031 - 000087	1,000.00
Nabaya 3 Road	3	92031 - 000087	1,000.00
Vuluni No. 3 Road	2	92031 - 000087	600.00
Sagunu TT Road	1	92031 - 000087	600.00

Appendix 5.3: Examples of Items not Initially Recorded when Purchased

Division		Items	Ledger Balance	Actual Stock	Surplus	Value of Surpluses \$
Scholarship	Manager - IASU	Office Table - Grey	Nil	1	1	80.00
		Executive Chair – High Back	Nil	1	1	100.00
		Visitors Chairs	Nil	3	3	210.00

Division		Items	Ledger Balance	Actual Stock	Surplus	Value of Surpluses \$
		Printer	Nil	1	1	300.00
		Steel Cabinet (1*4)	Nil	2	2	160.00
	Senior Administration Officer - OPS	Executive Chair	Nil	1	1	100.00
		Drawers Table	Nil	1	1	150.00
		Steel Cabinet (1*4)	Nil	1	1	80.00
		Steel Cabinet (1*4)	Nil	1	1	80.00
	CO 90VRS)	Executive Chair – Medium Back	Nil	1	1	100.00
		Self Table (1*3)	Nil	1	1	90.00
		Steel Cabinet (1*3)	Nil	1	1	80.00
	EO (USP)	Drawer Table (1*3)	Nil	1	1	150.00
		Executive Chair – Medium Back	Nil	1	1	100.00
		Visitors Chairs	Nil	1	1	70.00
Native Lands Commission	Chairman's Office	Fax Machine Brother 2820	Nil	1	1	250.00
	Principal's Office	Visitors Chair	Nil	2	2	140.00
	A/Senior Admin. Officer	Visitors Chair	Nil	3	3	210.00
		Office Table - Grey	Nil	1	1	80.00
	General Administration	Photocopier – Toshiba 232	Nil	1	1	1,500.00
		Pot Plant	Nil	10	10	100.00
		Catalogue Drawers (3*5) - VKB	Nil	9	9	90.00
		Wooden Sideboard	Nil	1	1	150.00
Registry Office	Main Registry	Wooden Coffee Table	Nil	1	1	100.00
		Steel Cabinet (1*4)	Nil	4	4	300.00
		Steel Cabinet (1*3)	Nil	1	1	150.00
		Steel Cabinet (1*3)	Nil	1	1	150.00
	General Office	Long Writing Table	Nil	2	2	150.00
		Key Holder - Glass	Nil	1	1	250.00
NLC Survey Office	Store Room	Photocopy Machine Ricoh Aficio 2035	Nil	1	1	1,500.00
		Plan Printer # OCE 7050	Nil	1	1	1,000.00
		Draught Table - Light	Nil	1	1	150.00
		Draughting Table	Nil	3	3	450.00
	Senior Technical Officer	Visitors Chairs	Nil	5	5	350.00
		Steel Cabinet (1*4)	Nil	2	2	150.00
		Wooden Moveable Drawer (1*3)	Nil	1	1	75.00
	General Office	Steel Cabinet (1*4)	Nil	5	5	350.00
		Draughting Table - Light	Nil	1	1	150.00
		Draughting Table - Wooden	Nil	1	1	145.00
		Long Wooden Table - Conference	Nil	1	1	150.00
Accounts Office	General Office	Executive Chair	Nil	1	1	100.00
		Visitors Chair	Nil	2	2	100.00
		Steel Safe	Nil	2	2	500.00
		Steel cabinet (1*4)	Nil	1	1	80.00

Appendix 5.4: Items Provided by PSC and not Recorded in the FAR

Item	Quantity	Allocation
Book shelf	5	
Coffee Table	4	Minister – 2 nd floor, Minister' Waiting Area – 2 nd floor, DS(D) – 2 nd

Item	Quantity	Allocation
		floor, Director (D) – 2 nd floor.
Visitors Chair with arm rest	4	Minister – 2 nd floor
"L" Shape Table 5ft with 3 drawers	4	DS(O) Secretary – 2 nd floor, DS(D) Secretary – 2 nd floor, CO (registry) – ground floor, CO(leave) – ground floor.
Low Back Chair	43	
Visitors Chairs	25	
Conference Chair	10	Minister's Conference Room
Conference Table (10 people)	1	Minister's Conference Room
Conference Table (30 people)	1	Main Conference Room
Conference Table (18 people)	1	Conference Room – Ground floor
Conference Table (16 People)	1	NLFC Conference Room
Conference Table (14 People)	1	IFLC Conference Room
Conference Chairs	78	All conference room chairs (except Minister's conference room)
"L" Shape Table 6ft with 3 drawers	8	SAO(CSD) – 2 nd floor, Director(D) – 2 nd floor, PAO(D) – 2 nd floor, SAO(Counsellor) – FASU – Ground Floor, AO(Registry) – ground floor, Minister's Secretary – 2 nd floor, PS Secretary – 2 nd floor.
Wall Cabinet 5 Drawers	4	Minister's Conference room – 2 nd floor, Main Conference room – 2 nd floor, Training room – 2 nd floor, NLFC Conference room – 1 st floor
Wall Cabinet 2 Drawers	1	IFLC conference room – 1 st floor
Wall Cabinet 4 Drawers	1	IFLC training room – 1 st floor
Wall Cabinet 7 Drawers	1	Registry – ground floor
Wall Mounted Work Bench/drawers and keyboard holder	1	Accounts (AO/AAO/CO) – 2 nd floor
Wall Mounted Bookshelf	4	SAO(Accounts) – 2 nd floor
"L" Shape Workbench with drawers	3	Cashier – 2 nd floor, IFLC Studio – 1 st floor, NLFC Data Entry Operator – 1 st floor.
Workbench with 2*3 drawers	2	MIS(SAP/CO) – 2 nd floor
"L" Shape Workbench with mobile drawers	2	MIS(Troubleshooting area) – 2 nd floor, IFLC IPR – 1 st floor.
Executive Chair	1	DS(D) – 2 nd floor
Executive Table 6ft Table/Computer Table/Side Table	1	DS(D) – 2 nd floor
Table without drawers 6ft	2	IFLC Research area – 1 st floor
Training Chair	17	Training room – 2 nd floor
4 Bay Workstation	9	4 Development/ 4 IFLC/1 NLFC
"L" Shape Bookshelf	1	IFLC Library
Wall mounted display shelf	2	IFLC Library
Shelf	1	IFLC Storeroom
Office Table 5ft with drawers	1	
"L" Shape Workstation 5ft with drawers	1	Director(D) Secretary – 2 nd floor
Table without drawers 5ft	2	NLFC – 1 st floor
Workbench with enclosed cabinet	1	FASU – Photocopying area
"U" Shape workbench (2 rows)	2	FASU – Sorting area
Workbench	2	
Compactus (4 Bay)	3	Registry
"T" Shape Workstation 6ft with drawers	2	NLFC – Project
Single Bed	1	Sick Bay

Section 6 Ministry of Defence, National Security & Immigration

Role and Responsibilities

The Department of Home Affairs is responsible for formulating and implementing policies in respect of defence, security and intelligence, law and order and immigration and the strategic coordination of Government's response to national crisis and emergency situations.

The Department of Immigration is responsible for the administration of immigration functions throughout the country. This includes the formulation and implementation of policies relating to visitor permits; work permits; investments; passports & citizenship. Maintaining services at the various ports of entry.

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PART 1: CONSOLIDATED FINANCIAL STATEMENTS

6.1 Audit Opinion

The audit of the 2009 accounts of Ministry of Defence, National Security & Immigration resulted in the issue of a qualified audit report. The Ministry did not provide for audit the following contrary to Finance Instructions 82(1):

- Statement of Losses; and
- Trust Fund Statement of Receipts and Payments. The general ledger (FMIS) shows that the Ministry as at 31 December 2009 had trust funds totalling to \$2,782,797.

6.2 Statement of Receipts and Expenditures

The Ministry collected revenue totalling \$8,212,892 and incurred a total expenditure of \$4,999,729 in 2009. Refer to Table 6.1 for details.

Table 6.1: Statement of Receipts and Expenditures for 2009

Description	2009 \$	2008 \$
RECEIPTS		
State Revenue		
Operating Revenue	8,068,297	7,886,726
Total State Revenue	8,068,297	7,886,726
Agency Revenue		
Miscellaneous Revenue	105,000	2,757
Overpayment Recovery – Previous Years	39,595	-
Total Agency Revenue	144,595	2,757
TOTAL REVENUE	8,212,892	7,889,483
EXPENDITURE		
Operating		
Established Staff	2,426,601	2,275,635
Unestablished Staff	247,632	245,604
Travel and Communication	190,495	169,128
Maintenance and Operations	216,188	233,982
Purchase of Goods and Services	598,504	551,775
Operating Grants and Transfers	12,310	26,285
Special Expenditures	428,770	146,790
Total Operating Expenditure	4,120,500	3,649,199
Capital Expenditure		
Construction	-	-
Purchases	88,538	-
Capital Grants and Transfers	659,187	-
Total Capital Expenditure	747,725	-
Value Added Tax	131,504	172,188
TOTAL EXPENDITURE	4,999,729	3,821,387

The increase in fees collected by the Department of Immigration has resulted in the increased revenue recorded by the Ministry in 2009.

There was a net increase in expenditure in 2009 by \$1,178,342 or 31% when compared to 2008 as a result of the following:

- Filling of vacant positions within the Department of Immigrations and the increased budgetary allocation for personal emoluments for the Department of Home Affairs.
- High number of Ministerial visits.
- Search and rescue expenses incurred during the natural disasters in 2009.
- Increase purchases of passports compared to previous years.
- Expenses incurred for the 'Year of Veterans' celebrations/activities.
- Installation of the 'Barrett HF Network System' in the Commissioner Western's vehicle, which cost \$88,538.
- Expenses for the construction of the National War Memorial Museum.

6.3 Statement of Output Costs

The Statement of Output Costs consolidates the 5 outputs prescribed in the Budget Estimates. These are detailed in Appendix 6.1.

6.4 Appropriation Statement

The Ministry incurred expenditures totalling \$4,999,729 against the budget of \$6,782,600 resulting in a savings of \$1,782,871 or 26%.

Details of expenditures against the budget estimates are provided in Table 6.2.

Table 6.2: Appropriation Statement for 2009

SEG	Item	Budget Estimate \$	Changes (Note 3) \$	Revised Estimate \$	Actual Expenditure \$	Carry-Over \$	Lapsed Appropriation \$
1	Established Staff	3,014,800	(58,448)	2,956,352	2,426,601	-	529,751
2	Unestablished Staff	216,900	-	216,900	247,632	-	(30,732)
3	Travel & Communication	216,000	-	216,000	190,495	-	25,505
4	Maintenance & Operations	237,800	19,756	257,556	216,188	-	41,368
5	Purchase of Goods & Services	592,700	38,692	631,392	598,504	-	32,888
6	Operating Grants & Transfer	29,200	-	29,200	12,310	-	16,890
7	Special Expenditure	650,000	10,000	660,000	428,770	-	231,230
	Total Operating Costs	4,957,400	10,000	4,967,400	4,120,500	-	846,900
	Capital Expenditure						
8	Construction	-	-	-	-	-	-
9	Purchases	100,000	(10,000)	90,000	88,538	-	1,462
10	Capital Grants and Transfers	1,500,000	-	1,500,000	659,187	-	840,813
	Total Capital Expenditure	1,600,000	(10,000)	1,590,000	747,725	-	842,275
13	Value Added Tax	225,200	-	225,200	131,504	-	93,696
	TOTAL EXPENDITURE	6,782,600	-	6,782,600	4,999,729	-	1,782,871

The Ministry of Finance approved the transfer of funds totalling \$68,448 within the Ministry's budgetary allocations during the year.

PART 2: AUDIT FINDINGS

6.5 Agency Financial Statements

Commencing 2006 financial year, each annual report must include financial statements which have been prepared and signed in accordance with these Instructions, audited by the Auditor General, and accompanied by an audit opinion prepared by the Auditor General.¹ The draft financial statements must be submitted to the Auditor General by 31 March in the following year, or within such other time as agreed to with the Auditor General.²

The Trust Fund Statements of Receipts and Payments and the Statement of Losses were not submitted for audit as required. According to Ministry of Finance's Appendix 23A, the Department of Immigration has a Trust Fund balance of \$2,782,797.09 as at 31 December 2009.

The Ministry also failed to integrate expenditure relating to the National Disaster Management Unit (Programme 3) in the Agency Financial Statements submitted for audit.

Non compliance with finance instructions in the preparation of the financial statements has restricted the scope of the audit and has been qualified in the audit report.

Recommendation

The Ministry should ensure that the requirements of the Finance Instructions are complied with in the preparation of the Agency Financial Statements.

Management Comments

Agreed with the recommendation by the Office of the Auditor General.

6.6 VAT Reconciliation

Subject to the provision of the VAT Decree 1991, the tax shall be charged in accordance with the provisions of this Decree at the rate of twelve and a half percent on the supply (but not including an exempt supply) in Fiji of goods and services, by a registered person in the course or furtherance of a taxable activity carried on by that person, by reference to the value of that supply.³

A review of VAT Returns and supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$366,343 between the taxable supplies as per VAT Return and the total expenditure as per the Statement of Receipts and Expenditure. Refer below for details:

Department of Home Affairs

	\$
Total Income/Expenditure as per Expenditure Statement	2,694,604
Less: Expenditure not subject to VAT	

¹ Finance Instructions 2005 – 81 (2)

² Finance Instructions 2005 – 81 (3)

³ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

SEG 1	981,898	
SEG 2	191,430	
SEG 6	12,310	
SEG 10	659,187	1,844,825

Total Supplies Subject to VAT	849,779
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Less: Total taxable supplies as per VAT return	483,436
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Variance	366,343
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Department of Immigration:

\$

Total Income/Expenditure as per Expenditure Statement	2,305,125
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Less: Expenditure not subject to VAT	
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SEG 1	1,444,703	
SEG 2	56,202	1,500,905

Total Supplies Subject to VAT	804,220
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Less: Total taxable supplies as per VAT return	3,361,828
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Variance	(2,557,608)
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A variance between the actual VAT payments for 2009 and the balances disclosed in the general ledger (FMIS) for the Department of Immigration was also noted. Refer below for details:

Actual VAT payments	\$
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VAT payments (VAT payment to FIRCA and VAT input) as per Statement of Financial Operation	73,921
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VAT payments (VAT payment to FIRCA and VAT input) as per VAT returns for the year	373,543
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Variance	(299,622)
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The above variance implied that the Ministry incorrectly paid VAT charged on expenditure.

Recommendation

The Ministry should carry out a thorough review of the VAT records, reconciliations and VAT Returns is recommended to ensure that balances reflected in the VAT Returns reconcile with the general ledger (FMIS).

Management Comments

According to our records the VAT payments are up to date; however we will draw another reconciliation to cross check audits findings.

6.7 FNPF Reconciliation

Every employer shall pay to the fund in respect of each of his employees, in every month during which such employee is employed by him and in the month following the termination of such employment, a contribution calculated upon the amount of wages payable to such employee by such employer for the preceding month at the appropriate rates.⁴

The current rate of contribution (effective 1st July, 1999) is 16 cents on each dollar earned, with the employer and employee each contributing 8 cents.

Department of Home Affairs

A reconciliation of superannuation contributions paid to the FNPF and amounts posted to the general ledger (FMIS) revealed a variance of \$9,602.26. Refer to Table 6.3 for details:

Table 6.3: FNPF Reconciliation – Home Affairs

Details	Balances (\$)
Superannuation paid to FNPF – Payment Vouchers	88,287.54
General Ledger (FMIS)	97,889.80
Variance	9,602.26

The variance indicated that either superannuation contributions to the FNPF may have been underpaid or that transactions were wrongly posted to the FNPF account in the general ledger.

Department of Immigration

A proper reconciliation could not be carried out because records (FNPF) for the following months were not provided for audit:

- January
- February
- March
- April
- September
- October

The non-availability of records restricted the scope of the audit for the Department of Immigration.

Recommendations

- Supervisory checks in the Accounts Section should be improved to ensure that the general ledger and other related records are correct.
- All payment vouchers should be properly filed and made available for audit purposes.

Management Comments

The Ministry had a problem with National Disaster & Management Unit's FNPF which was being deducted to HQ allocation.

