



ACCOUNTABILITY IN THE PUBLIC SECTOR  
THROUGH QUALITY AUDIT SERVICES

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

**Volume 5     Audit Report on Government Ministries  
and Departments - 2009**

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Volume 5

Audit Report on Government  
Ministries and Departments - 2009

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



8<sup>th</sup> 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](mailto: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

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**AUDIT REPORT ON GOVERNMENT MINISTRIES AND DEPARTMENTS 2009 –  
VOLUME 5**

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In accordance with section 7 (7) of the State Services Decree 2009, I am pleased to transmit to you Volume 5 of my audit report on government ministries and departments for 2009.

Tevita Bolanavanua  
**Auditor - General**







## FOREWORD

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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 been 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 FNPF 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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## VOLUME 5

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**Section 23****Ministry of Lands, Mineral Resources and Environment****Role and Responsibilities**

The Ministry of Lands and Mineral Resources is made up of two Departments, namely the Department of Lands and the Department of Mineral Resources. The Department of Lands is responsible for the administration, development and management of all state land property. Activities under this programme include Land Valuation, Mapping, Development and Maintenance of State Land and Geographic Information System.

The Department of Mineral Resources undertake studies in relation to geological hazards, mineral prospectively and groundwater development and manage the development of the Mining and Quarrying Sector with a mandate under the Mining, Petroleum (Exploration and Exploitation), Quarries, Explosive and Continental Shelf Acts.

The Department of Environment is responsible for the development of government policy for the protection of the environment and its sustainable use for human resource and policing the use of the environment and ensuring compliance with Government policy by economic agents.

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## PART 1 CONSOLIDATED FINANCIAL STATEMENT

The Ministry of Lands, Mineral Resources and Environment consolidated their financial statements as required under Schedule 3 of the 2009 Appropriation Promulgation 2008.

### 23.1 Audit Opinion

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

The qualifications are as follows.

1. The financial statements were not presented in accordance with the Financial Management Act. The Ministry of Lands, Mineral Resources and Environment has not provided the following contrary to Section 82(1) of the Financial Instructions 2005:
  1. Statement of Losses for Department of Lands and Mineral Resources
  2. Trust Account Statement of Receipts and Payments for Mining and Environment Trust Account.
2. There was a significant variance of \$658,352.26 noted between the general ledger balance and the bank statement for the Mining Trust Account.

Similarly a major variance of \$432,443.58 was noted between the general ledger and the bank statement for Environment Trust Account.

## 23.2 Statement of Receipts and Expenditures

The Ministry collected revenue totalling \$13,731,721 and incurred total expenditures of \$44,284,772 in 2009. Details are shown in the table below.

Description	2009 (\$)	2008 (\$)
<b>RECEIPTS</b>		
<b>State Revenue</b>		
Land And Property Rent	11,891,588	14,288,302
Fees Charges, Fine & Penalties	450,615	348,071
Reimbursement & Recoveries	155,617	171
Licence	31,901	17,250
Sale Of Publication	833	1,217
Mining Fees	232,501	59,625
Chemical	2,997	2,609
Carriage	-	222
Commission	1,971	670
Miscellaneous	97,258	21,523
Value Added Tax	866,440	1,141,634
<b>Total State Revenue</b>	<b>13,731,721</b>	<b>15,881,294</b>
<b>EXPENDITURES</b>		
<b>Operating</b>		
Established Staff	6,654,655	6,380,800
Unestablished Staff	941,329	974,621
Travel & Communication	230,506	267,486
Maintenance & Operations	25,347,739	23,183,305
Purchase of Goods & Services	412,712	342,939
Operating Grants & Transfers	2,832,005	2,824,753
Special Expenditures	463,791	480,289
<b>Total Operating Expenditures</b>	<b>36,882,737</b>	<b>34,454,193</b>
<b>Capital</b>		
Capital Construction	2,840,597	1,444,675
Capital Purchases	763,090	405,591
Capital Grants & Transfers	-	-
<b>Total Capital Expenditures</b>	<b>3,603,687</b>	<b>1,850,266</b>
Value Added Tax	3,798,348	3,122,148
<b>TOTAL EXPENDITURES</b>	<b>44,284,772</b>	<b>39,426,607</b>

The decrease in total revenue in 2009 by \$2,149,573 or 14% compared to 2008 was the result of a decrease in the collection of rental from the state owned land.

The increase in total expenditure by \$4,858,165 or 12% compared to 2008 was a result of an increase in maintenance & operation costs by \$2,164,434.

### 23.3 Statement of Output Costs

The Ministry consolidated its expenditures into 8 Statement of Output Costs. These are detailed in *Appendix 1 to 3*.

### 23.4 Appropriation Statement

The Ministry incurred expenditures totalling \$44,284,772 in 2009 against the budget of \$49,268,675 resulting in a savings of \$4,983,903 or 10%.

Details of expenditures against the budget estimates are provided below.

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	7,078,100	(100,925)	6,977,175	6,654,655	322,520
2	Unestablished Staff	738,600	100,925	839,525	941,329	(101,804)
3	Travel & Communication	212,300	84,400	296,700	230,506	66,194
4	Maintenance & Operations	21,728,800	6,459,400	28,188,200	25,347,739	2,840,461
5	Purchase of Goods & Services	491,400	-	491,400	412,712	78,688
6	Operating Grants & Transfers	3,061,100	-	3,061,100	2,832,005	229,095
7	Special Expenditures	639,000	-	639,000	463,791	175,209
	<b>Total Operating Expenditure</b>	<b>33,949,300</b>	<b>6,543,800</b>	<b>40,493,100</b>	<b>36,882,737</b>	<b>3,610,363</b>
	<b>Capital Expenditure</b>					
8	Construction	3,400,000	-	3,400,000	2,840,597	559,403
9	Purchases	1,110,000	-	1,110,000	763,090	346,910
10	Grants & Transfers	-	-	-	-	-
	<b>Total Capital Expenditure</b>	<b>4,510,000</b>	<b>-</b>	<b>4,510,000</b>	<b>3,603,687</b>	<b>906,313</b>
13	Value Added Tax	3,447,600	817,975	4,265,575	3,798,348	467,227
	<b>TOTAL EXPENDITURE</b>	<b>41,906,900</b>	<b>7,361,775</b>	<b>49,268,675</b>	<b>44,284,772</b>	<b>4,983,903</b>

## PART 2 AUDIT FINDINGS

### DEPARTMENT OF LANDS

#### 23.5 Incomplete Agency Financial Statement

Each agency must include the following statements in its annual financial statements:

- (a) a statement of receipts and expenditures;
- (b) statement of output costs;
- (c) a profit and loss statement for each trading and manufacturing activity;
- (d) an appropriation statement;
- (e) a statement of assets and liabilities;
- (f) notes to the statement of assets and liabilities;
- (g) a statement of losses; and

(h) a trust account statement of receipts and payments<sup>1</sup>

The Department of Lands failed to submit Statement of Losses contrary to the requirement of the Finance Instructions. Hence the accounts submitted for audit was not a full set of agency financial statements as required under the Finance Instruction.

### **Recommendation**

**The Department should provide all statements as required in the Finance Instructions 2005 in the agency financial statements.**

### **Department's Comments**

## **23.6 Revenue Variances**

Within five working days of the Ministry of Finance issuing the monthly General Ledger Reports, the Accounting Head shall reconcile the revenue figures in the report to the Revenue Statement.<sup>2</sup> Where errors or discrepancies occur, the Accounting Head shall inform the Chief Accountant in writing within 7 days of receiving the GL reports.<sup>3</sup>

Total revenue disclosed in the Department's records did not reconcile with that of the Ministry of Finance. Refer to the table below for details.

	Department's Amount (\$)	MOF Amount (\$)	Variance (\$)
Total Revenue	13,249,158	13,330,612	81,454

The above finding indicates lack of regular reconciliation between the Department's records with that at FMIS.

### **Recommendation**

**The Department should investigate and rectify the difference of \$81,454.**

### **Department's Comments**

## **23.7 Revolving Fund Account**

The Accounting Head shall certify all financial reports that must be submitted to the Ministry of Finance. These reports include revolving fund, inter-departmental clearance and cash clearance reports.<sup>4</sup>

A variance of \$7,566.22 exists between the Department's Revolving Fund Account (Miscellaneous) balance and Ministry of Finance balance. Refer to the table below for details.

<sup>1</sup> Finance Instruction (2005) 82 (1)

<sup>2</sup> Finance Manual (2005) Section 5.5.12

<sup>3</sup> Finance Manual (2005) Section 5.5.14

<sup>4</sup> Finance Manual 17.4.1 (2005)

	MOF Amount (\$)	Department Amount (\$)	Variance (\$)
RFA Closing Bal	560,894.49	568,460.71	7,566.22

Regular reconciliation of the Department's record with FMIS is lacking.

#### **Recommendation**

**The Department should ensure that the RFA is reconciled with FMIS on a regular basis.**

#### **Department's Comment**

### **23.8 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.<sup>5</sup>

The Department did not prepare the monthly reconciliation for the drawing accounts. Therefore audit was unable to verify the accuracy of the Drawing account balance of \$2,599,936.65 as per Appendix 3 and FMIS.

Monthly reconciliation on the Drawings account ensures that expenses are properly recorded in the FMIS.

#### **Recommendation**

**The Department should ensure that Drawings account is reconciled with the Ministry of Finance records on a monthly basis.**

#### **Department's Comments**

### **23.9 Trust Fund Account**

Within 5 days after the end of each month, the trust officer shall prepare and sign a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.<sup>6</sup>

A variance of \$155,663 exists between Department records and Trust Fund Appendix. Refer to the table below for details.

	Department's Amount (\$)	MOF Amount (\$)	Variance (\$)
Trust Fund Closing Bal	2,281,266	2,125,603	155,663

The above finding indicates that regular reconciliation with FMIS was not undertaken.

<sup>5</sup> Finance Instructions 2005 – 39(1)

<sup>6</sup> Finance Instruction 2005, Part 15.4.1

**Recommendations**

- **The Department should ensure that Trust Fund Account is reconciled with FMIS on a regular basis.**
- **The Department should investigate and rectify the difference of \$155,663.**

**Department's Comments****23.10 FNPF Reconciliation**

Where charges are for payments to organisations through salary deductions, the relevant creditor account shall be credited. When actual payment is made to the organisation, the creditor account shall be debited.<sup>7</sup>

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.<sup>8</sup>

A reconciliation statement shall be completed at the end of each month to ensure that all the entries made to the control account agree with the final monthly total.

The reconciliation of FNPF payment performed by audit noted a difference of \$5,927 between the two records. Refer to details provided.

<b>FNPF Contribution Paid by Lands for 2009 (Employer contribution only)</b>		<b>Amount (\$)</b>
SEG 1	FNPF contributions paid – Established Staff	340,833
SEG 2	FNPF contributions paid – Unestablished staff	68,516
		<b>409,349</b>
	<b>Add:</b> December 2009 FNPF Contributions	49,893
		<b>459,242</b>
	<b>Less:</b> December 2008 FNPF Contributions	38,298
	<b>Total Employers Contributions paid</b>	<b>420,944</b>
<b>Audit Calculation of FNPF for 2009(Employer contribution only)</b>		
SEG 1& 2	Salaries & Wages as per FMIS	5,335,893
	<b>FNPF Contribution</b> (5,335,893 x 0.08)	<b>426,871</b>
	<b>Difference</b>	<b>(\$5,927)</b>

There were no reconciliations carried out by the Department for FNPF. Accordingly, variance of \$5,927 was noted.

<sup>7</sup> Finance Manual 2005 – Ministry of Labour Section 4

<sup>8</sup> Chapter 219 – Fiji National Provident Fund – Section 13 (1)



**Recommendation**

The Department should carry out reconciliations of what is paid as FNPF contributions and what is recorded in the general ledger and variance should be promptly followed up and adjusted.

**Department's Comments****23.11 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.<sup>9</sup>

A reconciliation statement shall be completed at the end of each month to ensure that all the entries made to the control account agree with the final monthly total.

No VAT reconciliation was prepared by the Department and the total taxable supplies as per the VAT returns do not reconcile with total expenses subject to VAT as per Expenditure Statement.

In addition a difference of \$697,345.83 was noted between the VAT paid as per Statement of Revenue and Expenditure and VAT returns. Refer to details provided.

<b>Audit Calculation – 2009</b>		<b>Amount (\$)</b>
Total Expenditure as per Expenditure Statement		37,401,416.88
Less Expenditure not Subject to VAT		6,708,989.76
Total Expenditure Subject to VAT		<b>30,692,427.12</b>
<b>VAT on Expenditure</b>	<b>A</b>	<b>3,836,553.39</b>
<b>VAT Paid by Lands – 2009</b>		
VAT payment as per Statement of Revenue and Expenditure		3,446,360.58
VAT payment as per VAT Returns		307,153.02
<b>Unreconciled Variance</b>	<b>B</b>	<b>\$3,139,207.56</b>
<b>Variance (A – B)</b>		<b>\$697,345.83</b>

In the absence of VAT reconciliation from the Department, audit cannot rely on the VAT amount stated in the financial statements.

**Recommendations**

The Department should ensure that:

- VAT reconciliations are prepared on a monthly basis.
- Correct amount of VAT payment is disclosed in the financial statements.

<sup>9</sup> Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

**Department's Comments****23.12 Salary Overpayments of Retired Staffs**

Notwithstanding anything contained in any written law, the retirement age in public service shall be 55 years.<sup>10</sup>

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.<sup>11</sup>

Although the following officers have retired from civil services they continued to receive their full salary. Refer to the table below for details.

Name	EDP #	Date Contract Expired	Period of Overpayment	Salary Overpaid (\$)
Tajmul Din	16345	25/12/09	26/12/09 to 14/01/10	1,299.23
Chandra Gopal	19660	05/08/09	05/08/09 to 25/02/10	10,597.76
Kemueli Masikerei	14540	30/04/09	30/04/09 to 17/06/09	6,477.20
<b>Total</b>				<b>\$ 18,374.19</b>

There is lack of supervisory control and communication within the Department in monitoring changes to payroll, particularly those who have retired. Poor communication and coordination between Personnel section and payroll section has resulted in the overpayment of salary.

**Recommendations**

- **The Department should implement an effective and efficient communication process between the Personal and Payroll section so that correspondences relating to resignation, termination and retirement are processed in timely manner to avoid overpayment of salaries.**
- **Concert effort should be made to recover the overpayments from the officers if possible, otherwise recoveries are to be made from those directly responsible for the overpayment.**

**Department's Comments**

*Management has strengthened the processes and coordination between the corporate services and by informing the accounts section of retirement, resignations, redundant on time to avoid the above queries.*

*This also been affected by the movement of senior staff in corporate services either on transfers and retiring etc.*

*Mrs. T. Dean's letter dated 16/10/09 but salary not ceased on time. Letter of retirement dated 22/04/09 be proceeded on pre-retirement w.e.f 14/05/09 to 05/08/10 and retired on 06/08/09.*

*Mr. Kemueli Masikerei – He was over 55 years by the 30<sup>th</sup> April dead line for all to retire. However, he was asked to continue on contract whilst preceding on overseas leave to the US at that point in time hence the continuance of his salary.*

*Mr. Chandra Prasad went on leave from 14/5/09-27/05/09 and then again long service from 28/5/09-/5/08/09. The letter was missing in transition between Personnel and Accounts as during that renovation was in operation for the two offices.*

*The accounts only acted once received the letter from personnel early this year.*

<sup>10</sup> State Service Decree 15(1) 2009

<sup>11</sup> General Order 401

*Please note our corporate services were reconciling with PSC on these officers (P2P) and took some time to confirm and inform the accounts section for the salary ceasures.*

*To make matter worse Mr. Masikerei resigned whilst still on leave from overseas.*

### 23.13 Guarantee of Bond

The Government reserves the right to demand the surrender or declaration of assets from the bondee/guarantors as a measure to assist in the recovery on any sum which might become due to Government.<sup>12</sup>

This issue on guarantee of bonds had been raised in the 2008 audit report, and audit verification noted that no effort has been taken to date in order to recover the loss money from the guarantors.

Technical Assistant, Anare Bose Mai (EDP 60692) and Esala Delana Tale (EDP 61873) were awarded the FAB scholarship to pursue Bachelor of Engineering majoring in Lands and Bachelor of Spatial Science majoring in Lands Survey respectively. The duration of the program was for 4 years with effect from 19<sup>th</sup> February 2007 to December 2010. They were granted study leave on full salary.

Due to poor academic results in 2007, both the scholarships were terminated from semesters 1, 2008. The officers were advised to return to Fiji with effect from 22<sup>nd</sup> February 2008 however they failed to return. The salaries of the two officers were ceased on 12<sup>th</sup> August, 2008 resulting in an overpayment of salary. Refer to table below for details.

Name	EDP Number	Over Payment (\$)
Esala Delana Tale	60692	4,692.93
Anare Bose Mai	61873	6,141.18

Moreover, since the officers were bonded on scholarship, the guarantors are obliged to pay off the amounts owed to the government as the officers have absconded without settling their debts with the Department. Refer to the table below for details of the guarantors

Name	Guarantors	Occupation	Employer	Bonded Amount (\$)
Esala Delana Tale	Mosese Tagicakibau	Senior Surveyor	Lands & Survey Dept	\$ 242,684
	Tevita Vuibau	Chief Admin Officer	Mineral Resources Dept	
Anare Bose Mai	Osea Tuberi	Human Resource Manager	Fiji Ports Corporation	\$ 200,982
	Tevita Nalawa	Divisional Surveyor Western	Lands & Survey Dept	

This issue was highlighted in the 2008 audit report however the Department has not taken any action to recover the money from the Guarantors.

The lack of proper co-ordination between Training, Personnel and salary section within the Department has lead to officers getting paid when they actually had deemed to resign. This has resulted in wastage and uneconomical use of public funds.

<sup>12</sup> General Orders 901 (d) (iii)

**Recommendations**

- Every effort should be made by the Department to recover the outstanding portion of the unserved bond from the guarantors as soon as possible as the Government reserves the right to demand recovery from them.
- The co-ordination between the Training, Personnel and salary section should be strengthened to avoid any such overpayment of salaries in future.
- Officers responsible for the overpayment of salary should be accountable for the recovery of the overpayment.

**Department's Comments**

*This has been a big concern within the Ministry since; first the two employees absconded and failed to returned and by the time we realized it was too late to cease the salaries on time and recovery is very minimal from them now.*

*However, we have noted that the guarantors are still around where in our senior management meetings had been discussed to try and solve this issue. It has been resolved that the following be pursued:*

- *The Ministry will be raising this issue with the NZ Embassy to assist and also put them on the watch list with Immigration Department.*
- *Should the above fail then Guarantors will be approached to pay. Currently two are still working with the Ministry while the other Tevita Nalawa has retired from Lands while the other is with the Ports Authority.*
- *Legal matters will be pursued further for the recovery if everything above fails.*

**23.14 Excessive Overtime Paid with no Budgetary Provision**

Where funds are specifically provided in the Budget Estimates, overtime may be paid only when it is not practicable to grant time off in lieu. Overtime payment should only be remunerated if the nature of work is essential, unavoidable and worked on a regular basis.<sup>13</sup>

Overtime shall be approved only in essential circumstances and on the specific approval of the Head of Department<sup>14</sup>.

The following officers of the Accounts Section were paid overtime for the months of July 2008 to December 2009 totalling \$58,646.68. Refer to the following table for details

Name	EDP/FNPF Number	Position
Kitty Manueli	18737	Accounts Officer
Tiva M Palako	16692	Assistant Accounts Officer
Vono Mafoa	63851	Clerical Officer
Marika Tunidau	63853	Clerical Officer
Lusiana Rarawa	62639	Clerical Officer
Melaia Veikune	90113	Clerical Officer
Sotia Benaca	90369	Clerical Officer
Filipe Baleikoro	90906	Clerical Officer
Fane Sukanasau	90905	Clerical Officer
Mere Naigia	16142	Accounts Officer
Filimoni Betani	YQ838	Temp. Relieving Clerical Officer
Peni K Matasau	YD889	Temp. Relieving Clerical Officer

<sup>13</sup> PSC Circular 52/2000 Paragraph 6.2 – 6.3

<sup>14</sup> General Orders 467 (a)

Name	EDP/FNPF Number	Position
Filimoni Musuka	OP907	Temp. Relieving Clerical Officer
Asena Siliasau	00668	Temp. Relieving Technical Assistant
Makelesi Roqica	00703	Temp. Relieving Clerical Officer

Refer to table below for details of payments

Over Time Period	Year	Amount (\$)
July- September	2008	3,267.42
July- October		6,099.72
Oct- December		7,180.65
Oct-December		4, 643.87
December		2,947.62
Jan – August	2009	13,900.52
Sept to December		20,606.88
<b>Total</b>		<b>58,646.68</b>

The funds to cater for the overtime payment were not specifically provided in the 2009 budget estimates however those payments were sourced from various allocation which recorded savings as at 31/12/09.

The following discrepancies were also noted:

- i. The overtime has been continuously done from July 2008 to December 2009. The Permanent Secretary only approved overtime for the period October to November 2009. Prior approvals for the rest of the periods were not sought however only retrospective approval was sought for the payment of overtime hours.
- ii. The attendance register for the period 19/02/09 to 05/11/09 was not produced for audit verification therefore the overtime hours for that period cannot be verified.
- iii. Scrutiny of the attendance register revealed that the officers were also doing overtime on Saturdays from 9 am to 7 pm. Moreover it is evident from the handwriting on the attendance register that one officer was signing in for the rest of the officers who were working overtime.

The manner in which the officers continuously performed overtime from July 2008 to December 2009 appears suspicious as the scope of work was not prepared for the task to be performed within the overtime period. This finding also indicates that the officers at the accounts section are unproductive during the normal official hours, therefore the possibility of these officers deliberately accumulating the task to claim overtime cannot be ruled out

### **Recommendations**

- The need to work after hours should be adequately supported and that prior approval should always be sought from the Permanent Secretary.
- Scope of work should be drawn for the task to be performed during overtime and the supervising officers should ensure the officers are productive in doing their routine tasks.
- Attendance register for the missing period should be located and attendance register should be signed by individual officer.

**Department's Comments**

*The overtime was merely due to the backlog of outstanding reconciliations etc due to the resignation and redundant of senior staffs in accounts, no proper handing over was made.*

*This continued into 2009 where the closure of accounts was a priority in early 2009.*

*We continued to lose our senior and experienced staffs and caused to create vacuums in our section where we need to recruit new staff to continue the work and at the same time trained them.*

*This complicated the matter and burden more with additional work in the reform and our revenue collection base was created in which is additional to our existing workload.*

*However prior approval was always sought to ease the workload and tried to produced the returns, reports and reconciliations on time. All relevant work requested on overtime was submitted to the PSLMR for approval.*

*Payments were approved first by PSLMR before the staffs were paid from surplus funds.*

*Records of requests are submitted to MCS/PO/EO Registry for approval to stand by Home Affairs.*

*Details of overtime are filed in file with the Personnel Section.*

**23.15 Crown Lease – General Criteria**

The rent shall be due and payable by equal half yearly payments not later than 31 January and 31 July in each year and shall be paid to the Director or to any person authorized in writing by him. Any rent due from the date of commencement of the lease up to the following 1 July, as the case maybe, shall be added to and paid with such first half yearly payment to be made by the lessee.<sup>15</sup>

Any application, statement, demand, instrument, notice or other document authorized or required by this Act, or any regulation made there under, maybe served on the person to whom it is to be given either personally or by leaving it for him at his last known place of abode in Fiji or by sending it through the post in a registered letter addressed to him there.<sup>16</sup>

**23.16 Arrears of Crown Land Lease Rent**

The arrears position of the Crown Land Lease has increased by \$7,811,070.05 or 84% compared to the arrears recorded in 2008. Refer to table below for details.

2008 (\$)	2009 (\$)	Variance (\$)
9,260,999.97	17, 072,070.02	7,811,070.05

Inspection of lease files showed that the Department had been inconsistent in serving notices on debtors owing arrears. Moreover, there seems to be a general lack of follow up notices by the Department indicating that these were not properly enforced. The table below shows the top 8 debtors of the Department.

<sup>15</sup> Section 6(2) - Crown Lands Act [Cap. 132]

<sup>16</sup> Section 30(1) - Crown Lands Act [Cap. 132]

LD Reference	Lessee	Lease Type	Arrears as at 31/12/09 (\$)
4/4/2459	Paradise Entertainment Ltd	Special	646,602.34
4/16/7201-2	Telecom Fiji Ltd	Special	402,151.77
4/10/2416	Fiji Plaza Ltd	Special	281,039.23
4/16/8351	FMF investment Company	Industrial	229,500.00
4/16/4069	Port Workers & Seafarers Union	Commercial	130,473.51
4/15/79	Latu Engineering Works	Industrial	96,939.58
4/7/1335	Properties Trust Fiji Ltd	Commercial	91,977.00
4/16/8338	Stone lake Holdings Ltd	Industrial	84,937.50

Revenue collection policies were poorly implemented by the Department and this increases the risk of government losing potential rental revenue.

### **Recommendations**

- The Department's policies on recovering Crown Land rent arrears should be modified to reflect clear and consistent guidelines on the process involved to recover the arrears.
- Concerted efforts should be taken to recover long outstanding arrears.
- Notices should be served to all lessees and subject to provisos of the Crown Land Act, appropriate steps taken to repossess land with substantial and irrecoverable arrears.

### **Department's Comments**

*The Management is currently working on the policies and regulations etc which are obsolete in order to revise and be conducive to the changes required and meet the target of retrieving the revenue dues to government and as well as streamlining the lease administration processes as highlighted.*

*A new unit comprised of USP graduates in Land Management Studies has been established and is working in the renewal of expired leases. Staffs of this unit are deployed to the divisional offices and reported directly to the Chief Valuer and the Director of Lands.*

*Our Task Force Unit has been strengthened by a team of ten Police Officers from the Police Force to assist in instituting the legal aspects of the demand notices etc and as well as the revenue collection.*

*The below lessees were visited and given notices. Arrangement to some, negotiations to others on going and actions taken are as follows:*

- LD 4/4/2459 – (Paradise Entertainment) -DSW issued notice.
- LD 4/16/7201-2 - (Telecom Fiji) - Notice issued after talks/negotiations broke down.
- LD 4/10/2416 - (Fiji Plaza)-Adjustments of accounts.
- LD 4/16/8351 –(FMF Investment) - Management to sort out lease and company would settle arrears.
- LD 4/16/4069 – (Port Workers) – Lease cancelled and to be advertised etc. Write off rent arrears.
- LD 4/15/79 (Latu Engineering) – DSN dealing with it.
- LD 4/7/1335 – (Properties Trust) – DSW dealing with it.
- LD 4/16/8338- (Stonelake Holdings) – Notice issued.

## **23.17 Re-assessment of Lease**

Subject to the provisions of any other written law for the time being in force, leases shall be subject to re-assessment of the rent at each tenth year of the term of the lease<sup>17</sup>. As from 12/08/93, re-assessment is conducted every 5 years. Once the properties are inspected and rentals re-assessed, the valuation

<sup>17</sup> Section 10 – Crown Lands Act (Cap 132 – Rev.1985) Subsidiary Legislation

clerk prepares and post reassessed notices to the lessee by registered mail. If there is no response from the lessee, 2 reminder notices are sent at one month's interval. If the lessee fails to accept rentals after the 2 reminders, the file is sent to the Director of Lands for further advice.<sup>18</sup>

Every year, the System Support Centre generates all re-assessments that are due in the following year. This is forwarded to the Valuation Section. The Valuation Section then reassesses the rent on the crown lease and is responsible for sending notices and obtaining lessee's consent. The reassessed rent only becomes effective once the lessee accepts the reassessed rent.

Reassessments of leases were not carried out by the Department on crown leases on the due dates specified in the lease conditions. Refer to the table below for details.

Lessee	LD Reference	Current Annual Rental (\$)	Last Reassessment	Period Lapse As At 31/12/09	Type Of Lease
Williams & Goslings Ltd	4/16/5599	240	1985	24 Years	Industrial
Dinesh Prasad	4/16/6254	245	1995	14 Years	Residential
Aisea Ledua	4/16/4556	170	1998	11 Years	Residential
Samuela Loiti	4/16/5566	135	1985	24 Years	Residential
Ali Hussain	4/16/5565	145	1985	24 Years	Residential
Housing Authority	4/16/5560	100	1996	13 Years	Special
President Of India	4/16/3998	2	1983	26 Years	Special
Pacific Fishing Co. Ltd	4/16/4291	1000	1984	25 Years	Industrial
Carlton Brewery Fiji Ltd	4/16/3996	1975	1983	26 Years	Industrial
The Church Of England	4/16/4517	170	1997	12 Years	Residential
Manik Chand & Mohineel	4/16/2298	260	1973	36 Years	Commercial

It is evident from the audit finding that there is a risk of loss of government revenue. In addition, there is a risk of retrospective rent, which is not allowed by the Crown Lease Act, being charged by the Department if re-assessment is carried out at a later date hence increasing arrears of crown rent.

### **Recommendations**

- **Periodic checks and updates should be implemented as a policy to bring lessee information up-to-date.**
- **Annual File checks should be made to ensure that re-assessment due is noted for the purpose of serving re-assessment notices.**
- **Reassessments should be carried out on time for all leases issued by the Department.**

### **Department's Comments**

*Management is working on improving the system, coordination and communication between the Chief Valuer's office and the Fiji Land Information System [FLIS] for the integration of systems for the updating of data in terms of Annual list of Reassessment due etc.*

*It has been noted the delays in the System Support Centre up-dating the systems has caused this and now we are currently coordinating with the interested parties for the best way forward to avoid all this.*

<sup>18</sup> Ministry of Lands, Alta and Minerals Resources Manual (Procedure and Policies) 1999, pp55-56



**23.18 Leases Account not Closed on Surrender of Lease**

Before the removal of any building the lessee shall have paid all rent owing by him and shall have performed or satisfied all his other obligations to the lessor in respect of the demised land. 19

Inquiry into the Crown Land Lease System revealed that the Account for those leases which has been surrendered or re-entered into a new lease has not been closed. Hence, the arrears of rental and interest on these accounts continue to be charged. Therefore the arrears of \$17, 072,070.02 as at 31 December 2009 are overstated. Refer to the table below for details.

Lessee	File Ref No.	Account #	Lease Type	Annual Rent (\$)	Rental Balance (\$)	Remarks
B P South West Pacific Ltd	4/16/2292	11303	Residential	330	2,373.76	These Leases were surrendered and cancelled on 06/08/03, to apply for a Amalgamation of these 3 plots. Hence after amalgamation a new account 45540 was open for these leases.
B P South West Pacific Ltd	4/16/1315	11302	Residential	100	1,427.56	
B P South West Pacific Ltd	4/16/4129	11304	Residential	250	1,080.70	
Gaunavou Investments	4/16/1054	42136	Commercial	4,900	22,640.67	The Lease was surrendered and transfered to Gaunavou Investment. A new account 42136 was open for these leases.
National Bank of Fiji	4/16/1054	10283	Commercial	2,000	1,000	
Gem Investments	4/16/5655	40367	Commercial	680	391.18	These Lease were surrendered and transfered to Gem Investment. A new account 40367 was open for these leases.
Samuela Matawalu	4/16/5655	10508	Commercial	475	1,041.97	
Gaunavou Investments	4/16/7554	42773	Commercial	9,300	9,870.75	The Lease was re-entered to Gaunavou Investment . A new account 42773 was open for these leases.
Gaunavou Investments	4/16/7554	42261	Commercial		966.46	

Since the Account in the Crown Land Lease System is not closed on a timely manner, the Department is in no position to determine its correct arrears of revenue status.