6.8 Drawings Account Reconciliation

All bank accounts shall be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.⁵

The Accounts Officer must verify balances in the bank reconciliation to the cashbook, bank statements, unpresented cheque list and the previous month's bank reconciliation before certifying it.⁶

Our review of the Drawings Account reconciliations revealed the following discrepancies:

Department of Immigration

- The opening balances for the month of March did not reconcile with the closing balance of the preceding month.
- The Drawings Accounts reconciliation for the months of May and June were not submitted to audit for scrutiny.
- The Drawings/Bank reconciliation for the Immigration Bond account was not carried out in 2009.
- The balance of the un-presented cheques as at 31/12/09 as per the Department's reconciliation and the Annual Board of Survey did not correspond to the balance reflected in the general ledger (FMIS). Refer to Table 6.4 for details:

Table 6.4: Drawings Account Reconciliation - Immigration

Details	Balances (\$)
General Ledger (FMIS)	148,856.79
Departments Record	266,967.36
Variance	118,110.57

DEPARTMENT OF HOME AFFAIRS

- The opening balances for month of February did not agree to the closing balances of the preceding month.
- Audit noted that the balance of the un-presented cheques as at 31/12/09 as per the Department's reconciliation and the Annual Board of Survey did not correspond to the balance reflected in the general ledger (FMIS). Refer to Table 6.5 for details: -

⁵ (Finance Instructions 2005 s39(5))

⁶ Ministry of Home Affairs and Immigration – Finance Manual 2005 – Section 7.4.10

Table 6.5: Drawings Account Reconciliation - Home Affairs

Details	Balances (\$)
General Ledger (FMIS)	0.07
Departments Record	68,418.97
Variance	68,418.90

The above finding implies that the monthly Drawing Account reconciliations may not have been thoroughly scrutinised and checked.

Recommendations

- The Accounts Officer should ensure that monthly reconciliations are carried out in a timely manner.
- Supervisory checks on monthly reconciliations should be improved to ensure the accuracy of the balances reflected in the reconciliations.
- The Department should immediately reconcile and adjust the variances noted between the general ledger (FMIS) and the Departmental records.

Management Comments

The Drawings reconciliation figure is obtained from final GL report which was run on 8th February, 2010 which is \$121,544.14. This balance gives the detailed transactions to reconcile the Bank Statement with GL report; however we will reconcile the difference in balances and produce it in due course⁷.

The Department of Home Affairs had raised a journal for \$51,120.07 [JV 29/12 of Batch 065033] for the variance. These are the accumulated variance from previous years.

6.9 Overdrawn Trust Fund Account

The Trust Fund Account should not be overdrawn⁸. Where the agency becomes responsible for managing trust money, an application shall be made to the Chief Accountant, Ministry of Finance seeking approval to open a separate trust bank account and detailing the nature of the trust and of any beneficiaries.⁹

Our audit noted that the Trust Fund Accounts were overdrawn resulting in debit closing balances. Refer to Table 6.6 for details:

Table 6.6: Overdrawn Trust Fund Account

Account	Description	Balance (\$)
10610106101861200	249 PD Marsh & McLennan (HTH/P	1.40
10610106101861500	WESRAM Finance	30.00
10610106101861200	241 PD CMLA	66.04
10610106101861600	356 PD Maintenance - Other	67.00
10610106101861300	263 PD Housing Authority	80.00
10610106101861300	264 PD Home Finance	130.00
10610106101861200	244 PD-LICI	138.71
10610106101861100	208 PD Rent – H/A	194.00

⁷ Comments provided by the department on 13/09/10.

⁸ Office of the Auditor General Trust Fund Guide (5)

⁹ Ministry of Home Affairs and Immigration – Finance Manual 2005 – 15.1.1

Account	Description	Balance (\$)
10610106101861500	XXX PD Others	204.43
10610106999861900	501 P D Employees FNPF	37,627.52
10620170999861200	246 PD Marsh & McLennan	23.55
10620170999861900	201 PD Tax Arrears / PAYE	56,107.45

The overdrawn of Operating Trust Funds may have resulted from journal entries incorrectly posted to the accounts.

Recommendations

- The Departments should ensure that monthly reconciliations are carried out properly and accurately.
- The Departments should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences that should be produced during audit.
- Supervisory checks in the Accounts Section should be strengthened and improved.
- A thorough review of the Operating Trust Fund accounts is recommended to rectify incorrect journal entries that may have been posted to the accounts from previous years.

Management Comments

Agreed on the recommendations.

The departments agrees with the audit findings, however when Dominion Insurance took over insurance dues, the deduction of 23.55 was missed in year 2007. The debit has been rectified and adjustments will be done in due course.

DEPARTMENT OF IMMIGRATION

6.10 Main Trust Fund – Immigration Bond

Each month, the trust account shall be balanced and reconciled with the trust bank account. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items should be investigated and resolved promptly.¹⁰

A variance of \$976,379.60 was noted between the closing balance of the Trust Fund account reconciliation as at 31 December 2009 and the Ministry of Finance's Appendix 23A. Refer to Table 6.7 for details:

Table 6.7: Main Trust Fund – Immigration Bond

Trust Account	GL/Appendix (\$)	Bank Statement (\$)	Variance (\$)
90620170002520301 - TRUST FUND BANK ACCOUNT	2,161,457.13	3,137,836.73	976,379.60

The Department explained that the variance is due to the transfer of bank accounts from BSP to Westpac. However, audit is of the view that the changing of Banks should not have any effect in the balances reflected in the general ledger.

¹⁰ Finance Instructions 2005 Section 69 (3)

Recommendations

- The Departments should ensure that monthly reconciliations are carried out properly and accurately.
- A thorough review of the Main Trust Fund is required to ensure that the Department's records and the general ledger (FMIS) is reconciled.

Management Comments

The difference in balances is due to the transfer of bank accounts from BSP to Westpac which resulted in a huge difference. This balances culminated from transaction which were later journalised to Westpac accounts between September to December 2009. The recent reconciliation is handed to audit to show the differences and subsequent journals made.

6.11 Monthly Revenue Reports

Within five working days of the Ministry of Finance issuing the monthly General Ledger Reports, the Accounts Officer shall reconcile the revenue figures in the report to the Revenue Statement.¹¹

The revenue collector must total the cashbook at the end of the day and give it to the accounts officer or sectional supervisor for checking. The accounts officer or sectional supervisor must sign the cashbook after checking the details in the cashbook against the issued receipts, money on hand and bank lodgement forms.¹²

Our review of revenue records revealed the closing balance of the Department's reconciliation did not agree to the general ledger (FMIS). Refer to Table 6.8 and *Appendix 6.2* for details:

Table 6.8: – Monthly Revenue Records – Immigration

	General Ledger FMIS (\$)	Department (\$)	Variance (\$)
Passport Revenue	7,469,694.62	7,334,888.99	134,805.62
VAT	598,602.62	916,828.60	138,225.98

In addition, our review of a sample of revenue receipts revealed that *Receipt No. 629504* was used to issue three different permits. *Receipt No. 629504* amounting to \$650 was initially issued for short term permit to Lu Yong Jun and later used to receipt fees for work permits issued to Wei Wei Dong and Xiao Wen Jun for \$465 and \$650 respectively.

The above practice implies inadequate supervisory checks which increases the risk of fraud and mismanagement of public funds.

Also monthly revenue reconciliations may not have been thoroughly scrutinized and checked.

Recommendations

¹¹ Department of Immigration Finance Manual 2005 5.5.12

¹² Immigration Finance Manual 2005, Section 5.5.2

- The Accounts Officer should ensure that revenue reconciliations are prepared on a monthly basis and are properly checked to ensure that revenues collected by the Departments are correctly accounted in the general ledger and subsidiary records.
- As collection of revenue is a high risk area, the Department should ensure that supervisory checks of revenue records are conducted adequately.
- The Department should carry out an investigation into the issue.

Management Comments

The department acknowledges the audit finding, however would like to comment that there are revenues coming from overseas which may have increased the GL figure. The recommendations from the Auditor General's office are noted. The Department has put in place strict control measures on supervisory checks and balance of all daily revenue collections.

An Investigation Team from the Ministry has been appointed to investigate the misappropriation of funds.

6.12 Pending Cases of Illegal Immigrant

The Permanent Secretary may make a written order directing a prohibited immigrant to leave the Fiji Islands and remain out of the Fiji Islands either indefinitely or for a period specified in the order.¹³ An order made under this section must be carried into effect in such manner as the Permanent Secretary directs in writing, including removal of the person by use of reasonable force if necessary.¹⁴

Our review of permit records revealed that illegal immigrants continued to live in Fiji without any action taken against them. The Department explained that a major contributing factor to the delay in dealing with illegal immigrants is the difficulty in locating them. Refer to the Table 6.9 for examples:

Table 6.9: Pending Cases

Name	Case	Status
Alick Lota	Was suspected for marriage of convenience and entering Fiji illegally.	pending from 2003
Guo Long Shi	Entered the country on work permit and overstayed.	pending from 2003
Faatu Faaletaua	Staying illegally in defacto-relationship.	pending from 2004
Hilifakinima Vaioleti	Illegally staying in country. Was involved in theft, detained in prisons but escaped custody.	pending from 2004
Jing Wang	Came on study permit at CQU but the Institute complained that she failed to attend any class. No action taken by the Department.	pending from 2008

Given the number of illegal immigrants in Fiji, there is a need to provide the Department with the required resources to enable the proper monitoring of illegal immigrants and to minimize the possibility of unscrupulous people manipulating and exploiting the system to their benefit.

Recommendation

The Department should ensure that those living in Fiji illegally are dealt with according to the relevant immigration laws and regulations.

Management Comments

¹³ Immigration Act 2003, Section 15(1)

¹⁴ Immigration Act 2003, Section 15(3)

S/NO.	Name	Status
1.	Alick Lota	Frequent visitor to the country since 1999. Married to a Fiji citizen on 9/1/2003 and still in the country.
2.	Shi Guo Long	Overstaying. Removal Order dated 2009 still in force. Investigation continuing.
3.	Fa'atu Fa'aletaua	Arrived 16/2/1999. Removal Order dated 2004 still in force. Whereabouts unknown.
4.	Hilifakinima Vaoleti	Investigation continuing with the assistance of police. Removal Order in force.
5.	Wang Jing	Overstaying. Removal Order dated 2008 still in force. Investigation continuing.

The recommendation from the Auditor General is noted. The Department will continue to deal with illegal immigrants on case by case basis and ensure that they are removed if need be.

6.13 Authority to Work Whilst on Visitors Permit

This is the authority granted to foreign nationals whilst on visitors visa to engage in any business, profession or employment whether for reward or not in the country. An application fee of F\$168.75 is also required to be paid when authority to work whilst on visitors permit is requested for.¹⁵

Visitors Permit is issued to foreigners entering in the country for the purpose of visiting (holiday) for a period of four months on each arrival.¹⁶

The audit noted the following issues from the review of records in the Permit Section:

- Soccer professionals often travelled to Fiji on visitor's visa to participate in soccer tournaments for which they are paid. The players did not apply for work permits. Refer to Table 6.10 for examples:

Table 6.10: Soccer Professionals with No Authority to Work

Month / Year	No of Travel Per Player					Estimated Revenue Loss - \$
	James Naka	Nikola Zonjic	Jack Wetney	Nahuel Arrarte	Ali Cem Akbal	
Feb-10	1					168.75
Jun-09					1	168.75
Jul-09			3			506.25
Aug-09	1	1	1		1	675.00
May-09	1					168.75
Oct-09				1	1	337.50
Nov-09				1		168.75
May-08	1					168.75
Oct-08		1				168.75
Jul-07	2					337.50
Mar-07	3					506.25
Total	9	2	4	2	3	3,375.00

¹⁵ Immigration manual 2005,10.0

¹⁶ Immigration manual 2005,3.1

- Joseph Kwadwo Sarpong, a boxer from Ghana, entered Fiji on visitor's visa on 31/10/09 and currently illegally residing in the country as his visa expired in February 2010. Appropriate evidence was not provided for audit purposes to confirm whether the individual has applied for visa extensions.

The above cases may constitute breaches of the immigration laws.

Recommendation

The Department should ensure that relevant immigrations laws and regulations are fully complied with when issuing visas.

Management Comments

The recommendation is noted. The Department is currently reviewing the policies for individuals or sports personnel entering for the purpose of engaging in professional sports and control measures are in place in order to meet immigration requirements.

APPENDICES

Appendix 6.1: Statement of Output Costs

General Administration

Description	2009 \$	2008 \$
Operating Expenditure		
Established staff	919,238	730,954
Government Wage Earners	168,704	173,523
Travel and communications	85,403	75,732
Maintenance & operations	28,196	34,653
Purchase of goods and services	156,530	95,170
Operating grants and transfers	12,310	26,285
Special Expenditures	372,281	121,827
Total Operating Costs	1,742,662	1,258,144
Value Added Tax	57,583	91,259
TOTAL COSTS	1,800,245	1,349,403

Immigration Control

Description	2009 \$	2008 \$
Operating Expenditure		
Established staff	1,444,703	1,544,682
Government Wage Earners	56,202	72,080
Travel and communications	82,535	93,396
Maintenance & operations	167,571	199,329
Purchase of goods and services	441,974	456,606
Special Expenditures	38,219	24,963
Total Operating Costs	2,231,204	2,391,056
Value Added Tax	73,921	80,929
TOTAL COSTS	2,305,125	2,471,985

National Disaster Management Unit – General Administration

Description	2009 \$	2008 \$
Operating Expenditure		
Established staff	62,659	261,195
Government Wage Earners	22,726	13,507

Description	2009 \$	2008 \$
Travel and communications	22,557	24,893
Maintenance & operations	20,422	41,809
Purchase of goods and services	-	6,980
Special Expenditures	18,270	49,773
Total Operating Costs	146,634	398,157
Capital Expenditure		
Purchases	88,538	66,061
Capital Grants and Transfers	659,187	4,946,387
Total Capital Expenditure	747,725	5,012,448
Value Added Tax	-	21,396
TOTAL COSTS	894,359	5,432,001

Appendix 6.2: Variances in Revenue Records

Passport			
Months	Department (\$)	General Ledger - FMIS (\$)	Variance (\$)
January	535,399.24	542,313.61	(6,914.37)
February	643,771.56	643,705.78	65.78
March	594,890.85	595,942.95	(1,052.10)
April	528,027.56	544,130.44	(16,102.88)
May	569,311.11	592,516.94	(23,205.83)
June	540,116.44	17,807.21	522,309.23
July	577,302.90	590,669.36	(13,366.46)
August	647,972.78	657,111.50	(9,138.72)
September	643,250.32	673,126.57	(29,876.25)
October	640,346.63	663,745.32	(23,398.69)
November	728,124.10	743,887.63	(15,763.53)
December	686,375.50	1,204,737.31	(518,361.81)
Total	7,334,880.99	7,469,694.62	(134,805.63)

VAT			
Months	Department (\$)	General ledger - FMIS (\$)	Variance (\$)
January	66,916.76	67,781.07	(864.31)
February	80,471.44	80,442.66	28.78
March	74,331.36	76,529.03	(2,167.67)
April	66,003.44	68,034.84	(2,031.40)
May	71,155.89	74,064.62	(2,900.73)
June	67,514.56	69,703.02	(2,188.46)
July	72,132.86	73,834.78	(1,671.92)
August	80,972.22	82,374.88	(1,402.66)
September	80,452.29	3,533.57	76,872.72
October	80,000.33	646.22	79,397.11
November	91,015.51	-	91,015.51
December	85,750.94	1,657.93	84,139.01
Total	916,822.60	598,602.62	318,225.98

Section 7 Ministry of Labour, Industrial Relations and Employment

Role and Responsibilities

The Ministry's core responsibility is to pursue the attainment of decent work standards through: the development of healthy workers; the provision of healthy and safe working environment; fair working conditions and stable and constructive labour relations. These responsibilities are achieved by focusing on developing an enabling environment supported by sound labour laws, policies and practices. These tasks are undertaken through the following budgeted activities.

General administration - Corporate Services

Labour Services - Industrial Relations Services, Labour Standards Service, Policy and Legal Services and Labour Administrative Services.

Occupational Health & Safety Services – Workman's Compensation Service, OHS and Strengthening OHS Delivery Capacity.

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PART 1: FINANCIAL STATEMENTS

7.1 Audit Opinion

The audit of the 2009 accounts of the Ministry of Labour, Industrial Relations and Employment resulted in the issue of an unqualified audit report.

7.2 Statement of Receipts and Expenditure

The Ministry of Labour, Industrial Relations and Employment collected revenue amounting to \$7,546 and incurred a total expenditure of \$7,713,419 in 2009.

Table 7.1: Statement of Receipts and Expenditure for 2009

Descriptions	2009 \$	2008 \$
RECEIPTS		
State Revenue	332	327
Agency Revenue	7,214	(1,282)
TOTAL REVENUE	7,546	(955)
EXPENDITURE		
Operating Costs		
Established Staff	2,623,373	2,527,934
Government Wage Earners	178,784	174,491
Travel & Communication	111,885	149,049
Maintenance & Operations	126,311	173,973
Purchase of Goods & Services	202,207	161,448
Operating Grants & Transfers	14,825	99,846
Special Expenditure	3,982,561	2,719,407
Total Operating Costs	7,239,946	6,006,148
Capital Expenditure		
Capital Purchase	0	487,384
Total Capital Expenditure	0	487,384
Value Added Tax	473,473	403,423
TOTAL EXPENDITURE	7,713,419	6,896,955

The significant increase in expenditure by \$816,464 was due to purchases of equipment and stationeries in December, payments of compensations to Military Officers and Government workers, Apprentices Fund pay out and the implementation of the Employment Relations Promulgation.

7.3 Statement of Output Costs

The Statement of Output Costs consolidates the 6 outputs prescribed in the Budget Estimates, contrary to the required format. These are detailed in *Appendix 7.1*.

7.4 Appropriation Statement

The Ministry of Labour, Industrial Relations and Employment incurred expenditures totalling \$7,713,419 against a budget of \$8,535,399 resulting in a savings of \$821,890 or 10%.

Details of expenditures against the budget estimates are provided in Table 7.2

Table 7.2: Appropriation Statement for 2009

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry- Over \$	Lapsed Appropriation \$
1	Established Staff	2,779,700	(33,896)	2,745,804	2,623,373	0	122,431
2	Government Wage Earners	159,200	32,240	191,440	178,784	0	12,656

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry-Over \$	Lapsed Appropriation \$
3	Travel & Communication	159,600	(721)	158,879	111,885	0	46,994
4	Maintenance & Operations	181,100	2,377	183,477	126,311	0	57,166
5	Purchase of Goods & Services	194,800	75,320	270,120	202,207	0	67,913
6	Operating Grants & Transfers	35,000	0	35,000	14,825	0	20,175
7	Special Expenditure	4,408,000	(75,321)	4,332,679	3,982,561	0	350,118
	Total Operating Costs	7,917,400	(1)	7,917,399	7,239,946	0	677,453
13	Value Added Tax	618,000	0	618,000	473,473	0	144,527
	TOTAL EXPENDITURE	8,535,400	(1)	8,535,399	7,713,419	0	821,980

PART 2: AUDIT FINDINGS

7.5 Variances between Trust Fund Statement and General Ledger

Each month, the trust account shall be balanced and reconciled with the trust bank account. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Unreconciled items should be investigated and resolved promptly.¹

Audit noted that the balances reflected in the Trust Fund Statement of Receipts and Payments² provided for audit did not agree to the balances shown in general ledger (FMIS). The Ministry could not provide during the audit satisfactory explanations for variances. Refer to Table 7.3 for details:

Table 7.3: Variances between Trust Fund Statement and General Ledger

Month	AFS - Statement of Receipts & Payments		General Ledger (FMIS)		Variances	
	Receipts (\$)	Payments (\$)	Receipts (\$)	Payments (\$)	Receipts (\$)	Payments (\$)
January	135,357.96	88,280.27	137,753.91	106,371.71	2,395.95	18,091.44
February	152,313.53	157,104.43	152,313.53	172,074.91	0	14,970.48
March	129,073.57	96,799.55	148,958.88	72,813.38	19,885.31	(23,986.17)
April	214,600.21	178,901.05	186,798.41	183,604.79	(27,801.80)	4,703.74
May	98,386.19	232,693.94	99,119.69	172,762.48	733.50	(59,931.46)
June	220,330.27	183,002.89	248,630.33	183,543.89	28,300.06	541.00
July	218,955.98	229,140.11	169,343.35	245,935.88	(49,612.63)	16,795.77
August	218,642.50	205,367.32	220,885.77	227,825.17	2,243.27	22,457.85
September	235,247.56	111,653.51	236,629.24	140,758.37	1,381.68	29,104.86
October	146,961.14	320,499.47	189,567.29	325,629.07	42,606.15	5,129.60
November	182,876.15	207,600.19	182,722.25	208,034.31	(153.90)	434.12
December	117,203.57	106,027.73	158,934.64	111,332.72	41,781.07	5,304.99
Total	2,069,948.63	2,117,070.46	2,131,707.29	2,150,686.68	61,758.66	33,616.22

Variances were also noted in the opening and closing balances. Refer to Table 7.4 for details.

¹ (1) Finance Instruction 2005 Section 69 (3)

² OHS Consultancy Services, Workmen's Compensation & Wages Disputes

Table 7.4: Variances between Trust Fund Statement and General Ledger

Allocation	AFS - Statement of Receipts & Payments (\$)	GL (FMIS) Balance (\$)	Variance (\$)
Opening Balance	486,703.66	857,868.89	371,165.23
Closing Balance	439,581.83	838,889.50	399,307.67

The variances noted between the Trust Fund Statement provided for audit and the balances reflected in the general ledger indicate that reconciliations have not been properly carried out and checked.

Recommendation

Monthly reconciliations should be carried out properly and accurately. The Accounts Officer in charge should thoroughly scrutinise the reconciliations and rectify any anomaly before the subsequent month's reconciliation is prepared.

Management Comments

As per AFS the balance reflected consists of amounts actually received during the month and amount actually paid during that particular month.

As per GL balance, receipts for previous months have been updated in GL due to System downtimes during monthly closures or delays in Pay-Ins, from Districts resulting FMIS update in the following month, hence resulting into increased or decreased balances in GL and vice versa.

Journal vouchers (JV) have not been included in AFS unless adjustment from misallocation of accounts outside trust fund, that is, Workmen's Compensation (Govt) paid from Workmen's Compensation (Private).

7.6 Main Trust Accounts – Bank Accounts

Each month, the trust account shall be balanced and reconciled with the trust bank account. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Unreconciled items should be investigated and resolved promptly³.

The Ministry maintains two separate bank accounts for Trust Funds as follows:

- Westpac Account No. 9801916389 for OHS Consultancy Services, Workmen's Compensation and Wages Disputes Trust Fund Account and;
- Colonial Account No. 3623614 for National Occupational Health & Safety & Education & Accident Prevention Trust Fund Account.

Our audit noted that the Ministry failed to prepare monthly bank reconciliations for the OHS Consultancy Services, Workmen's Compensation and Wages Disputes account.

Furthermore, verification of the general ledger (FMIS) balance with the Bank Statement (Westpac Account) as at 31 December 2009 revealed a variance of \$89,445.01. Refer below for details:

³ Finance Instruction 2005 Section 69 (3)

Table 7.5: Variances between GL/Appendix and Bank Statement

Allocation	GL/Appendix \$	Bank Statement \$	Variance \$
9-07101-07003-520301	756,408.33	845,853.34	89,445.01

Lack of supervisory checks on the reconciliations prepared increases the risk of errors.

Recommendations

- **The Ministry should carry out monthly bank reconciliations for all the Trust Fund accounts.**
- **To minimise the risk of errors, supervisory checks on reconciliations should be improved.**

Management Comments

Bank reconciliation prepared for year end as at 31/12/09 only. This fund operates on GL and due to delay into FMIS updates results into variances. Hence True variance is \$89,445.01 which was resulted from wrong lodgements being done into Trust Funds from district and misallocations. Allocation 9-07101-07003-520301 (Trust Bank GL) operates with a debit balance indicating balance received as DR and Payment made as Cr.

Bank reconciliations have been done on monthly basis for 2010 after audit advice and recommendation on reconciliation format.

7.7 Dormant Operating Trust Fund Accounts

When invoices or claims for payments are received, the clerical officer (ledgers) shall record details in an accounts payable ledger. The accounts payable ledger shall record all claims for payment except for procurement invoices, which shall be recorded in the commitment ledger.⁴

Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the assistant accounts officer shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement. Any errors or misallocations must be immediately adjusted by way of journal vouchers⁵.

Our audit noted that the Ministry has a number of dormant Operating Trust Fund accounts. Refer to the Table below for details:

Table 7.6: Dormant Operating Trust Fund Accounts

Allocation	Description	Ending Balance 31/12/2009 (\$)
10710107101861106	390 Pd Gov Water Rates Charges	(88.10)
10710107101861210	250 Pd Police Welfare Scheme	(38.88)
10710107101861306	266 Pd FDB Housing	(199.48)
10710107010861910	383 Pd Sundries	(1.65)
10710107003861920	501 Pd Employee FNPF	7,350.70
10710107005861920	501 Pd Employee FNPF	(5.36)
10710107010861920	501 Pd Employee FNPF	(13.20)

⁴ Finance Manual 2005 – Ministry of Labour Section 13.1.1

⁵ Finance Manual 2005 – Ministry of Labour Section 16.3.1 & Section 16.3.2

Allocation	Description	Ending Balance 31/12/2009 (\$)
10710107003899908	Workmen's Compensation	133,151.86
10710391011899908	Workmen's Compensation	13,175.04
10710107003899988	Miscellaneous Fund Open Item	3,038.88
10710107004899988	Miscellaneous Fund Open Item	(2,528.04)
10710107005899988	Miscellaneous Fund Open Item	(2,571.26)
Total		151,270.51

The above accounts are not in operational and need to be closed off. Furthermore, the balances reflected in the dormant accounts have impacted on the overall Operating Trust Fund account resulting in a debit balance of \$51,768.72.

Failure to reconcile the Trust Fund records with the general ledger (FMIS) is a breach of the Finance Manual.

Recommendation

The Ministry should liaise with Ministry of Finance regarding the dormant accounts and close off if necessary.

Management Comments

FMIS had already been notified on this issue to close off these dormant operating trust fund account, till to date nothing eventuated.

7.8 VAT Reconciliation

Subject to the provision of the VAT Decree 1991, the tax shall be charged in accordance with the provisions of this Decree at the rate of twelve and a half percent on the supply (but not including an exempt supply) in Fiji of goods and services, by a registered person in the course or furtherance of a taxable activity carried on by that person, by reference to the value of that supply.⁶

Output VAT is payable to the Commissioner of Inland Revenue for the supply of all goods and services with the exception of zero rated and exempted supplies. Payments effected by government departments for goods and services are thus subjected to VAT.⁷

A review of the VAT Returns, supporting documents and reconciliations carried out revealed variances between the taxable supplies in the VAT Return and the total income/expenditure in the statement of receipts and expenditure. Refer below for details.

OUTPUT		\$
Total Income/Expenditure as per Expenditure Statement		7,713,418.75
Less: Expenditure not subject to VAT		
SEG 1 – Established Staff	2,623,373.52	
SEG 2 – Unestablished Staff	178,783.76	
SEG 6 – Operating Grants	14,824.69	2,816,981.97
Total Expenditure Subject to VAT		4,896,436.78

⁶ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – Section 15 (1)

⁷ Finance Circular No 9/95

OUTPUT		\$
Total Expenditure as per the VAT Returns		4,446,922.42
Variance		449,514.36

INPUT		\$
VAT Payment (VAT Payment to FIRCA and VAT Input as per the Expenditure Statement)		473,472.67
VAT Payment (VAT Payment to FIRCA and VAT Input as per VAT Return)		99,454.95
Variance		374,017.72

The Ministry did not provide any explanations for the variances.

Recommendation

The Ministry should take necessary steps to reconcile and accounts for the variances noted.

Management Comments

All the VAT portions are provided in the Budget for all SEGs except 1, 2, 6 & 10. Monthly VAT Returns wipes off the entire underpaid and excessively paid vat.

Wages and salaries are paid through SEGs 7 as well to cater for project officers. These are cleared off through JVs and monthly VAT Returns to FIRCA. Thus if the Return is worked out by taking the Income and Expenditure, it will never tally.

We have no other exception that we shall pay the wages/salaries in respect of the project officers.

7.9 Fixed Assets

The accounts officer shall be responsible for maintaining the fixed assets register⁸. All assets acquired with a cost in excess of \$2,000, shall be recorded in a fixed asset register⁹. The accounts officer must ensure that the fixed assets register is kept updated¹⁰. The accounts officer shall record items valued at less than \$2,000 but more than \$200, in an expendable item register¹¹. The Accounting Head should nominate two stocktake officers to undertake an annual stocktake of fixed assets and expendable items at a specified date¹².

A taskforce was formed to organise procurement of office stationeries and equipments from surplus funds available at the financial year end in December 2009. The total purchases amounted to \$269,559.68.

The controls over the custody of fixed assets owned by the Ministry are inadequate. The audit noted that items purchased from previous years and in 2009 have not been recorded in a Fixed Assets Register. Refer to Table 7.7 for examples:

Table 7.7 Unrecorded Assets

PV No.	Supplier	Items	Register to be taken on charge	Amount (\$)
22129 of 31/12/09	Abacus Graphics Limited	Digital Photocopier	Fixed Asset	12,950.00

⁸ Section 11.2.1 Finance Manual

⁹ Section 11.1.3 Finance Manual

¹⁰ Section 11.1.3 Finance Manual

¹¹ Section 11.2.5 Finance Manual

¹² Section 11.4.1 Finance Manual

PV No.	Supplier	Items	Register to be taken on charge	Amount [\$]
21868 of 21/12/09	Sharma Music	Conference Sound System	Fixed Asset	18,920.00
22110 of 31/12/09	Office 2000 Limited	4 scanner & 6 Intel Computer	Expendable Ledger	11,800.00
22107 of 31/12/09	Logical System	Apple Computer	Fixed Asset	10,198.13

The above issue had been raised in previous years' Audit Memorandum; however, the Ministry did not take heed of audit recommendations.

There is a high risk of misappropriation of fixed assets.

Recommendations

- The Ministry should ensure that all fixed assets and expendable items are taken on charge in the Fixed Assets and Expendable items Registers.
- The Ministry should record details of fixed assets purchased according to the format stated in the Financial Manual.

Management Comments

We acknowledge the recommendation made and the Ministry has abided to this and we have maintained a Fixed Assets Register to record all assets purchased.

Additional OAG Comments

We verified the comments provided and noted that although the Ministry has now maintained a Fixed Asset Register, there was only one item recorded.

Appendix 7.1: Statement of Output Costs**General Administration**

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	516,349	560,432
Government Wage Earners	37,595	42,560
Travel & Communication	34,974	41,379
Maintenance & Operations	36,826	52,469
Purchase of Goods & Services	87,992	40,619
Special Expenditure	878,125	1,018,054
Total Operating Costs	1,591,861	1,755,513
Value Added Tax	79,704	91,760
TOTAL EXPENDITURE	1,671,565	1,847,273

Labour Services

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	1,043,567	996,837
Government Wage Earners	141,188	131,931
Travel & Communication	30,368	55,804
Maintenance & Operations	33,949	54,865
Purchase of Goods & Services	62,714	57,984
Operating Grants & Transfers	14,825	99,846
Special Expenditure	1,010,545	709,437
Total Operating Costs	2,337,156	2,106,704
Capital Expenditure		
Capital Purchase	0	46,927
Total Capital Expenditure	0	46,927
Value Added Tax	108,415	128,552
TOTAL EXPENDITURE	2,445,571	2,282,183

OHS Services

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	970,666	970,666
Travel & Communication	51,865	51,865
Maintenance & Operations	66,639	66,639

Description	2009 \$	2008 \$
Purchase of Goods & Services	62,844	62,844
Special Expenditure	991,916	991,916
Total Operating Costs	3,310,929	2,143,930
Capital Expenditure		
Capital Purchase	0	440,457
Total Capital Expenditure	0	440,457
Value Added Tax	285,354	183,111
TOTAL EXPENDITURE	3,596,283	2,767,498

Section 8

Ministry of Foreign Affairs, International Co-operation and Civil Aviation

Role and Responsibilities

The role of the Ministry is to lead the formulation and conduct of Fiji's Foreign Policy in general, and external trade relations, in particular. Major outputs are still being delivered in the conventional foreign relations activities of global intelligence gathering, especially through Fiji Missions abroad and the conduct of attendant analysis and guidance in such policy options that would maximize Fiji's national gains from strategic future directions.

Emerging dimensions in international relations have resulted in newer outputs through Summit Diplomacy, Group Diplomacy and the Information Technology media. In recent years, there has been an increasing range of outputs, including the communication of government policy choice and rationale to the international and domestic stakeholders for a stronger partnership in policy implementation. These stakeholders include other Government Departments, international agencies, the business sector, the media, and the academic and civil societies.

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PART 1: FINANCIAL STATEMENTS

8.1 Audit Opinion

The audit of the 2009 accounts of the Ministry of Foreign Affairs, International Co-operation and Civil Aviation resulted in the issue of a qualified audit opinion as it did not provide for audit a Statement of Losses, contrary to Finance Instructions 82.

8.2 Statement of Receipts and Expenditures

The Ministry of Foreign Affairs, International Co-operation and Civil Aviation collected revenue totalling \$21,115 and incurred a total expenditure of \$22,532,748 in 2009. Details are shown in Table 8.1.