**Recommendations**

**The Department should carry out an exercise to close the Accounts of all the surrendered and re entered leases in the Crown Land Lease System.**

**Department's Comments**

*The management has noted the concern of the audit and has had meetings on this issue and are taking positive steps in reviewing the current legislations and acts in order to meet this.*

*There are processes to be followed before these accounts are closed. Currently the investigations are being made to ensure that all are done with.*

*Our Task Force Unit with the assistance of the Police Team in enforcing and re investigating the anomalies of leases etc and at the same time recommending actions to be made and management has taken appropriate decisions to support the efforts of this unit.*

<sup>19</sup> Ministry of Lands, Crown Land Act (part 21(i))

## 23.19 Expired Leases

Tenants should be given a period of 24 months before expiry of lease to submit to Director of Lands of their interests on subject land. Failure to do so will be taken that the lessee does not have any further interest on the land and should be officially notified accordingly.<sup>20</sup>

Leases which have expired were not renewed on time; however the Department continued to receive lease payments. The receipt of lease payment after the expiry date deems to bind a new renewal contract with the lessee. Refer to the table below for examples of expired lease in 2009.

Lessee	Ld Reference	Current Annual Rental (\$)	Lease Expired Wef	Type Of Lease
CMLA Society Ltd	4/16/4108	5,075	15.11.09	Commercial
Ahamadiya Muslim Association	4/16/3941	262.50	22.04.09	Residential
Digicell Fiji Ltd	4/16/8290	1,200	01.07.09	Special
Yasana Holding Ltd	4/16/3878	30	01.07.09	Commercial
Mobil oil Australia Ltd	4/16/3948	20,000	30.06.09	Industrial
Vodafone Fiji Ltd	4/16/7743	1,200	01.01.09	Special
Digicell Fiji Ltd	4/16/8344	1,200	01.05.09	Special
Rajendra Prasad	4/9/5097	1,000	31.08.09	Industrial

### Recommendations

- **Renewal of lease shall be done before the expiry of the lease.**
- **Site inspections shall be made for any breach of lease agreement before the renewal of the lease.**

### Department's Comments

*This is also a continued concern of the Ministry in regards to queries raised and regularization of obsolete legislation etc is a necessity.*

*However, due to human resources constraints we can not cope with the work and thus the increase in these expired leases. We have only 3 Lease Inspectors for the whole of Fiji and it is difficult to visit all lessees on time.*

*Recently we have additional human resources and assistance from the Police Force who are assisting us in this area and looking forward to much improvement in updating our lease administration.*

## 23.20 Commercial Operations on Residential Lease

The lessee shall not use or permit to be used the demised land or any part thereof or any dwelling house or accessory out-building to be erected thereon, for any trade, business, occupation or calling whatsoever; and no act, matter or thing whatsoever shall, during the term of lease, be done in or upon the said land or building or any part therefore, which shall or may be or grow to the annoyance, nuisance, damage or disturbance of the occupier, lessee or owner of the adjoining land.<sup>21</sup>

Although the following leases are residential type, commercial activities are being carried out on them.

<sup>20</sup> Ministry of Lands, Policy Statement for Crown Land Administration

<sup>21</sup> Crown Land Act, ED 1978 Section 41, sub 15 (c) – Condition of lease for Residential Purpose.

**4/16/2356 & 4/16/2519 – Tebara Plaza 9 Miles Nakasi**

Lessee	File Ref No.	Lease Type	Term	Annual Rent (\$)
Mohd Janie & Mohd Feroz	4/16/2519	Residential	75 years with effective from 01/07/1948	280
Tebara Halal Meat	4/16/2356	Residential	99 years with effective from 01/01/1998	540

The following anomalies were noted from our site visit on 17/02/10:

- A Plaza has been constructed on the two leases.
- The class of both leases are Residential and the lessees continue to pay a total of \$820.00 for both the leases.
- The physical file for both the leases were not produced for audit verification hence, we were unable to establish the action taken by the Department to formalize the anomaly.

The construction of the Plaza prior to the issuance of a commercial lease could be deemed illegal and thus liable for cancellation by way of re-entry. The above has also resulted in loss of government revenue due to non payment of a commercial rent. Refer to the picture below.



Figure 1.: Tebara Plaza

**4/16/2363 - Frincos Hire 9 Miles Nakasi**

Lessee	File Ref No.	Lease Type	Term	Annual Rent (\$)
Fri ncoss Hire	4/16/2363	Residential	75 years with effective from 01/07/1948	340

The following anomalies were noted during our site visit on 17/02/10:

- Commercial operation has been carried out on the above lease and the lessee had sub let the lease to one 4 Line Motors.
- The class of the lease is Residential and the lessees continue to pay \$340.00 per annum.
- The physical file for the lease was not produced for audit verification hence; we were unable to establish the action taken by the Department to formalize the above anomaly and whether approval was sort from Director of Lands prior to sub letting the property. Refer to the picture below.



Figure 2: Frincos Hire yard

**4/16/2346 - Dhirendra Chand 9 Miles Nakasi**

Lessee	File Ref No.	Lease Type	Term	Annual Rent (\$)
Dhirendra Chand	4/16/2346	Residential	75 years with effective from 01/07/1948	200

The following anomalies were noted during our site visit on 17/02/10:

- The lessee was operating a car wash business on the premises.
- The class of the lease is Residential and the lessees continue to pay \$200.00 annual rental.
- The Lease was mortgaged to Westpac Banking Corporation for \$18,500. There was no inspection carried out on the premises prior to the consent given by the Director to mortgage the lease on 03/05/05.
- The lessee has not applied for re zoning and the Department has not taken any action to regularize the above illegal operation. Refer to the picture below.

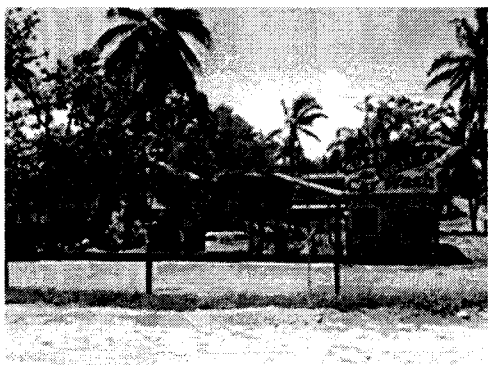


Figure 3: Auto Valet Car wash.

**4/16/1225 - Prabati Nair**

Lessee	File Ref No.	Lease Type	Term	Annual Rent (\$)
Prabati Nair	4/16/1225	Residential	99 years with effective from 01/10/92	78.00

The following anomalies were noted.

- The lessee was operating an Ice Plant business on the premises.
- The class of the lease is Residential and the lessees continue to pay \$78.00 annual rental.

- The department continue to charge the old rental of \$78 despite a new lease being issued on 01/10/92 with an annual rental of \$300 hence resulting in loss of revenue for the past 16 years amounting to \$4,875.
- The lessee has not applied for re zoning and the Department has not taken any action to regularize the above illegal operation. Refer to the figure below.

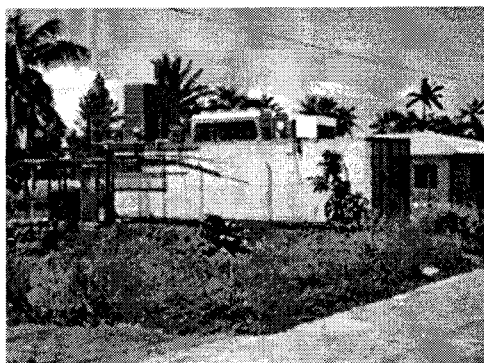


Figure 4: An Ice Plant on the Premises.

#### 4/16/2645 - Navin Hasumati

Lessee	File Ref No.	Lease Type	Term	Annual Rent (\$)
Navin Hasumati	4/16/2645	Residential	99 years with effective from 0107/05	2,000

The following anomalies were noted from our site visit:

- Part of the lease was sub-let to Alarm Trading Fiji Limited.
- Verification of the physical file revealed, that lessee was issued with a commercial lease of 99 year with effective from 01/07/05 with a annual rental of \$2,000
- However, audit verification of the Crown Land Lease System revealed that the class of the lease is still residential and the lessee continues to pay the old rental of \$640 per annum hence loss of revenue for the past 4 years amounting to \$9,000. Refer to the picture below.

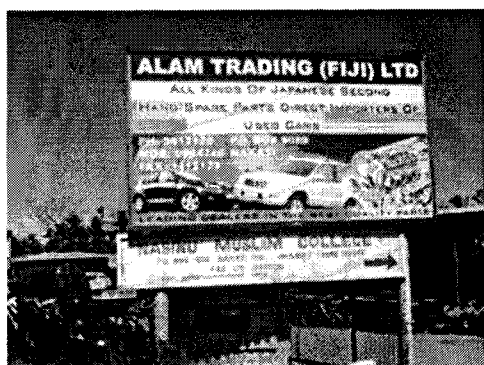


Figure 5: Land is subleased to Alarm Trading.

#### 4/16/6188 - Prabha Wati

Lessee	File Ref No.	Lease Type	Term	Annual Rent (\$)
Prabha Wati	4/16/6188	Residential	99 years with effective from 22/12/92	175

The following anomalies were noted.

- The lessee was carrying out a commercial operation on the property.
- Verification of the physical file revealed, that on 21 October 2003, consent was granted for rezoning the lease for commercial purpose subject to the approval of Suva Local Authority and the Director of Town and Country Planning.
- However, audit verification of the Crown Land Lease System revealed that the class of the lease is still residential and the lessee continues to pay the residential annual rental of \$175.00. Refer to the picture below.



Figure 6: 4 Wheel Drive Sales yard.

#### 4/16/2542 - Chandra Bhan

Lessee	File Ref No.	Lease Type	Term	Annual Rent (\$)
Chandra Bhan	4/16/2542	Residential	99 years with effective from 22/12/92	290

The following anomalies were noted.

- The lessee was carrying out a commercial operation on the property.
- Verification of the physical file revealed, that on 14 April 2004, consent was granted for rezoning the lease for commercial purpose subject to the approval of Director Town and Country Planning.
- However, audit verification of the Crown Land Lease System revealed that the class of the lease is still residential and the lessee continues to pay the residential annual rental of \$290.00. Refer to the figure below.

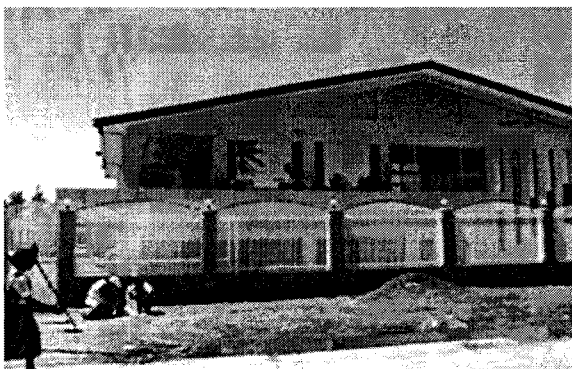


Figure 7: Chandra Bhan Auto Spares

**4/16/3608 - Mohammed Hanif**

Lessee	File Ref No.	Lease Type	Term	Annual Rent (\$)
Moh ammed Hanif	4/16/3608	Residential	99 years with effective from 18/0/92	800

The following anomalies were noted.

- The lessee was using the property for commercial purposes.
- The class of the lease is Residential and the lessees continue to pay \$800.00 annual rental.
- The Lease has been mortgaged to Habib Bank Ltd for \$2,353,000. There was no inspection carried out on the premises prior to the consent given by the Director to mortgage the lease on 12/07/04.
- As at 15/02/10, an amount of \$7,076.60 was the arrears of rental income on this lease.
- Inspection of the physical file revealed that on 19/07/07 the Department had written to the lessee to cease all commercial operation on the land; however audit noted the lessee continued to carry on with its commercial operation and pay residential annual rental of \$800. Refer to the picture below.



Figure 8: Western wrecker's yard

**4/16/1205 - J.Santaram**

Lessee	File Ref No.	Lease Type	Term	Annual Rent (\$)
J.Santaram	4/16/1205	Residential	99 years with effective from 26/06/79	750

The following anomalies were noted.

- A part of the lease was sub-let to Tokuso Corporation Ltd.
- The class of the lease is Residential and the lessees continue to pay \$750.00 annual rental.
- The Lease has been mortgaged to Fiji Development Bank for \$1,994,000. There was no inspection carried out on the premises prior to the consent given by the Director to mortgage the lease on 01/04/09. Refer to the picture below.



Figure 9: Tokuso Corporation Spare parts

Commercial operations undertaken on residential leases indicate that leases are not reviewed periodically and adjusted to the current market rates. Failure by the Department to appropriately adjust the rent on the above leases has resulted in government being deprived of fair rental income. The lessees continue to operate their commercial business on residential leases and are paying the lease rental at residential rate which is lower than commercial lease rate.

In addition, the manner in which consents were granted for mortgage despite pending reassessment and site inspection appears suspicious and would not rule out the possibility of malpractices within the Department.

### **Recommendations**

- **All the cases highlight above should be immediately investigated and rectified.**
- **The lessees should be advised of the breaches to the lease conditions and follow up actions should be taken immediately to rectify them**
- **The Department should carry out a review of the annual rental of all leases and ensure that rental is adjusted to current market rates.**
- **The Department should carryout inspection of all the leases which has been mortgaged to determine the loan amount is spent to develop the crown land.**

### **Department's Comments**

*Extensive consultations are now in progress where mutual agreement on agreements made appropriate actions to be taken against those are breaching the leases conditions etc. The information below taken by our Task Force team enforcing the instructions of the Ministry in regards to the queries raised.*

#### **4/16/2356 & 4/16/2519 – Tabara Plaza 9 Miles Nakasi**

*Inspection has been completed. Process for surrender of residential leases and issue of commercial leases are in progress. Other related issues, illegal subletting etc also being dealt with.*

#### **LD 4/16/2363 –Frincos Hire, Nakasi**

*Inspection completed. File to be located. Relevant notice would be issued and Re-entry would follow if he fails to comply. Lessee advises that he will come with his lawyer to office with relevant papers.*

#### **LD 4/16/2346- Dhirendra Chand, Nakasi**

*Still to make inspection and issue of notice. To locate file. If lessee has obtained approval of DTCP than we would recommend cancellation of residential lease and issue new commercial lease.*

#### **LD 4/16/1225 – Prabati Nair**

*Inspection completed and issue of relevant notices would follow. If the lessee does not comply than cancellation of lease would follow by Re-entry. Lessees lawyers would come to office with relevant approval documents.*



**LD 4/16/2645 – Navin Hasumati**

*Trying to locate file. Inspection carried out and relevant notices would be issued until Re-entry if lessee fails to comply. Lessee advises that he will come to office with lawyer with relevant approved documents.*

**LD 4/16/6188 – Prabha Wati**

*We are trying to locate file. Inspection would follow with relevant notices. Information received that DTCP has rejected application for rezoning.*

**LD 4/16/2542 – Chandra Bhan**

*Inspection completed and recommendation for cancellation of residential lease and issue of two new leases i.e. Industrial and commercial as he has subdivided the lot.*

**LD 4/16/3608 – Mohammed Hanif**

*Notice issued and cancellation of lease by Re-entry would follow if lessee does not comply.*

**LD 4/16/1205 – J Santaram**

*Inspection completed. Copy of approval by Town & Country Planning for commercial received today and we recommend for cancellation of residential lease and issue of new commercial lease.*

## 23.21 Non Development on Mortgaged Lease

Rent and rates should be paid up to date in the process of granting consent to mortgage<sup>22</sup>. If the Director of Lands feels that the loan exceeds the market value of the land, consent to mortgage will only be granted subject to satisfactory explanation<sup>23</sup>.

The lessee shall within twelve months from the date of commencement of this lease, erect on the demised land, to the satisfaction of the lessor, a building for residential purpose<sup>24</sup>.

The following Crown Leases were mortgaged with the commercial banks, however development has not taken place on these leases as required by the Crown Lands Act.

**4/16/2225 – Lami Investment Ltd**

Lami Investments Ltd is in possession of 4 blocks of land which is situated along Nabua Road off Kings Road. The Land was acquired in 1948, and till to date, no major development has taken up on the Land. Furthermore audit noted that the 4 blocks of land has been mortgaged by the Lessee and continues its other business on the benefit of mortgaging the crown land.

In 2002 a correspondence states that the 4 blocks of land issued to Lami Investment Ltd, to be amalgamated into 1 commercial lease and the rent to be reviewed at \$10,715 p.a. To date nothing has initiated from that correspondence and the lessee continues to use the land for Mortgaging purposes and paying residential annual rent amounting to \$568.

Lessee	File Ref No.	Lease Type	Annual Rent \$(VEP)	Mortgage Sum (\$)
Lami Investment	LD 4/16/2570	Residential	75	21,436,000
	LD 4/16/2370		370	
	LD 4/16/2225		60	
	LD 4/16/2110		63	
Total			\$568	\$21,436,000

<sup>22</sup> Policies- State Land Administration 2.1.1(f)-(i)

<sup>23</sup> Policies - State Land Administration 2.1.1(f)-(iv)

<sup>24</sup> Lease Condition 3

The pictures below show the current status of the 4 blocks of land.



Figure 10: 4/16/2110

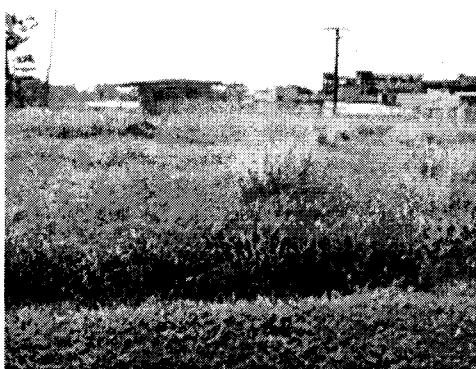


Figure 11: 4/16/2225



Figure 12: 4/16/2570



Figure 13: 4/16/2370

#### 4/16/7037 – Western Wreckers Ltd

Western Wreckers Ltd is in possession of 6 blocks of land which is situated along Nabua Road off Kings Road.

The land was acquired in 1998, and till to date, no major development has been taken up on the Land. Furthermore the 6 blocks of land has been mortgaged by the Lessee and continues its other business on the benefit of mortgaging the crown land.

Lessee	File Ref No.	Lease Type	Annual Rent \$(VEP)	Rental Arrears	Mor tgage Sum (\$)
Western Wreckers Ltd	LD 4/16/7037	Residential	200	\$1,523.04	\$2,353,000

The pictures below show the current status of the 6 blocks of land.



Figure 14: 4/16/7037



Figure 15: 4/16/7037

#### 4/16/6832 – Sila Balawa

Sila Balawa is in possession of the land which is situated along Statham Street off Fletcher Road.

The Land was acquired in 1993, and till to date, no major development has taken up on the Land. Furthermore that the land has been mortgaged by the Lessee and continues its other business on the benefit of mortgaging the crown land.

Lessee	File Ref No.	Lease Type	Annual Rent \$(VEP)	Rental Arrears	Mortgage Sum (\$)
Si la Balawa	LD 4/16/6832	Residential	\$300	\$10,222.31	\$25,000

The pictures below show the current statues of the land.



Figure 18: 4/16/6832



Figure 18: 4/16/6832

The above finding shows the poor policing of crown lease by the Department and also inconsistency in the reassessment of rent. It also shows the failure of the Department in performing its role and responsibilities and enforcing its powers as landlords and as stated under the Act to ensure that the government gets a fair return from the land

In addition, the manner in which the consents were granted for mortgage despite pending reassessment appears suspicious and would not rule out the possibility of malpractices within the Department.

#### **Recommendations**

- **An investigation should be carried out by the department to ascertain the basis on which the approval was granted to mortgage the Crown Land.**

- The Department should carryout inspection of all the leases which has been mortgaged to determine that the loan amount is spent to develop the crown land.
- The Department shall ensure the lease agreement is adhered to.

### **Department's Comments**

*Extensive consultations are now in progress where mutual agreement on agreements made appropriate actions to be taken against those are breaching the leases conditions etc.*

#### ***LD 4/16/2225 – Lami Investment Ltd.***

*The affected residential leases / files LD 4/16/2570, 4/16/2370, 4/16/2225, 4/16/2110 have been sent to SLO to process for cancellation of affected residential leases and registration of a commercial lease. Notice for non development of commercial would be issued after the new commercial lease is registered at Titles office.*

#### ***LD 4/16/7037 – Western Wreckers***

*New notices being issued and cancellation of lease by Re-entry recommended. (Lessee has come again with copies of application for extension, D/L would than decide)*

#### ***LD 4/16/6832 – Sila Balawa***

*Notices were issued and lessee has responded that he would make payment of rental in installment and total rental would be cleared once his loan from commercial bank is approved which is for construction of a dwelling house. This is to be done this year.*

## **23.22 Government Loan Assistance to Buy Back Freehold Land**

Fiji Land Corporation was established under the Land Development Act chapter 124 and 142 with the objective of purchasing freehold and leasehold agriculture estates and developing, subdividing, selling or leasing these estates in the discharge of its function under the said Act.<sup>25</sup>

To achieve these objectives the Government freehold land on behalf of various Mataqali and Yavusa's under the "buy back of freehold land government loan assistance policy" was established. In return the Mataqali and the Yavusa's were required to pay back government in instalments under the agreed term.

The physical files were not produced for audit verification as they could not be located with in the registry of the Department. As at the date of audit total sum of \$1,614,223.55 was overdue from the total of \$1,764,350 spent to purchase these lands for the various Mataqali and Yavusa's. Therefore 91% of the payments are outstanding. Refer to the table below for details:

Name of Land	Date of Purchase	Purchase Price (Vendor) (\$)	Date of Last Payment	Balance (\$)
Matakunea Savusavu (LD 43/61) (Mataqali – Nasavanivonu).	16/08/91	140,000	05/04/94	131,679.60
Korodogo Macuata (LD 43/64) (Yavusa. Naduru)	22/11/91	25,000	31/12/05	24,000
Mua Estate Taveuni. (LD 43/54-3) (Yavusa. Wainikeli)	30/11/92	240,350	05/11/07	190,100
Nasoqo Nabaitavo (LD 43/190) (Yavusa Burewatu)	20/11/97	305,000	27/09/07	232,443.95
Nukuloa - SavusavuLD 43/241 (Yavusa Soloveuneune)	31/12/01	100,000	No payments made	100,000

<sup>25</sup> Minute Dated 27 September 2006 from PTO (Research Unit) to MLMR

Name of Land	Date of Purchase	Purchase Price (Vendor) (\$)	Date of Last Payment	Balance (\$)
Yadali, Bua LD 43/243 (Yavusa Dawadigo)	31/12/01	80,000	No payments made	80,000
Tova – Ra LD 43/257 Mataqali Narau	31/12/02	55,000	No payments made	55,000
Matavatucou – Tailevu LD 43/261 Mataqali Wailevu (Qelekuro)	31/12/02	60,000	No payments made	60,000
Dedega -Dawasamu / Tailevu LD43/260 Mataqali Naomisi	28/11/02	92,000	No payments made	92,000
Vunivesi Dawasamu LD 43/263 Yavusa Dawasamu	28/11/02	155,000	No payments made	155,000
Matasawalevu Dreketi, Macuata LD 43/249 (Mataqali Nakorokalous)	13/12/02	72,000	No payments made	72,000
Naveria (Pt.of) CT 18551,Savusavu LD 43/269 Yavusa Nakama	31/12/03	110,000	11/7/2007	97,000
Marakalulu Freehold Mataqali Naboca Yav.- Verata LD 43/264 CT 24258 Viria, Naitasiri	31/12/03	100,000	No payments made	100,000
Mataqali Uluinavula Wainibuka LD 43/258 CT 4136, Matacadra, Nayavu,	31/12/03	150,000	14/11/2005	145,000
Raiwaqa – Navua Mataqali : Nabukebuke	31/12/04	80,000	No payments made	80,000
<b>Total</b>		<b>1,764,350</b>		<b>1,614,223.55</b>

Should the Department fail to take the necessary actions to recover the outstanding money from the Mataqali and Yavusa's, it will set precedence to other Mataqali and Yavusa's in not honouring the agreed terms of the Buy Back Policy.

### **Recommendations**

- **Concerted efforts should be made to recover the outstanding arrears from the Buy back freehold government loan assistance.**
- **Repayment monitoring to be carried out in order to regularize the payments.**
- **All freehold land purchased on behalf of the original native owners are to be held in trust by the Director of Lands and transfer the title to the landowners once the purchase price has been repaid.**
- **The procedures and policies need to be considered for a review before any other new land is purchased. There needs to be an assessment made of land already bought and the benefits derived by the landowners before any further purchase is made.**

### **Department's Comments**

*No Comments*

## **23.23 Incorrect Posting in the Crown Land Lease System**

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 error or discrepancy within 10 working days after the end of each month; and VAT is correctly accounted for and remitted as required.<sup>26</sup>

Audit trails from revenue receipt to the individual accounts in the Crown Land Lease System revealed instances where the amount as per receipt did not match with the amount posted on the individual accounts of the following tenants. Refer to the table below for details:

Date of Receipt	Receipt #	Receipt Amount \$	Account #	Lessee	Amount Posted in CLLS \$
29.12.09	482038	1,000.00	31948	Ram Charan	0
01.06.09	474865	843.75	11534	Pacific Wood & Curio Product	0
11.06.09	476132	100.00	14663	Nazir Usman	0
11.06.09	476134	2,491.17	10911	Ram & Sons Limited	648.00

As a result of the incorrect posting, the arrears positions of the above lessees' accounts would be overstated. Furthermore audit could not establish as to which account was credited with the balance of lease money.

### **Recommendations**

- The department should ensure to credit the correct amount to the lessee's account.
- The department should rectify the balance and credit the correct account.

### **Department's Comments**

*No comments*

## **23.24 Hiring Of Vehicles**

The procurements limits for CEOs, other than the CEO Finance and National Planning, to issue local purchase orders (LPOs) will be reduced from \$20,000 to \$5,000. Any approvals for procurements in excess of \$5,000 and less than \$20,000 will be approved by CEO Finance and National Planning.

All procurements from \$20,000 and above will be subject to Major Tender Board evaluation and approval except for tenders considered by the Divisional Tender Boards.

Due to an inadequate number of vehicles available, the Department hired vehicles from Carpenters Rentals and National Hire Construction Equipment Limited to be utilised in projects. The Department paid \$43,001 and \$44,132.92 to Carpenters Rental and National Hire Construction Equipment Limited respectively. Procurement of these services was not approved by the Ministry of Finance.

The following unsatisfactory features were noted:

The Department did not go through the formal tender process prior to the hiring of the vehicles. The hire of the vehicles were not approved by the Ministry of Finance.

Vehicle registration number ES446 hired from National Hire Construction Equipment Ltd was driven by Mr Vereniki Loba [employee of the Department] sustained damages worth \$3,579.92 on 05.06.09. The Department compensated National Hire Construction Limited for the damages.

<sup>26</sup> Finance Instructions 2005

The department has not taken appropriate action to recover \$3,579.92 from Mr. Vereniki Loba as the damages sustained were due to his negligence.

There is not any formal contract made between the Department, Carpenters Rental and National Hire Construction Equipment Limited.

Further, audit could not verify the working conditions of the vehicles owned by the Department as the vehicle quarterly returns for the 2nd, 3rd and 4th quarter was not provided for audit verification.

The above findings indicate that proper procedures were not followed in hiring of vehicles. Moreover, the government's interests are not safeguarded as formal agreement was not made between the parties concerned.

### **Recommendations**

#### **The Department should:**

- **Approval from the Ministry of Finance should be obtained prior to hiring vehicles from private companies.**
- **Follow standing government tender process**
- **Carry out an investigation on the compensation paid to National Hire due to the negligence of Mr. Vereniki Loba and instigate necessary action to recover compensated amount.**
- **Take disciplinary actions against those who authorised this procurement.**

### **Department's Comments**

*No Comments*

## **PART 2 : AUDIT FINDINGS**

### **DEPARTMENT OF MINERAL RESOURCES**

#### **23.25 Incomplete Agency Financial Statement**

Each agency must include the following statements in its annual financial statements:

- a) a statement of receipts and expenditures;
- b) statement of output costs;
- c) a profit and loss statement for each trading and manufacturing activity;
- d) an appropriation statement;
- e) a statement of assets and liabilities;
- f) notes to the statement of assets and liabilities;
- g) a statement of losses;
- h) a trust account statement of receipts and payments<sup>27</sup>.

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<sup>27</sup> Finance Instruction (2005) 82(1)

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.

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

The financial statements were not a complete set of agency financial statements without trust account statement of receipts and payments and statement of losses.

### **Recommendation**

**The Department must ensure that full set of financial statements are submitted for audit in future.**

### **Department's Comments**

*The department to comply with this recommendation.*

## **23.26 Stale Cheques – Drawings Account**

If the cheques remain in the unrepresented cheque list for more than 3 months, the Accounting Head must attempt to locate the payees and have their cheques presented before they become stale<sup>28</sup>. The Accounting Head shall review the unrepresented cheque list and determine whether a replacement cheque should be issued for cheques that are stale<sup>29</sup>.

Stale cheques totalling \$72,368.78 were appearing as unrepresented cheque as at 31/12/09. Refer to the table below for breakdown of the stale cheque.

<b>Year</b>	<b>Amount (\$)</b>
2006	7,836.74
2007	2,302.01
2008	39,503.29
2009	22,726.74
<b>Total</b>	<b>72,368.78</b>

Necessary action was not being taken to clear long standing stale cheques and government funds are unnecessarily tied up to the cheques.

### **Recommendations**

- **The Department should ensure that stale cheques are identified from the Drawings account unrepresented cheque lists.**
- **If the payees are identified a replacement cheque should be written and issued. However if the payee is untraceable then appropriate adjustment should be made to clear the stale cheques.**

<sup>28</sup> Section 7.5.1 Finance Manual

<sup>29</sup> Section 7.5.2 Finance Manual



**Department's Comments**

*The department to comply with these recommendations.*

**23.27 Mining Trust Fund Bank Account**

The Accounts supervisor shall prepare bank reconciliation within 5 days of the end of the month<sup>30</sup>.

The Department operates a Mining Trust Account (Number 9802022872) with Westpac Banking Corporation. This account is utilized to deposit the fees collected from explorations and mining licences.

The department failed to prepare monthly bank reconciliation for the trust account for the year 2009. Moreover, a variance of \$658,352.26 between the General Ledger and the Bank Statement balance. Refer to the table below for details.

Balance As Per Bank Statement (\$)	Balance As Per GL (FMIS) (\$)	Variance (\$)
1,039,173.77	1,697,526.03	658,352.26

Due to the nature and quantity of transactions involved, overlooked errors may render books of account to be incorrect. Undetected errors may accumulate to a significant amount and would be difficult to reconcile if not reconciled in a timely manner.

**Recommendation**

**The Department should reconcile the Trust account on a monthly basis.**

**Department's Comments**

*The department to reconcile the trust account more regularly rather than the ad hoc basis currently undertaken.*

**23.28 FNPF Reconciliation**

Where charges are for payments to organisations through salary deductions, the relevant creditor account shall be credited. When actual payment is made to the organisation, the creditor account shall be debited.<sup>31</sup>

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.<sup>32</sup>

A reconciliation statement shall be completed at the end of each month to ensure that all the entries made to the control account agree with the final monthly total.

<sup>30</sup> Section 7.4.7 Finance Manual

<sup>31</sup> Finance Manual 2005 – Ministry of Labour Section 4

<sup>32</sup> Chapter 219 – Fiji National Provident Fund – Section 13 (1)

The reconciliation FNPF payment noted a difference of \$33,030.91 between the two records. Refer to details provided.