Table 8.1: Statement of Receipts and Expenditures for 2009

Description	2009 \$	2008 \$
RECEIPTS		
State Revenue		
Operating Revenue	20,794	31,727
Total State Revenue	20,794	31,727
Agency Revenue		
Miscellaneous Revenue	321	0
Total Agency Revenue	321	0
TOTAL REVENUE	21,115	31,727
EXPENDITURE		
Operating Costs		
Established Staff	5,908,713	4,794,613
Unestablished Staff	2,047,193	1,528,888
Travel & Communication	1,397,410	1,205,607
Maintenance & Operations	4,109,034	4,336,982
Purchase of Goods & Services	244,168	272,073
Operating Grants & Transfers	1,961,441	1,731,715
Special Expenditure	1,761,325	2,309,174
Total Operating Costs	17,429,284	16,179,052
Capital Expenditure		
Capital Construction	629,623	6,934
Capital Purchase	378	124,030
Capital Grants & Transfers	3,451,275	1,000,000
Total Capital Expenditure	4,081,276	1,130,964
Value Added Tax	1,022,188	942,562
TOTAL EXPENDITURE	22,532,748	18,252,578

Expenditures increased by \$4,280,170 or 23% when compared to 2008, which resulted from the increase in Capital Grants and Transfers. The devaluation of Fiji dollar in April 2009 contributed to the increase in operating expenditures of the Fiji Missions overseas.

8.3 Statement of Output Costs

The Statements of Output Costs are detailed in *Appendix 8.1*.

8.4 Appropriation Statement

The Ministry of Foreign Affairs, International Co-operation and Civil Aviation incurred expenditures totalling \$22,532,748 against the budget of \$24,498,800 resulting in a savings of \$1,966,052 or 8%. Details of expenditures against the budget estimates are provided in Table 8.2.

Table 8.2: Appropriation Statement for 2009

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	7,180,300	(875,693)	6,304,607	5,908,713	0	395,894
2	Unestablished Staff	1,711,100	507,428	2,218,528	2,047,193	0	171,335
3	Travel & Communication	1,311,400	136,879	1,448,279	1,397,410	0	50,869
4	Maintenance & Operations	3,996,200	229,201	4,225,401	4,109,034	0	116,367
5	Purchase of Goods & Services	271,600	42,283	313,883	244,168	0	69,715
6	Operating Grants & Transfers	2,103,900	0	2,103,900	1,961,441	0	142,459
7	Special Expenditure	2,725,000	(437,719)	2,287,281	1,761,325	0	525,956
	Total Operating Costs	19,299,500	(397,621)	18,901,879	17,429,284	0	1,472,595
	Capital Expenditure						
8	Capital Construction	410,000	397,243	807,243	629,623	0	177,620
9	Capital Purchase	0	378	378	378	0	0
10	Capital Grants and Transfers	3,700,000	0	3,700,000	3,451,275	0	248,725
	Total Capital Expenditure	4,110,000	397,621	4,507,621	4,081,276	0	426,345
13	Value Added Tax	1,089,300	0	1,089,300	1,022,188	0	67,112
	TOTAL EXPENDITURE	24,498,800	0	24,498,800	22,532,748	0	1,966,052

During the year, the Ministry of Finance approved the transfer of funds totalling \$397,621 between SEGs.

PART 2: AUDIT FINDINGS

8.5 Trust Fund Accounts

Each month, the trust account shall be balanced and reconciled with the trust bank accounts. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items should be investigated and resolved promptly.¹

The following anomalies were noted from our review of the Ministry's Operating Trust Fund account:

- The Ministry had an Operating Trust Fund accumulated balance of \$2,808,388 as at 31 December 2009. Audit noted that fourteen of the Operating Trust Fund accounts were overdrawn (debit balances). Refer to the Table 8.3 for details.

¹ Finance Instructions 2005 – Section 69 (3).

Table 8.3: Overdrawn Balances – Operating Trust Account

Details	Account No	Overdrawn Balances \$
384 PD OPR Previous Year	10810108101861102	5.00
PD Others	10810108101861299	12,696.02
286 PD Fiji Public Service Association	10810108101861501	6.00
PD Public Employee Union	10810108101861532	5.00
PD Others	10810108011861599	8,380.05
389 PD Court Bankruptcy ORD	10810108101861514	589.00
501 PD Employee FNPF	10810380201861920	204.47
501 PD Employee FNPF	10810380301861920	196.60
501 PD Employee FNPF	10810381001861920	170.82
501 PD Employee FNPF	10810380801861920	89.84
Admin. Contribution Foreign Missions	10810380701863101	50,249.42
AUSAID Assistance	10810108101890111	462.22
Miscellaneous Fund	10810108101899988	35,046.26
Miscellaneous Fund	10810380701899988	12,082.02
Total		120,182.72

- Some Operating Trust Fund accounts have been dormant since 2008. Refer to Table 8.4 for examples:

Table 8.4: Dormant Operating Trust Account Balances

Details	Account No	Balances \$
383 PD Sundries	10810108101886191	(2,049,049.51)
Admin Contributions	10810108101863101	(159,579.69)
Admin Contributions	10810380201863101	(45,321.73)

- A variance of \$872.44 was noted between the closing balance of the Ministry's reconciliation as at 31 December 2009 and the general ledger (FMIS).
- Operating Trust Fund - Miscellaneous had no clear definition. The Ministry was not able to justify the details of the balances in these two accounts. The accounts had debit balances at the year end. Refer to the Table 8.5 for details:

Table 8.5: Miscellaneous Fund Account Balances

Account Name	Description	Amount \$
Miscellaneous Fund	10810108101899988	35,046.26
Miscellaneous Fund	10810380701899988	12,082.02

The overdrawing of Operating Trust Fund may have resulted from mis-posting or incorrect journal entries passed to the accounts in the general ledger (FMIS). The overdrawn balances have also been carried forward from previous years.

Recommendations

- The Ministry should ensure that monthly reconciliations are carried out properly and accurately.

- The Ministry should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences that should be produced during audit.
- Supervisory checks in the Accounts Section should be strengthened and improved.
- A thorough review of the Operating Trust Fund accounts is recommended to rectify incorrect journal entries that may have been posted to the accounts from previous years.

Management Comments

These Trust Accounts were outstanding from 2000 to 2006, we tried our best to locate the relevant vouchers, unfortunately this did not materialized.

I respectfully request your advice / directive as what course of action to be undertaken for such old Accounts with no proper documentations.

8.6 Appointments of Locally Engaged Staffs – Fiji High Commission, New Delhi

The Permanent Secretary may, in consultation with the Head of Mission, appoint any person on contract basis to serve locally recruited staff in any overseas mission.² The contract of a locally recruited staff under sub regulation (5) must include the title and location of the position, the duration of the contract, the remuneration and other benefits, the duties and responsibilities, the resignation and termination of contract and any other terms and conditions deemed necessary.³

Our review of the payroll records revealed that the Mission employed fourteen locals in 2009. Audit could not substantiate whether the appointments of local staffs were done according to the Public Service (Diplomatic and Consular Services) Regulations 2005 as the Ministry does not maintain records for locally engaged staffs. Refer to Table 8.6 for details:

Table 8.6: Locally Engaged Staffs

Name of Staff	Post
Lalit Mohan Joshi	Admin/Accounts Officer
Rubina Pradhan	Personal Assistant
Anup Kumar Pradhan	Driver
Albert Dewan	Cook for High Commissioner
Ratan Barman	House Keeper at High Commissioner residence
Manoj Sharma	Security Guard
Arvind Gupta	Security Guard
Surendar Singh	Security Guard
Sandeep Gupta	Security Guard
Rakesh Rai	Security Guard
Kishan Pal	Security Guard
Vinesh Kumar	Housekeeper
Raj Kumar	Housekeeper
Shambu Dayal	Gardener

In the absence of appropriate record, audit could not establish whether the above locally engaged staffs were bona-fide employees of the Fiji Embassy in New Delhi. The risk of misappropriation of salaries and wages is also high.

² Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 6(5).

³ Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 6(6).

Recommendations

- The Ministry should ensure that the Missions comply with the Public Service (Diplomatic and Consular Services) Regulations 2005 in the engagement of locals.
- The Mission should provide evidence such as appointment letters, detailing the conditions of employment to support the payments of salaries and wages to locally engaged staffs.

Management Comments

The recommendations are noted and the Ministry has undertaken to adhere to the provisions of the Public Service (Diplomatic and Consular Services) Regulations 2005 with regard to the engagement of locals.

The Ministry will ensure that appointment letters detailing conditions of employment are provided to employees to facilitate payment of salaries and wages to locally engaged staff.

Details and Comparisons of Wages paid at two of the Fiji High Commission's abroad

<u>NEW DELHI INDIA</u>	<u>Fortnightly</u>	<u>Equivalent FJD</u>	<u>Annually</u>
1. Rubhina Pradhan	10,000 Inr.	421.60	10,961.60
2. Lalit Mohan Joshni	10,500	442.68	11,509.68
3. Anup Kr Pradhan	5,500	231.88	6,028.88
4. Manoj Kr & Others (10 personnel)	22,500	948.61	24,663.86
		TOTAL	53,164.02
<u>FHC CANBERRA</u>			
1. Patricia Cummins	1,685 Aud	2,830.98	73,605.48
2. Fiorenzo	1,275	2,142.14	55,695.64
3. Larissa Platt	1,269	2,132.06	55,433.56
		TOTAL	184,734.68
<u>SYDNEY CONSULAR OFFICE</u>			
1. Laistasa Naigulevu	1,730.77 Aud	2,907.88	75,604.88
		TOTAL	75,604.88

8.7 Sea Shipment of Personal Effects Fiji Mission, New York

The limits applicable to the volume of personal and household effects which Fiji officers travelling on appointment, transfer or return to Fiji are permitted to ship at Government expense are as follows:

Subject to these Regulations, Heads of Missions or officers travelling at public expense on appointment to overseas missions, on transfer between overseas missions, or on return to Fiji on the completion of service, are entitled to transport, at public expense by the most direct route, personal and household effects for themselves and their dependants not exceeding the following amounts in addition to the free baggage entitlement conferred by their passage tickets: PROVIDED THAT personal and household effects shall not include:

- Motor cars, Motor bicycles or Motor Scooters;
- Building materials;
- Workshop machinery, large engines and cultivating machinery; and
- Boats caravans and trailers⁴

⁴ Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 38 (1).

By Sea;

(a) Returning to Fiji or direct re-Posting⁵.

	Cubic Meters	
	Single	Married
Officer	4.5	8.5
Each Dependant Child	1.5	1.5

(b) Representational Entitlement⁶.

Officers in receipt of a representational supplement have the following additional entitlements:

	Cubic Meters	
	First Posting from Fiji Single	Return to Fiji & Subsequent Posting Married
First Secretary (PAO & above)	1.5	3.0
Second Secretary (SAO)	1.5	2.5
Second Secretary (AO & below)	1.0	1.5

Our review of the payment records revealed that the Mission paid US\$13,220 for the cartage of personal effects to Fiji from New York for the former Deputy Permanent Representative. The officer was only entitled for 17.5 cubic meters but the actual shipment of his personal effects was 24 cubic meters, which resulted in an overpayment of \$6,664.99 (US\$3,316.50). Refer to the Table 8.7 below for details:

Table 8.7: Personal Effects – Sea Shipment

Type of shipment	Cartage	Entitlement	Cartage paid US\$	Actual Entitlement US\$	Over-payment US\$	Over-payment FJ\$
Sea shipment	24 cmb	17.5 cmb (married = 8.5 cmb, child 4*1.5 = 6 cmb, representational = 3 cmb)	13,220.00	9,903.50	3,316.50	6,664.99

The above indicate a breach of the Public Service (Diplomatic and Consular Services) Regulations.

Recommendations

- The Ministry should ensure that Missions comply with the Diplomatic and Consular Service Regulations with regards to the baggage entitlement and any deviation from the regulations should be approved by the Permanent Secretary.
- The cost of cartage above the Officer's entitlement should be recovered.

⁵ Public Service (Diplomatic and Consular Services) Regulations 2005 Part 5 – Section 38 (3) (a).

⁶ Public Service (Diplomatic and Consular Services) Regulations 2005 Part 5 – Section 38 (3) (c).

Management Comments

In some cases, it is relatively cheaper to lease the whole container than lease a large percentage of the same container. This could be the reason why a 24cmb was leased rather than only 17.5cmb.

Stated below the quotations received for 16.5cm:

(i) Air Sea Land Shipping and moving INC	- US \$ 13,370
(ii) UDM Management Services	- US \$14,055
(iii) Airlift (USA) INC	- US\$ 13,785
(iv) Remittance sent via PV No 016082(16.5 cm)	- US\$13,370.
(v) Actual cost of 24 cm	- US \$13,220

Based on the above assessment it is very economical to pay for the 24cmb. Copies of the payment vouchers as attached.

Additional OAG Comments

The Public Service Diplomatic and Consular Service Regulations is recommended for a review to take into account the practicality of the baggage entitlements stated in the regulation.

8.8 Reimbursement of Personal Expenses - Fiji Embassy, Tokyo

An employee must use government resources and assets in a proper way.⁷ The proper management of expenditure is fundamental to ensuring value-for-money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.⁸

Audit noted that the former Head of Mission in Tokyo⁹, has yet to reimburse personal expenses from procurements of goods and services incurred using Visa – DC and Amex Cards of the Embassy. The personal bills not yet refunded to Government relate to the years 2007 to 2009. Refer to Tables 8.8 – 8.10 for details:

Table 8.8: 2007 Personal Charges not Reimbursed

Month	Payment Voucher No.	Card Type	Amount Yen	Amount FJ\$
September	3011	Visa - DC Card	123,368	3,374.91
May	2807	Amex Card	159,453	3,543.40
July	2908	Amex Card	208,469	2,743.01
August	2974	Amex Card	300,582	3,890.11
September	3023	Amex Card	928,101	12,870.46
October	3058	Amex Card	87,955	1,232.77
Total			1,807,928	27,654.66

⁷ Public Service Code of Conduct.

⁸ Ministry's Finance Manual 2005 – Part 2: Expenditure.

⁹ Mr. Inoke Kubuabola.

Table 8.9: 2008 Personal Charges not reimbursed

Month	Payment Voucher No	Card Type	Amount Yen	Amount FJ\$
September	3639	Visa - DC Card	35,701	513.58
October	3689	Visa - DC Card	29,740	1,416.66
November	3744	Visa - DC Card	347,939	6,073.34
December	3787	Visa - DC Card	567,017	10,691.97
April	3440	Amex Card	237,285	3,515.23
May	3425	Amex Card	237,438	3,470.16
July	3540	Amex Card	278,502	3,922.81
August	3585	Amex Card	174,544	2,449.44
September	3638	Amex Card	249,933	3,595.47
November	3743	Amex Card	199,753	3,486.72
Total			2,357,852	39,135.38

Table 8.10: 2009 Personal Charges not reimbursed

Month	Payment Voucher No	Card Type	Amount Yen	Amount FJ\$
January	3825	Visa - DC Card	250,061	4,952.26
March	3914	Visa - DC Card	222,642	4,485.67
May	3995	Visa - DC Card	366,423	8,239.40
June	4038	Visa - DC Card	245,845	5,466.62
July	4079	Visa - DC Card	334,319	7,190.90
August	4136	Visa - DC Card	140,477	3,071.11
September	4138	Visa - DC Card	11,479	234.78
May	3994	Amex Card	164,883	3,707.56
June	4039	Amex Card	12,848	285.68
July	4078	Amex Card	138,206	2,972.68
August	4137	Amex Card	37,281	815.04
Total			1,924,464	41,421.70

The above issue was highlighted in the previous audit memorandum and judging from the substantial amount of personal expenses met from the two cards noted in the current audit, the Ministry is yet to take any proactive action to ensure that personal expenses met from public funds are refunded immediately.

In its management comments provided for the 2008 audit, the Ministry agreed with the audit findings and that all outstanding dues would be recovered from the Head of Mission, however, this did not eventuate.

Recommendations

- The Ministry should recover the personal charges from the former Head of Mission.
- The Ministry should implement strategies to ensure that personal bills paid using public funds for those serving in overseas Missions are minimised and recovered on a timely basis.

Management Comments

TABLE 8.8: 2007 PERSONAL CHARGES NOT REIMBURSED

Month	Payment Voucher No	Card Type	Amount Yen	Amount FJ\$	Management Comments
September	3011	Visa – DC Card	123,368	3,374.91	To be recovered.
May	2807	Amex Card	159,453	3,543.40	To be recovered.
July	2908	Amex Card	208,469	2,743.01	To be recovered.
August	2974	Amex Card	300,582	3,890.11	RR # 202852 of 28/01/09.
September	3023	Amex Card	928,101	12,870.46	To be recovered.
October	3058	Amex Card	87,955	1,232.77	To be recovered.
Total			1,807,928	27,654.66	\$23,764.55

TABLE 8.9: 2008 PERSONAL CHARGES NOT REIMBURSED

Month	Payment Voucher No	Card Type	Amount Yen	Amount FJ\$	Management Comments
September	3639	Visa – DC Card	35,701	513.58	To be recovered.
October	3689	Visa – DC Card	29,740	1,416.66	To be recovered.
November	3744	Visa – DC Card	347,939	6,073.34	To be recovered.
December	3787	Visa – DC Card	567,017	10,691.97	To be recovered.
April	3440	Amex Card	237,285	3,515.23	To be recovered.
May	3425	Amex Card	237,438	3,470.16	To be recovered.
July	3540	Amex Card	278,502	3,922.81	To be recovered.
August	3585	Amex Card	174,544	2,449.44	To be recovered.
September	3638	Amex Card	249,933	3,595.47	To be recovered.
November	3743	Amex Card	199,753	3,486.72	To be recovered.
Total			2,357,852	39,135.38	\$39,135.38

TABLE 8.10: 2009 PERSONAL CHARGES NOT REIMBURSED

Month	Payment Voucher No	Card Type	Amount Yen	Amount FJ\$	Management Comments
January	3825	Visa – DC Card	250,061	4,952.26	To be recovered.
March	3914	Visa – DC Card	222,642	4,485.67	To be recovered.
May	3995	Visa – DC Card	366,423	8,239.40	To be recovered.
June	4038	Visa – DC Card	245,845	5,466.62	To be recovered.
July	4079	Visa – DC Card	334,319	7,190.90	To be recovered.
August	4136	Visa – DC Card	140,477	3,071.11	To be recovered.
September	4138	Visa – DC Card	11,479	234.78	To be recovered.
May	3994	Amex Card	164,883	3,707.56	To be recovered.
June	4039	Amex Card	12,848	285.68	To be recovered.
July	4078	Amex Card	138,206	2,972.68	To be recovered.
August	4137	Amex Card	37,281	815.04	To be recovered.
Total			1,924,464	41,421.70	\$41,421.70

*Summary of Personal Charges:*2007:

<i>Total Charges:</i>	<i>\$27,654.66</i>
<i>Less: Payments by Ambassador</i>	<u><i>\$ 3,890.11</i></u>
2007 O/S Accounts	<i>\$23,764.55</i>

2008:

<i>Total Charges</i>	<i>\$39,135.38</i>
<i>Less: Payments by Ambassador</i>	<u><i>-</i></u>

O/S for 2008 personal account	<i>\$39,135.38</i>
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2009

Total Charges	<i>\$41,421.70</i>
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TOTAL CHARGES	<u><i>\$104,321.63.</i></u>
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Appendix 8.1: Statement of Output Costs

Portfolio Leadership and Secretariat Support

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	1,750,424	1,419,336
Unestablished Staff	610,680	456,096
Travel & Communication	414,710	358,725
Maintenance & Operations	1,229,577	1,299,007
Purchase of Goods & Services	72,300	81,041
Operating Grants & Transfers	534,425	454,110
Special Expenditure	510,245	525,526
Total Operating Costs	5,122,361	4,593,841
Capital Expenditure		
Capital Construction	188,887	2,080
Purchases	113	37,209
Grants and Transfers	517,691	150,000
Total Capital Expenditure	706,691	189,289
Value Added Tax	300,985	263,518
TOTAL EXPENDITURE	6,130,037	5,046,648

Licensing, Compliance and Monitoring Treaties, Conventions and Agreement

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	878,910	712,843
Unestablished Staff	305,920	228,477
Travel & Communication	208,107	179,855
Maintenance & Operations	615,311	649,851
Purchase of Goods & Services	36,308	40,617
Operating Grants & Transfers	276,214	237,956
Special Expenditure	258,148	290,635
Total Operating Costs	2,578,918	2,340,234
Capital Expenditures		
Capital Construction	94,443	1,040
Purchases	57	18,605
Grants & Transfers	345,128	100,000
Total Capital Expenditure	439,628	119,645
Value Added Tax	151,438	134,968
TOTAL EXPENDITURE	3,169,984	2,594,847

Public Awareness Promotions Trade, Investments & Tourism

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	878,910	712,843
Unestablished Staff	305,920	228,477
Travel & Communication	208,107	179,855
Maintenance & Operations	615,311	649,851
Purchase of Goods & Services	36,308	40,617
Operating Grants and Transfer	276,214	237,956
Special Expenditure	258,148	290,635
Total Operating Costs	2,578,918	2,340,234
Capital Expenditures		
Capital Construction	94,443	1,040
Purchases	57	18,604
Grants & Transfers	345,128	100,000
Total Capital Expenditure	439,628	119,644
Value Added Tax	151,438	134,968
TOTAL EXPENDITURE	3,169,984	2,594,846

Facilitation of Overseas Development Assistance

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	878,910	712,843
Unestablished Staff	305,920	228,477
Travel & Communication	208,107	179,855
Maintenance & Operations	615,311	649,851
Purchase of Goods & Services	36,308	40,617
Operating Grants and Transfer	276,214	237,956
Special Expenditure	258,148	290,635
Total Operating Costs	2,578,918	2,340,234
Capital Expenditures		
Capital Construction	94,443	1,040
Purchases	57	18,604
Grants & Transfers	345,128	100,000
Total Capital Expenditure	439,628	119,644
Value Added Tax	151,438	134,968
TOTAL EXPENDITURE	3,169,984	2,594,846

Promotion of Diplomatic Relations

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	878,910	712,843
Unestablished Staff	305,920	228,477
Travel & Communication	208,107	179,855
Maintenance & Operations	615,311	649,851
Purchase of Goods & Services	36,308	40,617
Operating Grants and Transfer	276,214	237,956
Special Expenditure	258,148	290,635
Total Operating Costs	2,578,918	2,340,234
Capital Expenditures		
Capital Construction	94,443	1,040
Purchases	57	18,604
Grants & Transfers	345,128	100,000
Total Capital Expenditure	439,628	119,644
Value Added Tax	151,438	134,968
TOTAL EXPENDITURE	3,169,984	2,594,846

Licensing, Compliance and Monitoring – Civil Aviation

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	317,625	258,778
Unestablished Staff	105,838	79,014
Travel & Communication	74,384	63,238
Maintenance & Operations	208,585	218,937
Purchase of Goods & Services	13,159	14,185
Operating Grants and Transfer	152,079	151,990
Special Expenditure	106,218	282,683
Total Operating Costs	977,888	1,068,825
Capital Expenditures		
Capital Construction	31,481	347
Purchases	19	6,202
Grants & Transfers	690,255	200,000
Total Capital Expenditure	721,755	206,549
Value Added Tax	56,780	66,378
TOTAL EXPENDITURE	1,756,423	1,341,752

Airline Services

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	325,022	265,127
Unestablished Staff	106,997	79,870
Travel & Communication	75,888	64,224
Maintenance & Operations	209,630	219,634
Purchase of Goods & Services	13,476	14,379
Operating Grants and Transfer	170,081	173,791
Special Expenditure	112,269	338,425
Total Operating Costs	1,013,363	1,155,450
Capital Expenditures		
Capital Construction	31,481	347
Purchases	19	6,202
Grants & Transfers	862,819	250,000
Total Capital Expenditure	894,319	256,549
Value Added Tax	58,671	72,794
TOTAL EXPENDITURE	1,966,353	1,484,793

Section 9

Elections Office

Role and Responsibilities

The Office of the Supervisor of Elections is responsible for the registration of voters and the organisation, conduct and supervision of the election of members to the House of Representatives and at Local Government level. The Office is also responsible with providing administrative support for the Constituency Boundaries Commission in the discharge of its duties. Responsibilities or deliverables undertaken by the Office as budgeted are outlined as follows:

- Publication and the Revision of the National Electoral Role.
- Conduct Local Government Elections.
- Public Awareness and educational programs.
- Constituency Boundaries Commission.

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PART 1: FINANCIAL STATEMENTS

9.1 Audit Opinion

The audit of the 2009 accounts of the Office of the Supervisor of Elections resulted in the issue of an unqualified audit report.

9.2 Statement of Receipts and Expenditures

The Office collected revenue totalling \$25,859 and incurred a total expenditure of \$1,038,926 in 2009. Refer to Table 9.1 for details:

Table 9.1: Statement of Receipts and Expenditures for 2009

Description	2009 \$	2008 \$
RECEIPTS		
Agency Revenue	25,859	0

Description	2009 \$	2008 \$
TOTAL REVENUE	25,859	0
EXPENDITURES		
Operating		
Established Staff	258,735	120,367
Unestablished Staff	45,806	11,619
Travel & Communication	13,336	13,226
Maintenance & Operations	69,472	68,326
Purchase of Goods & Services	16,767	23,864
Special Expenditures	557,385	534,316
Total Operating Expenditures	961,501	771,718
Value Added Tax	77,425	69,875
TOTAL EXPENDITURES	1,038,926	841,593

Expenditures increased by \$197,333 in 2009 compared to 2008 due to increase in the Staff Establishment for the Office by 15.

9.3 Appropriation Statement

The Office incurred expenditures totalling \$1,038,926 in 2009 against a revised budget of \$1,361,900 resulting in a savings of \$322,974 or 24%. Details of expenditures against the budget estimates are provided in the Appropriation Statement in Table 9.2.

Table 9.2: Appropriation Statement for 2009

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry Over \$	Lapsed Appropriation \$
1	Established Staff	378,500	0	378,500	258,735	0	119,765
2	Unestablished Staff	61,500	0	61,500	45,806	0	15,694
3	Travel & Communication	17,000	0	17,000	13,336	0	3,664
4	Maintenance & Operations	77,200	0	77,200	69,472	0	7,728
5	Purchase of Goods & Services	25,300	0	25,300	16,767	0	8,533
7	Special Expenditures	3,000,000	2,300,000	700,000	557,385	0	142,615
	Total Operating Costs	3,559,500	2,300,000	1,259,500	961,501	0	297,999
13	Value Added Tax	389,900	287,500	102,400	77,425	0	24,975
	TOTAL EXPENDITURE	3,949,400	2,587,500	1,361,900	1,038,926	0	322,974

PART 2: AUDIT FINDINGS

9.4 Statements of Output Costs

Section 82(1) of the Finance Instructions requires the Office to include Statements of Output Costs as part of the Annual Agency Financial Statements.

The Office has four outputs as stated in the 2009 Budget. The outputs include:

- Maintenance of Registry – National Electoral Roll;
- Licensing, compliance and monitoring – Supervision of Elections;
- Electoral boundaries management; and
- Public awareness and promotions of the electoral system.

However; there was only one Statement of Output Costs submitted for audit. Although the facility to allow the measurement and accounting of output costs has yet to be integrated in the Financial Management Information System (FMIS) of government, Ministries and Departments were required to estimate the costs under each output.

Recommendation

It is recommended that the Office liaise with and consult the Ministry of Finance to determine how best to estimate costs under each output.

Management Comments

Management acknowledges the recommendation provided by Audit.

The Office of the Supervisor of Elections is classified under Head 10 which only has one Programme – Electoral Reform and one Activity – General Administration.

9.5 Overdrawn Trust Accounts

Trust money is to be accounted for separately from public money and other money.¹ The Trust Fund Accounts should not at any time be overdrawn.²

Six of the seventeen Operating Trust Fund accounts had debit closing balances resulting in the overall overdrawn balance of \$518,239.50. Refer to Table 9.3 for details:

Table 9.3: Overdrawn Trust Accounts

Account	Description	Amount (\$)
1-10101-10999-861101	202 PD OPR Current Year	10.00
1-10101-10999-861102	384 PD OPR Previous Year	-
1-10101-10999-861105	267 PD Rent Public Rental	69.00
1-10101-10999-861106	390 PD Government Water Rates	-
1-10101-10999-861201	240 Fiji Care Insurance Group	(789.83)

¹ Finance Management Act 2004 – Section 25 (1).

² Finance Circular No. 4/98 of 30/03/98.

Account	Description	Amount (\$)
1-10101-10999-861202	241 PD CMLA	(29.56)
1-10101-10999-861204	244 LICl	165.25
1-10101-10999-861308	266 PD FDB Housing	-
1-10101-10999-861511	301 PD FPS Credit Union	-
1-10101-10999-861533	Wesram Finance	-
1-10101-10999-861601	341 PD Maint – Suva	(12.50)
1-10101-10999-861614	355 PD Maint – Suva Domestic	-
1-10101-10999-861901	201 PD Tax Arrears/PAYE	400,484.24
1-10101-10999-861902	204 PD Depst A/c Recoverable	(6,373.56)
1-10101-10999-861913	387 PD RFA IDC Recoveries	-
1-10101-10999-861920	501 PD Employees FNPF	119,297.26
1-10101-10999-861921	502 PD Employers FNPF	5,419.20
TOTAL		518,239.50

Most balances have been carried forward since 2005 and that proper records were not maintained by the previous Accounts Officer. The Office has written to the Ministry of Finance on the steps to be taken to rectify this problem.

Recommendations

- It is recommended that the Ministry of Finance formulate measures in consultation with the Office on how overdrawn accounts for which records have been misplaced are to be rectified before the closure of the 2010 accounts.
- The Office should ensure that all the accounting records are kept up to date with the reconciling of Office balances to the FMIS.

Management Comments

We would like to draw your attention to the summary of opening and closing balances for the list of Trust Fund Accounts as at December 2009 below:

Trust Fund	Allocation No.	Opening Balance from 2006 to 08 \$	Closing Balance December 2009 \$	Difference
Withholding Tax Payable	11010110999840602	(84.00)	(84.00)	-
202 PD OPR Current year	11010110999861101	10.00	10.00	-
267 Rent Public Rental Board	11010110999861105	69.00	69.00	-
390 PD Gov. Water Rates Charges	11010110999861106	-	-	-
240 PD Fiji Care Insurance	11010110999861201	(789.83)	(789.83)	-
241 PD CMLA	11010110999861202	(29.56)	(29.56)	-
240 PD LICl	11010110999861204	165.25	165.25	-
PD FPS Credit Union	11010110999861511	-	-	-
Wesram Finance	11010110999861533	-	-	-
341 PD Maintenance Suva	11010110999861601	(12.50)	(12.50)	-
355 PD Maintenance Suva Domestic	11010110999861614	-	-	-
201 PD Tax Arrears/ PAYE	11010110999861901	400,484.24	400,484.24	-
204 PD Deposits Account Recoverable	11010110999861902	(6,373.56)	(6,373.56)	-
387 PD RFA IDC Salaries	11010110999861913	-	-	-
501 PD Employees FNPF	11010110999861920	120,323.42	119,297.26	1,026.16
502 PD Employers FNPF	11010110999861921	5,419.20	5,419.20	-

<i>Trust Fund</i>	<i>Allocation No.</i>	<i>Opening Balance from 2006 to 08 \$</i>	<i>Closing Balance December 2009 \$</i>	<i>Difference</i>
Total		519,181.66	518,155.50	1,026.16

As shown the total overdrawn balance of \$518,155.50 in 2009 was a result of balance of \$519,181.66 carried forward from 2005 to 2008 and \$1,026.16 in 2009. This comprises of a difference of \$2,784.48(December 2008 FNPF) paid in January 2009 and \$3,810.64 (December 2009 FNPF) paid in January 2010.

As much as we desire, shamelessly the overdrawn balances highlighted above were a result of non – reconciliations done from 2006 to 2008. The absence of records in the office made it difficult to adjust these accounts.

A memorandum had been submitted to Ministry of Finance for their budget department to clear this. This has been on hold since the budget department has to seek funds to adjust this in 2010.

Currently, the Trust Funds are being reconciled on a monthly basis to ensure that no overdrawn of this trust fund accounts in future.

9.6 Dormant Revolving Fund Accounts

The Senior Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.³

The following accounts under Revolving Fund Account (RFA) had balances that had been carried forward since 2006. Refer to Table 9.4 below for details:

Table 9.4: Underline Accounts

Account No.	Particulars	Amount (\$)
1-10101-10999-560302	GL Employee Advance Open Item	50,483.78
1-10101-10999-570101	AP Prepaid Expenses	1,730.00
1-10101-10999-570301	Advances	12,874.50
1-10101-10999-840602	Withholding Tax Payable	(84.00)

The accounts have been dormant for a number of years.

Recommendation

The Office should investigate the balances in the above accounts and rectify the balances if transactions have been misposted to the accounts.

Management Comments

A much as we desire, the overdrawn balance as stated in 9.6 above were a result of non – reconciliations done from 2006 to 2008 together with the absence of records in the office made it difficult to adjust these accounts.

As stated before, a memorandum had been submitted to Ministry of Finance for their budget department to clear this.

³ Office of the Supervisor of Elections – Financial Manual 2005 – Internal Control Report – Section 17.1.7.

Currently, the Revolving and Trust Fund Accounts are being reconciled on a monthly basis to ensure that no overdrawn of this accounts in future.