<b>FNPF Contribution Paid by MRD for 2009 (Employer contribution only)</b>		<b>Amount (\$)</b>
SEG 1	FNPF contributions paid – Established Staff	96,974.34
SEG 2	FNPF contributions paid – Unestablished staff	14,861.12
		<b>111,835.46</b>
	<b>Add:</b> December 2009 FNPF Contributions	15,749.66
		<b>127,585.12</b>
	<b>Less:</b> December 2008 FNPF Contributions	14,441.52
		<b>113,143.60</b>
	<b>Total Employers Contributions paid by MRD</b>	
<b>Audit Calculation of FNPF for 2009(Employer contribution only)</b>		
SEG 1 & 2	Salaries & Wages as per FMIS	1,827,181.39
	<b>FNPF Contribution</b> (1,827,181.39 x 0.08)	<b>146,174.51</b>
	<b>Difference</b>	<b>(\$33,030.91)</b>

The inconsistency in the reconciliations and poor monitoring by the Department has resulted in the difference of \$33,030.91.

### **Recommendation**

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

### **Department's Comments**

*The variance is due to the high number of vacant posts in the department for which the FNPF is allocated but is not paid.*

## **23.29 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.<sup>33</sup>

A reconciliation statement shall be completed at the end of each month to ensure that all the entries made to the control account agree with the final monthly total.

Audit noted that the total taxable supplies as per the VAT returns do not reconcile with total expenses subject to VAT as per Expenditure Statement. As a result a difference of \$1,324.65 was noted between the VAT paid as per Statement of Revenue and Expenditure and VAT returns. Refer to details provided.

<sup>33</sup> Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

<b>Audit Calculation – 2009</b>	<b>Amount (\$)</b>
Total Expenditure as per Expenditure Statement	3,516,168.25
Less Expenditure not Subject to VAT	2,241,176.39
Total Expenditure Subject to VAT	<u>1,274,991.86</u>
<b>VAT on Expenditure</b>	<b>B 159,373.98</b>
<b>VAT Paid by MRD – 2009</b>	
VAT payment as per Statement of Revenue and Expenditure	170,894.07
Less VAT payment as per VAT Returns	(10,195.44)
	<u><b>A 160,698.63</b></u>
<b>Variance (A-B)</b>	<u><b>1,324.65</b></u>

The inconsistency in the reconciliations and poor monitoring by the Department has resulted in the differences highlighted above.

### **Recommendation**

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

### **Department's Comments**

*The department should put in place a monitoring system to ensure that reconciliation is vetted prior to final reconciliation. This could be done in conjunction with the Ministry accounts staff to ensure an improvement in the reconciliation and monitoring process not only for VAT but for FNPF reconciliation as well.*

## **23.30 Hire of Casuals – Budget Exceeded**

Expenditure shall be classified and every vote shall be applied for the purpose for which it is approved.<sup>34</sup>

Vacant posts will normally be advertised in the Fiji Public Service Official Circular and the press, if considered appropriate. When an officer applies for a vacancy, whether advertised or not, the officer should send his/her applications through the Permanent Secretary or Head of Department.<sup>35</sup>

During the year, the Department engaged casual workers to work in the garage for the general repair of departmental vehicles, maintenance and servicing of drilling rigs by the Hydrology Section, and landscaping works at the Department's Office in Nabua.

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 \$59,572.26. In addition, \$37,775.29 was used to meet the casual worker's pay from other allocations such as Groundwater Assessment and Development and Geological Mapping. Refer to table below for details.

<sup>34</sup> Finance Instruction 2005 Section 21 pp10

<sup>35</sup> General Orders 205

Allocations Used to pay for Casuals	Description	Budgeted Amount (\$)	Actual Amount Used (\$)
Casuals		3,000.00	62,572.26
Other Allocations Used:			
13320133201080632	Groundwater Assessment - Small Islands		4,482.05
13320133101080632	Groundwater Assessment - Small Islands		1,444.00
13320133201080629	Groundwater Assessment & Development		1,773.66
13320133101080629	Groundwater Assessment & Development		340.56
13320133101080699	Misc. Research & Development		29,735.02
<b>Total</b>			<b>37,775.29</b>

It was further noted that casual workers that were hired in 2007 are still being employed by the Department to-date. However, upon scrutinizing their personal files the following unsatisfactory features were noted.

- formal applications were not made for casual positions
- there was no evidence to indicate that casuals were interviewed
- extension letter of appointments were not sighted in the personal files

The above findings indicates that proper procedures were not complied with in the engagement of casuals and expenditure controls were generally lacking resulting in the over expenditures.

### **Recommendations**

**The Department should regularise the over expenditure and the engagement of casual workers.**

### **Department's Comments**

*The Department engages a range of casuals. For those that are short-term and hired on ad hoc basis, the budget allocation for Casuals is utilised. These engagements are done through completion of engagement forms.*

*For casuals hired on a longer-term basis for project specific work, the respective Capital allocations have been used. MRD has identified that the incorrect term has been used as these are not strictly casuals but project officers.*

*Without the engagement of these project officers, capital works would not proceed and clients would lodge grievances of negligence against the Department.*

*MRD will formalise these including an open and transparent manner to avoid misunderstanding about hiring of casuals. MRD has already improved by insisting on provision of required clearances e.g. medical and Police before engagement.*

## **23.31 Vehicles Not Boarded**

It is the responsibility of the Head of Department to ensure that board of survey are convened in respect of unserviceable vehicles, which should be promptly disposed of by action or otherwise instead of leaving them to deteriorate in Department yards<sup>36</sup>.

Government vehicles must be used and maintained so as to maximize their useful life and their value upon disposal<sup>37</sup>.

<sup>36</sup> Transport Rules and Instructions s. 42 (a)

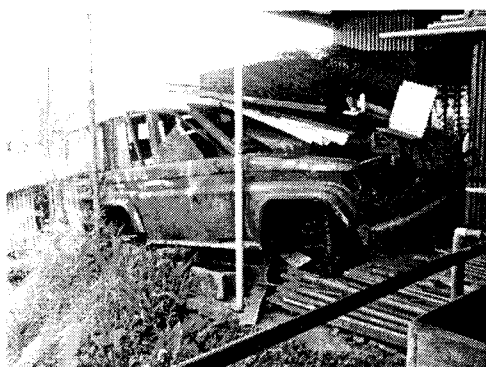
The following unserviceable vehicles belonging to the Department were parked at the garage and have not been boarded. Furthermore, audit verifications revealed that various vehicle parts have been cannibalized. Refer the following pictures for details:



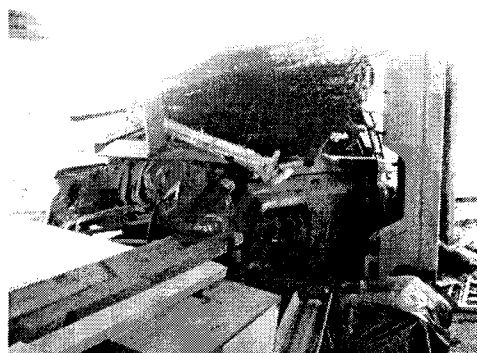
**Figure 1: Motor Vehicle Registration Number GL675, Parked Outside the Garage**



**Figure 2: Motor Vehicle Registration Number GL612, Parked Outside the Garage**



**Figure 3: Motor Vehicle Parked Outside the Garage**



**Figure 4: Motor Vehicle Parked Outside the Garage**

The failure to have the vehicles boarded in a timely manner has led to the vehicle's body deteriorating and rusting with parts being removed and not replaced. This practice has greatly reduced the value of the vehicles.

### **Recommendations**

**The Department should:**

- **Maintain proper records of all the spare parts taken out from any vehicle and proper procedures should be followed when disposing them.**
- **Strictly adhere to Transport Rules & Instructions 42(a).**

### **Department's Comments**

*Government Supplies will be consulted for an update on the boarding of these vehicles.*

*A Board of Survey has been constituted to look into all asset management issues.*

<sup>37</sup> Finance Instruction 2005 s. 60(4)

### 23.32 Hiring of Rental Vehicles

Due to a higher need for vehicles, the Department hired rental cars to the total cost of \$26,085.40 from various Rental Companies in 2009. The hiring of these cars was not approved by the Ministry of Finance.

Refer to table below for details.

Date	Cheque #	Payee	Amount (\$)	Total(\$)
26.05.09	15481	Dove Rent A Car	4,300.00	
26.06.09	15763	Dove Rent A Car	1,500.00	5,800.00
12.06.09	00084	Budget Car & Truck Rental	1,000.00	
12.06.09	00086	Budget Car & Truck Rental	1,989.00	
04.08.09	16042	Budget Car & Truck Rental	640.00	
04.08.09	16045	Budget Car & Truck Rental	1,000.00	
17.08.09	16144	Budget Car & Truck Rental	4,500.00	
30.09.09	16485	Budget Car & Truck Rental	2,240.00	
14.10.09	16609	Budget Car & Truck Rental	320.00	
13.10.09	16591	Budget Car & Truck Rental	1,960.00	
15.10.09	16637	Budget Car & Truck Rental	3,520.00	
22.10.09	16689	Budget Car & Truck Rental	169.40	17,338.40
21.10.09	15201	Budget Rent A Car	1,239.00	
21.04.09	15202	Budget Rent A Car	1,000.00	
28.05.09	15535	Budget Rent A Car	708.00	2,947.00
<b>Total</b>				<b>26,085.40</b>

Most of the department's vehicles were not working hence they had to hire the vehicles to carry out their work. The Department failed to properly maintain its fleet of motor vehicles as a result they are in a state of disrepair.

#### Recommendations

- Approval of the Ministry of Finance should be obtained prior to hiring cars and discipline the officer(s) responsible for approving the hire,
- Necessary action should be taken to repair the vehicles, and
- The Department should improve the operation of its garage to ensure that its vehicles are repaired on a timely manner.

#### Department's Comments

*The Permanent Secretary had approved the use of vehicles due to the need for capital works to be undertaken.*

*A range of vehicles is deemed invalid for road worthiness certification. Due process has been followed including writing off of vehicles through Ministry of Finance. MRD has followed procedures in place however due to the need to move projects, a special approval was sought from Permanent Secretary.*

### 23.33 Ground Water Borehole

Fees and charges for agency revenue must recover at least the full cost of providing the goods, services or works unless legislation or government policy provides otherwise.<sup>38</sup>

The Department is responsible for the groundwater resources of the nation including its monitoring and protection from abuse and contamination. It is then required to provide the quote for the cost of the project which is the amount companies and government agencies are required to pay for the project.

When quoting the project costs, audit noted that the Department quotes a lump sum figure and does not provide a detailed breakdown of all other costs such as *direct cost, direct labour and overhead costs* involved in carrying out a particular project.

Therefore, it can not be established whether the revenue generated by the project is sufficient to cater for all its expenses.

Further, the department does not maintain a separate cashbook or set of ledger accounts for the receipt and payment of trust money therefore it would be difficult to monitor the funds utilised from the trust fund to cater for the shortfalls.

Detailed below are the monies received and held in trust for borehole drilling projects for the year:

Name Of The Company	Date	Receipt No	Amount (\$)
GNS Barrack	03/03/09	658002	2,750.00
Director Water and Sewerage	11/03/09	658004	5,000.00
Korea Resort	24/03/09	658005	5,000.00
Karl Smith	21/04/09	658012	5,000.00
Bishun Dutt	28/04/09	658013	1,000.00
Tourism and Environment	27/05/09	658016	9,000.00
Gerald Barrack	18/06/09	658022	2,750.00
Agriculture	08/07/09	658028	10,000.00
Jean Tilly- Lami Dump	22/07/09	658030	3,673.09
Rewa- Cooperative Dairy	13/08/09	658031	5,500.00
Divisional Water Engineer Central	13/08/09	658032	8,000.00
Overseas Fishery Cooperative	18/08/09	658035	2,750.00
Provincial Development	15/09/09	658038	3,000.00
Vatukoula Gold	15/09/09	658039	1,794.81
FIMSA	22/09/09	658040	46,500.00
Fisheries Department	25/09/09	658041	4,000.00
<b>Total</b>			<b>115,717.90</b>

The audit could not determine whether the project is able to generate sufficient revenue to cover its costs, in particular projects with commercial purposes.

Moreover, the department is not in a position to determine the cost component which is supposed to be the contribution of the community under the government's subsidy scheme as detailed breakdown of the cost is not provided.

<sup>38</sup> Finance Instructions 2005, s32(5)

### **Recommendations**

- **The Department should develop a standard formula to quote for all the borehole related projects and provide a detailed breakdown of the cost.**
- **The Department should make sure that revenue generated from companies using groundwater for commercial purposes are sufficient to cater for all its costs.**

### **Department's Comments**

*Due to this same issue having been raised in the past.*

*Revenue is a non-issue as commercial entities still hold a positive balance in trust.*

*MRD also notes listing above is inaccurate as the revenue generated is not for boreholes but for other activities e.g. FIMSA, Vatukoula Gold, Fisheries Dept. etc...*

### **Further OAG Comment**

**Audit verification maintains that the above revenues were earned from the boreholes drilling projects.**

## **23.34 Improper Maintenance of the Yautalei Vessel**

Physical assets provide a vital resource base that supports the delivery of outputs by agency. Therefore, it is important to ensure that Assets are safeguarded and properly maintained.<sup>39</sup>

The accounts officer shall be responsible for maintaining the fixed assets register. The fixed assets register shall provide the following details:

- i. Date of acquisition (including is asset was acquired by transfer, gift or second-hand) and cost;
- ii. Description;
- iii. Serial number and model;
- iv. Locations;
- v. Other relevant information (eg if asset is sold or written off)<sup>40</sup>

The Department has in its possession a Yamaha 2 x 150 horse power vessel named RV Yautalei. The following anomalies were noted in the administration of the vessel.

- The vessel is not recorded in the Departments fixed assets register.
- The vessel is not registered with Fiji Island Maritime Safety Administration (FIMSA).
- Since February 2009, the vessel has been kept at the Department's yard awaiting repairs to its engine.
- The boat shed which used to house the Yautalei is now being used by SOPAC. As a result, the vessel together with both engines is left in the open with no proper storage facilities. The Director of Mineral Resources explained that SOPAC were supposed to build a boat shed at the drilling section but as of to date the boat shed has not been fully completed to house the vessel. Refer to the following pictures for details.

<sup>39</sup> Finance Manual 2005 Part 11, Property Plant & Equipment

<sup>40</sup> Finance Manual 2005 Section 11.2.1





Figure 11: Yautalei Vessel Being Left in the Open



Figure 12: Yautalei Vessel Being Left in the Open



Figure 13: Part of Yautalei Vessel Being Left in the Open

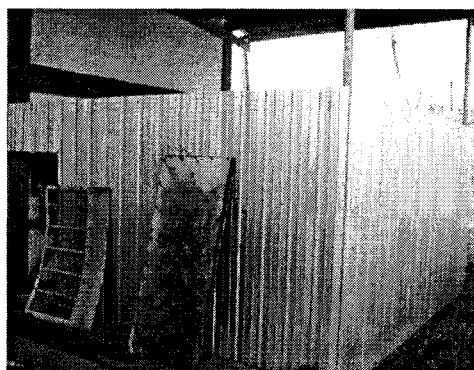


Figure 14: Boat Shed Partly Built by SOPAC



Figure 15: Part Of the workshop space given to SOPAC

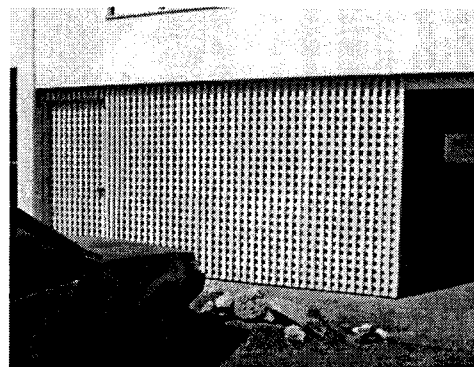


Figure 16: Boat Shed space that was given to SOPAC

The Department has not taken any appropriate action to repair and register the vessel with FIMSA. Moreover, the condition of the vessel continues to deteriorate due to exposure to extreme weather conditions.

### **Recommendation**

The vessel should be taken on charged in the Fixed Asset Register, repaired and registered with FIMSA. A proper storage place should be located for the vessel otherwise SOPAC should be asked to vacate the vacate the space it is occupying for the storage of the vessel.

### **Department's Comments**

*MRD is in the process of registering the vehicle. Maintenance and repairs has been in progress based on recommendations from FIMSA for sea worthiness registration.*

*The record for the vessel is in the General Equipment Register.*

*SOPAC has been verbally advised to complete the boat shed. A series of meetings have been held to address this matter.*

## **AUDIT FINDINGS**

### **DEPARTMENT OF ENVIRONMENT**

#### **23.35 Incomplete Agency Financial Statement**

Each agency must include the following statements in its annual financial statements:

- a statement of receipts and expenditures;
- statement of output costs;
- a profit and loss statement for each trading and manufacturing activity;
- an appropriation statement;
- a statement of assets and liabilities;
- notes to the statement of assets and liabilities;
- a statement of losses;
- a trust account statement of receipts and payments.<sup>41</sup>

Audit noted that the Department maintains a Trust Fund Account with Westpac Banking Corporation for monies received from Naboro Landfill gates fees and from ODS fines.

However, audit noted that the Department failed to disclose the Trust Fund Account in the Agency Financial Statement.

Non compliance with Finance Instructions in the preparation of the financial statements has restricted the scope of the audit and will be included in the audit report as qualifications.

### **Recommendation**

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

### **Department's Comments**

*Please note that the Department's 2009 Budget was reflected under Head 33, Ministry of Lands (see 33-4-1: Environment Management Unit). As such, the Department's accounts is reflected through the Ministry of Lands 2009 Agency Financial Statement.*

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<sup>41</sup> Finance Instruction (2005) 81(3)

*However, your finding regarding the Naboro Landfill Trust account is noted and measures are being taken to ensure this is included in our Agency Financial Statement for the 2010 under Head 23 (i.e. Ministry of Local Government, Urban Development, housing and Environment).*

### **23.36 Trust Fund Account Reconciliation**

Within 5 days after the end of each month, the clerical officer shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account<sup>42</sup>.

The Department operates a Trust Account (Number 9802022948) with Westpac Banking Corporation. This account is utilized to deposit the fees collected from Naboro Landfill gates fees and from ODS fines. The bank balance as at 31/12/09 of the trust account was \$653,553.50.

The audit noted that the department failed to prepare the monthly bank reconciliation for the trust account in 2009. Furthermore, the Department did reconcile the General Ledger Balance of \$126,135.81 with the Trust Bank Account.

Due to the nature and quantity of transactions involved, undetected errors may accumulate to a significant amount and it would be difficult to reconcile the two records.

#### **Recommendations**

**The Department should prepare bank reconciliation on a monthly basis.**

#### **Department's Comments**

*Please note that we are taking the necessary measures to ensure that relevant Reconciliation is carried out to ensure our General Ledger (GL) balance is fully reconciled with our Bank balance.*

*You may wish to note that problems began in 2006 when our department was declared a separate self-accounting Ministry on its own before reverting back to Departmental status operating under a number of different Ministries in the last 4 years. This may have contributed to some of the problems we are currently facing with our accounts.*

*Nonetheless, measures are being taken to address this problem to ensure that we adhere to the provisions of Finance Instructions.*

---

<sup>42</sup> Finance Manual 15.4.1

## APPENDICES

### Appendix 23.1: Statement of Output Costs – Department of Lands

#### Programme 1– Policy and Administration General Administration

Description	2009 (\$)	2008 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	238,849	148,594
Unestablished Staff	21,758	24,775
Travel & Communication	21,704	33,858
Maintenance & Operations	13,702	23,260
Purchase of Goods & Services	10,760	1,764
Operating Grants & Transfers	-	-
Special Expenditures	-	-
<b>Total Operating Costs</b>	<b>306,773</b>	<b>232,251</b>
<b>Capital Costs</b>		
Capital Construction	-	-
Capital Grants & Transfers	-	-
<b>Total Capital Costs</b>	<b>-</b>	<b>-</b>
Value Added Tax	5,104	5,714
<b>TOTAL COSTS</b>	<b>311,877</b>	<b>237,965</b>

#### Programme 3– Lands and Survey Administration

Description	2009 (\$)	2008 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	1,002,867	1,190,861
Unestablished Staff	141,983	40,937
Travel & Communication	74,555	72,400
Maintenance & Operations	24,740,510	22,485,423
Purchase of Goods & Services	177,232	129,537
Operating Grants & Transfers	1,373,096	1,369,794
Special Expenditures	80,085	143,560
<b>Total Operating Costs</b>	<b>27,590,328</b>	<b>25,432,512</b>
<b>Capital Costs</b>		
Capital Construction	-	-
Capital Grants & Transfers	-	-
<b>Total Capital Costs</b>	<b>-</b>	<b>-</b>
Value Added Tax	3,246,661	2,825,089

Description	2009 (\$)	2008 (\$)
<b>TOTAL COSTS</b>	<b>30,836,989</b>	<b>28,257,601</b>

**Survey & Mapping**

Description	2009 (\$)	2008 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	2,616,520	2,386,929
Unestablished Staff	405,638	460,036
Travel & Communication	30,301	43,148
Maintenance & Operations	327,513	365,043
Purchase of Goods & Services	8,155	6,933
Operating Grants & Transfers	-	-
Special Expenditures	-	-
<b>Total Operating Costs</b>	<b>3,388,126</b>	<b>3,262,089</b>
<b>Capital Costs</b>		
Capital Construction	1,099,556	352,521
Capital Purchases	300,000	200,000
Capital Grants & Transfers	-	-
<b>Total Capital Costs</b>	<b>1,399,556</b>	<b>552,521</b>
Value Added Tax	186,104	106,436
<b>TOTAL COSTS</b>	<b>4,973,787</b>	<b>3,921,046</b>

**Valuation**

Description	2009 (\$)	2008 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	688,020	671,177
Unestablished Staff	19,233	20,200
Travel & Communication	17,667	17,560
Maintenance & Operations	15,277	18,789
Purchase of Goods & Services	2,252	3,239
Operating Grants & Transfers	-	-
Special Expenditures	-	-
<b>Total Operating Costs</b>	<b>742,449</b>	<b>730,965</b>
<b>Capital Costs</b>		
Capital Construction	-	-
Capital Grants & Transfers	-	-
<b>Total Capital Costs</b>	<b>-</b>	<b>-</b>
Value Added Tax	3,730	3,330

Description	2009 (\$)	2008 (\$)
<b>TOTAL COSTS</b>	<b>746,179</b>	<b>734,295</b>

**State Land Operation and Development**

Description	2009 (\$)	2008 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	171,941	132,624
Unestablished Staff	29,084	51,559
Travel & Communication	10,320	10,541
Maintenance & Operations	25,570	39,970
Purchase of Goods & Services	-	286
Operating Grants & Transfers	-	-
Special Expenditures	-	-
<b>Total Operating Costs</b>	<b>236,915</b>	<b>234,980</b>
<b>Capital Costs</b>		
Capital Construction	290,907	417,038
<b>Total Capital Costs</b>	<b>290,907</b>	<b>417,038</b>
Value Added Tax	4,762	-3,247
<b>TOTAL COSTS</b>	<b>532,584</b>	<b>648,771</b>

**Appendix 23.2: Statement of Output Costs – Mineral Resources****Geological and Mineral Investigation**

<b>EXPENDITURE</b>	<b>2009 (\$)</b>	<b>2008 (\$)</b>
<b>Operating Costs`</b>		
Established staff	1,297,392	1,211,215
Unestablished staff	298,095	342,109
Travel and communications	44,368	55,308
Maintenance & operations	171,124	197,028
Purchase of goods and services	79,570	75,242
Operating grants and transfers	413,995	413,529
Special expenditures	37,628	29,373
<b>Total Operating Costs</b>	<b>2,342,172</b>	<b>2,323,804</b>
<b>Capital Expenditure</b>		
Construction	650,134	675,116
Purchases	196,423	205,591
<b>Total Capital Expenditure</b>	<b>846,557</b>	<b>880,707</b>
Value Added Tax	158,494	106,242
<b>TOTAL COSTS</b>	<b>3,347,223</b>	<b>3,310,753</b>

**Oil and Mines Act Administration**

<b>EXPENDITURE</b>	<b>2009 (\$)</b>	<b>2008 (\$)</b>
<b>Operating Costs</b>		
Established staff	231,695	253,786
Travel and communications	8,287	8,684
Maintenance & operations	11,428	11,847
Purchase of goods and services	67,004	60,832
Special Expenditure	9,025	-
<b>Total Operating Costs</b>	<b>327,439</b>	<b>335,149</b>
Value Added Tax	12,400	119
<b>TOTAL COSTS</b>	<b>339,839</b>	<b>335,268</b>

**Appendix 23.3: Statement of Output Costs – Department of Environment**

<b>Description</b>	<b>2009 (\$)</b>	<b>2008 (\$)</b>
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	407,371	385,614
Unestablished Staff	25,538	35,005
Travel & Communication	23,304	25,987
Maintenance & Operations	42,614	41,945
Purchase of Goods & Services	67,738	65,106
Operating grants and transfers	1,044,914	1,041,430
Special expenditures	337,054	307,356
<b>Total Operating Costs</b>	<b>1,948,533</b>	<b>1,902,443</b>
<b>Capital Expenditure</b>		
Construction	800,000	-
Purchases	266,667	-
Grants and Transfers	-	-
<b>Total Capital Expenditure</b>	<b>1,066,667</b>	<b>-</b>
Value Added Tax	181,094	71,971
<b>TOTAL COSTS</b>	<b>3,196,294</b>	<b>1,974,414</b>





**Section 24****Ministry of Industry, Tourism, Trade and Communication****Role and Responsibilities**

The Ministry is responsible for formulating and implementing policies and strategies to facilitate investment, commerce and business development thus contributing to quality economic growth. The development and implementation of policies and strategies involves the Economic Analysis Unit working closely with the implementing arms of the Ministry which are: Department of Fair Trading and Consumer Affairs; Corporate Section; National Micro Finance Unit; Consumer Council of Fiji; Fiji Islands Trade and Investment Board; Fiji Audio Visual Commission; National Centre for Small and Micro Enterprise Development; and Department of Cooperatives and Small Business. The Ministry is also responsible for providing and implementing Government policies on the regulation of the Telecommunication, ICT, Radio Communications, Postal and Television Industries.

The Department of Tourism is responsible for the formulation of policy initiative for tourism development, facilitating the development of tourism infrastructure, coordinating the activities of stakeholders agencies, planning and monitoring the implementation of tourism development programmes, promoting and developing sustainable tourism awareness, and encourage local participation in the industry.

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## PART 1 FINANCIAL STATEMENT

### 24.1 Audit Opinion

The audit of the 2009 accounts of the Ministry of Industry, Tourism, Trade and Communication resulted in the issue of an unqualified audit report. However the Ministry's attention was drawn to the following matters:

- Supporting documents relating to payments made by the Trade Commission based in Los Angeles for 3<sup>rd</sup> and 4<sup>th</sup> quarter from the grants given by the Ministry amounting to \$313,345 was not produced for audit. Accordingly, audit was not able to establish whether payments made were properly authorised and recorded in the financial statements.
- The inability of the Ministry of Industry, Tourism, Trade and Communication to accurately determine the actual cost under each Budget Output.

### 24.2 Statement of Receipts and Expenditures

The Ministry collected revenue totalling \$1,721,822 and incurred a total expenditure of \$39,035,123 in 2009.

**Table 24.1: Statement of Receipts and Expenditures for 2009**

Description	2009 (\$)	2008 (\$)
<b>RECEIPTS</b>		
<b>State Revenue</b>		
Fees – Miscellaneous	179,066	165,049
License Telecom & TV	1,501,995	4,584,227
Fines	0	2
Administrative Fines	0	250
Commission	595	2,011
Value Added Tax	0	472,287
Exercise Dues	0	1,024,279
Income Tax- PAYE	0	3,254
Interest on Consumer Loans	207	0
Refund Government	1,854	21
Miscellaneous	38,105	32
<b>TOTAL REVENUE</b>	<b>1,721,822</b>	<b>6,251,412</b>
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	2,802,165	3,371,880
Government Wage Earners	260,893	319,129

Description	2009 (\$)	2008 (\$)
Travel and communications	212,031	225,210
Maintenance & operations	360,503	363,031
Purchase of goods and services	145,804	82,211
Operating grants and transfers	6,986,661	6,599,725
Special expenditures	3,033,489	1,659,178
<b>Total Operating Costs</b>	<b>13,801,546</b>	<b>12,620,364</b>
<b>Capital Expenditure</b>		
Purchases	474,540	0
Grants and Transfers	24,250,000	13,079,556
<b>Total Capital Expenditure</b>	<b>24,724,540</b>	<b>13,079,556</b>
Value Added Tax	509,037	283,201
<b>TOTAL EXPENDITURE</b>	<b>39,035,123</b>	<b>25,983,121</b>

The total revenue collected for 2009 decreased by \$4,529,590 or 72.5% compared to 2008. This was due to the decline in revenue collected from Telecommunication and TV licence fees. The Telecommunication Authority of Fiji will now be responsible for collecting the license fees.

The total expenditure for 2009 increased by \$13,052,002 or 50.2% compared to 2008. The increase in expenditure was mainly due to increases in Capital Grant and transfers to Micro Finance and Fiji Visitors Bureau.

### 24.3 Statement of Output Costs

The 8 Statements of Output Costs are detailed in *Appendix 24.1*.

### 24.4 Appropriation Statement

The Ministry incurred expenditures totalling \$39,035,123 in 2009 against the budget of \$43,572,800 resulting in a savings of \$4,537,677 or 10%.

Details of expenditures against the budget estimates are provided in Table 24.2 below.

**Table 24.2: Appropriation Statement for 2009**

SEG	Item	Budget Estimate	Changes (see note)	Revised Estimate	Actual Expenditure	Carry-over	Lapsed Appropriation
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
1	Established staff	3,813,900	(1,400)	3,812,500	2,802,165	-	1,010,335
2	Unestablished staff	328,400	2,850	331,250	260,893	-	70,357
3	Travel and communications	248,500	2,550	251,050	212,031	-	39,019
4	Maintenance & operations	451,100	8,000	459,100	360,503	-	98,597
5	Purchase of goods and services	189,300	0	189,300	145,804	-	43,496
6	Operating grants and transfers	9,358,600	(1,137,250)	8,221,350	6,986,661	-	1,234,689
7	Special expenditures	5,064,400	(781,000)	4,283,400	3,033,489	-	1,249,911
	<b>Total Operating Costs</b>	<b>19,454,200</b>	<b>(1,906,250)</b>	<b>17,547,950</b>	<b>13,801,546</b>	<b>-</b>	<b>3,746,404</b>
	<b>Capital Expenditure</b>						
8	Construction	-	-	-	-	-	-
9	Purchases	400,000	174,700	574,700	474,540	-	100,160
10	Grants and Transfers	27,450,000	(2,700,000)	24,750,000	24,250,000	-	500,000

SEG	Item	Budget Estimate	Changes (see note)	Revised Estimate	Actual Expenditure	Carry-over	Lapsed Appropriation
	<b>Total Capital Expenditure</b>	<b>27,850,000</b>	<b>(2,525,300)</b>	<b>25,324,700</b>	<b>24,724,540</b>	<b>-</b>	<b>600,160</b>
13	Value Added Tax	793,900	(93,750)	700,150	509,037	-	191,113
	<b>TOTAL EXPENDITURE</b>	<b>48,098,100</b>	<b>(4,525,300)</b>	<b>43,572,800</b>	<b>39,035,123</b>	<b>-</b>	<b>4,537,677</b>

## 24.5 Statement of Losses

The following items were found to be unserviceable and loss during the annual Board of Survey for the different departments and were approved for write- off by the Permanent Secretary for Finance.