9.7 Stocktake Report

Each agency must have in place a cost effective system of internal controls which safeguards money and property against loss; avoids or detects accounting errors; and avoids unfavourable audit reports.⁴

Approval from the Ministry of Finance is required before disposing of any state asset.⁵ Officers may be surcharged if found to be responsible for the loss of an asset.⁶

Audit noted that the Office is yet to obtain an approval from the Ministry of Finance to write-off or disposal of assets which were noted missing, damaged or unserviceable during the 2008 stocktake. Refer to Table 9.5 for examples:

Table 9.5: Items to be written off as per BOS Report

Item	Unit	Cost (\$)	Office	Comments
Flash drive	9	450.00	Suva	Items missing.
Mobile Phone	4	1,200.00	Suva	Items missing.
Digital Camera	2	1,100.00	Suva	Items missing.
Sanyo Camera	1	50.00	Suva	Item missing.
Single Charger	8	80.00	Suva	Items missing.
Whip Antenna	19	380.00	Suva	Items missing.
Adapter Charger	7	70.00	Suva	Items missing.
Laptop	2	6,000.00	Suva	Items missing.
Typing Stand	1	10.00	Suva	The item needs to be written off as it is broken.
Panasonic Tape Recorder	1	100.00	Suva	The Recorder is not functioning and needs to be written off.
Padded Armrest Wooden Chair	3	210.00	Suva	The item needs to be written off as it is broken.
Fan with Stand	3	280.00	Suva	The items need to be written off as it is broken.
Projector	1	700.00	Suva	The Projector is not functioning and needs to be written off.
Nokia Mobile Phone	1	400.00	Suva	The item needs to be written off as it is not working.
Wooden Two Drawers	1	50.00	Suva	The item needs to be written off as it is broken.
Akira Desk Fan	1	50.00	Suva	The item needs to be written off as it is not working.
Calculator – Big Display	1	40.00	Suva	The item needs to be written off as it is not working.
Stapler	2	12.00	Suva	The item needs to be written off as it is broken.
Wooden Cushion Chair	1	30.00	Suva	The item needs to be written off as it is broken.
Swivel Grey Chair	3	300.00	Suva	The item needs to be written off as it is broken.
IBM	1	700.00	Suva	The item needs to be written off as it is not working.
Cup	6	30.00	Suva	The item needs to be written off as it is broken.
Industrial Fan	1	200.00	Suva	The item needs to be written off as it is broken.
Safe – Bullmill	1	500.00	Suva	The item is broken and needs to be written off.
Wooden Table	1	200.00	Suva	The item is broken and needs to be written off.
Workstation – 6 Drawers	1	150.00	Suva	The item is broken and needs to be written off.
Filing Steel Cabinet – 4 Drawers	4	800.00	Suva	The item is broken and needs to be written off.

⁴ Finance Instructions 2005 – Part 10: Internal Controls – Section 70(1).

⁵ Finance Instructions 2005 – Section 59(2)

⁶ Office of the Supervisor of Elections Finance Manual 2005 – Section 11.4.5

Item	Unit	Cost (\$)	Office	Comments
Cabinet	1	300.00	Suva	The item is broken and needs to be written off.
Urne	1	300.00	Eastern Division	The item needs to be written off as it is not working.
Electric Kettle	1	50.00	Eastern Division	The item needs to be written off as it is damaged.
Computer Table	1	200.00	Central	The item needs to be written off as it is broken.
Extension Cord	3	15.00	Lautoka	Items missing.
Electric Kettle	1	50.00	Lautoka	The item needs to be written off as it is damaged.
Paper Tray	1	10.00	Lautoka	The item needs to be written off as it is broken.
Calculator	1	10.00	Lautoka	The item needs to be written off as it is broken.
Coffee Set	2	25.00	Labasa	Item missing.
IBM Key Board	1	125.00	Labasa	Item missing.
Calculator	1	10.00	Labasa	Item missing.
Electric Fan	1	100.00	Labasa	Item missing.
Painted Mugs	6	6.00	Labasa	Item missing.
TV Antenna	1	80.00	Labasa	Item missing.
Extension Cord	2	10.00	Labasa	Item missing.
4 Way Power Board	1	10.00	Labasa	Item missing.
Intel CPU	1	500.00	Labasa	Recommend the item to be written off.
Workstation	1	200.00	Labasa	The item needs to be written off as it is broken.
Sugar Bowl	1	15.00	Labasa	The item needs to be written off as it is broken.
3 Tier Paper Tray	1	10.00	Labasa	The item needs to be written off as it is broken.
Stapler	2	20.00	Labasa	The item needs to be written off as it is broken.

Discussion with the Administration Officer revealed that items were not officially handed over from the outgoing Officer, hence the record keeping in regard to the maintenance of fixed assets and inventory were not carried out as stipulated in the Finance Instructions. It would be difficult to identify any person to be responsible for any discrepancies if the Fixed Assets and Inventory records are not properly maintained.

The above findings imply inadequate controls over the custody of fixed assets and inventories.

Recommendations

- **Investigations of the missing items should be conducted and appropriate actions imposed if Officers are responsible for the loss of the items.**
- **The Office should follow up with Ministry of Finance on the feedback of the Stocktake report submitted to them.**
- **Movements of office equipments and other fixed assets should be monitored when Officers leave the Office through resignation or transferred to other Ministries and Departments.**

Management Comments

Management would like to acknowledge the discrepancies raised by your Draft Audit Memorandum, year 2009.

In addressing the above missing items as highlighted in the Board of Survey Report 2008, management has begun conducting its own internal investigation into those missing items and appropriate actions would be taken against officers responsible for the loss of items.

The Board of Survey Report for 2008 had been approved Ministry of Finance to effect the Board's recommendations.

Currently, we have strengthened our internal controls and devise monitoring mechanism to avoid lost of records and assets.

Section 10 **Judiciary**

Role and Responsibilities

The Judiciary Department is responsible for enhancing the quality of justice in the community by ensuring an effective and accessible Court System and as the cornerstone of Justice; the Court System will uphold the principles of equality, fairness and access while protecting the dignity and rights of all members of the community.

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PART 1: FINANCIAL STATEMENTS

10.1 Audit Opinion

The audit of the 2009 accounts of the Judicial Department resulted in the issue of a qualified audit report. The Department did not provide for audit the following contrary to Finance Instructions 82 (1):

- Statement of Losses and
- Trust Account Statement of Receipts and Payments. The Financial Management Information System shows that the Department as at 31 December 2009 had trust funds totalling \$11,116,358.

10.2 Statement of Receipts and Expenditures

The Department collected revenue amounting to \$2,991,231 and incurred a total expenditure of \$9,510,067 in 2009.

Table 10.1: Statement of Receipts and Expenditures for 2009

Description	2009 \$	2008 \$
RECEIPTS		
State Revenue		
Court Fines	1,862,289	1,926,679
Fees Court	990,880	1,116,496
Others	18,728	54,766
Total State Revenue	2,871,897	3,097,941
Agency Revenue		
Miscellaneous	94,273	361,285
Revenue from Surveys	25,061	4,350
Total State Revenue	119,334	365,635
TOTAL REVENUE	2,991,231	3,463,576
EXPENDITURE		
Operating Costs		
Established Staff	7,359,969	8,560,553
Unestablished Staff	393,899	453,454
Travel & Communication	416,274	557,349
Maintenance & Operations	387,311	415,799
Purchase of Goods & Services	132,131	171,129
Special Expenditure	616,918	314,140
Total Operating Costs	9,306,502	10,472,424
Capital Expenditure		
Capital Construction	52,658	206,648
Capital Purchase	-	93,897
Total Capital Expenditure	52,658	300,545
Value Added Tax	150,907	216,560
TOTAL EXPENDITURE	9,510,067	10,989,529

The decline in revenue collected from Court fees and fines resulted in the decreased revenue recorded for 2009.

Total expenditures decreased by \$1,479,462 or 13% as a result of the following:

- Termination of the appointments of all Judges and masters upon the abrogation of the Constitution in April 2009. Not all positions were filled in 2009.
- Cancellation of renovation works for the High Court in Suva.

10.3 Statement of Output Costs

The Statement of Output Costs consolidates the 11 outputs prescribed in the Budget Estimates contrary to the requirement of the Finance Instructions. These are detailed in *Appendix 10.1*.

10.4 Appropriation Statement

The Judicial Department incurred expenditures totalling \$9,510,067 against the budget of \$11,813,900 resulting in a savings of \$2,303,833 or 20%. Details of expenditures against the budget estimates are provided in Table 10.2.

Table 10.2: Appropriation Statement for 2009

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	9,219,600	(1,022,500)	8,197,100	7,359,969	0	837,131
2	Unestablished Staff	386,800	102,000	488,800	393,899	0	94,901
3	Travel & Communication	617,500	26,700	644,200	416,274	0	227,926
4	Maintenance & Operations	477,100	(1,500)	475,600	387,311	0	88,289
5	Purchase of Goods & Services	241,200	(30,700)	210,500	132,131	0	78,369
6	Operating Grants & Transfers	3,400	0	3,400	0	0	3,400
7	Special Expenditure	1,212,200	(160,046)	1,052,154	616,918	0	435,236
	Total Operating Costs	12,157,800	(1,086,046)	11,071,754	9,306,502	0	1,765,252
	Capital Expenditure						
8	Construction	300,000	86,046	386,046	52,658	0	333,388
	Total Capital Expenditure	300,000	86,046	386,046	52,658	0	333,388
13	Value Added Tax	356,100	0	356,100	150,907	0	205,193
	TOTAL EXPENDITURE	12,813,900	(1,000,000)	11,813,900	9,510,067	0	2,303,833

The Ministry of Finance approved the transfer of funds totalling \$245,246 during the year. In addition, Cabinet approved the redeployment of \$1million under *SEG 1 – Established Staff* to other Ministries and Departments.

PART 2: AUDIT FINDINGS

10.5 Agency Financial Statement

Commencing 2006 financial year, each annual report must include financial statements which are prepared and signed in accordance with these Instructions, audited by the Auditor General, and accompanied by an audit opinion prepared by the Auditor General.¹ The draft financial statements must be submitted to the Auditor General by 31 March in the following year, or within such other time as agreed to with the Auditor General.²

The Trust Fund Statements of Receipts and Payments and the Statement of Losses were not submitted for audit as required. According to Ministry of Finance's Appendix 23A³, the Department has a Trust Fund balance of \$11,116,358 as at 31 December 2009.

¹ Finance Instructions 2005 – Section 81(2).

² Finance Instructions 2005 – Section 81(3).

³ Main Trust Fund.

Non-compliance with Finance Instructions in the preparation of the financial statements has restricted the scope of the audit and is included in the audit report as qualifications.

Recommendation

The Department should ensure that the requirements of the Finance Instructions 82 are strictly followed in the preparation of the Agency Financial Statements.

Management Comments

The Agency Financial Statement was prepared in accordance with the Financial Instructions whereby the closing balance of the Trust Accounts was stated. We were not aware that the total receipts and payments from January-December should have been stated. This is because no training has been conducted by Ministry of Finance on the preparation of the Agency Report in order for us to know the required details that needs to be incorporated in the Report. However, for the future Agency Reports this information will be shown.

The Statement of Losses was not submitted as no Board of Survey was conducted for the department for the year 2009.

10.6 Long Outstanding Balances - Revolving Fund Account (RFA)

The Principal Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁴

Our review of the RFA reconciliation for the month of December revealed balances that has been outstanding for a long period of time. Refer to Table 10.3 for examples:

Table 10.3: Outstanding Items not Cleared

Name/Details	Allocation	Amount \$	Remarks
Surcharge – Domestic Court	1-11103-11999-570304	14,323.36	Includes: <ul style="list-style-type: none"> Overpayment of maintenance amount and surcharge for personal calls amounting to \$3,744.45 from 1997 - 1998.
Court Office – Ba	1-11103-92031-570304	66.04	Includes: <ul style="list-style-type: none"> Personal Telephone Calls of \$66.04.
Court Office - Lautoka	1-11103-92011-570304	5,579.94	Includes <ul style="list-style-type: none"> Overpayment maintenance case no: 25/76 of \$48.00. Short lodgement of \$2,133 from 1999-2001. Extra lodgement of \$30.13 from 2001 – 2008. Surcharge J. Waqata for Private calls in Sept 2004 amounting to \$370.94. Imprest money of \$2,831 stolen on Sept 2004. Under Police

⁴ Judicial Department Finance Manual 2005 Section 18.1.3 – Accounting Records.
Judiciary

Name/Details	Allocation	Amount \$	Remarks
			investigation.
Court Office - Nadi	1-11103-92021-570304	(30.14)	Includes <ul style="list-style-type: none"> Personal Telephone Calls of \$0.36 for 1997. Overpayment maintenance sum totalling \$75.00 in 1997.
Court Office - Sigatoka	1-11103-92051-570304	2,825.40	Includes <ul style="list-style-type: none"> Personal Telephone Calls of \$ 79.20 from 1996 – 1997. Short lodgement of \$10.30 in 2003.
Court Office - Nausori	1-11103-91021-570304	1,240.46	Includes: <ul style="list-style-type: none"> Balance brought forward from 1996 amounting to \$2.44; Personal Telephone Calls – V. Sharma Personal Telephone Calls of \$5.58 in 1997. Court broken into on Sept 2004 amounting to \$1267.00; under police investigation. Court Officer Under police investigation amounting to \$35.00.
Court Office - Labasa	1-11103-93011-570304	59.00	Includes: <ul style="list-style-type: none"> Overpayment maintenance sum amounting to \$43.00 in March 2008. Short lodgement of \$6.00 in June 2008.
Court Office - Taveuni	1-11103-93061-570304	1,418.75	Includes: <ul style="list-style-type: none"> Magistrate court destroyed by fire, under police investigation, Dec 1998 amounting to \$700.50. Court destroyed on 17/09/04; under police investigation amounting to \$700.00. Short lodgement on 18/08/04 amounting to \$10.00. Short lodgement on 12/09/06 amounting to \$10.00.
Advance Prison - Suva	1-11101-11999-560303	203.50	<ul style="list-style-type: none"> Credit was not received for \$202.00 dated 28/07/98.
Balance brought forward	1-11101-11999-560302	337.05	<ul style="list-style-type: none"> Balance carried forward from 1996.
Isikeli Tabua - Personal Telephone Calls	1-11101-11999-560302	97.02	<ul style="list-style-type: none"> Officer terminated.

In addition, balances for dishonoured cheques reflected in the RFA have not been cleared since 1994. Refer to Table 10.4 for details.

Table 10.4: Uncleared Dishonoured Cheques – Revolving Fund Account

Date	Name	Details	Amount \$
May 1994	Domestic Court	Dishonoured Cheque – Matawalu & Co.	800.00
Feb 1997	Magistrate Court – Lautoka	Dishonoured Cheque – Armoguard Fiji Ltd.	15.00
Sept 1997	High Court – Suva	Dishonoured Cheque – Country Real Estate.	220.00
June 1998	Magistrate Court – Suva	Dishonoured Cheque – P. Computer System.	(2.50)
June 1998	Magistrate Court – Suva	Dishonoured Cheque – Formscaff Fiji Ltd.	147.50
Oct 2001	Magistrate Court – Labasa, JV 11/10	Dishonoured Cheque – Maqbool & Co.	41.50
Jan 2004	Magistrate Court – Nadi	Dishonoured Cheque – Opulent Investment Ltd.	(1,325.74)
Jan 2004	Magistrate Court – Suva	Dishonoured Cheque Fee.	10.00
July 2004	High Court – Suva	Dishonoured Cheque – Fa & Co.	(145.00)
Jan 2006	Magistrate Court – Sigatoka	Dishonoured Cheque – Maraiwai & Co.	(60.63)
May 2006	Magistrate Court – Lautoka	Dishonoured Cheque – G.P. Shankar & Co.	63.13
June 2007	Small Claims Tribunal – Suva	Dishonoured Cheque – PS Lands.	(23.00)
Nov 2008	Domestic Court – Suva	Dishonoured Cheque – Chadwick Sports Club.	360.00
Dec 2008	Family Court - Nausori	Dishonoured Cheque Fee.	10.00
Dec 2008	Domestic Court – Suva	Dishonoured Cheque – Tugi Enterprise Co.	10.00
May 2009	High Court Civil – Suva	Dishonoured Cheque – Fa & Co.	(122.50)
Oct 2009	Magistrate Court - Nausori	Dishonoured Cheque – Maraiwai Co.	32.51

The finding also indicates ineffective controls and lack of supervisory checks carried out in the Accounts Section.

Recommendations

- The Department should conduct a thorough review of the RFA and take immediate actions to clear all outstanding items.
- Personal charges should be recovered from relevant Officers.

Management Comments

We agree that there are balances in the RFA for a long period of time. These figures are not due to the ineffective controls and lack of supervisory checks in the Accounts Sections but because of the theft and abuse by staff of other Sections of the Department.

These irregularities were picked by Accounts thus Revolving Account was debited in order to clear the payments.