**Table 24.3: Loss Items**

Office	Item	No.	Cost (\$)
Headquarters	Laptop	1	3,495
<b>Total</b>			<b>3,495</b>

**Table 24.4: Unserviceable Items**

Office	Item	No.	Cost (\$)
Lautoka	Electrical Kettle	1	30.00
	Stapling Machine	1	15.00
	Vacuum Cleaner	1	150.00
	Wooden Chairs	5	50.00
Rakiraki	Electrical Fan	1	55.00
Tavua	Calculator	1	20.00
	Paper Punch	1	15.00
	Wooden Chairs	21	20.00
Sigatoka	Grey Padded Chairs	3	60.00
	Vacuum Cleaner	1	55.00
	Waste paper bin	1	10.00
Nadi	Computer Backup	1	335.00
	Electrical Fan	1	55.00
Levuka	Wall Clock	1	20.00
	Wooden Chairs	2	20.00
Eastern	Brief Case	1	50.00
	Wooden Chair	1	15.00
	Power Board (6 way)	1	15.00
	Double Adaptor	1	5.00
	Dust Pan/Brush	1	5.00
	10m extension cord	1	10.00
	Double Punch	1	10.00
Suva/ Naitasiri	Wooden Padded Chairs	3	30.00
	Wooden Chairs	2	20.00
	Electrical Fan	1	75.00
	Wire Tray	2	5.00
<b>Total</b>			<b>1,150.00</b>

## 24.6 TMA Annual Financial Statements

**Table 24.5: Trading & Manufacturing Account - Government Handicraft Centre**

	2009 (\$)	2008 (\$)
<b>Trading &amp; Manufacturing Account</b>		
Raw Materials (1/1/09)	0	0
Purchases	80	9,135
	<b>80</b>	<b>9,135</b>
Raw Materials 31/12/09	0	0
Raw Materials used	80	9,135
<b>Add:</b> Work in Progress (1/1/09)	0	0
Factory Overheads	0	0
<b>Less:</b> Work in Progress (31/12/09)	0	0
<b>Cost of Manufactured Goods Transferred to Trading A/C</b>	<b>80</b>	<b>9,135</b>
<b>Trading Account</b>		
Sales	226	48,186
Stock of Finished Goods (1/1/09)	5,738	6,094
<b>Add:</b> Cost of Manufactured Goods	80	9,135
	<b>5,818</b>	<b>15,229</b>
<b>Less:</b> Stock of Finished Goods (31/12/09)	5,852	5,738
Cost of Finished Goods Sold	(34)	9,491
<b>Gross Profit/(Loss) Transferred to P&amp;L</b>	<b>260</b>	<b>38,695</b>
<b>Profit &amp; Loss Statement</b>		
<b>Income</b>		
Gross Profit Transferred from Trading A/c	260	38,695
<b>Total Income</b>	<b>260</b>	<b>38,695</b>
<b>Expenses</b>		
Maintenance and Operations	64,556	261
Communication	830	1,669
Special Expenditure	125	289
Vat Input Tax	2,686	255
Stock transferred to Fiji Arts Council	5,852	0
<b>Total Expenses</b>	<b>74,049</b>	<b>2474</b>
<b>Net (loss)/profit</b>	<b>(73,789)</b>	<b>36,221</b>
<b>Balance Sheet</b>		
<b>Equity</b>		
Equity	99,814	56,731
Surplus Capital	0	6,862
Net (Loss)/Profit	(73,789)	36,221
<b>Total Equity</b>	<b>26,025</b>	<b>99,814</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash at Bank	20,155	87,942
Accounts Receivable	5,870	6,134
Inventory	0	5,738
<b>Total Current Assets</b>	<b>26,025</b>	<b>99,814</b>

	2009 (\$)	2008 (\$)
Current Liabilities	0	0
Working Capital	26,025	99,814
Non Current Assets	0	0
Non Current Liabilities	0	0
Total Net Assets	26,025	99,814

## PART 2 AUDIT FINDINGS

### DEPARTMENT OF COMMERCE

#### 24.7 Expenses Incurred by Trade Commission

During the year, the Ministry of Industry, Tourism, Trade and Communication gave quarterly grants to Trade Commission in Los Angeles and Taiwan totalling \$862,827.98. It was required under the Service Agreement that the Trade Commissions to provide acquittal reports to the Permanent Secretary.

Supporting documents relating to payments made by Trade Commission based in Los Angeles for 3<sup>rd</sup> and 4<sup>th</sup> quarter from the grants given by the Ministry amounting to \$313,345 was not produced for audit. Accordingly, audit was not able to establish whether payments made by Trade Commission were properly authorized and recorded in the financial statements.

Non submission of records to substantiate the balances reported under the Trade Commissions has restricted the scope of the audit.

#### Recommendation

**The Ministry should ensure that acquittal reports together with supporting documents are submitted by Trade Commissions for audit review.**

#### Management Comments

*The Ministry is aware that no Reports have been submitted since 4<sup>th</sup> quarter, 2009. The Trade Commissioner's term had expired as at end of September, 2009 and he returned to Fiji. A new Trade Commissioner has been appointed and due to take office soon. At the moment the office is manned by the trade officer only who has not been able to compile the reports. The Trade officer has been reminded to compile the reports.*

*The verification of the source documents are done during the annual internal audit and Board of Survey process. As it is quite costly and voluminous to forward the documents every quarter. This has been the practice all these years. To determine payments, the Cash Book and Bank Reconciliation Statements form part of the acquittal reports which are sufficient for our purpose.*

#### 24.8 Value Added Tax Penalties

Every registered person shall, on or before the last day of the month following the last day of every taxable period, without notice or demand, furnish to the Commissioner a tax return, with

accompanying Input Tax Schedule, in such prescribed form as may be approved by the Commissioner.<sup>1</sup>

The Department failed to lodge VAT return for the month of December 2009 on time. As a result it was charged late lodgement and late payment penalties by FIRCA totalling \$42,382.31. Refer to the table below for details.

**Table 24.6 Penalties imposed by FIRCA**

Month	Description	Penalty Amount (\$)
December	Late Payment	23,545.73
December	Late Lodgement	18,836.58
<b>Total</b>		<b>42,382.31</b>

The above anomaly would result in the use of savings in other votes or future year's funds to meet the VAT penalties as shown above. The penalties could have been avoided if VAT lodgements and payments were made on time.

### **Recommendations**

- Adequate supervision should be carried out by senior officer preferably Principal Accounts Officer to ensure that VAT lodgements and payments are done in a timely manner.
- Appropriate action should be taken against officers responsible for failing to prepare and lodge VAT Returns on time.

### **Management Comments**

*The related VAT payments were for the Department of Communications. The payments were a result of and exercise by FIRCA of VAT paid on revenue and procurement which were being reconciled from 2008. The variance that occurred from the exercise needed to be settled with FIRCA.*

## **24.9 Value Added Tax (VAT) Reconciliation**

A reconciliation statement shall be completed at the end of each month to ensure that all the entries made to the control account agree with the final monthly total.

The audit noted that Department did not prepare VAT reconciliation for 2009. However, audit prepared VAT reconciliation and noted the variance of \$20,948.53 as at 31/12/09. Refer to the table below for details.

**Table 24.7: VAT Reconciliation**

VAT Reconciliation	Amount (\$)
Total Expenditure – SEG 3,4,5,7,8,9	3,569,083.86
VAT on Total Expenditure - 12.5%	446,135.48
VAT input – 134(1,2,3,5)0100000130101	429,799.84
VAT payable	16,335.64
VAT Paid	185,634.59
Overpayment	(169,298.34)
Balance as per SVA as at 31/12/09	(190,247.47)
<b>Variance</b>	<b>20,948.53</b>

<sup>1</sup> VAT Decree 1991, Section 33 (1)



In the absence of VAT reconciliation from the Department, audit cannot rely on the VAT amount stated in the financial statements.

#### **Recommendations**

**The Department should ensure that:**

- VAT reconciliations are prepared on a monthly basis.
- Correct amount of VAT payment is disclosed in the financial statements.

#### **Management Comments**

*The variance in VAT Reconciliation was addressed through an adjustment. However, we note your recommendations and will ensure that monthly reconciliations are carried out.*

### **24.10 Overstatement of TMA Revenue and Expenditure**

TMA bank accounts should be used to deposit and withdraw funds for TMA operations only.

The Department of Commerce used TMA bank account to deposit funds received from sponsors and donor agencies for trainings and seminars to be attended by the Department staffs. The training funds were then withdrawn from the TMA bank account and used for trainings and seminars.

We noted that deposits from sponsors and donor agencies into the TMA bank account were recorded as TMA sales while the withdrawals were recorded as TMA operating expenses in the TMA account. Total training funds deposited and withdrawn from the TMA bank account during 2009 was \$42,696.07.

As a result, the TMA sales and expenses were overstated by \$42,696.07 in the TMA financial statements for the year ending 31/12/09.

#### **Recommendation**

**The Department should not use the TMA bank account for purposes other than TMA operation.**

#### **Management Comments**

*No comments provided by the Ministry*

### **24.11 Non Compliance with Contract agreement**

The work may carry variation which will be approved by client on site in writing.<sup>2</sup> Tenders must be called for the procurement of goods, services or works that cost over \$20,000.<sup>3</sup>

Any person making payment in terms of a contract for service but not a contract of employment is required under the new Regulations to make a deduction for provisional Tax of 15% of gross amount of the payment at the time it is credited or paid to the contractor<sup>4</sup>.

Aldex Trading was awarded the contract for renovation of the new Real Estate Agents Licensing Board (REALB) premises at Narseys Building, Suva on 26/08/09 for a sum of \$27,500.

Tenders were not called for the renovation works. However, Aldex Trading was selected based on the lowest quotation provided. According to Principal Accountant the renovation works was approved by

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<sup>2</sup> Contract Agreement Clause 9

<sup>3</sup> Finance Instructions 2005 Section 12(4)

<sup>4</sup> Legal Notice No. 70, Income Tax (Collection of Provisional Tax) Regulations, 1976

the Permanent Secretary who was also the Chairperson of the REALB however the approval was not provided for audit verification.

Furthermore, it was noted that Ministry did not deduct provisional tax totalling \$4,125 when payments were made to Aldex Trading which did not have a certificate of exemption.

The findings indicate the blatant disregard to the procurement procedures by the Ministry as provided in Finance Instructions 2005.

### **Recommendations**

- **The Department must ensure that tenders are called for procurement of goods, services or works that cost over \$20,000.**
- **Since the REALB office is not yet fully established and operational the Ministry's policies and procedures should be followed by REALB for procurement of goods and services.**
- **The Department must ensure that provisional tax is deducted at source when making payments to contractors who do not have valid certificate of exemption.**

### **Management Comments**

*There was no need for deduction of provisional tax as contract amount was VAT inclusive and as such VAT was paid on the services. We note the auditor's recommendation and will ensure that proper procedures and policies are followed for procurement of goods and services.*

### **Further OAG Comments**

**The provisional tax is separate from VAT and should be deducted and paid to FIRCA at source for all contractual payments unless the contractor has been issued certificate of exemption.**

## **24.12 Reimbursement of Travel Expenses to Fiji Trade Investment Bureau (FTIB)**

The proper management of expenditure is fundamental to ensure value-for-money in service delivery to the community. Having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of public funds and over-expenditure do not occur. The Ministry of Industry, Tourism and Communication allocated \$313,000 in its 2009 budget for trade delegation expenses.

The Chief Executive Officer (CEO) and the Chairperson for FTIB travelled overseas as part of trade delegation.

FTIB later requested the Ministry for the reimbursement of expenses incurred for trade delegation tours overseas which was initially paid from FTIB's operating budget. Total of \$20,876.90 was reimbursed by the Ministry on 7/09/09 and 14/09/09 for business class airfares paid for the trade delegation.

The audit noted that both the CEO and the Chairperson travelled on business class airfares without Board approval. Audit further noted that there was no provision in the terms and conditions of employment of the CEO or the Chairperson to travel on business class. Refer to details of airfares below.

**Table 24.8: Travelling on Business Class Airfares without Board Approval**

Name	Date of Travel	Description	Business Class Airfare	Economy Class Airfare	Variance
Mrs. Annie Rogers	5/08/09 – 16/08/09	Suva – Nadi- Brisbane-Singapore- Kuala Lumpur-Seoul- Nadi- Suva	\$9,176.90	\$2,700.00	\$6,476.90
Mrs. Annie Rogers	4/09/09 – 14/09/09	Nadi – Seoul- Xiamen-Seoul – Nadi	\$5,850.00	\$3,105.00	\$2,745.00
Mr. Viliame Naupoto	4/09/09 – 14/09/09	Nadi – Seoul- Xiamen-Seoul – Nadi	\$5,850.00	\$3,105.00	\$2,745.00
<b>Total</b>			<b>\$20,876.90</b>	<b>\$8,910.00</b>	<b>\$11,966.90</b>

The above findings indicate that proper checks were not carried out by the Ministry to ensure that expenses were incurred in accordance with stipulated guidelines before reimbursing the expenses incurred.

#### **Recommendations**

- The Ministry must ensure that Board approvals are obtained for overseas travel on business class.
- The Ministry must scrutinise the expenses properly to see that it has been incurred in accordance with stipulated guidelines before reimbursements are made.

#### **Management Comment**

*The Minister for Industry and Trade had approved the trip; hence Ministry of Finance released the funds accordingly.*

*The Ministry was not aware that the Chairman and CEO were not entitled for Business Class travel as previous travels on trade missions were always taken Business Class by both officials.*

*We note that this was not approved and endorsed by the FTIB Board either. Upon enquiring with the Manager Finance, we were told that the matter was raised with the former CEO who claimed that she was entitled like other CEO's although this was not part of the contract.*

*The matter is now subject to audit investigation carried out by the auditors of OAG and the Ministry of Finance respectively. Appropriate responses will be provided by FTIB through the audit reports.*

### **24.13 National Export Strategy [NES]**

In developing the NES, Fiji hopes to achieve sustainable economic growth by encouraging competitiveness, value addition and export diversification to exploit core competencies in achieving above average returns. Amidst the current economic conditions with the adverse balance of payments, the alarming trend of trade deficit, low growth rates and the erosion of preferential agreements, the NES is steadfast that it will cushion the adverse state if the economy and inject the much needed foreign exchange.

In addressing the challenges and reversing the widening trade deficit and the need to stabilize our foreign reserve position, 6 major sectors have been identified from the 13 sectors in the NES to improve our export performance under current economic conditions. The NES Core Team is comprised of navigators of the 13 sectors, academia and line government officials. The sectors teams are mainly stakeholders of the sectors.

The audit of the NES Project accounts revealed the following irregularities.

**Food Processors (Fiji) Limited**

Tenders must be called for the procurement of goods, services or works that cost over \$20,000<sup>5</sup>.

Ministry of Industry, Tourism and Communication provided \$200,000 under NES funding to reimburse the capital expenditure incurred in facilitating Hazard Analysis and Critical Control Point (HACCP) certification for seafood. On 28/4/08 Cookes United Refrigeration was awarded the tender for \$128,460 to carry out small works and Expanded Polystyrene (EPS) panels' installation at Vatuwaqa factory.

The audit noted that:

- Cookes United Refrigeration was initially selected to carry out the small works and EPS installation on 12/3/09 for \$78,660. After the tender was awarded to Cookes United Refrigeration there was significant change in scope of work and CEO for Food Processors Fiji Limited (FPFL) varied Cookes United Refrigeration contract by another \$49,800 without Board approval.

The variation should have been considered and included in the tender invitation document initially. Alternatively, FPFL should have called for fresh tender for works. However, these options were not considered and FPFL varied the contract of Cookes United Refrigeration by \$49,800 to carry out additional work.

- There was no Board approval to award the tender to Cookes United Refrigeration. However, it was approved by the CEO of Food Processors Fiji Ltd Mr. Brij Lal.
- No contract was entered into between FPFL and Cookes United Refrigeration after tender was initially awarded to Cookes United Refrigeration for \$78,660.

It is obvious from the findings that the process of awarding the tender and expenditures incurred by FPFL were not properly monitored and controlled by the Ministry.

**Recommendations**

**The Ministry must ensure that:**

- **Tenders for capital projects under NES are awarded after Board approval and in consultation with the Ministry.**
- **Any variation in the scope of work is approved by the Board in accordance with signed contract.**
- **Contract documents are signed before any work commences.**

**Management Comments**

*The NES funding is given to encourage export development and promotional activities. Whilst we encourage these exports driven activities the Ministry notes that the stringent policy measures do not stifle private sector interest in utilising the NES funds, we are mindful of the objectives of the NES and focus on achieving the targets and outputs of enhancing export led growth.*

*The Ministry will ensure that the organisations have utilised the money for the purpose given and assumes that they follow their own guidelines for procurement process.*

<sup>5</sup> Finance Instructions 2005, Section 12(5)rite

## **24.14 Expired Licenses**

A licence may be issued for a duration not exceeding 15 years<sup>6</sup>. The Authority may renew a licence on new conditions or deny an application to renew a licence under subsection (1) if it determines that the new conditions or denial are required to give effect to the objectives in section 3<sup>7</sup>.

The audit noted that numerous telecommunication service licenses expired but telecommunication service providers continued to provide the communication services despite notices issued to them for illegal operation. Refer to Appendix 24.3 for details.

Discussion with Acting Principal Engineer, Mr. Jonati Tuiloma revealed that license holders were reluctant to renew and pay licence fee to the Ministry of Commerce after the Telecommunication Promulgation 2008 which required the establishment of Telecommunication Authority of Fiji.

The non-renewal of licences may result in loss of revenue for the government and increase in illegal communication service providers.

### **Recommendations**

- **The Authority should send reminders to Companies on the expiry of their licenses.**
- **The Authority should consider legal action against the telecommunication service providers who are operating without proper licence.**

### **Management Comments**

*It is recommended that this matter be addressed by the Appropriate Ministry.*

## **DEPARTMENT OF CO-OPERATIVES AND SMALL BUSINESSES – HEADQUARTERS**

### **24.15 Consumer Loan**

The consumer loan scheme was established by the Government in 1973 to fund low interest, short term borrowing by the consumer cooperative to finance their inventories.

Several cooperatives were then granted loans under this scheme since then.

### **Outstanding Loans**

Debt should be written off after all practical and cost effective efforts have been taken to recover them.<sup>8</sup>

Under this loan scheme, the Department had accumulated an outstanding principal loan of \$112,528 as at 30/11/09 which is detailed in the table below:

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<sup>6</sup> Telecommunications Promulgation 2008, Section 35(1)

<sup>7</sup> Telecommunications Promulgation 2008, Section 35(3)

<sup>8</sup> Finance Instruction Section 49

**Table 24.9: Outstanding Consumer Loan of Cooperative Societies from year 2005 to 2009**

Year	Opening Balance (\$)	Loan Repayment for the Year (\$)	New Loan (\$)	Loan Balance at the End of the Year (\$)
2005	Not known	Not known	Not known	112,070
2006	112,070	9,194	7,050	109,926
2007	109,926	5,815	5,000	109,111
2008	109,111	1,330	5,000	112,781
2009	112,781	1,000	-	111,781

It is noted that the loan balance continued to increase between the years 2007 to 2009. Although the new loans continued to be given out, loan repayments has been decreasing from 2007 compared to the repayment made in 2006. In 2009, only two Cooperatives made loan repayments totalling \$1,000, one of which was for a loan given in September 1994.

The loan repayment made by Cooperative Societies was not forthcoming and slow which indicate that the recovery of loan has not been pursued vigorously by the Department. The loans outstanding together with interests incurred are detailed in *appendix 24.4*.

The audit also noted that a number of Cooperatives that had outstanding loans totaling \$ 92,579.94 had liquidated and the loans given to these cooperatives were unsecured. It was further noted that these liquidated Cooperatives still appear on the Department's outstanding loan listing. Refer to the following table for details.

**Table 24.10: Cooperatives that have liquidated**

Cooperative	Principal Outstanding (\$)	Interest Outstanding (\$)	Total Outstanding (\$)
Raho Cooperative association Ltd	22,862.85	15,775.21	38,638.06
Naivara Cooperative Society Ltd	2,629.00	1,940.88	4,569.88
Koro Cooperative association Ltd	5,813.00	4,016.20	9,829.20
Nadi Industrial Cooperative Society Ltd	2,216.66	311.76	2,528.42
Central Fijian Cooperative association	3,957.18	3,108.40	7,065.58
Marama Cooperative Society Ltd	4,000.00	1,680.00	5,680.00
Rewa Cooperative association Ltd	7,540.00	5,428.60	12,968.60
Ovalau/Moturiki Cooperative association	0	5,265.20	5,265.20
Narocake Pine Scheme Cooperative Ltd	4,500.00	1,535.00	6,035.00
<b>Total</b>	<b>53,518.69</b>	<b>39,061.25</b>	<b>92,579.94</b>

The recovery of these loans is uncertain due to poor debt recovery procedures undertaken by the Department and the increasing trend of Cooperatives being liquidated. Moreover, the loans are not secured and the objectives of this loan scheme may not be fulfilled.

### **Recommendations**

- The Department should apply all practical and cost effective efforts to recover those irrecoverable losses before requesting approval from Ministry of Finance to write them off.
- The Department should review the loan scheme and pursue other alternatives to ensure that loan scheme set up for these Societies are viable.
- The Department must ensure that all loans given in future are secured.

### **Management Comments**

- The Department has put together a Cabinet submission seeking approval to write off loans which are deemed irrecoverable. With the input of Finance into the submission, the paper is intended to be submitted during quarter one 2010 (annex 1).
- A review of the loan policy guidelines was undertaken and amendments were made to ensure that loans are given only to cooperatives that diversify their activities into agriculture production/marketing and resource based businesses.
- The policy guidelines has been further amended to include the issuance of crop lien as security for the loan (annex 2)

## **24.16 Significant Increase in Number of Co-operatives Being Liquidated**

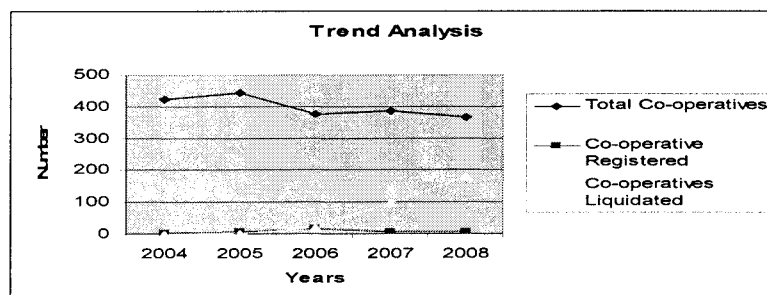
Co-operatives were established in 1957 with an aim to shift farmers in rural areas from subsistence to commercial farming.

The audit noted that a total of 295 Co-operatives have liquidated since 2006. 19 Co-operatives out of the 376 registered were liquidated in 2006, 97 or 25% in 2007 and 179 or 49% in 2008. This has resulted in the total number of registered Co-operatives declining over the past five years. Refer to the table below for details.

**Table 24.11: Number of Cooperative Registered and Liquidated Over the Last Five Years**

	2004	2005	2006	2007	2008
Existing Co-operatives	420	437	360	381	359
New Co-operative Registered	4	6	16	6	7
Co-operatives Liquidated	-	-	19	97	179
<b>Total Cooperatives</b>	<b>424</b>	<b>443</b>	<b>376</b>	<b>387</b>	<b>366</b>

### **Trend Analysis of Co-operatives from 2004 to 2008**



Discussions held with the Acting Director, Mr. Sevanaia Bilivalu confirmed that poor management practices are the key factor to their poor performance.

### **Recommendation**

**The Department must review the operation and performance of the Co-operatives annually and implement strategies to assist in proper management of their operations and finances.**

### **Management Comments**

- List of Coops that were liquidated and captured during 2006, 2007 and 2008 represent those that were already defunct during the 1980 and 1990s. The Department was merely clearing its records during those 3 respective years and the figures therefore do not represent the number of coops that were actually defunct during that period.

- *However, to enhance development and growth of the Coop Sector in Fiji, the revitalization program of the Department of Coops has received Cabinet endorsement to restructure its functions and capacity building so that standards and service deliveries are improved. To improve the services to the sector, will involve:*
  - *establishment of the Research and Development Division;*
  - *separation of the audit functions from the extension division; and*
  - *capacity building through provision of adequate resources such as office equipments and vehicles*
- *This reorganization program would ensure that strong and sustainable coops are registered.*

## **24.17 Misappropriation of Cash – Wainikoro Fisheries Co-operative Limited**

An employee must behave honestly and with integrity in the course of employment in the public service.<sup>9</sup>

The Wainikoro Fisheries Project was established as a joint undertaking between the Government of Fiji through the Ministry of Fisheries and Forests and the Government of Japan through the Overseas Fishery Co-operation Foundation (OFCF).

The Department of Co-operative was invited by OFCF and Fisheries Department to assist in organizing fishermen's groups and provide guidance in distributing and selling of fisheries products. Total of sixteen village Co-operatives were organized to be affiliated to the Wainikoro Fisheries Project as their Apex Body which was incorporated under the Co-operatives Act as Wainikoro Fisheries Co-operative Limited.

The Department's Assistant Cooperative Officer Mr. Peni Vere (EDP No. 49903) was then appointed as interim Operations Manager for Wainikoro Fisheries Co-operative Limited.

While being entrusted with the responsibility to manage the Wainikoro Fisheries Co-operative Limited, Mr. Peni Vere misappropriated \$10,688.92 from Wainikoro Fisheries Co-operative Limited in 2004. Although, the matter was reported to the Police, it was later dropped by the Directors of the Wainikoro Fisheries Co-operative Limited.

It was noted that it took the Department almost four years on 17/9/08 to report the misappropriation to the Public Service Commission. Although a total of \$8,015.08 was recovered from the Officer the balance of \$2,673.84 has remained outstanding.

The Officer was suspended from the service but remained on the payroll with 50% of his existing salary of \$14,905 per annum being paid with effect from 12/11/ 2008; however he was later terminated on 25/11/09. Despite being on 50% salary the balance of \$696.94 owed by him was not recovered.

It was further noted that the Officer's salary on the payroll system was not ceased after his termination on 25/11/09 as a result he was overpaid a total of \$453.33 up till 16/12/09.

The lax attitude of responsible officers is evident as direct deduction to recover outstanding amount were not effected from the officer's salary.

### **Recommendations**

- **Appropriate action should be taken against officers responsible for not recovering the balance of \$1,150.27.**
- **The Department must report such matters immediately to the Police and PSC in future.**

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<sup>9</sup> PSC Act Section 6 part (1)



### **Management Comments**

- *The misappropriation of funds happened in Labasa in 2004 and management, in Suva was not aware until it was furnished with an investigation report by the Commissioner Northern Division in September 2008. Disciplinary process by the Department immediately ensued, beginning with the officer's suspension in November, payment of a quantum of 50% salary in January 2009 and his final termination in November. The disciplinary process was continually in motion, where the Department had provided recommendation to PSC that the officer be reprimanded to allow for the recovery of the \$2,673.84, given that he was on 50% salary. The Commission however surprisingly terminated his appointment, resulting in the non recovery.*

*The Department takes note of the auditor's recommendation for precautionary measures in future.*

- *It took 12 consecutive days for the termination letter to travel from PSC to the Department, via Ministry of Trade and Industry. The salaries clerk took appropriate action on the same day upon receiving the notification. For this reason, the payroll system could not be possibly ceased on the same day that the letter was written from PSC, hence the overpayment. (Annex 3).*

## **24.18 Secondment of Mr. Jone Keidraika**

The term secondment is used when Officers are released from their civil service posts to serve in statutory bodies and other organizations for certain periods during which they receive salaries from the statutory bodies and organizations.<sup>10</sup>

Mr. Jone Keidraika (EDP 15765) was a Senior Assistant Co-operative Officer who was seconded to Cane-Farmer's Co-operative Savings & Loans Association Limited (CCSLA) on 23/4/77. He was paid a salary of \$33,652.26 per annum of which \$15,190.08 was paid from CCSLA and \$18,462.18 met from the Department's budget.

Since his secondment the Officer worked with CCSLA until he retired. Prior to retirement the Department wrote to the Officer on 7/9/06 approving further extension to his secondment for another three years on the condition that CCSLA meets the full cost of his salary.

Since the officer did not respond to the letter, the Department continued to pay him \$18,462.18 annually. No further action was taken against the officer by the Department and the matter was not reported to PSC.

The term *secondment* should be for a short period but the officer was on *secondment* to CCSLA for 32 years and was partly paid from the Department of Cooperatives. The officer is now retired from the civil service but still employed by CCSLA as a Manager as at 31/12/09.

The Department failed to take action against the officer which has led to wastage of public funds, as the officer did not directly contribute to the Department and the civil service for 32 years.

### **Recommendation**

**The matter should be investigated further and appropriate disciplinary action to be taken against the officer responsible and such matters should be immediately reported to PSC in future.**

### **Management Comments**

- *The secondment of Mr Kedraika to CCSLA from 1977 to 2008 involved 7 heads of the Department, before it was terminated in 2009.*
- *PSC's approval and the then CEO's approval of the extension of secondment was always sought and accordingly given with conditions.*

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<sup>10</sup> PSC Circular No. 14/83 Clause 2

- *The present Head of Department assumed his responsibility in 2008 before he terminated Mr Kedraika's secondment in 2009.*

*The present leadership had actually recommended the termination of Jone Kedraika's appointment which took place in 2009 (annex 4).*

## **24.19 Driver Mr. Ramesh Chand**

### **Delay in Surcharge Action**

A driver involved in an accident may be surcharged if the surcharging authority believes the driver was at fault.<sup>11</sup>

The Department of Cooperatives vehicle registration number GM332 based in Labasa had an accident on 30/5/01 with a private vehicle registration CL 974 belonging to Mr. Abdul Gani. Mr Gani later filed a civil action against the Cooperative Department and Attorney General's Office claiming damages for personal injuries and other consequential losses due to the accident. The case was finalised and judgement was delivered on 25/10/05 in favour of Mr. Abdul.

The audit noted that even though the case was finalised and damages totaling \$87,530.69 was awarded and paid to Mr. Abdul Gani, the Department through Ministry of Finance is yet to surcharge the driver of the government vehicle, Mr. Ramesh Chand who is still employed by the Department.

The delay in getting the response from Solicitor General on the action to be taken against the driver resulted in the Department not taking any action over the last 9 years. This issue was reported in the Auditor General's previous year's reports; however no action has been taken till to date.

### **Recommendation**

**The Department should consult Solicitor General to provide appropriate advice for action to be taken against the driver considering the court decision in 2005 and the losses incurred by government to pay those damages.**

### **Management Comments**

*The Ministry of Finance is handling the case and they had corresponded with the Solicitor General's office on several occasions (copies of their correspondences attached). Nothing has been forthcoming from Solicitor General and subsequently, Ministry of Finance is not able to advise this Department of the charges to be imposed on the officer*

*The Department shall further consult the Solicitor General as recommended (copies of correspondences at annex 5)*

## **24.20 Unqualified Co-operative Auditors**

All Cooperatives shall cause their accounts to be audited at least once every year which shall be carried out by an Auditor approved by the Registrar.<sup>12</sup>

Annual accounts of all Cooperative are required to be audited by the Department of Cooperative Extension Officers. Due to the nature of work involved, Audit is of the view that Extension Officers do not hold sufficient qualifications and experience in accounting and auditing to carry out such responsibility. Refer to the table below for details of qualifications held by the Extension Auditors.

<sup>11</sup> Department of Cooperatives, Finance Manual 2005, section 12.6.7

<sup>12</sup> Fiji Co-operatives Act 1996 Section 81

**Table 24.12: Qualification of Cooperative Auditors**

<b>Names of Auditors</b>	<b>Qualification</b>
Kusitino Dia Ratumainaceva	Fiji Seventh Form Examination – 2001
Alisi Dimaiyacata Driti	Diploma in Business from FIT [Economics]
Teresa Waqa	Certificate in word processing from International College & Commercial Education Society of Australia
Litia Qalia Lomavere	Diploma in Business from FIT [Economics]
Laisani Tawake Basaga	Fiji Seventh Form Examination – 2000
Sukhu Frederick Hiroshi	Certificate in Accounting & Economics from USP for 8 100 level courses.
Arvind Chand	Certificate in Business studies.

In the absence of qualified Auditors, the Department may not be able to provide quality audit services to the Cooperatives.

### **Recommendation**

**The Department should consider appointing qualified Officers to carry out the audit of the Cooperatives account.**

### **Management Comments**

*Under the approved revitalization plan of the Department, the restructure of its functions will involve the separation of audit function from the extension function whereby a centralized audit section will be established to specifically conduct the audit of Coops. This audit team will be provided with appropriate up-skilling through training, leading towards raising their salary brackets to be in line with other government audit agencies.*

## **CO-OPERATIVE & SMALL BUSINESS TRAINING INSTITUTE (CSBTI) TRUST FUND ACCOUNT LAMI**

### **24.21 Trust Fund Account**

#### **Unapproved Expenditures met from Trust Account**

A policy issued by the Director and Registrar of Co-operatives at the Department of Cooperative stated that the revenue collected at the Training Centre could be used for the following purposes.

- Wages for Cooks
- Cleaning of Compound and clearing of hedges and bushes
- Minor repairs and maintenance of training complex
- Purchases of foodstuffs for training participants
- Purchase of kitchen utensils and boarding room items
- Trainers fees and allowances
- Vehicle running expenses
- Purchase of inventories needed for improvement of support services
- Printing of workbooks, certificates and relevant training publications<sup>13</sup>

The Training Centre was allocated total of \$238,900 in 2009 budget allocation for its operating expenses.

<sup>13</sup> CSBTI Trust Fund Policies

Our audit noted that the Centre had been using the training fees collected to fund its operational expenses. Although the Director claimed that Ministry of Finance's approval had been obtained, it could not be produced for verification.

The Training Centre collected a total of \$41,292.80 in training fees out of which \$40,613.33 was used as operating expenses in addition to its budgetary allocation. Refer to the following table for some of the many payments made from training fees collected.

**Table 24.13.: Payments made from the training fees collected**

Date	Cheque Number	Particulars	Amount (\$)
14/1/09	1348	Payment of Bee Suit and Queen Grafting Brush	604.00
15/4/09	1401	Payment of 2 cartons of foundation wax	454.70
6/5/09	1413	Payment of frame honey extractor	1,424.95
28/5/09	1420	Reimbursement for the purchase of timber	110.50
28/5/09	1414	Payment of installation of Microsoft Office on 2 Computers	135.00
28/5/09	1419	Payment for the purchase of timber	935.00
5/06/09	1424	Payment for the purchase of timber for bee hive box making	1,031.25
5/6/09	1423	Payment for the purchase of timber for bee hive box making	3,505.75
13/7/09	1446	Payment for lunch	115.50
27/7/09	1451	Payment for Wax foundation Box	1,600.00
10/8/09	1454	Payment of 6 queens & 6x4 frame nucleus	510.00
8/4/09	1396	Payment for Lenovo Computer Set & Laptop	3,790.00
26/2/09	1375	Payment for Lenovo Desktop	1,750.00
		<b>Total</b>	<b>15,966.65</b>

Training fees collected at the Centre is not being deposited into consolidated revenue and is being used by the Department to cover other operating expenses even though a separate allocation had been provided for this by the Ministry of Finance.

### **Recommendation**

**The Department must cease to use the Training Fees to meet its operating expenses and deposit all revenue collected to Consolidated Revenue Fund.**

### **Management Comments**

- *The trust Fund Account does not form part of government's consolidated fund. Its trustees are government officers who are entrusted with the responsibilities to manage the account.*
- *The Ministry of Finance had agreed to give a formal approval to the Department to operate its trust account (annex 8) on a cost recovery basis, hence the use of training fees to cover training expenses.*
- *The trust account shall therefore stay with the Training Division to be a serving arm of government in facilitating the training needs and demands of cooperative and small business enterprises in Fiji.*

### **Further OAG comments**

**The Ministry of Finance agreed to give formal approval to operate the trust account provided that Department observe the set conditions.**

**However, the following conditions were not met by the Department:**

- **Lodgements to bank should be completed by an officer authorized by the Trustees –**
- **The accounting officer in the department should prepare an annual report certified by the trustees' auditor and the trustees before being submitted to Auditor General's office copied to Ministry of Finance.**

**The Trust Account was handled by a temporary relieving clerical officer who was involved in lodging trust money to the bank and the Department have not submitted an annual report to the Auditor General's Officer. Failure to meet the conditions would require the revenue collected from the Trust Fund Account to be transferred to the Consolidated Fund Account.**

### **TFA Ledger Not Maintained and Bank Reconciliation Not Prepared**

The receipt and payment of trust money should be recorded in a separate cashbook or set of ledger accounts<sup>14</sup>.

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<sup>15</sup>. Each month, the trust account shall be balanced and reconciled with the trust bank accounts<sup>16</sup>.

The Centre was operating a trust account to deposit all training fees received and was also using these to meet its daily operating expenses.

It also does not maintain a cashbook or ledger to record the details of revenue collected or expenses incurred from the Trust account. In addition the Centre did not prepare monthly bank reconciliation for the Trust account.

The above findings indicate poor control and management of trust funds.

### **Recommendation**

**The Department should maintain a ledger to record the use of Trust funds and ensure that monthly bank reconciliations for the Trust fund account is prepared.**

### **Management Comments**

- *The Training Division ceased the manual use of ledgers in 2006 and moved into the use of soft-copy spread sheets that act as ledgers where a "chart of account" is created for a business attaché accounting program that make faster and easier interpretation of monthly accounts. The system shall revert to the use of ledger as required by the Finance Manual.*
- *Monthly bank reconciliation of account is always made and presented to the Trust Committee who approves the account. The Department however takes note of the irregular preparation of bank reconciliations and shall ensure that all reconciliations are done on time.*

### **Trust Account and Segregation of Duties**

Trust money is money that the agency is holding in trust.

When trust money is received, the Clerical Officer shall issue an official trust receipt to the payer.<sup>17</sup> The Clerical Officer shall be responsible for raising payment vouchers for trust payments.<sup>18</sup>

The Clerical Officer shall keep a trust ledger to record movement of trust money. The ledger shall record the following information:

- i. name of trust account;
- ii. date and amount of receipts and payee;
- iii. date, amount paid and payer including reference number; and

<sup>14</sup> Finance Instructions 2005 Section 69(2)

<sup>15</sup> Finance Instructions 2005 Section 39(5)

<sup>16</sup> Finance Instructions 2005 Section 69(3)

<sup>17</sup> Finance Manual 2005 section 15.2.1

<sup>18</sup> Finance Manual 2005 section 15.2.5

iv. balance to date.<sup>19</sup>

Sound practices should provide the means of assuring the integrity of each organisation, recordings and custody. This is usually accomplished by segregation of duties and responsibilities so that no one person will handle transactions completely from beginning to end.<sup>20</sup>

Mr. James Zinck was appointed as a Temporary Relieving Clerical Officer (TRCO) on the 21/10/08 at the Cooperative Training Centre in Lami. The audit noted that the Temporary Relieving Clerical Officer had been carrying out the Clerical Officer's responsibilities which involved collecting and receipting trust money, banking trust money, making payments, and maintaining trust account records.

The absence of segregation of duties in handling of cash increases the risk of misappropriation of public funds.

### **Recommendation**

**The Department should either appoint a Senior Officer to carry out financial duties at the training centre or have the TRCO's work closely supervised and checked by another officer.**

### **Management Comments**

- *Mr. James Zinc, as a reliever to the Clerical Officer post has been doing well in handling the responsibilities of receipting, banking, making payments and maintaining trust account records. Cooperative Officer Training, Enere Vuibureta has been supervising Mr Zinc.*
- *From January 2010, Mr. Zinc shall only be responsible for receipting and banking while Cooperative Officer Training shall take over the payments and maintaining of records of the Trust.*

## **24.22 Damaged Laptop**

All staff operating or utilising any fixed asset under the care of the agency must ensure that they are aware of the safety procedures necessary to operate it.<sup>21</sup> An employee must use Government resources and assets in a proper way.<sup>22</sup>

The Training Centre purchased a laptop Lenovo SL 500 for \$1,940 from Datec on 8/4/09 with a three year warranty with effect from the date of purchase. The following discrepancies were noted.

- The laptop had been damaged and it was not in usable condition. Datec confirmed on 17/7/09 that the laptop may have been exposed to a liquid substance which caused corrosion and damage to the motherboard and other internal components. Datec also advised the Training Centre that damaged to the laptops were not covered under the warranty and it would be cheaper to buy a new laptop than to repair the damaged laptop.
- The Training Centre did not investigate how the laptop was damaged. Hence the matter was not reported to the Headquarters or Ministry of Finance and no action was taken against any Officers for damaging the laptop.

The Officer who was allocated the laptop did not exercise proper care over the government assets assigned to him which resulted in the loss of state asset.

<sup>19</sup> Finance Manual 2005 section 15.3.2

<sup>20</sup> Accounting Training Manual Chapter 19 – Internal Control: Page 259

<sup>21</sup> Finance Manual 2005 section 11.3.2

<sup>22</sup> PSC Code of Conduct 8

**Recommendations**

- The Department should investigate how the laptop was damaged and report the matter to Ministry of Finance for further action.
- Appropriate disciplinary and surcharge actions should be taken against the officer(s).

**Management Comments**

*The Department has noted the recommendation and shall take appropriate disciplinary action against the officer (copy of memo to initiate the disciplinary process at annex 9).*

**24.23 Motor Vehicles****Garaging of Official Vehicle**

Vehicle must at all times be securely parked at Government Stations. It is forbidden to park a vehicle overnight at the driver's home unless prior permission has been obtained in writing from the Permanent Secretary for Finance and Economic Development.<sup>23</sup>

Drivers shall park vehicles at the agency's official garage or car park at the end of each business day and at weekends.<sup>24</sup> The Director shall notify the Supervisor in writing if the vehicle must be parked elsewhere for a specific duration.<sup>25</sup>

Audit noted that vehicle registration number GN 109 allocated to the Lami Training Centre was parked at the Driver, Mr. Napolioni Rokotinaviti's residence at Cunningham at the end of the business day and at weekends. Refer to the following table for details.

**Table 24.14.: Examples of days on which the vehicle GN 109 parked at Drivers residence**

Date	Place of Parking
3/2/09	Cunningham – Driver's residence
5/2/09	Cunningham – Driver's residence
12/2/09	Cunningham – Driver's residence
25/2/09	Cunningham – Driver's residence
26/2/09	Cunningham – Driver's residence
11/3/09	Cunningham – Driver's residence
12/3/09	Cunningham – Driver's residence
19/3/09	Cunningham – Driver's residence
18/6/09	Cunningham – Driver's residence
29/6/09	Cunningham – Driver's residence
8/7/09	Cunningham – Driver's residence
27/7/09	Cunningham – Driver's residence
28/7/09	Cunningham – Driver's residence
19/8/09	Cunningham – Driver's residence

It is clear that government vehicles are not to be parked at residences. The above findings reflect poorly on the Transport Officer and Head of Department for not monitoring the garaging of vehicle at the end of business day and weekends.

Garaging of vehicles at Driver's residence increases the risk of break-in and unauthorized use of government vehicles.

<sup>23</sup> Transport Rules and Instructions Section 12

<sup>24</sup> Department of Cooperatives, Finance Manual 2005, Section 12.4.1

<sup>25</sup> Department of Cooperatives, Finance Manual 2005, Section 12.4.2

**Recommendations**

- **Government vehicle should be parked at an official garage at the end of business and in the weekends.**
- **All private runs made should be calculated and recovered from his supervisor.**

**Management Comments**

- *The Department admits that the driver of vehicle GN 109, who had resigned from service, had acted contradictory to guidelines and had reflected on poor monitoring of the garaging of vehicle by his supervisor.*
- *The Department shall again issue a circular to all drivers and transport officers of the requirement to securely park all government vehicles at government stations and forbid parking overnight at driver's residences.*



**APPENDICES****Appendix 24.1 – Statement of Output Costs****Department of Commerce and Industry****Activity 1 Policy and Administration**

	2009 (\$)	2008 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	270,622	425,475
Government Wage Earners	63,131	68,867
Travel and communications	56,743	50,419
Maintenance & operations	76,089	92,347
Purchase of goods and services	16,001	19,867
Operating grants and transfers	3,725,200	4,239,626
Special expenditure	0	0
<b>Total Operating Costs</b>	<b>4,207,786</b>	<b>4,896,601</b>
<b>Capital Expenditure</b>		
Purchases	0	0
Grants and Transfers	750,000	444,568
<b>Total Capital Expenditure</b>	<b>750,000</b>	<b>444,568</b>
Value Added Tax	18,022	27,531
<b>TOTAL EXPENDITURE</b>	<b>4,975,808</b>	<b>5,368,700</b>

**Department of Commerce and Industry****Activity 1 General Administration**

	2009 (\$)	2008 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	378,423	289,631
Unestablished staff	22,132	51,268
Travel and communications	7,716	10,123
Maintenance & operations	15,322	18,448
Purchase of goods and services	4,602	4,041
Operating grants and transfers	0	0
Special expenditures	2,338,761	1,101,716
<b>Total Operating Costs</b>	<b>2,766,956</b>	<b>1,475,227</b>
<b>Capital Expenditure</b>		
Construction	0	0
Purchases	0	0

	2009 (\$)	2008 (\$)
Grants and Transfers	0	0
<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>
Value Added Tax	281,909	131,901
<b>TOTAL EXPENDITURE</b>	<b>3,048,865</b>	<b>1,607,128</b>

### Department of Fair Trading

#### Activity 1 Weights and Measures/Fair Trading

	2009 (\$)	2008 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	335,744	441,862
Unestablished staff	43,326	45,549
Travel and communications	23,788	32,294
Maintenance & operations	111,101	95,464
Purchase of goods and services	607	795
Operating grants and transfers	0	0
Special expenditures	180,747	210,832
<b>Total Operating Costs</b>	<b>695,313</b>	<b>826,796</b>
<b>Capital Expenditure</b>		
Construction	0	0
Purchases	474,540	0
Grants and Transfers	0	0
<b>Total Capital Expenditure</b>	<b>474,540</b>	<b>0</b>
Value Added Tax	92,719	57,527
<b>TOTAL EXPENDITURE</b>	<b>1,262,572</b>	<b>884,323</b>

### Department of Cooperatives and Small Business

#### Activity 1 – General Administration

	2009 (\$)	2008 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	305,604	352,886
Unestablished staff	10,309	16,918
Travel and communications	10,607	12,488
Maintenance & operations	57,223	59,226
Purchase of goods and services	6,794	6,805
Operating grants and transfers	0	0
Special expenditures	0	0
<b>Total Operating Costs</b>	<b>390,537</b>	<b>448,323</b>

	2009 (\$)	2008 (\$)
<b>Capital Expenditure</b>		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>
Value Added Tax	9,701	10,508
<b>TOTAL EXPENDITURE</b>	<b>400,238</b>	<b>458,831</b>

**Department of Co-operatives and Small Business****Activity 2 - Training**

	2009 (\$)	2008 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	81,917	99,285
Unestablished staff	17,113	12,998
Travel and communications	7,206	8,239
Maintenance & operations	5,224	5,758
Purchase of goods and services	10,385	11,950
Operating grants and transfers	0	0
Special expenditures	0	0
<b>Total Operating Costs</b>	<b>121,845</b>	<b>138,230</b>
<b>Capital Expenditure</b>		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>
Value Added Tax	3,055	3,512
<b>TOTAL EXPENDITURE</b>	<b>124,900</b>	<b>141,742</b>

**Department of Co-operatives and Small Business****Activity 3 - Extension**

	2009 (\$)	2008 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	793,185	889,650
Unestablished staff	51,370	55,500
Travel and communications	53,157	60,143
Maintenance & operations	22,024	24,892

	2009 (\$)	2008 (\$)
Purchase of goods and services	5,053	4,436
Operating grants and transfers	0	0
Special expenditures	77,335	0
<b>Total Operating Costs</b>	<b>1,002,124</b>	<b>1,034,621</b>
<b>Capital Expenditure</b>		
Purchases	0	0
Grants and Transfers	0	0
<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>
Value Added Tax	13,117	11,769
<b>TOTAL EXPENDITURE</b>	<b>1,015,241</b>	<b>1,046,390</b>

### Department of Communication

#### Activity 1 – Telecommunication Regulatory Unit

	2009 (\$)	2008 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	234,420	282,314
Unestablished staff	11,495	9,698
Travel and communications	19,145	25,619
Maintenance & operations	23,532	26,813
Purchase of goods and services	6,044	8,420
Operating grants and transfers	547,318	160,726
Special expenditures	214,356	86,781
<b>Total Operating Costs</b>	<b>1,056,310</b>	<b>600,371</b>
<b>Capital Expenditure</b>	<b>0</b>	<b>0</b>
Purchases	0	200,000
Grants and Transfers	0	200,000
<b>Total Capital Expenditure</b>		
Value Added Tax	37,150	23,505
<b>TOTAL EXPENDITURE</b>	<b>1,093,460</b>	<b>823,876</b>

### Department of Tourism

#### Activity 1 – Policy and Administration

	2009 (\$)	2008 (\$)
<b>EXPENDITURE</b>		

	2009 (\$)	2008 (\$)
<b>Operating Costs</b>		
Established staff	402,249	590,776
Unestablished staff	42,017	58,331
Travel and communications	33,669	25,886
Maintenance & operations	49,988	40,083
Purchase of goods and services	96,318	25,895
Operating grants and transfers	2,714,143	2,199,373
Special expenditures	222,290	259,849
<b>Total Operating Costs</b>	<b>3,560,674</b>	<b>3,200,193</b>
<b>Capital Expenditure</b>		
Purchases	0	0
Grants and Transfers	23,500,000	12,434,988
<b>Total Capital Expenditure</b>	<b>23,500,000</b>	<b>12,434,988</b>
Value Added Tax	53,365	16,947
<b>TOTAL EXPENDITURE</b>	<b>27,114,039</b>	<b>15,652,128</b>

## Appendix 24.2: List of Companies with Expired Licences

Licence Holder	Location/Postal Address	Issue Date	Expiry Date	Term of Licence	Remarks
AB Communications	Lot 55, Suva St., Toorak/ P O Box 11839, Suva	2002	31/12/2006	Annual	For installation & maintenance of cpe's
Advance Alarm Technologies	Toorak/P O Box 2243, Govt. Bldgs, Suva	1997	31/12/2004	Annual	For installation & maintenance of security/alarm system
Communication Technology	237 Laucala Bay Rd., P O Box 139, Suva	2001	31/12/2005	Annual	For installation & maintenance & communication apparatus - repeater, mobile, fixed stations
Compac	22 Disraeli Rd., P O Box 858, Suva	1997	31/12/2005	Annual	For installation & maintenance & communication apparatus - repeater, mobile, fixed stations
Coms Limited	9 Ragg St., P O Box 985, Lautoka	1994	31/12/2005	Annual	For installation & maintenance & communication apparatus - repeater, mobile, fixed stations
Copy Center	Shop 3 & 4, Viti Plaza, Valelevu/ P O Box 12326, Suva	1/17/2005	31/12/2005	Annual	For installation & maintenance of cpe's
Dickson International	24 Harbour Terminal/ P O Box 16671, Suva	1/1/2003	31/12/2005	Annual	For mobile phones repair & servicing
Elcom Services	Bhindhi Subdivision/Gpo Box 16277, Suva	2001	31/12/2005	Annual	For installation & maintenance & communication apparatus - repeater, mobile, fixed stations
Fiji Electricity Authority	Private Mail Bag, Lautoka	2000	31/12/2005	Annual	For installation & maintenance of communication apparatus

Licence Holder	Location/Postal Address	Issue Date	Expiry Date	Term of Licence	Remarks
FINTEL	158 Victoria Parade/P O Box 59, Suva	2002	31/12/2006	Annual	For installation & maintenance of cpe's
Fu Shun	Lot 15, Vunamoli Rd., Labasa/ P O Box 155, Suva	2005	31/12/2006	Annual	For installation & maintenance of cpe's
General Data Cabling & Communications Ltd.	Lot 1, Wailada Ind, Lami/P O Box 2499, Suva	2004	31/12/2006	Annual	For installation & maintenance of cpe's
Gizzmo Phones Accessories	3 Tukani St./P O Box 1080, Lautoka	2003	31/12/2003	Annual	For mobile phones repair & servicing
Global Mobile Communications Technologies	Lot 1 Martintar/P O Box 9490, Nadi Airport	6/10/2005	31/12/2005	Annual	For mobile phones repair & servicing
Hanza Fone Zone	P O Box 102, Lautoka	13/9/2005	31/12/2005	Annual	For mobile phones repair & servicing
Ina Voice & Data Cabling	Lami Village, Lami	23/9/2004	31/12/2004	Annual	For installation & maintenance of cpe's. Licence was revoked due to non-payment of fees & was re-activated on 09/09/2007
Instant Communications	14 Salesi Rd., Namadi Heights/ P O Box 12610, Suva	25/11/2002	31/12/2002	Annual	For installation & maintenance of cpe's
Islandtronics Fiji Limited	Walu Bay/P O Box 12610, Suva	1997	31/12/2005	Annual	For installation & maintenance of cpe's
MN Connect	Lot 6, Wailoku Rd., Tamavua	2/7/2005	1/7/2006	Annual	For installation & maintenance of cpe's
Mobile Phone Repair	62 Gordon St./P O Box 18362, Suva	5/11/2002	31/12/2005	Annual	For mobile phones repair & servicing
Multiline Electronics	9 Raojibhai Patel St./P O Box 148, Suva	23/9/2004	31/12/2004	Annual	For mobile phones repair & servicing
Nacewa's Cable & Communication Services Ltd.	P O Box 543, Navua	12/7/2005	31/12/2005	Annual	For installation & maintenance of cpe's
Net Plus Technologies	1st Floor Fpsa Bldg, Grantham Rd./P O Box 4292, Samabula	9/3/2005	31/12/2005	Annual	For installation & maintenance of cpe's
Networks International Ltd.	47 Moala St., Samabula/P O Box 11358, Suva	19/10/2004	18/10/2005	Annual	For installation & maintenance of cpe's
Network Services (Datec)	68 Gordon St./P O Box 17258, Suva	1997	31/12/2005	Annual	For installation & maintenance of cpe's
One Touch Communication	Shop 30, Harbour Terminal/P O Box 10770, Vivras Plaza, Laucala Beach	2001	31/12/2005	Annual	For repair & maintenance of mobile phones
Pacific Data Services	P O Box 12077, Suva	31/3/2005	30/3/2006	Annual	For installation & maintenance of cpe's
Patara Communication	310 Princess Rd., Tamavua/P O Box 4160, Samabula	2002	31/12/2005	Annual	For installation & maintenance of cpe's

Licence Holder	Location/Postal Address	Issue Date	Expiry Date	Term of Licence	Remarks
Pride Solutions	P O Box 5917, Nadi	16/9/2005	31/12/2005	Annual	For installation & maintenance of cpe's
Professional Electronics Ltd.	P O Box 14437, Suva	1994	31/12/2005	Annual	For installation of tvros & communication apparatus
Remington Business System	14 Amra St., Walu Bay/P O Box 12014, Suva	2002	31/12/2006	Annual	For installation & maintenance of cpe's
Rentafone (Fiji) Ltd.	C/Pradeep, Vodafone, Private Mail Bag, Suva	5/6/2003	31/12/2005	Annual	For mobilephone repair & servicing
Rockon Company	Lot 22 Naranji St., Tamavua/P O Box 578, Mh Superfresh, Tamavua, Suva	10/5/2004	31/12/2005	Annual	For installation & maintenance of cpe's
Royale Comm	Motusa, Nakauvadra Rd, Delainavesi/P O Box 15505, Suva	10/5/2004	31/12/2005	Annual	For installation & maintenance of cpe's
Safeway Electronics Ltd.	1 Vesivesi Rd, Laucala Beach/ P O Box 10200, Suva	1994	31/12/2006	Annual	For installation & maintenance of cpe's & mobile phones
Sannu's Entertainment	P O Box 5817, Lautoka	30/3/2004	31/12/2004	Annual	For mobile phone repair & servicing
Satshek's Communication	10 Spring St., Toorak/P O Box 15996, Suva	2/11/2004	31/12/2006	Annual	For installation & maintenance of tvros
Southern Electronics	18 Mt Khan Rd, Waiyavi/P O Box 4776, Lautoka	19/2/2004	31/12/2005	Annual	For installation & maintenance of communication apparatus
Tec Air	Viria Rd., Vatuwaqa/PO Box 631, Suva	1993	31/12/2006	Annual	For installation & maintenance of satellite & marine equipments
Teltec Communications Services	197 Fletcher Rd, Vatuwaqa/P O Box 12518, Suva	1996	31/12/2006	Annual	For installation & maintenance of cpe's
Transcomm	P O Box 17839, Suva	09/01/2005 7/25//2006	31/08/2006 31/12/2006	Annual	For installation & maintenance of cpe's
Valuefone	41 Marks St./P O Box 14195, Suva	1999	31/12/2006	Annual	For mobile phones repair & servicing
Xceed Pasifika Ltd	Private Mail Bag, Suva	13/4/2004	31/12/2005	Annual	For installation & maintenance of cpe's
Wades Antenna Systems	Lot 1 Lapham St., Nausori/P O Box 6019, Valelevu	21/3/2006	31/12/2006	Annual	For installation, maintenance & repair of tvro's. Sub-contractor to PBS
South Seas Service Company Ltd. [Subsidiary Of Courts Homecentres]	(i) Kasanji St, Vatuwaqa (ii) Lot 6 Vunato Sub-Div, Ltka (iii) Nasekula Rd, Labasa	15/09/2006 15/09/2006 15/09/2006	31/12/2006 31/12/2006 31/12/2006	Annual Annual Annual	This company is a subsidiary of courts homecentres. They will provide backing-up services to phones sold by courts homecentres
Fusida Com	17 Millet Rd, Viria Rd, Vatuwaqa	26/10/2006	31/12/2006	Annual	For installation, maintenance & repair of cpe's, contractor to tfl on cable hauling
Ring Of Fire (Fiji) Ltd	48 Matanitobua St., Suva	25/10/2006	31/12/2006	Annual	For contingency measures of providing internet based services

Licence Holder	Location/Postal Address	Issue Date	Expiry Date	Term of Licence	Remarks
Vt Solutions	14 Riley St, Suva	16/3/2007	31/12/2007	Annual	For installation, repair & maintenance of cpe's
Pacific Communications Solutions Ltd	P O Box 6, Nadi - C/Sn Law Fiji	6/7/2007	31/12/2007	Annual	For installation, repair & maintenance of cpe's
Infosys Fiji Ltd	P O Box 1326, Nadi	19/9/2007	31/12/2007	Annual	For installation, repair & maintenance of cpe's
Foneology	P O Box 4, Suva	14/11/2007	31/12/2007	Annual	For repair & maintenance of mobile phones
Faruds Alarm & Autoparts	P O Box 5163, Raiwaqa Phone: 3630065	28/1/2008	31/12/2008	Annual	For mobile phone service & repair
Comtel (Fiji) Ltd	P O Box 11484, Suva Phone: 3310433	18/3/2008	31/12/2008	Annual	For installation & maintenance of cpe's
Voice Of The Pacific	Radio Light Evangelical Bible Mission, P O Box 139, Suva	24/11/1994	2009	15 Yrs.	The Radio Station Currently In Deuba & Suva On 103.6mhz & 93.6mhz Respectively
Christian Mission Fellowship	CMF Office, Kinoya/P O Box 7615, Nasinu	23/2/1999	2004	5 Yrs.	The licence had expired on 22/02/2004. 2005 fees paid. Advised to seek extension of licence term
Community Educational Training Centre	P O Box 7615, Suva	31/5/1999	2004	5 Yrs.	The licence had expired on 30/05/2004. 2005 & fees paid. Advised to seek extension of licence term
Embassy Of Japan	P O Box 13045, Suva	30/3/2001	2011	10 Yrs.	The station is allowed to operate only during disaster to communicate to the Japan nationals in Fiji
Koula Community	C/- Emperor Gold Mine, PMB, Vatukoula	28/1/1996	2001	5 Yrs.	Being advised to seek extension of licence term
Seventh Day Adventist	P O Box 297, Suva	28/4/2001	2006	5 Yrs	Air religious programmes
USP Broadcast	USP Media Centre, P O Box 1168, Suva	1996	2001	5 Yrs	Allowed to air educational programmes.
Femlink Pacific	P O Box 2439, Govt. Bldgs, Suva	Nov. 2004	2009	5 Yrs.	Mobile broadcast stations for women
Fiji Broadcasting Corporation Ltd	P O Box 334, Suva	7/1/1954	Not in the register	-	FBC is responsible for public broadcasting in Fiji
ZFM Classic (Fiji) Ltd	P O Box 3321, Lautoka	2/8/2001	2006	5 Yrs.	Licence expired on 01/08/2006
Fiji Institute Of Technology (Fit)	Samabula Campus/ P O Box 3722, Samabula	15/7/2004	2009	5 Yrs.	Licence not paid since issued
Christian Mission Fellowship	Cmf Building, Kinoya/P O Box 7615, Nasinu	26/11/1999	25/11/2004	5 Yrs.	Continues to operate to date
Community Television	P O Box 10991, Lautoka	1/5/1997	1/5/1998	1 Yr.	Discontinued operation in 2004
Apache Technologies	Shop 3, New World, Valelevu/P O Box 12336, Suva	3/6/2004	31/12/2005	Annual	No remarks in the register
Fiji Electricity Authority (FEA)	Headquarters, Suva/PMB, Lautoka	18/5/2004	31/12/2005	Annual	No remarks in the register