In some cases officers were terminated thus recovery couldn't be made. Some officers were taken by Police and the case was heard and dealt with, therefore no recovery could be made.

As recommended by Audit, the department is also of the view of having these outstanding amounts written off but for this we need to envisage savings within our budget so that Ministry of Finance can provide approval for write off. If this is not possible then request will be made to Ministry of Finance for them to provide sufficient funds specially to have these amounts written off.

There are some dishonoured cheques in respect of companies that are no longer in operation. For this, department will write to Ministry of Finance to have them written off. As for the ones still in operation, Officers in Charge of respective registries will be informed to contact the company owners and have it cleared. Failure to which, the outstanding amount will be deducted from the officer in charge's salary.

10.7 Overdrawn Trust Fund Accounts

Within 5 days after the end of each month, the Assistant Accounts Officer (ledgers) shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.⁵

Trust money is to be accounted for separately from public money and other money.⁶ The Trust Fund Accounts should not at any time be overdrawn.⁷

The two Main Trust Fund Accounts were overdrawn. In addition, the accounts are still reflected under Operating Trust Fund Account (Fund 1) instead of Fund 9. Refer to Table 10.5 for details:

Table 10.5: Overdrawn Trust Funds

Account	Description	Overdrawn Balance \$
1-11101-11999-864101	Maintenance	508,448.52
1-11102-92011-864102	Sundries	632,172.88

The overdrawn balances have been carried forward from previous years.

Recommendations

- The Department should ensure that monthly reconciliations are carried out properly and accurately.
- The Department should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences and should be produced during audit.
- Supervisory checks in the Accounts Section should be improved.

Management Comments

Our department's Trust Fund Account Reconciliation is behind by more than 20 years. Whilst we agree with the importance of proper maintenance and reconciliation of Trust Fund Account, we would like to advise that monthly Reconciliations were not done from previous years and this lead to our reconciliation being behind for so many years, especially for maintenance and sundries trust accounts; as a matter of fact this is beyond our control. However, Department has a ledger where closing balance ties with the FMIS.

We have requested the IT Section to assist us on this, i.e. to provide software which can automate the reconciliation system. They are liaising with IT Department in order to get software that can assist us in our reconciliation.

As for the two overdrawn trust accounts, the department is liaising with Ministry of Finance to have these Accounts zerorised. The debit balances resulted from an error in the mapping exercise when new allocations were introduced by Ministry of Finance. All trust fund figures were lumped into two allocations (maintenance & sundries) and the department was trying to distribute the various amounts to the appropriate allocation by raising journal vouchers. But before the department could transfer all transactions to its rightful allocations, Ministry of Finance adjusted these figures without the Department's knowledge. The operating trust fund account shows a debit balance as a result of the double adjustment made by Finance and the Department.

We have written to Ministry of Finance on 01/07/10 to have the debit balance regularised as the error was made by them. The department is awaiting their response.

⁵ Judicial Departments Finance Manual 2005 – Section 15.4.1.

⁶ Finance Management Act 2004 – Section 25 (1).

⁷ Finance Circular No. 4/98 of 30/03/98.

As recommended by audit, department always has documentary evidence with the transactions posted to the general ledger (FMIS). Payment vouchers in respect of Trust Fund have the receipt number quoted as the authority of payment. These receipts are bound and kept station wise on monthly basis and not attached with payment vouchers. These documents are always readily available for the auditors during their audit visit, its only for them to request for it.

We do have supervisory checks in the Accounts Section. The reconciliations are checked by the Accounts Officer before it is submitted to Ministry of Finance. As mentioned earlier the debit balances in the two accounts arouse by MOF error.

10.8 Overpayment of Leave Compensation

In the event of resignation, termination of appointment on any grounds, or death of an officer, he or his legal representative shall be paid pro-rata compensation for annual leave due to the officer up to the date of his resignation, death etc.⁸

Our review of payroll records revealed that the Department had overpaid leave compensations to various Officers in 2009. Refer to the Table 10.6 for examples:

Table 10.6: Overpayment of Leave Compensation

Date	EDP No.	Description of Payment	Dept.	Audit	Variance	Annual Salary \$	Overpaid \$
02/07/09	90401	Payment for leave compensation of 23.5 working days.	35.5	33	2.5	62,778	431.17
02/07/09	62507	Payment for leave compensation of 17.5 working days.	27.5	24.5	3	62,778	517.40
02/07/09	06280	Payment for leave compensation of 20 working days.	32	28	4	62,778	689.87
02/07/09	62279	Payment for leave compensation of 13.5 working days.	21.5	19	2.5	62,778	431.17
02/07/09	53513	Payment for leave compensation of 69.5 working days.	103.5	97	6.5	62,778	1,121.04
02/07/09	15521	Payment for leave compensation of 12 working days and 56 days long service due.	20	17	3	62,778	517.40
02/07/09	45627	Payment for leave compensation of 57.5 working days.	87.5	80.5	7	62,778	1,207.27
30/07/09	18355	Payment for leave compensation of 83.5 working days.	119.5	117	2.5	29,935	205.60
01/07/09	60811	Payment for leave compensation of 36.5 working days.	55.5	51	4.5	62,778	776.10
02/07/09	49346	Payment for leave	29	27	2	62,778	344.93

⁸ General Order 702.

Date	EDP No.	Description of Payment	Dept.	Audit	Variance	Annual Salary \$	Overpaid \$
		compensation of 19 working days.					

The overpayments resulted from the incorrect calculation method adopted by the Department in determining the number of consecutive days the officers were to be compensated.

It is imperative that the Department adopt strategies to prevent such overpayments from occurring in the future.

Recommendations

- All overpaid amount should be recovered. And in cases where recovery is not possible, the Department should investigate the cause of overpayment and take appropriate actions.
- The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.

Management Comments

The various officers were paid leave compensation upon resignation, termination or retirement. There was no overpaid leave compensation to officers as mentioned by the Auditors.

The calendar was used to calculate the number of working days from the date the officers resigned, retired or were terminated. Then the consecutive days were counted and officers were compensated accordingly. We have never used the formula the Auditors are using to calculate leave compensation. The formula gives days in fractions which are incorrect because leave is either on full day or half day and not fractions. Thus there was no overpayment of leave compensation.

*There is **no** lack of supervisory control in the Accounts Section. The Accountant always checks and certifies the voucher prepared by the Salaries Clerk and also checked by the AAO (Payment). The vouchers are checked by three officers before it is processed for payment. In view of this, there are proper internal control procedures in the Accounts Section.*

10.9 Management of Maintenance Cards

The Officer in Charge of each Court registry at the given material time, Assistant Accounts Officer (Payments) and Voucher Clerk shall properly file correspondences, reports, trust agreements and other relevant trust documents. Each trust account shall have its own file.⁹ The Officer in charge of each court registry at the given material time and Assistant Accounts Officer (Ledgers) shall keep a trust ledger to record movement of trust money. The ledger shall record the information such as name of trust account; date and amount of receipts and payee; date, amount paid and payer including reference number; and balance to date.¹⁰

From our observation during the audit, Maintenance Cards are updated when defendants make payments for maintenance and funds are paid to claimants. There are more than 1,000 maintenance cards maintained at the Accounts Section.

The following anomalies were noted from our review:

⁹ Judicial Department Finance Manual 2005 – Section 15.3.1.

¹⁰ Judicial Department Finance Manual 2005 – Section 15.3.2.

- Information contained in some cards may be incorrect as cards initially maintained have been misplaced and replacement cards opened. Refer to Table 10.7 for examples:

Table 10.7: Duplicate Cards

Date of Duplicate Card	Case No.	Complainant's Name	Defendant's Name
09/11/04	76/95	Adi Samanunu	Samuela Sapeta
08/09/08	01/92	Salote Naqio	Niumaia Korovata
25/04/06	174/93	Ana Vakaidia	Moses Veremalumu
20/03/07	147/91	Akanisi Lwadru	Avaitia Tukana
09/09/08	176/92	Sera Leusakadi	Sailasa Roko
28/11/08	151/92	Mela Johnson	Tevita Teu
24/09/08	152/93	Sekoula Tuwai	Jese Gade

- Since cards are manually maintained, accessibility to the cards is limited as they can only be used by one person at any given time. If the attendant at Counter 1 uses a card and fails to file it back, the attendant at Counter 2 will not be able to use the card when processing receipts or payments and therefore may not be updated. There is a high possibility of double payments when new cards are opened resulting in duplicate copies of Maintenance Cards. A recent case of fraud by an employee of the Department, involving more than \$10,000, resulted from creating duplicate cards.
- As the cards are not electronically maintained, there is no back up of information contained in the Maintenance Cards. There is a high risk that information will not be recovered or lost in cases of any natural disasters such as flooding or fire.

Given the enormous volume of Maintenance Cards, there is a high risk of mismanagement of funds and overpayments with the current system, as records are manually kept.

Recommendations

- It is recommended that the Department adopt and implement strategies that will ensure that records are maintained up to date and that information/records are safeguarded in cases of natural disasters.**
- With the current manual system, Maintenance Cards should be updated at the end of the day and supervisory checks performed on a regular basis to avoid any discrepancies.**

Management Comments

It is agreed that there is a trend that once if an original maintenance card is not located on time, a duplicate card is opened. The reason is that either the original card is wrongly filed in the wrong place or at times when the card is with the Family Court Registry for the calculation of maintenance arrears.

The Domestic Court is handling the most number of cards compared to other registries and there is possibility that at times the cards can be misplaced or filed in the wrong place. However, when the original cards are located, the necessary entries are done accordingly from the duplicate cards.

The staffs are always reminded to be cautious while entering receipt numbers on the card and paying of maintenance to the ladies.

Appendix 10.1: Statement of Output Costs for 2009**General Administration**

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	741,459	685,528
Unestablished Staff	37,656	58,852
Travel & Communication	14,961	26,118
Maintenance & Operations	143,632	171,491
Purchase of Goods & Services	27,431	53,956
Special Expenditure	457,329	112,745
Total Operating Costs	1,422,468	1,108,690
Capital Expenditure		
Capital Construction	52,658	125,547
Capital Purchase	0	93,897
Total Capital Expenditure	52,658	219,444
Value Added Tax	43,672	73,081
TOTAL EXPENDITURE	1,518,798	1,401,215

High Court

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	2,531,841	2,825,742
Unestablished Staff	68,027	71,462
Travel & Communication	104,045	106,971
Maintenance & Operations	60,894	61,427
Purchase of Goods & Services	86,674	97,578
Total Operating Costs	2,851,481	3,163,180
Value Added Tax	29,309	32,197
TOTAL EXPENDITURE	2,880,790	3,195,377

Magistrates Courts

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	2,985,427	3,677,485
Unestablished Staff	220,600	242,326
Travel & Communication	145,631	166,927
Maintenance & Operations	44,954	44,902
Purchase of Goods & Services	18,025	19,595
Total Operating Costs	3,414,637	4,151,235

Description	2009 \$	2008 \$
Value Added Tax	25,805	29,505
TOTAL EXPENDITURE	3,440,442	4,180,740

Fiji Court of Appeal

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	133,115	211,854
Unestablished Staff	12,703	20,606
Travel & Communication	53,816	115,684
Maintenance & Operations	7,690	13,352
Total Operating Costs	207,324	361,496
Value Added Tax	10,661	15,339
TOTAL EXPENDITURE	217,985	376,835

Small Claims Tribunal

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	187,575	226,997
Travel & Communication	6,792	17,689
Maintenance & Operations	16,488	16,883
Special Expenditure	149,840	159,895
Total Operating Costs	360,695	421,464
Value Added Tax	18,082	21,645
TOTAL EXPENDITURE	378,777	443,109

Supreme Court

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Unestablished Staff	7,724	0
Travel & Communication	53,223	55,759
Maintenance & Operations	1,704	3,418
Special Expenditure	9,749	41,500
Total Operating Costs	72,400	100,677
Value Added Tax	5,260	11,609
TOTAL EXPENDITURE	77,660	112,286

Family Law Courts

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	780,554	932,947
Unestablished Staff	47,188	60,208
Travel & Communication	37,806	68,201
Maintenance & Operations	111,948	104,326
Total Operating Costs	977,496	1,165,682
Capital Expenditure		
Capital Construction	0	81,101
Total Capital Expenditure	0	81,101
Value Added Tax	18,119	33,184
TOTAL EXPENDITURE	995,615	1,279,967

Section 11 **Legislature Department**

Role and Responsibilities

The core business of the Legislature is the administration of Parliament of the Fiji Islands, its committees and all formal proceedings for the two Houses, in the effective coordination of the role of the Houses of Parliament.

After the abrogation of the Constitution, the parliament services have been suspended indefinitely.

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PART 1: FINANCIAL STATEMENTS

11.1 Audit Opinion

The audit of the 2009 accounts of the Legislature Department resulted in the issue of a qualified audit report. The Department has not provided a Statement of Losses, contrary to Finance Instructions 82.

11.2 Statement of Receipts and Expenditures

The Department collected revenue amounting to \$675 and incurred expenditures totalling \$1,196,282, an increase of \$248,196 or 26% in 2009. Refer to Table 11.1 for details:

Table 11.1: Statement of Receipts and Expenditures for 2009

Description	2009 \$	2008 \$
RECEIPTS		

Description	2009 \$	2008 \$
State Revenue	158	280
Agency Revenue	517	13,168
TOTAL REVENUE	675	13,448
EXPENDITURE		
Operating Expenditure		
Established Staff	823,473	452,909
Government Wage Earners	186,227	220,095
Travel & Communications	41,320	63,342
Maintenance & Operations	95,477	172,752
Purchase of Goods & Services	24,321	29,466
Total Operating Expenditure	1,170,818	938,564
Value Added Tax	25,464	9,522
TOTAL EXPENDITURE	1,196,282	948,086

Although Parliament services have been suspended, total expenditures increased in 2009. The increase in *SEG 1 - Established Staff* by 82% was due to charges directly debited to *SEG 1 - Established Staff* on the Department Warrants issued to meet the shortfall in 2008, instead of the IDC Treasury account.

11.3 Appropriation Statement

The Legislature Department incurred expenditures totalling \$1,196,282 in 2009 against the budget of \$1,796,100 resulting in a saving of \$599,818 or 33%. Details of expenditures against the budget estimates are provided in Table 11.2.

Table 11.2: Appropriation Statement for 2009

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	1,235,100	(10,000)	1,225,100	823,473	0	401,627
2	Unestablished Staff	177,900	10,000	187,900	186,227	0	1,673
3	Travel & Communication	82,000	0	82,000	41,320	0	40,680
4	Maintenance & Operations	213,500	0	213,500	95,477	0	118,023
5	Purchase of Goods & Services	45,000	0	45,000	24,321	0	20,679
	Total Operating Costs	1,753,500	0	1,753,500	1,170,818	0	582,682
13	Value Added Tax	42,600	0	42,600	25,464	0	17,136
	TOTAL EXPENDITURE	1,796,100	0	1,796,100	1,196,282	0	599,818

11.4 Statement of Losses

The Department did not submit a Statement of Loss for audit.

PART 2: AUDIT FINDINGS

11.5 Agency Financial Statements

Commencing 2006 financial year, each annual report must include financial statements which are prepared and signed in accordance with these Instructions, audited by the Auditor General, and accompanied by an audit opinion prepared by the Auditor General.¹

The draft financial statements must be submitted to the Auditor General by 31 March in the following year, or within such other time as agreed to with the Auditor General.²

The Legislature Department submitted its Agency Financial Statements for audit on 31/03/09. Audit noted that the financial statements submitted were not prepared in accordance with the requirements of Section 82 of the Finance Instructions 2005. The Department did not submit a Statement of Losses for audit.

Non-compliance with Finance Instructions in the preparation of the financial statements has restricted the scope of the audit and has been included in the audit report as a qualification.

Recommendation

The Department should ensure that the requirements of the Finance Instructions 82 are strictly followed in the preparation of the Agency Financial Statement.

Management Comments

The Department did submit a Statement of Losses but was advised during the interview with Auditors that a Statement of Losses is prepared once the Department has carried out an Annual Board of Survey. Hence, a Loss Report will be submitted once the Board of Survey Report is completed.

11.6 Stocktake/Annual Board of Survey

A stocktake shall be undertaken each year to verify the existence and condition of assets recorded on the assets register.³

Inventories which are material in value should be recorded in an inventory system. A stocktake shall be undertaken each year to verify the existence and condition of inventories on hand.⁴

The Department failed to carry out its annual board of survey for the year ending 31 December 2009. Items such as computer equipment, laptops and printers that were unserviceable and have been approved by ITC to be boarded have not been disposed off. Refer to *Appendix 11.1* for details.

In addition, verification of the inventory records revealed variances between the tally card and the physical stocktake. Refer to Table 11.3 for examples:

¹ Finance Instructions 2005 – Section 81(2).

² Finance Instructions 2005 – Section 81(3).

³ Finance Instructions 2005 – Section 57 (1).