Licence Holder	Location/Postal Address	Issue Date	Expiry Date	Term of Licence	Remarks
Fulton College	Not in the register	Not in the register	29/11/2006	Annual	No remarks in the register
Intergral Multimedia Communication	24 Salato Rd, Namadi Hgts, P O Box 16353, Suva	Not in the register	31/12/2004	Annual	No remarks in the register
Information Technology & Computing Services (LTC)	310 Victoria Prde, P O Box 784, Suva	15/12/2003	31/12/2004	Annual	No remarks in the register
I-Pac Communication (Unwired)	P O Box 200, Suva	Not in the register	31/12/2005	Annual	No remarks in the register
Connect (Fiji) Ltd	Level 1 Post Office Bld, 10 Thomson St, P O Box 13779, Suva	31/1/2006	Not in the register	Annual	Being in operation since 2002 without an isp licence. Regularised on 31/01/06 by issuance of licence
Ministry Of Information	Grnd Flr Govt. Bldgs [New Wing], P O Box 2225, Govt. Bldgs, Suva	18/6/2004	31/12/2004	Annual	No remarks in the register
Pacific Data Services Ltd.	119 Amy St., Toorak, P O Box 12077, Suva	23/9/2005	31/12/2006	Annual	No remarks in the register
Tabuanet	Level 1 West Point Acde, Nadi, P O Box 4256, Centre Point, Suva	6/7/2005	5/7/2006	Annual	No remarks in the register
World Link Communications	88 Sagayam Rd, P O Box 77, Nadi	16/12/2004	15/12/2005	Annual	No remarks in the register
Zion Networks	P O Box 11046, Nadi Airport	12/2/2004	31/12/2005	Annual	No remarks in the register
Oceanic Vision Ltd.	1777 Ala Moana Boulevard, Suite 107-84, Honolulu, Hawaii 96815, Usa	1/5/2006	31/12/2006	Annual	For internet based services
Assemble Communications (Fiji) Ltd	Level 8 Pacific Hse, Butt St., P O Box 16612, Suva	18/5/2006	31/12/2006	Annual	For internet based services
Delta Marketing (B.Vunibobo)	Shop 5, Sabrina Bldg, Victoria Prde, Gpo Box 13407, Suva	8/8/2006	7/8/2007	Annual	For providing broadband wireless access isp services
Ring Of Fire (Fiji) Ltd.	48 Matanitobua St., Suva	25/10/2006	31/12/2006	Annual	For providing broadband wireless access isp services
Coms Limited	P O Box 985, Lautoka	23/10/2006	22/10/2007	Annual	For providing broadband wireless access isp services
Clarity South Pacific Ltd.	P O Box 18166, Suva	30/11/2007	31/12/2007	Annual	For providing broadband wireless access isp services
Tappoo Ltd.	Tappoo Bldg, Maint St, Po Box 46, Sigatoka	1993	31/12/2006	Annual	For mobile phone & telephone dealings
RB Patel (Fiji) Ltd.	Nadi: Po Box 943, Suva	1993	31/12/2006	Annual	For mobile phone dealings
Morris Hedstrom	MH Nabua: Po Box 295, Suva	1997	31/12/2005	Annual	For mobile phone dealings
Morris Hedstrom	MH Namaka: Po Box 295, Suva	1997	31/12/2005	Annual	For mobile phone dealings

Licence Holder	Location/Postal Address	Issue Date	Expiry Date	Term of Licence	Remarks
Morris Hedstrom	MH Ba Town: Po Box 295, Suva	1993	31/12/2005	Annual	For mobile phone dealings
Balia Brothers	Labasa: Po Box 33, Suva	1994	31/12/2001	Annual	For mobile phone dealings
Home Centres Fiji Ltd (Courts Homecentres)	Nasekula Rd, Labasa: Po Box 3726, Suva	1994	31/12/2006	Annual	For mobile phone dealings
Morris Hedstrom	MH Labasa: Po Box 295, Suva	1994	31/12/2005	Annual	For mobile phone dealings
R.B. Patel	Labasa: Po Box 112, Labasa	1994	31/12/2006	Annual	For mobile phone dealings
Dayaram Emporium	141 Vitogo Prde, Po Box 99, Lautoka	1993	31/12/2006	Annual	For mobile phone & telephone dealings
J Maneklal & Co. Ltd	Po Box 310, Lautoka	1993	31/12/2006	Annual	For mobile phone & telephone dealings
Abacus Graphics Ltd.	23 Gorrie St, Po Box 15955, Suva	1993	31/12/2006	Annual	No remarks in the register
R. Mack & Co. Ltd	Po Box 200, Lautoka	1993	31/12/2004	Annual	No remarks in the register
Solanki N. & Co.	136 Vitogo Prde, Po Box 2328, Lautoka	1993	31/12/2001	Annual	No remarks in the register
Morris Hedstrom	Hypermarket Lautoka: Po Box 295, Suva	1993	31/12/2005	Annual	For mobile phone & telephone dealings
Gulabdas & Sons	Po Box 17, Levuka	1993	31/12/2006	Annual	For mobile phone & telephone dealings
Morris Hedstrom	Main street, Nadi: Po Box 295, Suva	1993	31/12/2005	Annual	For mobile phone & telephone dealings
Narotam & Sons	Po Box 10, Nadi	1993	31/12/2006	Annual	For telephone & mobile phone dealings
Rainbow Store	Po Box 25, Nadi	1993	31/12/2005	Annual	For telephone dealings
Paul's Duty Free	Sahu Khan Bldgs, Po Box 460, Nadi	1993	31/12/2006	Annual	For mobile phone & telephone dealings
Rina's Electrical	Po Box 501, Nadi	1993	31/12/2006	Annual	No remarks in the register
Motibhai & Co.	Po Box 9175, Nadi Airport	1993	31/12/2006	Annual	For mobile phone & telephone dealings

**Appendix 24.3: Details of Outstanding Loan and Interest Owed by Cooperative Societies**

Cooperatives	Date of Loan	Loan Amount (\$)	Outstanding loan as at 31/12/06	Outstanding Loan as at 31/12/07	Outstanding Loan as at 31/12/08	Outstanding Loan as at 31/12/09	Outstanding Interest as at 31/12/09	Date of Last Receipt
Central Fijian Co-operative Assn.	01/07/81	4,498.50	3,957.18	3,957.18	3,957.18	3,957.18	3,108.40	04/09/81
Natogadravu Co-operative Soc. Ltd	02/02/82	1,000.00	3.55	3.55	3.55	3.55	111.21	16/10/81
Koro Co-operative Assn. Ltd	19/05/83	7,000.00	5,813.00	5,813.00	5,813.00	5,813.00	4,016.20	16/03/84
Naivara Co-operative Soc. Ltd	28/06/83	4,000.00	2,629.00	2,629.00	2,629.00	2,629.00	1,940.88	02/09/82
Rewa Co-operative Assn. Ltd	27/08/83	8,000.00	7,540.00	7,540.00	7,540.00	7,540.00	5,428.60	31/10/84
Naitodua Coop Soc. Ltd	19/06/84	700.00	700.00	700.00	700.00	700.00	490.00	No date
Kadavu Co-operative Assn. Ltd	06/07/84	10,000.00	6,847.00	6,847.00	6,847.00	6,847.00	5,037.84	01/08/89
Ovalau/Motuniki Co-op Assn.	12/11/84	19,894.11	-	-	-	-	5,265.20	04/08/98
Raho Co-operative Assn. Ltd	13/05/85	25,000.00	22,862.85	22,862.85	22,862.85	22,862.85	15,775.21	26/02/85
Laginiceva Co-operative Soc. Ltd	17/01/86	9,200.00	5,270.00	5,270.00	5,270.00	5,270.00	3,320.10	22/07/85
Nadi Industrial Co-op Soc. Ltd	12/04/88	7,000.00	2,216.66	2,216.66	2,216.66	2,216.66	311.76	25/08/97
Buca Bay Farmers Coop Assn. Ltd	10/06/88	1,000.00	99.96	99.96	99.96	99.96	115.56	28/10/94
Mataqali Vakalolo Coop Soc. Ltd	15/11/88	1,500.00	700.00	700.00	700.00	700.00	364.00	21/08/89
Talevu North Farmers Coop Assn	14/08/94	1,500.00	1,375.00	1,375.00	1,375.00	1,375.00	660.00	14/08/94
Waidina Marketing Coop Soc. Ltd	19/04/91	500.00	458.33	458.33	458.33	458.33	217.49	16/07/91
Marama Coop Society Ltd	03/06/92	5,000.00	4,000.00	4,000.00	4,000.00	4,000.00	1,680.00	09/07/92
Waiqori Co-operative Society Ltd	03/07/93	2,500.00	2,026.02	2,026.02	2,026.02	2,026.02	948.58	10/12/99
Tawake Co-op Society Ltd	03/01/94	4,000.00	7.00	7.00	7.00	7.00	38.43	30/09/05
Muanaicake Coop Soc. Ltd	15/04/95	3,690.00	1,333.07	1,333.07	1,333.07	1,333.07	559.86	30/03/94
Koronasau Coop Society Ltd	20/05/93	2,000.00	1,500.00	1,500.00	1,500.00	1,500.00	585.00	02/09/94
Dravuvalu Coop Soc. Ltd	10/05/93	3,000.00	1,800.00	1,800.00	1,800.00	1,800.00	732.00	12/07/94
Delainavesi Co-operative Soc. Ltd	15/09/94	5,000.00	1,550.00	1,500.00	1,450.00	1,150.00	721.50	28/10/09
Vatua Sports Club	20/09/94	947.00	852.30	852.30	852.30	852.30	367.45	01/08/97
Folo Co-operative Society Ltd	02/08/95	3,635.00	3,271.50	3,271.50	3,271.50	3,271.50	1,214.15	07/02/95
Tabusoro Co-operative Soc. Ltd	02/12/95	5,000.00	1,300.00	1,300.00	1,300.00	1,300.00	650.00	20/08/98
Qalitu Co-operative Society Ltd	04/03/95	5,000.00	1,945.00	1,860.00	1,790.00	1,770.00	915.56	03/06/09
Taiji Co-operative Society Ltd	05/03/95	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	1,670.00	No date
Nasaqalau Co-operative Society Ltd	21/02/96	5,000.00	2,730.00	2,730.00	2,730.00	2,730.00	1,132.60	30/09/05

Cooperatives	Date of Loan	Loan Amount (\$)	Outstanding loan as at 31/12/06	Outstanding Loan as at 31/12/07	Outstanding Loan as at 31/12/08	Outstanding Loan as at 31/12/09	Outstanding Interest as at 31/12/09	Date of Last Receipt
Naivaka Co-operative Soc. Ltd	19/03/95	5,000.00	1,536.50	1,536.50	1,536.50	1,536.50	739.10	30/01/02
Malawai Co. Ltd	17/05/96	4,280.00	2,252.00	2,252.00	2,252.00	2,252.00	921.63	04/09/99
Narocake Pine Scheme Ltd	20/05/96	5,000.00	4,500.00	4,500.00	4,500.00	4,500.00	1,535.00	20/05/96
Noatau Coop Society Ltd	21/08/96	2,500.00	1,400.00	1,400.00	1,400.00	1,400.00	378.00	20/05/99
Nukuramase Co-operative	02/12/96	2,200.00	-	-	-	-	-	31/07/06
Kiobo Co-operative Society Ltd	01/02/97	4,000.00	2,560.00	2,560.00	2,560.00	2,560.00	909.00	23/05/98
Turagasau Management Soc. Ltd	17/11/00	5,000.00	2,205.00	2,205.00	2,205.00	2,205.00	446.90	20/06/01
Caukala Co-op Soc.	26/04/02	5,000.00	2,570.00	2,570.00	2,570.00	2,570.00	539.70	31/10/02
Korowaiwai Co-op	17/11/06	3,000.00	2,450.00	435.07	75.07	75.07	32.25	05/12/07
Vicelea Co-op	22/08/07	5,000.00	-	4,500.00	4,500.00	4,320.00	185.00	13/11/09
Nalotu Co-op Ltd	28/04/08	5,000.00	-	-	4,150.00	3,650.00	174.50	6/11/09
<b>Grand Total</b>		<b>\$196,044.6</b>	<b>\$106,760.92</b>	<b>\$109,110.99</b>	<b>\$112,780.99</b>	<b>\$111,780.99</b>	<b>\$63,238.66</b>	



## Section 25 Ministry of Works and Transport

### Role and Responsibilities

The Ministry of Works and Transport comprises of the following Departments:

- Transport Planning Unit
- Government Shipping Services
- Meteorological Service
- Fiji Islands Maritime Safety Administration;
- Public Works Department – Common Services; and
- Department of National Roads.

The purpose of the Ministry is to provide policy, planning, coordination, design, construction, operation, maintenance and management of programmes or activities related to public buildings, mechanical and electrical services, roads, bridges, and jetties. Also, the Ministry is responsible for any policy and administrative support services to Government, Transport Statutory Authorities, the Private Sector and public at large. This will enable the enhancement and facilitation of an efficient and sustainable transportation system and Meteorological Services within the country.

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## PART 1: FINANCIAL STATEMENTS

### 25.1 Audit Opinion

The audit of the 2009 accounts of the Ministry of Works and Transport resulted in the issue of a qualified audit report.

The qualifications are as follows:

- 1 The Ministry of Works and Transport has not provided a Statement of Losses contrary to Section 82(1) of the Finance Instructions 2005.
- 2 The Ministry of Works and Transport did not provide details of TMA Accumulated Surplus and TMA Surplus of \$3,115,127 and \$2,043,315 respectively as reflected in the consolidated TMA Balance Sheet. I was not able to ascertain the correctness of these balances.
- 3 The Department of Roads did not provide TMA Drawings account bank reconciliation for Western Division (Starmix and Quarry) for the year ended 31 December 2009. The general ledger (FMIS) balance amounted to \$471,710. Accordingly, I was not able to satisfy myself if the cash at bank is fairly stated in the balance sheet of the TMA account of Department of Roads.
- 4 The Department of Roads did not submit for audit the stock certificates for Lomolomo Quarry and Lomolomo Starmix. The closing stock in the general ledger has nil balance. Accordingly, I am not able to satisfy myself whether the inventories of \$887,457 stated in the consolidated TMA Balance Sheet are fairly stated.

The Ministry's attention was also drawn to the following matters.

- the inability of the Ministry of Works and Transport to accurately determine the actual cost under each Budget Output.
- the debit Accounts Payable balance of \$80,643 in the consolidated TMA Balance Sheet.

### 25.2 Statement of Receipts and Expenditures

The Ministry collected revenue totalling \$2,268,138 and incurred total expenditures of \$174,090,036 in 2009. Details are shown in Table 25.1 below.

TABLE 25.1: STATEMENT OF RECEIPTS AND PAYMENTS

Description	2009 \$	2008 \$
<b>RECEIPTS</b>		
Miscellaneous Fees and Receipts	0	805
Light Due Port	467,334	433,760
Fess Air Licensing	0	0
Management Fee	0	0
Licensing Coasting	8,513	8,511
Water Charges	0	(3,666)
Court Fines	0	130

Description	2009 \$	2008 \$
Admin Fines and Forfeitures	(39)	6,259
Rental for Land	(309)	3
Rental for Official Quarters	314	585
Commission	80,693	49,878
Survey Fess	345,540	301,212
Cartage of Freight	206,950	182,450
Miscellaneous revenue	653,001	1,281,822
Reimbursement Met Services	450,000	961,485
Overpayment Recoveries	16,407	25,930
VAT	39,734	68,690
<b>TOTAL REVENUE</b>	<b>2,268,138</b>	<b>3,317,854</b>
<b>EXPENDITURE</b>		
<b>Operating</b>		
Established Staff	11,607,222	12,135,477
Government Wage Earners	17,266,177	19,107,025
Travel & Communications	840,782	825,980
Maintenance & Operations	9,500,057	7,076,937
Purchase of Goods & Services	12,609,104	7,782,073
Operating Grants & Transfers	13,628,562	11,944,653
Special Expenditure	55,980	51,592
<b>Total Operating Expenditure</b>	<b>65,507,884</b>	<b>58,923,737</b>
<b>Capital</b>		
Capital Construction	87,125,864	60,261,193
Capital Purchase	7,297,103	3,970,022
Capital Grants & Transfers	0	0
<b>Total Capital Expenditure</b>	<b>94,422,967</b>	<b>64,231,215</b>
Value Added Tax	14,159,185	10,235,734
<b>TOTAL EXPENDITURE</b>	<b>174,090,036</b>	<b>133,390,686</b>

Revenue decreased by \$1,049,716 or 31.6% due to decrease in miscellaneous revenue by 49.1% and reimbursement from meteorological services by 53%. Miscellaneous revenue includes: commission charges from salaries and wages, on cost charges for soil testing, non-refundable tender document fee, stale cheques, telephone recovery from staffs; and power supply charges received from consumers who are receiving power supply from Government Depots including Taveuni, Nabouwalu, Kadavu and Lakeba.

Expenditures increased by \$40,699,350 due to increase in Operating Expenditure by \$6,584,147, Capital Expenditure by \$30,191,752 and VAT expenditures by \$3,923,451.

### 25.3 Statement of Output Costs

The Ministry consolidated its expenditures into 25 Statement of Output Costs. These are detailed in *Appendix 25.1*.

### 25.4 Appropriation Statement

The Ministry of Works and Transport incurred expenditures totalling \$174,090,036 in 2009 against the revised budget of \$173,116,600 resulting in an over-expenditure of \$973,436 or 0.6%. Details of expenditures against the budget estimates are provided in Table 25.2 below.

TABLE 25.2: APPROPRIATION STATEMENT

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	14,244,800	(1,196,000)	13,048,800	11,607,222	0	1,441,578
2	Unestablished Staff	17,610,000	(15,000)	17,595,000	17,266,177	0	328,823
3	Travel & Communication	997,000	40,000	1,037,000	840,782	0	196,218
4	Maintenance & Operations	9,949,800	67,020	10,016,820	9,500,057	0	516,763
5	Purchase of Goods & Services	13,563,800	27,093	13,590,893	12,609,104	0	981,789
6	Operating Grants & Transfers	13,823,800	20,907	13,844,707	13,628,562	0	216,145
7	Special Expenditures	0	55,980	55,980	55,980	0	0
	<b>Total Operating Costs</b>	<b>70,189,200</b>	<b>(1,000,000)</b>	<b>69,189,200</b>	<b>65,507,884</b>	<b>0</b>	<b>3,681,316</b>
	<b>Capital Expenditure</b>						
8	Construction	65,841,800	16,386,283	82,228,083	87,125,864	(4,897,781)	0
9	Purchases	2,714,900	4,713,717	7,428,617	7,297,103	0	131,514
10	Grants & Transfers	0	0	0	0	0	0
	<b>Total Capital Expenditure</b>	<b>68,556,700</b>	<b>20,100,000</b>	<b>89,656,700</b>	<b>94,422,967</b>	<b>(4,766,267)</b>	
13	Value Added Tax	11,633,200	2,637,500	14,270,700	14,159,185	0	111,515
	<b>TOTAL EXPENDITURE</b>	<b>150,379,100</b>	<b>22,737,500</b>	<b>173,116,600</b>	<b>174,090,036</b>	<b>(973,436)</b>	

## 25.5 Statement of Losses

The Ministry did not submit a Consolidated Statement of Losses during the financial year ending 31/12/09.

## 25.6 Trade and Manufacturing Account

### Manufacturing Account for the Year Ended 31 December 2009

Manufacturing Account	2009 \$	2008 \$
Opening Raw materials	492,787	241,022
<b>Add: Purchases</b>	<b>9,479,237</b>	<b>9,646,897</b>
	<b>9,972,024</b>	<b>9,887,919</b>
<b>Less: Closing Raw Materials</b>	<b>580,799</b>	<b>492,787</b>
<b>Raw Materials Used</b>	<b>9,391,225</b>	<b>9,395,132</b>
Direct Labour	8,988,499	7,246,380
Opening Work in Progress	216,842	42,137
	<b>18,596,566</b>	<b>16,683,649</b>
<b>Less: Closing Work in Progress</b>	<b>4,391</b>	<b>216,842</b>
<b>Cost of Goods Manufactured transferred to Trading Account</b>	<b>18,592,175</b>	<b>16,466,807</b>

**Trading Account for the Year Ended 31 December 2009**

<b>Trading Account</b>	<b>2009 \$</b>	<b>2008 \$</b>
Sales	23,588,552	20,012,209
Finished Goods (01/01/08)	293,389	277,351
<b>Add:</b> Cost of Manufactured Goods	18,592,175	16,466,807
<b>Cost of goods available for sale</b>	<b>18,885,564</b>	<b>16,744,158</b>
<b>Less:</b> Finished Goods (31/12/08)	302,266	293,388
<b>Cost of Goods Sold</b>	<b>18,583,298</b>	<b>16,450,770</b>
<b>Gross Profit transferred to P &amp; L</b>	<b>5,005,254</b>	<b>3,561,439</b>

**Profit & Loss Statement for the Year Ended 31 December 2009**

	<b>2009 \$</b>	<b>2008 \$</b>
<b>Income</b>		
Gross Profit transferred from Trading A/C	5,005,254	3,561,439
VAT on Sales	1,322,729	1,978,441
<b>Total Income</b>	<b>6,327,983</b>	<b>5,539,880</b>
<b>Expenses</b>		
Travel Domestic	67,582	67,392
Travel Overseas	0	1,036
Subsistence	31,482	680,902
Telecommunications	43,674	33,431
Fuel & Oil	226,381	626,977
Office Upkeep and Supplies	1,197,612	410,402
Repairs & Maintenance	3,381,057	4,006,455
Power Supplies	37,117	83,042
Water and Sewerage	0	635
Lease and Rent Payments	1,115,835	655,924
Overheads	317,830	177,350
Fixed Asset Replacement	4,036	502
Training expenses	8,134	8,287
Protection, Prevention	15,160	10,511
Setup Costs	0	47
Special Fees & Charges	264	133
Rental for Land	0	2,210

	2009 \$	2008 \$
Plant Hire	116,106	81,860
VAT	1,223,122	1,581,642
<b>Total Expenses</b>	<b>7,785,392</b>	<b>8,428,738</b>
<b>Net Loss</b>	<b>(1,457,409)</b>	<b>(2,888,858)</b>

**TMA Balance Sheet for the year ended 31 December 2009**

	2009 \$	2008 \$
<b>Liabilities</b>		
Deposits, Deductions & Retention money	313,290	0
Accounts Payable	(80,643)	0
<b>Total Liabilities</b>	<b>232,647</b>	<b>0</b>
<b>Equity</b>		
TMA Accumulated Surplus	3,115,127	4,591,193
TMA Surplus	2,043,315	909,265
<b>Total Equity</b>	<b>5,158,442</b>	<b>5,500,458</b>
<b>Total Equity and Liabilities</b>	<b>5,391,089</b>	<b>5,500,458</b>
<b>Assets</b>		
Cash at Bank	3,561,345	3,619,753
Accounts Receivable	942,287	877,688
Inventory	887,457	1,003,017
<b>Total Assets</b>	<b>5,391,089</b>	<b>5,500,458</b>

**PART 2: AUDIT FINDINGS – DEPARTMENT OF WORKS****AGENCY FINANCIAL STATEMENTS****25.7 Incomplete Financial Statements**

Each agency must include the following statements in its annual financial statements<sup>1</sup> -

- (a) a statement of receipts and expenditure;
- (b) statements of output costs;

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<sup>1</sup> Finance Instructions 82(1)  
Ministry of Works and Transport

- (c) a profit and loss statement for each trading and manufacturing activity (where applicable);
- (d) an appropriation statement;
- (e) a statement of assets and liabilities;
- (f) notes to the statement of assets and liabilities;
- (g) a statement of losses;
- (h) a trust account statement of receipts and payments (where applicable).

The Ministry of Works and Transport failed to submit a statement of assets and liabilities and a statement of losses for all Departments<sup>2</sup> in 2009 contrary to the requirement of the Finance Instructions.

Hence, the accounts submitted for audit was not a full set of agency financial statements as required under the Finance Instructions.

#### **Recommendation**

**The Ministry should provide full disclosures of the financial statements as required in the Finance Instructions.**

#### **Management Comments**

*Your comments have been noted. We will ensure full compliance in the 2010 Annual Financial Statements.*

### **25.8 Statement of Output Cost**

The revised budget estimate prescribes twenty targeted outputs for the Ministry of Works and Transport that is linked to its roles and responsibilities.

The Ministry has grouped its expenditure into twenty five Statements of Output Costs instead of twenty as required. Furthermore, the amounts in the Statement of Output Costs have been estimated as the facility to allow the measurement and accounting of these costs has yet to be integrated in the Financial Management Information System (FMIS) of government. Therefore it was not possible to determine the accuracy of the expenditures incurred by the Ministry under each output.

By not assigning costs to the prescribed outputs, the Ministry is not in a position to establish whether these outputs had been achieved or not.

#### **Recommendation**

**The Ministry together with the Ministry of Finance should ensure that expenditures are grouped as specified in the budget estimates.**

#### **Management Comments**

*Your comments are noted.*

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<sup>2</sup> Includes Department works, Roads, Transport, FIMSA, GSS and, Met Services

## 25.9 TMA Surplus

Each enterprise should determine, based on the nature of its operations, whether or not to present current and non current assets and current and non current liabilities as separate classifications on the face of the balance sheet. When an enterprise chooses not to make this classification, assets and liabilities should be presented broadly in order of their liquidity.<sup>3</sup>

The Ministry of Works and Transport included TMA Accumulated Surplus and TMA Surplus of \$3,115,127 and \$2,043,315 respectively in the Balance Sheet as at 31/12/09. The Ministry did not provide details of these amounts.

The absence of relevant supporting documents questions the accuracy of these figures and highlights the possibility of mismanagement and misappropriation of the trading account.

### **Recommendation**

**The Ministry should provide the details for these amounts.**

### **Management Comments**

*No comments received from the Ministry.*

## 25.10 Electricity Arrears of Revenue for Outer Island Government Station

The Accounting Head is responsible for the safekeeping and proper maintenance of all accounting records or documents of the agency.<sup>4</sup>

Within one month after the end of each quarter, each agency with accounts receivable must submit a quarterly report on outstanding and overdue debts to the Ministry of Finance.<sup>5</sup>

The report must outline<sup>6</sup>:

- i. the amount outstanding but not yet due;
- ii. the total for each overdue age category;
- iii. name of each debtor within each age category;
- iv. the recovery actions taken for each overdue debt.

The aging of overdue debts shall be within the following categories:

- Not yet due
- Overdue up to 3 months
- Overdue from 4 – 6 months
- Overdue from 7 – 12 months
- Overdue from 1 – 2 years
- Overdue over 2 years

The Department of Works Depot at Nabouwalu, Taveuni, Rotuma, Lakeba and Vunisea operate a generator each which supply electricity to the Government Station and other nearby villages. Repairs and maintenance of these generators including the supply of fuel and oil are carried out by the

<sup>3</sup> FAS 1 (53)

<sup>4</sup> 2005 Works & Energy Finance Manual – 18.1.3

<sup>5</sup> Finance Instruction 50(1)

<sup>6</sup> Finance Manual 9.3.3



Department of Works. The recipients of the supply of electricity are billed on their monthly consumption and are required to make payments accordingly.

The following anomalies were noted in the accounting of revenue for electricity bills.

- 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.
- The arrears of revenue for December 2009 obtained from the Divisional Engineer Northern office for the Nabouwalu and Taveuni showed significant outstanding electricity bills of \$31,401.47 and \$59,481.90 respectively.
- There were no arrears of revenue return prepared from Vunisea and Lakeba station and there was no evidence that it was followed up by headquarters. The Department of Roads was collecting revenue from these two stations.
- The District Officer in Rotuma collected electricity bills totalling \$7,999 on behalf of the Department of Works and deposited it at Post Fiji. The Ministry of Provincial Development and Multi Ethnic accounted and posted this revenue into their books and in FMIS allocation (1-05201-68999-230399) after receiving the cheques from Post Fiji.

The revenue collected from Rotuma station should have been accounted and posted in the Department of Works book and FMIS allocation. As a result the Department's revenue was understated.

The laxity of the revenue clerk and his supervisors at headquarters is evident in their failure to prepare and submit quarterly arrears of revenue return to Ministry of Finance. As a result the arrears of revenue for the Department of Works and subsequently the whole of government could be understated.

### **Recommendations**

- **The Department should ensure that revenue statement and arrears of revenue are obtained from Department of Roads and Provincial Development.**
- **The Department should ensure that the arrears of revenue return are prepared and submitted to Ministry of Finance on a timely basis.**
- **The Department must ensure that the revenue collected from Rotuma by the Department of Provincial Development is properly receipted and recorded by the Department of Works.**

### **Management Comments**

*The Department of Works supply fuel & oil, repair and maintain generators, however, all revenue collected and revenue receipts are solely maintained by the Department of National Roads and in the case of Rotuma, this is handle by the District Officer's office. Therefore, all arrears of revenue returns should be submitted by the National Roads Department and the District Office in Rotuma.*

*Regular monitoring of arrears of revenue is in place for the Northern Division and plans are underway for the Central Division's revenue reconciliation and monitoring.*

## 25.11 Trust accounts overdrawn

Trust Fund Accounts comprise monies, which are not the property of the State and are not utilized for the purposes of government.<sup>7</sup>

The Consolidated Trust Fund Account consists of Tender Deposits received from contractors when applying for tenders advertised by the Ministry, Retention Money deducted from contractors for the progressive payments made. Other Operating Trust Fund Account of the Department consists of FNPF, Tax Arrears/PAYE, Fines, Government Water Rates Charges and other credit union savings.

The Department of Works had a total Trust Fund balance of \$1,476,751.77 as at 31/12/09. Refer to Table 25.3 below for details.

TABLE 25.3: DETAILS OF TRUST FUND

Description	2008 \$
Tender Deposit	(1,467,610.67)
Retention Money	(864,212.06)
Revenue Accounts (OPR, Rent, water rates)	261,477.08
Insurance	48,603.26
Loans & Advances	5,995.70
Union	22,186.66
Maintenance	1,210.00
Rates	49.16
Rents	2.64
Others( PAYE, FNPF, Fines, sports & social)	517,459.00
Taxes	(1,912.54)
<b>Total</b>	<b>(1,476,751.77)</b>

Audit noted that the Revenue, Insurance, Loans and Advances, Union, Maintenance, Rates, Rent and Other trust accounts were overdrawn totalling \$856,934.50.

### Recommendations

- The Department must ensure that Trust Funds are not overdrawn at any time.
- The Department must investigate the overdrawn Trust accounts balance and take appropriate action.

### Management Comments

*No comment received from the Ministry.*

## 25.12 RFA – Miscellaneous

The Accounting Head shall certify all financial reports that must be submitted to the Ministry of Finance. These reports include revolving fund, inter-departmental clearance and cash clearance reports<sup>8</sup>.

All monthly reconciliation for RFA accounts are prepared and submitted to Ministry of Finance on time and are checked and certified by an independent officer<sup>9</sup>.

<sup>7</sup> Finance Instructions 194

<sup>8</sup> Ministry of Works Finance Manual 2005 – 17.3.1

The Department of Works had a balance of \$33,799,910.63 in their Revolving Fund Account-Miscellaneous as at 31/12/09.

The following anomalies were noted:

- The RFA balance included a sum of \$33,703,171.79 that was posted in 2007 by Ministry of Finance. The Department could not provide details of the amount posted by Ministry of Finance despite this issue being raised in the 2008 audit report.
- The Department did not prepare the reconciliation for Accounts payable (SEG 84).
- Variance of \$46,303.05 was noted between RFA – Miscellaneous and FMIS balances for the year ending 31/12/09.

The variance was due to mispostings by the Department in 2007. The Department did not take any action to adjust the misposting despite being advised and the issue reported in the 2008 audit report. Refer to the Table 25.4 below for details of mispostings.