⁴ Finance Instructions 2005 – Section 44 & 45.

Table 11.3: Anomalies noted for Tally Cards

Item	Unit Price	Date – Physical Count	Tally card	Actual Stock	Variance
AAA Battery	Not stated	24/08/09	94	84	10
AA battery	Not stated	Batteries issued but not recorded	33	-	33
AA battery	Not stated	Batteries issued but not recorded	42	-	42
AA battery	Not stated	30/03/09	54	52	2
Adhesive Plaster	Not stated	30/03/09	7	1	6
Airwick	Not stated	30/03/09	6	1	5
Band Aids	Not stated	30/03/09	800	500	300
D battery	Not stated	Batteries issued but not recorded	16	-	16
D battery	Not stated	Batteries issued but not recorded	12	-	12
Janola	Not stated	30/03/09	11	9	2
Plain Gauze Swabs	Not stated	30/03/09	8	6	2
Salvon Cream	Not stated	30/03/09	6	5	1

An inventory register has not been maintained for computer hardware procured during the year. Refer to Table 11.4 for examples:

Table 11.4: Items not recorded on Inventory Register

Date	Payee	Cheque No.	Particulars	Quantity	Amount (VEP) \$
25/05/09	Clariti(SP) Ltd	15142	Payment for the Portable External hard drive	3	975.00
10/07/09	Clariti(SP) Ltd	15368	Payment for RAM chipset memory	7	770.00
15/07/09	Clariti(SP) Ltd	15397	Payment for RAM chipset memory	7	770.00
30/07/09	Clariti(SP) Ltd	15466	Payment for RAM chipset memory	6	660.00
07/08/09	Clariti(SP) Ltd	15503	Payment for the supply of – Power Supply	1	250.00
			- Hard Disk Drive	1	150.00
			- DVD ROM	1	150.00
			- Memory chip	1	110.00

The above findings imply inadequate controls over the custody of fixed assets and inventories.

Recommendations

- The Department should ensure that a stocktake is carried out annually and that all fixed assets/inventories are taken on charge in the Fixed Assets/Inventory Registers or tally cards.
- Boarded items should be disposed or auctioned off as approved by ITC and the Ministry of Finance.

Management Comments

The main reason why there was no Annual Board of Survey conducted in 2009 was because the Ministry of Finance was conducting investigations into the allegations made against the two suspended officers namely Mrs. Asena Nasegai (Administrative Officer) and Mr. Miteli Uculoa (Technician). The Ministry of Finance had suggested that things should be left as is until the Team had completed its investigation and submitted its Report. These included unserviceable items (shown in the table) such as computers, laptops and printers that had been boarded and recommended by ITC to be disposed of, however, the Department has not received a copy of the Investigation Report to-date. The two suspended officers have been reinstated and transferred to the Public Service Commission in July this year.

The Department intends to conduct its Annual Board of Survey soon. It has already started with the listing of inventories in offices last month and hopes to appoint a Team to start the Annual Board of Survey exercise sometime this month and completed by the end of the month or early next month.

11.7 Operating Trust Fund Account

Within 5 days after the end of each month, the Assistant Accounts Officer shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.⁵

According to the Ministry of Finance's Appendix 23B, the Department has an Operating Trust Fund balance of \$177,240.30 as at 31 December 2009. It was noted that eleven of the Operating Trust Fund Accounts were overdrawn (debit balances). Refer to Table 11.5 for details:

Table 11.5: Overdrawn Operating Trust Fund Account

Account No.	Particulars	Overdrawn Balances \$
11210112101861104	208 PD Rent H/A Unestablished	77.59
11210112101861105	267 PD Rent Public Rental Board	166.19
11210112101861202	241 PD CMLA	97.36
11210112101861206	246 PD Marsh & Mclennan	29.16
11210112101861299	XXX PD Others	3,701.06
11210112101861306	263 PD Housing Authority	1,935.14
11210112101861532	YYY PD Public Employee Union	20.00
11210112101861599	XXX PD Others	507.74
11210112101861601	341 PD Maintenance-Suva	100.00
11210112101861920	501 P D Employees FNPF	107,105.51
11210112101861920	Miscellaneous Fund Open Item	17,754.79

The overdrawing of Operating Trust Fund may have resulted from incorrect journal entries passed to the accounts.

The overdrawn balances have been carried forward from previous years. In the absence of proper records and reconciliations, it is difficult to authenticate the accuracy of the Operating Trust Fund balance as stated in the Ministry of Finance's Appendix 23B and the general ledger (FMIS).

Recommendations

- The Department should ensure that monthly reconciliations are carried out properly and accurately.
- The Department should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences that should be produced during audit.
- Supervisory checks in the Accounts Section should be strengthened and improved.
- A thorough review of the Operating Trust Fund accounts is recommended to rectify incorrect journal entries that may have been posted to the accounts from previous years.

Management Comments

Our Department is carrying out monthly reconciliations and all misallocations for the year 2009 had been adjusted. The balances showing in the accounts have been carried forward from 2006 and early 2007. Rectifying

⁵ Legislature Department - Finance Manual - Section 15.4.1.

those incorrect journal entries is difficult as there are no past reconciliations available. It should also be noted that some payments made from the miscellaneous Fund Open Item are under Police investigation.

There are only two staffs in the Accounts Section. All duties are carried out between the two. However, we would try to rectify the incorrect journal entries carried forward from the previous years.

11.8 Excessive Calls Made To Mobile Phones

Office telephones should be used for official purpose only. Official calls should be as brief as possible.⁶

The Permanent Secretary or Head of Department will have the right to question the authority for any official trunk telephone call, and, if he decides that such call be on private and business, the Officer responsible will be required to meet the cost of the call.⁷

A review of telecommunication expenses revealed high costs incurred for calls made to mobile phones. Refer to *Appendix 11.2* for details. The Department failed to maintain a register to record outgoing calls during business hours for monitoring purposes.

Discussion with the Assistant Editor revealed that mobile calls are not permitted and at present there is no monitoring of calls being done in order to bill staffs for personal call charges.

Although the telecommunication expenditure was contained within the budget, it is imperative that the Department adopt measures to eliminate the risk of abuse of the telecommunication services.

Recommendations

- **Charges for personal calls should be recovered by the Department from the relevant officers.**
- **The Department should maintain a register to record all outgoing calls requested by staffs in order to monitor excessive personal calls.**

Management Comments

*The Department notes the comments made in the DAM and is going through the process of identifying called numbers against callers so that respective officers are notified to pay their bills. **According to the listed numbers some calls have been charged to telephone lines that were supposed to be disconnected.** Hence, a copy of the list has been sent to Telecom for verification of telephone lines and extensions.*

As far as Management is concerned the Telephone Operator should always keep a proper register of all calls.

⁶ General Orders – Section 1113(a).

⁷ General Orders – Section 1113(c).

APPENDICES

Appendix 11.1: Items yet to be Disposed Off

Description	Serial/Model No.	Quantity
IBM CPU	90D11ZT	1
Canon	K10068	1
IBM CPU	90-M026C	1
IBM CPU	90-432L8	1
IBM CPU	90-D09DF	1
Brother HL 1430 Printer	E60953C4J197633	1
HP LJ1200 Printer		1
Intel CPU		1
Keyboard	C9909247147	1
Microsoft Mouse	01242356	1
IBM keyboard	0811963	1
IBM keyboard	0304136	1
Cherry Keyboard	G005723G20	1
Commodore Monitor	1935	1
Brother MFC 7400C		1
IBM Monitor	23BAN52	1
HP Monitor	CNCFN02597	1
IBM CPU		1
Lenovo CPU		1
HP LJ 1200 Printer		1
HP LJ 1200 Printer		1
IBM CPU	90433L3	1
Canon BJC 240 Printer	EEJ4548	1
Legend Monitor		1
Dell Monitor	E551	1
IBM keyboard	0811987	1
IBM Monitor	23-B4245	1
IBM Monitor	23-HZ097	1
Global CPU	24*10*40	1
IBM monitor	23-H2317	1
Lenovo CPU	NA05731564	1
KEYMC	N2244	1
IBM keyboard	KP9910	1
Digital Monitor	IK70930837	1
HP LJ color printer 2500		1
EPSON LQ-1070 Printer	4900002910	1
EPSON LX850 Printer	44M0003644	1
EPSON LX 850 Printer	44M0003718	1
Hyundai Super 286TR-CPU	DBPVfg	1
Commodore CPU	286-16	1
Legend CPU	NA02059071	1
Commodore 1935 Monitor	110240	1
Dell Monitor	MY0749CW-46632-26S-82SK	1
MAG Innovision monitor	HD721C004626	1
Epson LX850 Printer	44NN0003625	1
Dell Monitor	MY0749CW4663226S82SM	1
Dell CPU	92CJ615	1
Dell Monitor	MY0749CW-46632-26S-82SM	1

Description	Serial/Model No.	Quantity
Dell Mouse	3892A378	1
Honey well Keyboard	J980505216	1
Commodore 1935 Monitor	110-240	1
Commodore CPU	286-16	1
Epson LX850 Printer	44M0003630	1
Epson LX850 Printer	44M0003643	1
Epson LX850 Printer	4900002852	1
HP Laserjet Printer		1
IBM Monitor	5695275	1
Acer Keyboard	6511-TW	1
IBM CPU	900M174	1
Kyocera Myta Photocopier	KM5530	1
Legend CPU	NA02059072	1
Compaq 5700 Monitor	914CD61VB372	1
Heavyduty Rapid 49 Stapler		1
3m Overhead Projector		1
Monitor IBM (E54)	6331-OCS/S/N:23-MF579	1
Harddrive IBM (Netvista)	657-LDA;S/N:90-5597T	1
IBM Keyboard	KB-9910	1
IBM Monitor	23-H2208	1
Printer	HP Laserjet 1200	1
Photocopier	Ricoh Priport JP5000	1
Acer Travelmate – laptop	04273730	1
IBM Thinkpad – Laptop	L3- AZER3	1
Lenovo – Laptop	00049-121-567-247	1
Toshiba Tecra – Laptop	Z4037513P	1
Lenovo – Laptop	Eb03086332	1
IBM Thinkpad – Laptop	32P4414	1
Lenovo Laptop	Ebo2385516	1

Appendix 11.2: Examples - Excessive Calls made to Mobile Phones

Mobile	Telephone No.	Date	Start	Duration	Number dialled	Mobile Call Bills \$
June	3305789	21/05/09	13:18:09	08:58	9464386	4.01
		02/06/09	12:55:31	17:44	9295058	8.02
		03/06/09	15:39:38	18:45	9079614	8.46
		05/06/09	11:35:25	29:07	9940260	13.37
		08/06/09	11:43:48	13:14	9355762	6.24
		09/06/09	15:34:13	20:26	9343645	9.36
		10/06/09	09:57:07	53:20	9455186	24.06
		10/06/09	17:53:12	25:42	9432822	11.58
		24/06/09	16:17:22	12:51	9443328	5.79
July	3305789	03/07/09	07:25:49	09:22	9079614	4.46
		06/07/09	16:10:27	13:18	9443328	6.24
		07/07/09	12:46:42	23:21	7240684	12.80
		10/07/09	16:34:30	15:26	9052727	7.57
		13/07/09	13:57:33	23:56	9443328	10.69
		14/07/09	10:32:19	11:54	9052727	5.35
		15/07/09	17:04:49	12:07	9443328	5.79
		17/07/09	10:54:58	18:08	9970753	8.46
		17/07/09	13:01:00	32:59	9052727	14.70
		20/07/09	07:39:08	15:07	9925811	7.13
		20/07/09	11:28:42	12:10	9970753	5.79
		21/07/09	17:55:34	33:16	9052727	15.15
		22/07/09	12:42:31	10:39	9256706	4.90
		23/07/09	17:40:27	22:21	9052727	10.25
		24/07/09	11:22:33	14:27	9940260	6.68
		27/07/09	17:49:21	13:08	9940260	6.24
	3305811	20/07/09	13:08:33	12:48	8368537	5.79
		22/07/09	11:36:26	11:16	9206930	5.35
		24/07/09	10:56:00	11:54	8368537	5.35
	3316945	16/07/09	10:51:27	10:30	8368537	4.90
August	3305811	10/08/09	13:31:28	17:04	7441834	9.60
		20/08/09	08:39:53	15:02	9345892	7.13
		26/08/09	10:17:31	20:49	8622418	9.36
October	3316945	23/10/09	13:41:56	12:59	7312720	6.93
		23/10/09	14:09:12	11:47	7381783	6.40
		26/10/09	10:27:28	13:34	9227030	7.57
		27/10/09	08:49:37	15:34	9226943	7.13
		28/10/09	08:31:34	37:58	8636307	16.93
		28/10/09	19:33:37	28:33	7336655	15.47
	3316951	02/10/09	13:54:18	20:14	9097473	9.36
		25/10/09	07:16:05	23:22	9251383	10.69
		28/10/09	17:50:45	23:20	9251383	10.69
	3306286	13/10/09	07:52:00	31:41	9038073	14.26

Mobile	Telephone No.	Date	Start	Duration	Number dialled	Mobile Call Bills \$
		20/10/09	15:06:41	19:01	9227030	8.91
November	3316943	90/11/09	11:01:56	25:32	9915342	11.58
	3305811	05/11/09	12:58:35	18:07	8491034	8.46
		19/11/09	10:42:33	14:03	8690150	6.68
	3316942	12/11/09	16:11:11	12:29	7441834	6.93
		16/11/09	12:53:41	18:22	7441834	10.13
		17/11/09	07:02:09	12:08	9971642	5.79
		18/11/09	12:00:12	13:20	9959919	6.24
	3316945	30/10/09	17:24:54	17:45	7312495	9.60
	3316951	02/11/09	08:53:47	31:32	8636307	14.26
		02/11/09	11:12:27	18:06	9345892	8.46
		02/11/09	16:18:27	17:30	9163153	8.02
		18/11/09	11:54:17	47:11	8690150	21.38
		18/11/09	13:12:03	47:36	8690150	21.38

Section 12

Office of the Ombudsman

Role and Responsibilities

The Ombudsman is primarily a guardian for the general public in their relations with the Civil Service, Statutory Bodies and Local Governments. His duty is to receive complaints against these bodies where administrative malfeasance is alleged and to investigate them. But he can also protect authorities against unwarranted criticism.

The Office is designed to obtain remedies in a cheap, informal and expeditious manner and to see that powers are not exceeded or abused. The Ombudsman is entitled to recommend improvements in practice, procedure or law.

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PART 1: FINANCIAL STATEMENTS

12.1 Audit Opinion

The audit of the 2009 accounts of the Office of the Ombudsman resulted in the issue of an unqualified audit report.

12.2 Statement of Receipts and Expenditure

The Office of Ombudsman incurred a total expenditure of \$1,044,295 in 2009 compared to \$1,407,035 in 2008. Refer to Table 12.1 for details.

Table 12.1: Statement of Receipts and Expenditures for 2009

Description	2009 \$	2008 \$
RECEIPTS		
Agency Revenue		
Miscellaneous	0	(125)
TOTAL REVENUE	0	(125)
EXPENDITURE		

Description	2009 \$	2008 \$
Operating Expenditure		
Established Staff	177,287	353,859
Unestablished Staff	23,869	26,843
Travel and Communication	9,238	10,089
Maintenance and Operations	22,223	32,225
Purchase of Goods and Services	5,259	25,595
Operating Grants and Transfers	802,500	951,133
Total Operating Expenditure	1,040,376	1,399,744
Value Added Tax	3,919	7,291
TOTAL EXPENDITURE	1,044,295	1,407,035

The decline in overall expenditure by \$362,740 or 26% was mainly due to the reduction in the operation of Office and nonpayment of grant to the Fiji Human Rights Commission for the fourth quarter of 2009.

12.3 Appropriation Statement

The Office incurred expenditures totaling \$1,044,295 against a budget of \$1,623,900 resulting in a savings of \$579,605 or 36%.

Details of expenditures against the budget estimates are provided in Table 12.2.

Table 12.2: Appropriation Statement for 2009

SEG	ITEM	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry- Over \$	Lapsed Appropriation \$
1	Established Staff	371,800	0	371,800	177,287	0	194,513
2	Government Wage Earners	30,900	0	30,900	23,869	0	7,031
3	Travel & Communication	23,500	0	23,500	9,238	0	14,262
4	Maintenance & Operations	44,800	0	44,800	22,223	0	22,577
5	Purchase of Goods & Services	36,800	0	36,800	5,259	0	31,541
6	Operating Grants & Transfers	1,103,000	0	1,103,000	802,500	0	300,500
	Total Operating Costs	1,610,800	0	1,610,800	1,040,376	0	570,424
13	Value Added Tax	13,100	0	13,100	3,919	0	9,181
	TOTAL EXPENDITURE	1,623,900	0	1,623,900	1,044,295	0	579,605