TABLE 25.4: MISPOSTING DETAILS

SEG	Allocation Numbers	Description	Total (\$)	Remarks
56	14050183999560303	GL Employee Advances	100.00	No proper reconciliation by the Department
	<b>Sub Total</b>		<b>100.00</b>	
57	14050199991570101	Advances	-293.31	No proper reconciliation by the Department
	14050199991570301	Prepaid Expenses	-26,125.64	
	<b>Sub Total</b>		<b>-26,418.95</b>	
84				
	14050191011840401	GL Trade Credits open item	(65.00)	JV 252/12/08 - Works Audit Adj 08 AUD 801. 2007 charges but MOF refuse to process
	14050191011840401161032	GL Trade Credits open item	277.44	2007 wages misposting
	14050291011840401161011	GL Trade Credits open item	675.84	2007 wages misposting
	14050291011840401161032	GL Trade Credits open item	185.33	2007 wages misposting
	14050291011840401161033	GL Trade Credits open item	506.97	2007 wages misposting
	14050291011840401161039	GL Trade Credits open item	625.63	2007 wages misposting
	14050295212840401	GL Trade Credits open item	396.2	2007 wages misposting
	140510910118404011	GL Trade Credits open item	140.00	2008 Amount

<sup>9</sup> Ministry of Works Finance Manual 2005 – Schedule 2 –Monthly Internal Control Report

SEG	Allocation Numbers	Description	Total (\$)	Remarks
	14050183999840602	Withholding Tax Payable	-22,726.51	Not Paid – contractors (Provisional Tax)
	<b>Sub Total</b>		<b>-19,984.10</b>	
	<b>Total</b>		<b>-46,009.74</b>	

As a result, audit could not substantiate the RFA – Miscellaneous balance as at 31/12/09.

#### **Recommendation**

- The Ministry of Finance should explain why \$33,703,171.79 was posted to Departments RFA account without consulting the Department.
- Appropriate disciplinary action should be taken against the Ministry of Finance Officer responsible for posting such a large amount to Department of Works RFA if satisfactory justification is not provided.
- The variance of \$46,303.05 in Revolving Fund Account – Miscellaneous should be investigated and posted to correct accounts.

#### **Management Comments**

*No comment received from the Ministry.*

### **25.13 TMA - Building Bank Account Not Reconciled**

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.<sup>10</sup> The Accounting Head shall certify all financial reports that must be submitted to the Ministry of Finance. These reports include monthly drawing reconciliation statements.<sup>11</sup>

The TMA - Divisional Engineer Central Eastern consist of Joinery and Plumber shops.

Audit noted that monthly TMA drawing account for Joinery and Plumber shops at DECE for the month of September, October, November and December 2009 were not prepared.

As a result, audit could not verify the balances of these two TMA accounts as at 31/12/09 with Ministry of Finance figure of \$1,386,795.99.

#### **Recommendation**

**The Department must ensure that reconciliations are prepared to reconcile Department figures with Ministry of Finance records.**

#### **Management Comments**

*No comment received from the Ministry.*

<sup>10</sup> 2005 Finance Instruction – 39(5)

<sup>11</sup> 2005 Finance Manual – Ministry of Works & Energy- 17.3.1

**25.14 Transfer of Funds between TMA operation and the Department**

The “Operating Bank Drawing Account” will be operated for all payments except for those payable from petty cash bank accounts, TMA bank accounts and Trust bank accounts.<sup>12</sup>

Audit noted that Joinery and Plumber shop TMA – DECE payroll expenses were at times paid from the Department’s Operating Drawing Account instead of TMA drawings account. In addition the Department at times also used TMA funds to meet its payroll expenses. The amounts drawn from the Department’s Operating Drawing Account or TMA Operating funds were reimbursed at the end of the month.

The Department created FMIS account number 1-40501-95991-535001 to facilitate this reimbursement process.

After the amount withdrawn from the Operating Drawing Account is reimbursed, the general ledger (FMIS) account number 1-40501-95991-535001 should have zero balance. However, audit noted that the FMIS account number 1-40501-95991-535001 had a balance of \$475,622.10 as at 31/12/09. The balance indicates that the amount was not reimbursed to the Operating Drawing Account or TMA Drawing account.

The balance of \$475,622.10 in FMIS account number 1-40501-95991-535001 could not be cleared by the Department because it was not able to identify the amount to be reimbursed to Departments Operating Drawing Account and TMA Drawings account.

**Recommendations**

- The Department must investigate the balance of \$475,622.10 and reimburse the amount to correct account.
- The Department should stop the transfer of funds between TMA operation and Department.
- The Department should ensure that all established and government wage earners from Mechanical section are paid from DECE Operating Drawings account.

**Management Comments**

*No comment received from the Ministry.*

**25.15 Debit Accounts Payable Balance**

The Accounting Head or accounts supervisor must not certify a payment as correct unless they are satisfied that the expenditure account it is charged to is correct.<sup>13</sup>

The Department had a debit Accounts Payable balance of \$80,643 in the TMA Balance Sheet as 31/12/09. The debit balance was due to the Department of Works misposting of TMA expenses totalling \$89,997.38 to VAT payable allocation. Details are shown in the Table 25.5 below.

TABLE 25.5: VAT PAYABLE

Description	Allocation	Amount
Vat Payable	44025191011840601	\$89,997.38

<sup>12</sup> Ministry of Works & Energy Finance Manual

<sup>13</sup> Ministry of Works Finance Manual – 2.8.3 (v)

The amount could not be substantiated as proper justification could not be provided by the Department and Ministry of Finance.

### **Recommendation**

**The Department should adjust the \$89,997.38 to correct expense allocations.**

### **Management Comments**

*No comment received from the Ministry.*

## **DIVISIONAL ENGINEER CENTRAL EASTERN**

### **25.16 Works Revolving Account-Missing Payment Vouchers & Other Unnecessary Purchases**

The Accounting Head is responsible for the safekeeping and proper maintenance of all accounting records or documents of the agency.<sup>14</sup>

Payment vouchers and supporting documents for payments made from the Works Revolving Account (WRA) on the 4<sup>th</sup>, 6<sup>th</sup> and 18<sup>th</sup> of February 2009 could not be provided for our audit. Details of the missing payments extracted from FMIS's Expenditure Report are shown in the Table 25.6 below.

TABLE 25.6: DETAILS OF MISSING PAYMENT VOUCHERS

Date	Cheque No.	Payee	Details	Amount (\$)
04/02/09	654229	Lala .S	Overtime Payment	149.90
04/02/09	654230	Susana .Q	Overtime Payment	695.23
04/02/09	654231	Siteri .R	Overtime Payment	479.00
04/02/09	654232	Katherine .S	Overtime Payment	447.37
04/02/09	654233	Penina .B	Overtime Payment	752.03
04/02/09	654234	Tavenisa .T	Overtime Payment	440.70
04/02/09	654236	Vaciseva .L	Overtime Payment	904.77
04/02/09	654237	Mere .D	Overtime Payment	209.08
04/02/09	654238	Nazreen .B	Overtime Payment	415.66
04/02/09	654241	Iowane .B	Overtime Payment	414.96
04/02/09	654242	Amelia .V	Overtime Payment	514.28
04/02/09	654243	Vilisi .D	Overtime Payment	191.77
06/02/09	654250	Kathy .S	Overtime Payment	580.26
06/02/09	654252	Vaciseva .L	Overtime Payment	572.41
06/02/09	654253	Mere .D	Overtime Payment	258.32
				<b>7,025.74</b>
06/02/09	654248	Rajend .P	Meal	63.12
06/02/09	654249	Susana	Meal	68.54
06/02/09	654251	Martha .M	Meal	39.74
				<b>171.40</b>
06/02/09	654255	CEME Boilershop		30,000.00

<sup>14</sup> Section 18.1.3 of Finance Manual (Ministry of Works)

Date	Cheque No.	Payee	Details	Amount (\$)
				<b>30,000.00</b>
18/02/09	654280	Brijlal & Co.	Akira 26" TV Screen	1,299.00
18/02/09	654280	Brijlal & Co.	Akira Home Theatre System	399.00
18/02/09	654281	Courts	Fisher & Paykel Refrigerator	1,199.00
18/02/09	654282	Tappoos	Chef Gas Cooker	1,325.00
18/02/09	654282	Tappoos	Chef Upright Cooker	1,899.00
				<b>6,121.00</b>
<b>Total</b>				<b>43,318.14</b>

It is suspected that misplacing the overtime payment vouchers above could be deliberate given that the overtime issue was also raised in our special audit report issued for the year 2008.

While funds maintained in the WRA is to cater for capital works, the purchases of the Akira TV screen, Akira Home Theatre system, Fisher and Paykel Refrigerator, Chef Gas Cooker and Chef Upright Cooker totalling \$6,121 from the funds is incorrect and unacceptable. Furthermore the location of the chef gas cooker is not known.

The misplacement of the above payment vouchers demonstrates the lack of accountability of accounting officers which warrants disciplinary action. Without the payment vouchers and supporting documents, the above payments could not be justified.

### **Recommendations**

- The Division should make an effort to locate the missing payment vouchers, and take appropriate disciplinary actions against officers responsible for payments,
- The chef gas stove should be located and its issuance should be taken on charge.

### **Management Comments**

*The division has noted the issue regarding the missing payment vouchers; however, the division is committed to locating them.*

*The division retained certain percentage of funds from various projects and this was maintained to meet administrative and additional operating/upgrading cost of our premises.*

*The Chef gas stove was issued to government quarters #228 (Deputy Secretary Operation's residence) as part of its public building requirements and it has also taken on charge.*

## **25.17 Non Payment of VAT on TMA by Mechanical Section**

A penalty of 10% will be charged on late lodgements of VAT Returns and 2.5% thereafter for every month the return is not lodged.<sup>15</sup>

It was noted that the Division had not been submitting its VAT returns to the Fiji Islands Revenue and Customs Authority [FIRCA] for Mechanical Section from 2006.

Moreover, the Division was not charging VAT on expenses incurred on the Works Revolving Account [WRA] even though it is making payments to the suppliers on VAT Inclusive Price.

<sup>15</sup> VAT Decree s.60

The non lodgement of TMA VAT return could result in substantial penalties charged to the Division.

### **Recommendations**

- TMA VAT returns from 2006 should be prepared and lodged to FIRCA.
- Reconciliation should be made with VAT unit to identify and settle the amount due to avoid the accumulation of penalties, and
- The Division should charge VAT separately for the expenditure incurred on Works Revolving Account [WRA].

### **Management Comments**

*The delay in payment of VAT to FIRCA by Mechanical Section was mainly due to tight cashflow that they maintained, however, the section is committed to collect arrears from debtors to enable them to meet FIRCA payments.*

*Reconciliation and updating of all VAT payments from 2006 to 2009 will be done before the end of this year 2010.*

*WRA has been inoperative as at the beginning of this year.*

## **25.18 Idle Hours and Losses in Work Shop Wages Trading Accounts**

Idle costs are costs paid to TMA workers if they are not engaged in any job. Wages will be charged to overheads when an operator or driver is idle in pool, machine is broken down for period longer than one hour or work is stopped before 9 a.m. due to wet weather. Drivers or operators who are forced to be idle through wet weather should be found alternative employment.<sup>16</sup>

The division as at 31 December 2009 incurred a total of \$134,546 as cost of idle hours compared to \$154,546 and \$276,474.50 in 2008 and 2007 respectively. Details are shown in Table 25.7 below.

TABLE 25.7: MONTHLY IDLE COST PAID WORK SHOP TMA ACCOUNTS

Month	2009 (\$)	2008 (\$)	2007 (\$)
January	24,325.50	23,026.50	30,261.00
February	3,725.00	18,975.00	40,811.50
March	13,502.00	20,107.50	0
April	9,232.00	11,976.00	70,073.00
May	4,193.00	12,197.00	36,963.00
June	14,902.00	13,272.00	13,996.00
July	10,359.00	13,188.00	14,703.00
August	5,265.00	10,739.00	16,647.00
September	5,601.00	9,880.00	10,450.00
October	9,724.50	1,564.00	11,002.00
November	11,508.00	5,820.00	12,061.00
December	22,209.00	13,801.00	19,507.00
<b>Total</b>	<b>134,546.00</b>	<b>154,546.00</b>	<b>276,474.50</b>

<sup>16</sup> Public Works Department Plant Hire Operating Procedure 2.3.4(b) & (c)



Although costs in respect to idle hours had decreased, its impact on the overall operation of trading accounts remains. As this cost does not get a return to the trading account, it contributes significantly to the losses recorded in the operation of the Workshop trading account.

This trading account has recorded losses of \$466,796.50 as at December 2009, the details of which are shown in Table 25.8 below.

TABLE 25.8: LOSSES FOR WORK SHOP TMA ACCOUNTS

Quarter	Income (\$)	Expenditure (\$)	Profit/Loss (\$)
1 <sup>st</sup>	205,668.00	335,510.50	(129,842.50)
2 <sup>nd</sup>	200,890.00	285,248.00	(84,358.00)
3 <sup>rd</sup>	314,377.00	417,331.00	(102,954.00)
4 <sup>th</sup>	392,993.40	542,635.40	(149,642.00)
<b>Total</b>	<b>1,113,928.40</b>	<b>1,580,724.90</b>	<b>(466,796.50)</b>

The above findings reflect the uneconomical human resource allocation together with poor human and financial resource management which is a contributing factor towards the continued losses recorded in TMA operations.

### **Recommendations**

- **The Ministry should review the engagement of workers paid from TMA, and**
- **Review its recruitment/engagement policy and engage workers only when needed in a period of time and lay off workers when there is no job or work to be done at the workshop.**

### **Management Comments**

*Employees are normally engaged annually to accommodate the flow of operational works at various workshops in Mechanical section; however, review of engagement policy is anticipated as part of reform requirement.*

*The engagement of officers under TMA was normally recommended by sectional heads and approved by divisional heads; however, policy has been changed and all engagements/appointments and terminations are now done by the Permanent Secretary.*

## **25.19 Outstanding Accounts**

Where goods or services are sold on credit, the accounts supervisor must ensure the customer had no previous arrears.<sup>17</sup>

Regardless of the above requirement, customers continued to enjoy the provision of services at the Plant Pool. Consequently, the Plant Hire and Wages trading and manufacturing accounts continued to accumulate unpaid accounts totalling \$807,667.60 in 2009. The unpaid amount increased by 44% when compared to \$448,583.88 recorded in 2008. The amount is owed by the respective sections of the divisions which are shown in Table 25.9 below.

TABLE 25.9: OUTSTANDING ACCOUNTS PLANT HIRE AND WAGES 2009

	2009	2008
--	------	------

<sup>17</sup> Finance Manual 6.4.4 - (iii)633.04

Department	Division	Plant Hire Amount (\$)	Wages Amount (\$)	Plant Hire	Wages
WORKS	HQ	25,360.03	30,665.02	5,935.17	4,944.65
	DECE	20,068.23	39,488.18	0	0
	PEME	41,774.76	40,450.40	11,779.18	36,711.17
	DEN	282.95	0	11,144.22	0
	DEW	2,164.12	0	22,346.29	0
		<b>89,650.09</b>	<b>110,603.60</b>	<b>51,204.86</b>	<b>41,655.82</b>
ROADS	HQ	33,858.74	13,355.03	12,291.23	3,094.68
	DECE	171,129.95	31,297.31	132,471.10	33,123.97
		<b>204,988.69</b>	<b>44,652.34</b>	<b>144,762.33</b>	<b>36,218.65</b>
WATER	HQ	65,633.92	20,347.57	13,533.95	36,962.40
	SWS	121,298.70	57,696.32	57,395.58	0
		<b>186,932.62</b>	<b>78,043.89</b>	<b>70,929.53</b>	<b>36,962.40</b>
TRANSPORT	HQ	48,639.20	44,157.17	36,928.12	29,922.17
		<b>48,639.20</b>	<b>44,157.17</b>	<b>36,928.12</b>	<b>29,922.17</b>
<b>Total</b>		<b>530,210.60</b>	<b>277,457.00</b>	<b>303,824.84</b>	<b>144,759.04</b>
<b>Total for the year</b>		<b>\$807,667.60</b>		<b>\$448,583.88</b>	

Fuel and Oil recorded an outstanding account of \$69,254.15 in 2009 compared to \$21,953.60 in 2008, an increase of \$47,300.55 or 215%. The amount is also owed by Ministries and Departments which are shown in *Appendix 25.3* to this report.

The irregularities noted indicate the failure of the division to instigate debt recovery actions against default customers and ensure that the requirement of the Finance Manual is complied with.

It is apparent that if the current system of operation continues, it would result in the accumulation of huge amount of arrears and further losses to the operation of trading and manufacturing accounts.

### **Recommendations**

- **Proper internal control measures should be put in place and applied to eliminate future and current outstanding debts.**
- **The Ministry should ensure and make a concerted effort to recover the outstanding debts without any further delay to avoid loss in the operation of Plant Hire and Fuel and Oil.**
- **The Division should not provide services to clients with outstanding debts.**

### **Management Comments**

*Appropriate measures have been taken to recover the arrears and most Departments/Sections within the Ministry have cleared their outstanding account respectively.*

## **25.20 Jobs Done Upon without Job Records Sheets but on Verbal Instructions of Supervisors**

Where goods or services are sold on credit, the accounts supervisor must ensure the customer had no previous arrears.<sup>18</sup> For local sales, the credit period will be a maximum of 20 days from the issue of the sales invoice.<sup>19</sup>

<sup>18</sup> Finance Manual 6.4.4 - (iii)

<sup>19</sup> Finance Manual 6.4.7

Funds for a particular TMA job are deposited into the TMA bank account maintained by the accounts section of the Division. The accounts section then advice the Joinery section through the issue of Job Record Sheets stating the type of work required and the funds allocated for the job. The Joinery section when working on the JRS may only request funds allocated within the budget received.

The following anomalies were noted for Joinery works:

- Joinery works valued at \$82,397.44 were carried out by the Joinery TMA without any funds received from the various client Ministries/Departments as at the date of audit<sup>20</sup>. Despite follow up actions by chief clerk, the amount remained outstanding.
- Of the \$82,397.44, total works valued at \$53,494.74 were done on the strength of verbal instructions received from other supervisors. These works were carried out from January to September 2009. Refer to *Appendix 25.2* for details.

It was established that these works were authorised by the Joinery section supervisor, (60717) Mr Kameli Yacalevu.

Non compliance with procedures, rules and regulations is evident in the above practices and it unnecessarily ties up TMA funds. This will hinder the division's ability to pay its debtors and other suppliers of goods and services.

### **Recommendations**

- **Jobs must not be done on the strength of verbal instructions.**
- **Appropriate actions should be taken to discipline Kameli Nayacalevu.**
- **The division should apply concerted effort to recover costs incurred from client Ministries and Departments.**

### **Management Comments**

*Jobs done on the strength of verbal instructions were merely on mutual understanding between section supervisors and departments.*

*Mr. Kameli Nayacalevu acted on verbal instructions from superiors on the understanding that funding will be received soonest. Mr. Nayacalevu never acted alone and was merely following instructions; otherwise he could be instigated as insubordination.*

*The client Ministries have released funding for the projects; however, this is a misunderstanding between section heads not releasing allocations/JRS to Joinery sections.*

## **25.21 Over-expenditure for Projects**

Accounting officers and all other officers responsible for expenditure shall at all times exercise proper economy in the expenditure of public funds and thereby ensure that proper value is obtained for all sums spent.<sup>21</sup>

A ledger shall be maintained for expenditure and commitment accounts. Any transaction raised affecting these accounts shall be entered in the appropriate ledger.<sup>22</sup>

<sup>20</sup> 10/12/09

<sup>21</sup> Finance Instruction 18

<sup>22</sup> Finance Manual 16.3

The following projects undertaken by Joinery and Plumber shop were noted to have exceeded their allocations by \$74,716.99 and \$12,196.07 respectively.

TABLE 25.10: OVER EXPENDITURE DETAILS – JOINERY

Project Description	Allocation (\$)	Actual (\$)	Overspent (\$)
RKS dormitory	139,661.42	190,662.18	(51,000.76)
RKS chapel seat	14,000.00	18,076.74	(4,076.74)
MV Iloilovatu	10,470.00	30,109.49	(19,639.49)
<b>TOTAL</b>	<b>164,131.42</b>	<b>238,848.41</b>	<b>(74,716.99)</b>

TABLE 25.11: OVER EXPENDITURE DETAILS – PLUMBERSHOP

Project Description	Allocation (\$)	Actual (\$)	OVERSPENT (\$)	Wages Incurred (\$)
Relining of water and sewerage line – Laucala Project	39,128.58	39,537.00	(402.42)	26,637.38
Relining of water and sewerage line – Domain Project	206,594.74	211,015.95	(4,421.21)	177,595.95
Relining of water and sewerage line – Korovou Project	104,715.00	113,087.44	(7,372.44)	84,863.39
<b>TOTAL</b>	<b>350,438.32</b>	<b>363,640.39</b>	<b>(12,196.07)</b>	<b>289,096.72</b>

Furthermore, the following unsatisfactory features were noted:

- There was not any weekly advice of cost, progress reports and no expenditure ledger maintained for each project undertaken at the Joinery shop.
- The audit noted that wages comprised a major component of the total project cost at the Plumber shop. The number of workers actually engaged exceeded the number of workmen required as estimated by the supervisors to complete the project. Refer to Table 25.12 below for details.

TABLE 25.12: ENGAGEMENT OF WORKERS DETAILS

Project Description	No. of workmen (Estimated)	No. of workmen (Engaged)	EXCESS WORKMEN ENGAGED
Relining of water and sewerage line (Domain Project)	15	25	10
Relining of water and sewerage line (Korovou Project)	10	23	13

The findings indicate poor human resource management at Plumbershop and the lack of co-ordination between the Divisional Engineer, project supervisor and the personal officers.

With the absence of weekly advice of cost, progress reports and expenditure ledger, there is no control mechanism in place to monitor expenditures which has resulted in the over-expenditure.

### **Recommendations**

- **Weekly advice of costs and progress reports should be maintained by the chief clerk for each project and should be monitored regularly against the allocated funds.**
- **The Chief clerk should maintain separate expenditure and commitment ledgers for each project, and**

- **Best practice on human resource management should be applied by the division.**

### **Management Comments**

*For RKS Dorm, funds were allocated but were partially received by Joinery section however; due to timeframe given we had to complete the project within six months as per contract with European Union.*

*For RKS Chapel, funds were also partially received in 2009 for commencement of project, timeline given was only for 3 months, funds for completion was received in early 2010 for official opening in May.*

*Funds allocated was appropriate for the work done for the MV Iloilovatu for Prime Minister's official trip to Rotuma, however, extra costs incurred was due to additional work done on verbal instruction by Mr. Keni Naulumatua (Consultant), currently this issue is with our Minister to rectify.*

*There were various changes to Chief Clerk Plumber shop in 2009 due to sudden transfers resulting in no proper handing over; however, the sections has now maintained a commitment ledger with monthly reconciliations and preparation of TMA reports.*

*Additional funds for RKS Dorm and Chapel were received in early 2010 to meet over expenditure in 2009.*

*The supervisor for the sections has been reminded that they are not to work on verbal instructions.*

## **25.22 Over Expenditure for Buildings and Electrical Section Jobs**

Accounting officers and all other officers responsible for expenditure shall at all times exercise proper economy in the expenditure of public funds and thereby ensure that proper value is obtained for all sums spent.<sup>23</sup>

The "Drawings Account" will be operated for all payments except for those payable from petty cash bank accounts, TMA bank accounts and trust bank accounts.<sup>24</sup>

The Buildings and Electrical section are funded under the operating budget and do not operate as TMA. The Divisional Engineer Central Eastern's TMA bank account was established to be used by Joinery and Plumber shop TMA.

Despite the above, it was noted that cheques received from other Ministries/Departments for Buildings and Electrical works requested were deposited into the TMA bank account. Consequently, budgetary allocations for these works were overspent by \$48,650.48. Furthermore, TMA funds were used to cover the excess expenditure. Refer to *Appendix 25.4* to this report for details.

The absence of compliance to laid down regulations and monitoring and administration of expenditures applied by the supervising offices has resulted in the over spending and subsequent losses in TMA.

### **Recommendations**

- **All cheques received for works to be carried out by the Buildings and Electrical section should not be deposited into the DECE TMA bank account but the client Ministry's IDC should be used to charge all expenditures incurred in the projects.**
- **Expenditures should be closely monitored to avoid over-spending, and any additional funding should be requested from client Ministries/Departments.**

<sup>23</sup> Finance Instruction 18

<sup>24</sup> Finance Manual 7.4.3

**Management Comments**

*The division agrees that Building and Electrical Sections are funded by the operating budget, however, cheques received from client ministries could not be deposited in to operating account (CFA).*

*The division understand that Works Revolving Account was established during colonial days to cater for Building and Electrical works from private clients that came in with cheques payments whereas government departments came in with DWs and Local Purchase Orders.*

*WRA has been ceased as all cheque payment for Buildings and Electrical works are deposited to operating fund account now with the new IDC system from Finance.*

**25.23 Discrepancies in Inventory Records-Joinery & Plumbershop**

The officer responsible for public stores shall maintain tally cards for each item of public stores, which are not immediately issued for use in a Department.<sup>25</sup> The tally cards shall be updated as soon as public stores are received or issued.<sup>26</sup>

A random physical stock take of the items maintained at the Joinery and Plumbershop storeroom showed the following discrepancies.

TABLE 25.13: STOCK VARIANCE AT JOINERY STOREROOM

Item Description	Stock Card Balance	Physical Stock	Surplus / (Deficit)
Vernon Settee	4	5	1
Vernon Chair	5	9	4
Office arm chair	28	38	10
12mm exterior ply	52	NIL	(52)
White Formica	9	NIL	(9)
Soft Board 12mm	12	NIL	(12)
100*50 Mahogany	25	NIL	(25)
300*25 Dakua	29.6	NIL	(29.6)
300*40 Pine	185	NIL	(185)
150*100 Kauvula	256	44	(212)

TABLE 25.14: STOCK VARIANCE AT THE PLUMBER SHOP

Item Description	Stock Card Balance	Physical Stock	Surplus / (Deficit)
100mm PVC waste pipe	112	110	(2)
Flat mild steel (50mm*10mm*5.3mtrs)	22	20	(2)
40 mm Inspection Waste Bend	30	24	(6)
100mm 88degrees inspection p/bend	22	27	5

The store man did not update tally cards for all timber and other items issued and utilised which resulted in the unaccounted variance noted.

<sup>25</sup> Supplies and Services Instruction 85(1)

<sup>26</sup> Supplies and Services Instruction 86

Given that the nature, value and demand for timber, the store items are highly susceptible to theft and misappropriation. Further, the absence of control in the management of stock may result in the loss of stock through theft or misappropriation without being detected by the division.

### **Recommendations**

- The Storeman should ensure that stock cards are updated regularly and regular supervisory checks to be conducted by immediate supervisors.
- The DECE should apply tight control measures to safeguard the inventory items.

### **Management Comments**

*For joinery section, the repaired settee with office arm chair was kept in the same room for safekeeping measures whereas the 9 office arm chairs was due to delay in delivery, but has been issued as per D/D No. 270851 Card No.3.*

*For Plumbershop, the surplus incurred resulted from the return of loan items which was not updated in the tally card.*

*Storemen are reminded to update their tally cards respectively and are checked and verified by Supervisors fortnightly.*

## **DIVISIONAL ENGINEER WESTERN**

### **25.24 TMA Operation**

The TMA were created to facilitate on a semi-commercial basis for the provision of goods and services that are needed to other government departments and also to the private sector when possible. However it is required that the TMA should break even to ensure that all costs incurred in its operations are recouped.<sup>27</sup>

The Division continued to incur losses on its trading and manufacturing account operation with Plant Hire recording an enormous amount.

TABLE 25.15: TMA LOSSES

<b>TMA</b>	<b>Quarter</b>	<b>Amount (\$)</b>	<b>Total Amount (\$)</b>
Joinery	2 <sup>nd</sup>	2,520.10	9,561.44
	3 <sup>rd</sup>	7,041.34	
Plumber shop	1 <sup>st</sup>	23,025.38	53,224.83
	2 <sup>nd</sup>	20,462.77	
	3 <sup>rd</sup>	9,736.68	
Plant Hire	1 <sup>st</sup>	161,435.05	604,756.34
	2 <sup>nd</sup>	166,545.88	
	3 <sup>rd</sup>	276,775.41	
<b>Total</b>			<b>667,542.61</b>

<sup>27</sup> Finance Circular 37 of 26 November 1984.

The losses sustained in Joinery and Plumbershop was due to the high manufacturing costs of raw materials purchased which do not have a competitive selling price when compared to that of the private sector.

The Division revealed that there are other factors that contribute to the poor performance of the TMAs. These were included in the previous years report and were still prevalent in 2009. These include:

### **Plant Hire**

- The old age of the current fleet contributes to the increased cost of maintenance and operation.
- Hire rates offered is much less when compared to private hired vehicles.
- Increase in overhead costs such as indirect labour, incidental travel and communication, protective clothing, sick leave pay, holiday pay (unproductive hours) which are not reflected in the selling prices.

### **Plumber shop**

- The rates used as selling prices were last reviewed in 1998 by the Ministry of Finance. This is in contradiction to Finance Circular 8/95 which explicitly states that “the computation of selling prices should be constantly revised to ensure that costs incurred are recouped thus alleviating losses.”
- The prices of materials and wage rates have increased, thus it is difficult to try to break even from the revenue through sales.

The above shows that the Trading and Manufacturing Account has not been viable and its operation and management needs to be reviewed, improved and revived.

### **Recommendation**

**The Department should seriously consider reviewing the operation and management of the its trading and manufacturing account for an improved process and delivery of its services.**

### **Management Comments**

*The department has made numerous submissions to the Ministry of Finance recommending for the increase in hire rates and purchase of new vehicles but to date has not received a satisfactory reply from Finance.*

*Submissions were also made to Finance for an increase in selling rates for plumber shop and Joinery due to the high cost in purchase of raw materials.*

## **25.25 Payment for Idle Hours**

Wages will be charged to overheads when an operator or driver is idle in pool, machine is broken down for period longer than one hour or work is stopped before 9 a.m. due to wet weather. Drivers or operators who are forced to be idle through wet weather should be found alternative employment.<sup>28</sup>

While idle hours are beyond the worker’s control, the Department needs to properly plan and manage its operations to minimize as much as possible “idle hours”.

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<sup>28</sup> Public Works Department Plant Hire Operating Procedure 2.3.4(b) & (c)



The Department was noted to have paid a total of \$27,336.88 in idle hours as at the date of audit<sup>29</sup>, an average of \$3,037 per month as detailed below.

TABLE 25.16: IDLE HOURS PAID

TMA	Quarter	Amount (\$)	Total Wages for Idle Hours (\$)
Plant Pool	1 <sup>st</sup>	3,256.00	
	2 <sup>nd</sup>	1,049.45	
	3 <sup>rd</sup>	1,990.37	6,295.82
Workshop	1 <sup>st</sup>	21,041.06	21,041.06
<b>TOTAL</b>			<b>\$27,336.88</b>

Idle costs incurred appear significant and reflect the uneconomical human resource allocation together with poor human and financial resource management by responsible officers. Payment of idle hours continued to adversely affect its overall financial performances.

### **Recommendation**

**The Department should seriously consider reviewing the operation and management of the its trading and manufacturing account to improved process and delivery of its services.**

### **Management Comments**

*The department is trying to minimise the idle hours. However at times when companies are late in supplying parts, idle time is accumulated*

*The department has formed a committee headed by the Senior Mechanical Engineer to address the issue. The Divisional Engineer will be advised accordingly on ways to improve the operations of the workshop and minimise idle hours.*

## **25.26 Outstanding Accounts**

Where goods or services are sold on credit, the accounts supervisor must ensure the customer had no previous arrears.<sup>30</sup>

### **Plant Hire**

The Plant Hire of the Plant Pool in the Mechanical section maintains all government vehicles that are hired by the various sections of the Ministry.

While recipients of this service are required to pay hire charges, this account has accumulated a substantial amount of unpaid hire charges. Refer to Table 25.17 below for details.

TABLE 25.17: 2009 OUTSTANDING ACCOUNTS PLANT HIRE AND WAGES

Department	Particulars	Amount (\$)	Total Amount (\$)
Roads	Wages	27,514.64	165,134.03

<sup>29</sup> 09/11/09

<sup>30</sup> Finance Manual 6.4.4 - (iii)

Department	Particulars	Amount (\$)	Total Amount (\$)
	Plant Hire	137,619.39	
Water	Wages	27,945.61	40,560.52
	Plant Hire	12,614.91	
<b>Total</b>			<b>205,694.55</b>

Despite owing substantial amounts to the plant pool, provision of service to these debtors continued to be granted.

It is apparent that if the current system of operation continues the unpaid hire charges will accumulate and that debtors may not be able to meet its debt obligations.

### **Fuel and Oil**

Audit noted that the outstanding account as at the date of audit<sup>31</sup> for fuel and oil for 2009 totalled \$186,347.70. Refer to Table 25.18 below for details.

TABLE 25.18: OUTSTANDING ACCOUNTS FUEL AND OIL 2009

Departments	Amount (\$)
Artonery General	1,616.86
Building Section	1,916.10
Bureau of Statistics	939.68
D. E. Northern	978.91
Department of National Roads	24,258.28
Department of Water & Sewerage	17,815.52
Divisional Engineer Central Eastern	37,216.19
Fisheries	2,043.65
Fittings Shop	272.27
Forestry	1,088.41
Immigration	550.87
Information	99.92
ITC Services	57.90
Lands	1,137.73
Medical	79,578.44
Multi Ethnic	99.56
President Office	1,376.45
Prison	7,010.82
Regional Development	8,216.09
Town and Country Planning	74.05
<b>Total</b>	<b>186,347.70</b>

The above anomalies indicate the failure of the division to instigate debt recovery actions against debtors and ensure that the requirement of the Finance Manual is complied with.

### **Recommendations**

- **Proper internal control measures should be put in place to eliminate future and current outstanding debts.**

<sup>31</sup> 09/11/2009

- **The Department should apply a concerted effort to recover the outstanding debts without any further delay and seriously consider reviewing the operation and management of the its trading and manufacturing account for an improved process and delivery of its services.**

### **Management Comments**

*The department has managed to recover all outstanding debts.*

*The department has advised all ministries concerned should they fail to pay within one month from the sale of fuel; their accounts will be suspended until their debts are paid.*

## **25.27 Non –Deduction of Rent by Quarters Occupants**

The Housing Board/Committee responsible for allocating pool quarters will advise the Officer concerned [through his Head of Department] and the Divisional Engineer when quarters have been allocated to an Officer. The advice to the Divisional Engineer should include the name, post and Department of the Officer and the number of the quarters allocated.<sup>32</sup>

With the exception of those officers specified in GO 601, all officers occupying government quarters of whatsoever grade or type or self contained flats, will be required to pay rent at the rate of eight percent of basic salary with maximum limits of rent for different grades of quarters as follows: special grade \$1,600 per annum, Grade I and II \$1,400 per annum, Grade III \$1,200 per annum, Grade IV \$1,000 per annum, Grade V \$720 per annum, Grade VI and below \$480 per annum.<sup>33</sup>

Scrutiny of the pool quarter's records disclosed that the following occupants of government quarters were not paying rent as required.

Quarters Grade	EDP No	Tenant	Post	Department	Date Of Occupation	Remarks
4	47719	Samu Ratavola	Officer Superintendent	Bureau of Statistics	21/01/2002	No Deduction since 2002
					2004	No Deduction since 2004
					14/012005	No Deduction since 2005
4	14412	Asena Daunivalu	Dental Therapist	Ministry Of Health	06/19/2000	No Deduction since 2000
5	58823	Ilisapeci Korovou	Dental Therapist	Ministry Of Health	17/01/02	No Deduction since 2002
5	63882	Arun Krishna	Instructor-Dental Therapist	Ministry Of Health	11/04/09	No Deduction for the last 7 months

The above problem was further aggravated by the fact that the Quarters Return and allocation advice were not submitted on timely basis by the District Officers and Department concerned to the Quarters Clerk.

The lack of adequate monitoring of the occupation of government quarters has led the above officers to avoid payment of rent.

### **Recommendations**

- **Rent should be deducted from the respective officers' salaries including the total amount owed to the government since the date they occupied government quarters.**

<sup>32</sup> General Order 610 – (a) (i)

<sup>33</sup> General Order 607

- **The divisional engineer should work closely with the commissioner western's office to ensure that the policies and procedures in respect of the occupation of government quarters that are laid down in the general orders are applied.**

### **Management Comments**

*Occupation Slips for Samu and Arun were prepared and forwarded for rent deduction. As for the others, the Quarters Clerk is working closely with the departments concerned to activate deductions.*

*The Divisional Engineer and the Quarters Clerk has always worked with the Commissioner Western's Office with regards to Housing. There has always been a lack of communication by the District Officers and the Quarters Clerk. However this issue is now being addressed.*

## **DIVISIONAL ENGINEER NORTHERN**

### **25.28 Idle Hours**

Idle costs are cost paid to TMA workers if the workers are not engaged in any job.

Wages will be charged to overheads when an operator or driver is idle in pool, machine is broken down for period longer than one hour or work is stopped before 9 a.m. due to wet weather. Drivers or operators who are forced to be idle through wet weather should be found alternative employment.<sup>34</sup>

As at 30 June 2009, the division recorded \$47,175.55 as cost of idle hours which is detailed in Table 25.19 below.

TABLE 25.19: MONTHLY IDLE COST PAID PLANT HIRE TMA ACCOUNTS

<b>TMA</b>	<b>Quarter</b>	<b>Amount (\$)</b>	<b>Total Amount (\$)</b>
Plant Hire	1 <sup>st</sup>	14,210.81	39,739.24
	2 <sup>nd</sup>	25,528.43	
Workshop	1 <sup>st</sup> (March)	4,295.89	7,436.31
Wages	2 <sup>nd</sup> (June)	3140.42	
<b>Total</b>			<b>47,175.55</b>

The above findings reflect the uneconomical human resource allocation together with poor human and financial resource management which is a contributing factor towards the continued losses recorded in TMA operations.

### **Recommendations**

- **The Ministry should review the engagement of workers paid from TMA.**
- **Review its recruitment/engagement policy and engage workers only when needed in a period of time and lay off workers when there is no job or work to be done at the workshop.**

<sup>34</sup> Public Works Department Plant Hire Operating Procedure 2.3.4(b) & (c)

**Management Comments**

*For workshop wages, idle workmen in a particular section are shifted to other sections where there is more work to be undertaken. Overtime are taken as time-off (applicable to workshop wages and plant hire).*

*Recommendation is that for our Pool Drivers to be prioritized in Outer Stations rather than using Department of National Road's drivers*

**25.29 Outstanding Accounts**

Where goods or services are sold on credit, the accounts supervisor must ensure the customer had no previous arrears.<sup>35</sup>

**Plant Hire**

Plant Hire and Wages record an outstanding account totalling \$130,648.28 as at 26 October 2009. The amount is owed by the respective sections of the divisions which are detailed as follow:

TABLE 25.20: OUTSTANDING ACCOUNTS PLANT HIRE AND WAGES 2008

Department	Week Ending	Amount (\$)
Roads	30/09/09	29,723.74
	07/10/09	25,453.49
	14/10/09	17,567.98
	21/10/09	43,126.85
Water	21/10/09	5,892.57
Buildings	23/09/09	2,362.69
	07/10 & 14/10	2,194.37
	21/10/09	786.32
Main Office	07/01/09	1,615.22
	27/05/09	528.41
	08/07/09	1,042.47
	30/09/09	354.17
DECE	31/07/09	2,781.53
<b>Total</b>		<b>133,429.81</b>

**Fuel and Oil**

Fuel and Oil records an outstanding account of \$17,397.57 which is owed by the following Ministries and Departments.

TABLE 25.21: OUTSTANDING ACCOUNTS FUEL AND OIL 2009

Departments	Amount (\$)
CEME Plant Pool	5,000.55
DECE	2,637.85
DEW	751.74
Muilti – Ethanic Affairs	59.84
DPP's Office	8.29
SDMO Bua	7,560.40
Ministry of Health – HQ	115.16

<sup>35</sup> Finance Manual 6.4.4 - (iii)

Departments	Amount (\$)
SDMO Taveuni	447.59
Agriculture (AH & P)	208.81
SAO Macuata	191.06
Agriculture LRPD	243.60
Fiji Islands Maritime Safety Administration	172.68
<b>Total</b>	<b>17,397.57</b>

### **Recommendations**

- **Proper internal control measures should be put in place to eliminate future and current outstanding debts.**
- **The Ministry should ensure and make a concerted effort to recover the outstanding debts without any further delay.**
- **The Division should not entertain those entities having outstanding dues to use the bowzer facility.**

### **Management Comments**

*The Plant Hire Accounts has been cleared as at December 31st through direct recovery from IDC Accounts and establishment of a debt recovery unit within the Department*

## **AUDIT FINDINGS – DEPARTMENT OF TRANSPORT**

### **AGENCY FINANCIAL STATEMENTS**

#### **25.30 Non submission of statement of losses and trust account statement of receipts and payments**

Each agency must include the following statements in its annual financial statements:

- a statement of receipts and expenditures;
- statement of output costs;
- a profit and loss statement for each trading and manufacturing activity;
- an appropriation statement;
- a statement of assets and liabilities;
- notes to the statement of assets and liabilities;
- a statement of losses;
- a trust account statement of receipts and payments<sup>36</sup>.

The Department of Transport failed to submit a Statement of Losses contrary to the fact that it has incurred some losses in the year 2009. Details of losses are stated in Table 25.22 below.

TABLE 25.22: LOSSES INCURRED IN 2009

Date	Department	Loss Details
11/09/09	Transport	Cash - \$490.21

<sup>36</sup> Finance Instruction (2005) 82(1)

Date	Department	Loss Details
2/11/09	FIMSA	Digital Camera
10/11/09	FIMSA	Knapsack Sprayer
23/11/09	GSS	Cash - \$922.78
12/12/09	FIMSA	Outboard motor clamping bolt, remoting and switch panel

The Departments of Transport, GSS and FIMSA also failed to submit a Trust Account Statement of Receipts and Payments contrary to the requirement of the Finance Instructions.

Standing government regulations pertaining to preparation of financial statements were not followed by the Department.

### **Recommendation**

**The Departments should provide full set of financial statements as required in the 2005 Finance Instructions.**

### **Management Comments**

*No comments provided by the Department*

## **25.31 RFA – Miscellaneous**

A ledger reconciliation statement shall be signed and dated by the Senior Accounts Officer and Accounts Officer Ledgers.<sup>37</sup>

The ledger reconciliation statement should be forwarded to the Ministry of Finance. The Accounts Officer - Ledgers must ensure that;

- i. all balances are accurate and adequately supported;
- ii. any misallocations or outstanding balances from the previous month have been dealt with.<sup>38</sup>

A difference of \$75,705.51 existed between the Department's Revolving Fund Account reconciliation and the FMIS. Refer to Table 25.23 below for details.

TABLE 25.23: RFA VARIANCE

Department Balance (\$)	FMIS Balance (\$)	Variance (\$)
31,581.97	107,287.48	75,705.51

The variance of \$75,705.51 relates to Department of Government Shipping Services and Department of Transport. The Department failed to include the accounts payable transactions in the reconciliation. Some of the charges had been carried forward from year 2007. Furthermore, wages and food rations were incorrectly posted to Employee Expenses and Sundry Creditors. This is detailed in Table 25.24 below.

<sup>37</sup> Ministry of Transport and Civil Aviation Finance Manual 2005 s.16.3.5

<sup>38</sup> Ministry of Transport and Civil Aviation Finance Manual 2005 s.16.3.6

TABLE 25.24: POSTINGS NOT INCLUDED IN RFA RECONCILIATION

Department	Allocation	Description	Amount (\$)	Remarks
GSS	14010440491840202	Accounts Payables Companies	(434.70)	2007 amount
GSS	14010440491840301	Accounts Payables Employee Expenses	93.12	2007 amount
Transport	14010140491840302	Employee Expenses	8,149.43	2009 amount
GSS	14010440411840302	Employee Expenses	98.40	2007 amount
GSS	14010440491840302	Employee Expenses	27,936.60	2007, 2008, 2009 amount
GSS	14010440491840402	Sundry Creditors	7,779.28	2007, 2008 amount
GSS	14010440491840602	Withholding Tax	(118,895.23)	Misallocation
GSS	14010440101850202	Deferred Income	(432.41)	2009 amount
		<b>Total</b>	<b>(75,705.51)</b>	

**Recommendation**

The Department should ensure that any variance noted from reconciliations is discussed with Ministry of Finance and rectified.

**Management Comments**

*No comments provided by the Department*

**25.32 Value Added Tax - Lodgement**

Every registered person shall, on or before the last day of the month following the last day of every taxable period, without notice or demand furnish to the Commissioner a tax return, with accompanying Input Tax Schedule, in such prescribed form as may be approved by the Commissioner.<sup>39</sup>

The Departments of GSS and FIMSA failed to lodge the VAT returns on time for several months during the year 2009. Refer to the table below for details.

Department	Months
FIMSA	February 09, March 09, April 09, June 09, July 09, August 09, September 09, October 09 and November 09
GSS	April 09, May 09, June 09, July 09, August 09, September 09, October 09, November 09

Accordingly, FIRCA charged the following penalties:

TABLE 25.25: PENALTY IMPOSED BY FIRCA

Description	GSS (\$)	FIMSA (\$)
Late payment penalty	13,821.17	6,449.72
Late lodgement penalty	10,624.92	2,846.83
<b>Total Penalty</b>	<b>24,446.09</b>	<b>9,296.55</b>

The payments of VAT penalties are not provided for in the budget hence funds would be sourced from other allocations to pay the VAT penalties. These penalties could have been avoided if VAT returns were lodged on time.

<sup>39</sup> VAT Decree 1991, Section 33 (1)



The above shows that the Department is not complying with the VAT Decree which led to unnecessary expenditure.

### **Recommendations**

- The Department must investigate why VAT returns were not prepared and lodged on time which resulted in penalties imposed.
- The Department must ensure the timely lodgements of VAT returns and payment of VAT in future to avoid unnecessary penalties.
- The Department should make arrangement for payment of the penalties to avoid further penalties imposed by FIRCA.

### **Management Comments**

*No comments provided by the Department*

## **25.33 FNPf Reconciliation**

A reconciliation statement shall be completed at the end of each month to ensure that all the entries made to the control account agree with the final monthly total.

In order to verify the accuracy of the FNPf contributions paid by the Departments of Transport, GSS and FIMSA to the Fund, audit recalculated 8% of the actual expenditure recorded under SEG's 1 and 2 in the FMIS in comparison to the actual amount paid to the Fund. The exercise noted a difference of \$11,121.46 between the two figures. Refer to Table 25.26 below for details.

TABLE 25.26: VARIANCE IN FNPf CALCULATION – 2009

<b>FNPf Contribution Paid by the Departments for 2009 (Employer contribution only)</b>		<b>Amount (\$)</b>
SEG 1	FNPf contributions paid – Established Staff	230,112.97
SEG 2	FNPf contributions paid – Unestablished staff	180,845.16
		<b>410,958.13</b>
	<b>Add:</b> December 2009 FNPf Contributions	1,649.44
		<b>412,607.57</b>
	<b>Less:</b> December 2008 FNPf Contributions	5,441.60
	<b>Total Employers Contributions paid by the Ministry</b>	<b>407,165.97</b>
<b>Audit Calculation of FNPf for 2009(Employer contribution only)</b>		
SEG 1 & 2	Salaries & Wages as per FMIS	5,228,592.92
	<b>FNPf Contribution</b> (5,228,592.92 x 0.08)	418,287.43
	<b>Difference</b>	<b>(11,121.46)</b>

The Departments did not carry out any reconciliation to ensure that amount paid for FNPf contribution is consistent with payroll records.

Incorrect calculation and payment of FNPf contribution would be breach of statutory requirement and could result in surcharges by FNPf.

**Recommendation**

**The Departments should carry out monthly reconciliations of FNPF based on the actual employee expenditure to ensure that correct FNPF contributions are paid and recorded to avoid any surcharges by the Fund.**

**Management Comments**

*No comments provided by the Department*

**25.34 Overstatement of Arrears of Revenue**

The Debtors Clerk must ensure that the register is kept updated.<sup>40</sup>

The total arrears of revenue due to the Department of FIMSA as reported in Arrears of Revenue Return as at 31/12/09 was \$112,367.23.

A review of sample debtors selected from Arrears of Revenue Report revealed that debtor's accounts were not updated when debts were collected. Hence these debtor's accounts still had arrears of revenue which resulted in overstated arrears of revenue for the Department. Refer to Table 25.27 below for examples of debtors who have cleared their arrears but still appeared in the Arrears of Revenue Report.

TABLE 25.27: DETAIL OF OVERSTATED DEBTORS ACCOUNT

<b>Debtor</b>	<b>Overstatement (\$)</b>
William & Goslings	622.74
Carpenters Shipping	21,082.07
Campbell Shipping	6,759.73
Pacific Agency	2,537.76
<b>Total</b>	<b>31,002.30</b>

The lack of adequate supervision by senior officers led to overstatement of the arrears of revenue and reflects poor monitoring and reporting of arrears of revenue.

**Recommendations**

- **The Debtors clerk must ensure that Arrears of Revenue report are updated when payments are made by debtors.**
- **Supervising officers must review the work done by their subordinate officers to ensure that Arrears of Revenue Returns are correctly prepared.**

**Management Comments**

*No comments provided by the Department*

<sup>40</sup> Ministry of Transport and Civil Aviation Finance Manual 2005 s.9.1.3

**TRADING AND MANUFACTURING ACCOUNT – FIMSA****25.35 TMA – Negative Cost of Goods Sold**

Cost of goods sold is the value of goods at cost that is sold during the year. It reflects the direct costs associated in producing goods. The cost of goods sold should never be a negative amount.

The Trading and Manufacturing Account for FIMSA was noted to record a negative cost of finished goods sold of \$1,906.17. The negative figure is attributed to the opening stock and the cost of goods manufactured totalling \$10,326.82 which was less than the closing stock of finished goods of \$12,232.99. Refer to Table 25.28 below for details.

TABLE 25.28: COST OF GOODS SOLD

Description	Amount (\$)
Stock of Finished Goods (1/1/09)	8,887.71
Add Cost of Manufactured Goods	1,439.11
<b>Goods available for sale</b>	<b>10,326.82</b>
Less Stock of Finished Goods (31/12/09)	12,232.99
<b>Cost of Finished Goods Sold</b>	<b>(1,906.17)</b>

The cost of goods sold cannot be a negative amount thus it indicates that the cost of goods manufactured is incorrectly stated in the TMA.

**Recommendations**

- The Department must investigate why it is having negative COGS.
- The Department must ensure that appropriate inventory costing method is used to ensure inventories are properly valued.

**Management Comments**

*No comments provided by the Department*

**25.36 Credit Sales Not Reflected in Trading and Manufacturing Account**

The Trading and Manufacturing Account are prepared on accrual accounting concept, that is outstanding liabilities and credit sales are included in the account.<sup>41</sup> Credit sales or debtors for the period under review are to be accounted for in the final accounts.<sup>42</sup>

The credit sale of nautical charts in 2009 totalling \$12,791.63 was not included as sales in the TMA accounts for the year ending 31/12/09. Furthermore the credit sale was also not recorded in the FMIS.

Failure to include credit sales understated the sales and accounts receivable balance in the TMA Financial Statements.

<sup>41</sup> Finance Circular No. 8/95 Section 2 (3)

<sup>42</sup> Finance Circular No. 8/95 Section 2 (2)

**Recommendation**

**The Department must ensure that the Trading and Manufacturing Account prepared reflect the true economic reality and thus includes credit sales for the period.**

**Management Comments**

*No comments provided by the Department*

**25.37 Value Added Tax (VAT) Reconciliation**

A reconciliation statement shall be prepared at the end of each month to ensure that all payments made to FIRCA agree with FMIS.

The Departments did not prepare VAT reconciliation however, we prepared VAT reconciliation and noted variances for the respective Departments as at 31/12/09. Refer to Table 25.29 below for details.

TABLE 25.29: VAT RECONCILIATION

<b>VAT Reconciliation</b>	<b>Transport (\$)</b>	<b>GSS (\$)</b>	<b>FIMSA (\$)</b>
Total Expenditure – SEG 3,4,5,7,8,9	321,498.25	2,019,197.44	271,660.11
VAT on Total Expenditure - 12.5%	40,187.28	252,399.68	33,957.51
VAT input	8,873.09	248,112.36	32,237.50
VAT payable	31,314.19	4,287.32	1,630.01
VAT paid	6,805.35	14,898.36	1,717.95
Overpayment/(Underpayment)	(24,508.84)	10,611.04	(87.94)
Balance as per SVA as at 31/12/09	5,519.70	74,658.40	91,055.57
<b>Variance</b>	<b>(30,028.54)</b>	<b>(64,047.36)</b>	<b>(91,143.51)</b>

In absence of VAT reconciliation from the Departments, VAT amount stated in the financial statements can not be relied upon.

**Recommendation**

**The Department should ensure that VAT reconciliations are prepared on a monthly basis.**

**Management Comments**

*No comments provided by the Department*

**HEADQUARTERS****25.38 Appointment of Acting Principal Economic Planning Officer**

When an acting appointment requires an Officer to undertake the full duties and responsibilities of a single officer higher than his own, he will be eligible to receive an acting allowance at a rate equal to 95 percent of the difference between his own substantive salary and the minimum salary of the higher

officer.<sup>43</sup> Commencement of acting will be the date from which the Officer takes over the duties and responsibilities of the post.<sup>44</sup>

Mr. Malakai Niulevu [EDP No.53366] a Senior Administrative Officer within the Ministry was appointed by the Permanent Secretary for Works and Transport on 10/2/09 to act as Principal Economic Planning Officer for the Transport Planning Unit (TPU) with effect from 6/2/09 to 5/5/09.

On his new appointment, he was to report to the Deputy Secretary for an allocation of Office space and for duties relevant to his current appointment. He was to hand over all training responsibilities, office manuals and laptops to Principal Assistant Secretary Works.

It was noted that the officer did not take up the office of PEPO until 4/5/09 vide an internal memorandum of 8/5/09. While he remained with Ministry of Works during the period of acting appointment and without discharging the responsibilities of Principal Economic Planning Officer, the Officer was paid the acting allowance totalling \$2,085.98.

### **Recommendations**

**The Department should ensure that:**

- **all Officers appointed for acting positions take up office on the effective date of appointment, and**
- **acting allowance is recovered from the Officer for the period for which he was not performing the task required of the position.**

### **Management Comments**

*Management has noted the poor management and monitoring in appointing Mr. Malakai Niulevu, Senior Administrative Officer to act as Principal Economic Planning Officer for the Transport Planning Unit for the period 6/2/09 to 5/5/09 without delivering the duties of the said post and has endorsed the recommendation made to implement the recovery of acting allowance for the above period with a monetary value of \$2,085.98.*

## **25.39 Further Studies – Sereana Biukoto**

Proper management of expenditure is fundamental to ensuring value-for-money in service delivery 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 public funds and over-expenditure do not occur.

Miss Sereana Biukoto (EDP No. 53307) a Senior Clerical Officer at the Accounts Section was awarded a FAB scholarship on 25/1/07 to pursue a Bachelor of Law Program at the University of the South Pacific from first semester of 2007.

In a letter dated 20/2/07 PSC approved that the officer proceed on study leave with pay for 3 ½ years with effect from Semester 1, 2007. Following anomalies were noted.

- The course undertaken by Sereana Biukoto did not relate to her work as Clerical Officer at the Department of Transport.

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<sup>43</sup> General Order 465 (a)

<sup>44</sup> General Order 462

- Sereana Biukoto's scholarship was terminated at the end of Semester 1 2008 due to unsatisfactory performance. While the Officer was on scholarship she only managed to pass 2 courses out of 8 units offered in the two semesters.
- The officer was paid total salary of \$16,663 while she was on study leave.

While the officer had the support of the Department's management to further her studies, the program chosen did not directly relate to the work she is currently engaged in by the Department.

### **Recommendations**

- **The Department should ensure that all officers pursuing their studies should undertake studies relevant to their field of work, and**
- **Appropriate action should be taken to recover the cost of courses the Officer did not pass while studying on scholarship.**

### **Management Comments**

*Department notes the recommendations and will surcharge the officer.*

## **25.40            Accident to Vehicle GN075**

The proper management of expenditure is fundamental to ensuring value-for-money in service delivery 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 public funds and over-expenditure do not occur.

Vehicle number GN075 had an accident while parked in front of Nasilivata house on 26/04/08 with a Dee Cees Bus registration number DCB006. The vehicle was parked there by the Acting Deputy Secretary for Transport, Mr. John Rounds. The accident occurred when the driver of the bus DCB006, Mr. Mahendra Kapoor had to swerve to avoid a dangerous overtaking truck.

While avoiding the truck the bus collided with vehicle GN075 and damaged the right rear side. The accident was reported to the Samabula Police Station however the Department has not received any response from them or followed up this case with them.

The vehicle was repaired by the Department of Transport for a total cost of \$3,500. The accident report was submitted to the Solicitor General's office for advice and necessary action on 2/10/08 however no response has been received from Solicitor General's office.

The expenditure incurred could have been avoided if officers of the Department are more careful by applying precautionary measures at all times. Because the vehicle was parked by the roadside, the accident was inevitable which eventually led to wastage of public funds.

### **Recommendation**

**The Department should follow up with both the Solicitor General's Office and the Police on the case and explore the possibility of claiming damage and repair costs from the bus company.**

**Management comments**

*The Vehicle Accident Report with the Police Report was submitted to Solicitor General's Officer as a requirement when there is a vehicle accident. Pursuing the claiming of damages and repair costs shall be the responsibility of the Solicitor General's Office in view of their statutory function on legal matters.*

**AUDIT FINDINGS – GOVERNMENT SHIPPING SERVICES****25.41 Contracts for Temporary New Appointments**

Normal hours of work shall be 48 hours per week, to be worked 8 hours per day from Monday to Saturday in such manner as may be required by the Master having regard to the safety, complement, organization and working of the vessel.<sup>45</sup>

Vacant posts will normally be advertised in the Fiji Public Service Official Circular and the press if considered appropriate. When an officer applies for the vacancy, whether advertised or not, he should send his application through his Permanent Secretary or Head of Department.<sup>46</sup>

Our audit of payroll records noted that unestablished staffs were paid for 48 hours per week despite only working for 44 hours in accordance with their contracts. These officers are based off-shore and it is a mandatory that they comply with the Conditions and Rules of Employment for Unestablished Crews of Government Vessels.

We further noted that the Department recruited the following staffs without advertising the vacant positions. Refer to the Table 25.30 below for details.

TABLE 25.30: TEMPORARY NEW APPOINTMENTS OF UNESTABLISHED STAFFS

Name	Position	FNPF Number	Date of Joining Service
Sera Rasila	Temporary Ordinary Seaman	XU122	31/8/09
Rishal Kumar	Temporary Ordinary Seaman	XU133	31/8/09
Daniel Racule	Temporary Trade Assistant	WW428	31/8/09
Sachindra Prasad	Temporary Engine room Rating	XL957	31/8/09
Benjamin Samuels	Temporary Ordinary Seaman	XU127	31/8/09
Kavish Raj	Temporary Engine room Rating	XU125	31/8/09
Vilitati Rabune	Temporary Cook	WH111	31/8/09
Hirdesh Chand	Temporary Trade Assistant	XU123	31/8/09

Discussions with the Administrative Officer, Mrs. Maisea Kaususu revealed that the Department needed to fill in the vacant positions immediately hence the positions were not advertised.

The abovementioned staffs had previously worked as apprentices with the Department in conjunction with Training and Productivity Authority of Fiji on contract and were terminated when their contracts expired.

<sup>45</sup> Conditions and Rules of Employment for Unestablished Crews of Government Vessels Operated by the Marine Department Clause 2.1 (a)

<sup>46</sup> General Orders 205.

Such practice indicates that the Department did not follow proper selection and recruitment procedures set by PSC. The Department could have recruited better qualified and experienced people had it advertised the positions and given fair chance to other applicants.

### **Recommendations**

- The Department must ensure that off shore unestablished officers are paid for 44 hour per week as per the Conditions and Rules of Employment for Unestablished Crews of Government Vessels.
- The Department should ensure that proper recruitment procedures are followed when making new appointments.

### **Management Comments**

*The Department did not provide any comments.*

## **25.42 Refund for Drum Deposits**

Accounting officers and all other officers responsible for expenditure shall at all times exercise proper economy in the expenditure of public funds and thereby ensure that proper value is obtained for all sums spent.

Audit noted that the Department purchased its fuel for its vessels from Total Fiji Limited. The fuel is supplied in drums for which the Department pays a deposit of \$50 per drum and such deposits are refundable on return of the drums.

The Department is owed \$45,335 as drum deposits as at 31/12/09. The deposit paid is yet to be refunded by Total Fiji Limited. While the Department claimed that they had received some credit notes from the supplier for returned drums in 2009, audit was not provided with credit notes or any details of the value of credit notes and date received. Refer to the Table 25.31 below for details.

TABLE 25.31: OUTSTANDING DRUM DEPOSITS

Date	Payee	Quantity	Drum Deposit (\$)
2006	Outstanding refund	366	18,300
2007	Outstanding refund	317	15,850
2008	Outstanding refund	287	14,350
23/1/09	Total Fiji Limited	18	900
10/2/09	Total Fiji Limited	10	500
13/2/09	Total Fiji Limited	10	500
24/2/09	Total Fiji Limited	6	300
12/3/09	Total Fiji Limited	48	2,400
27/3/09	Total Fiji Limited	25	1,250
30/4/09	Total Fiji Limited	25	1,250
3/7/09	Total Fiji Limited	20	1,000
17/7/09	Total Fiji Limited	49	2,450
28/8/09	Total Fiji Limited	26	1,300
11/9/09	Total Fiji Limited	20	1,000
22/9/09	Total Fiji Limited	14	700
4/11/09	Total Fiji Limited	25	1,250
	Less: Credit Note		(17,964.36)
<b>Total</b>		<b>1,266</b>	<b>45,335.64</b>



This issue has been highlighted in previous audit reports however not much has been done to fully recover the drum deposits.

### **Recommendations**

- The Department should consult Total Fiji Limited for the refunds after the return of these drums.
- Appropriate action should be taken against officers responsible for not recovering the deposits paid.
- The Department should consider taking legal action against Total Fiji Limited to recover outstanding drum deposits.

### **Management Comments**

*We are currently following up with Total Fiji Ltd in regards to the recovery of outstanding drum deposits. All purchase orders issued to Total are properly recorded and copies of purchase orders are kept in a separate file for ease of reference when requesting for credit notes.*

*The first credit note received was in the sum of \$17,964.36 was credited (Less) from PO40491-002080 in October 2009 and the second credit note of \$4,106.25 was received on 05/03/10 and was credited from PO40491-002414 in March, 2010.*

## **25.43 Failure to Have Contract Agreements**

Tenders must be called for the procurement of goods, services or works that cost over \$20,000.<sup>47</sup>

Written contracts should be drawn between the Department and respective organizations binding both parties into a formal agreement.

The Department engaged Fiji Ships and Heavy Industries Limited (FSHIL) to carry out repair and maintenance to MV Iloilovatu, MLC Golea, Tug No.7, MV Raiwaya and Tug No.10 costing \$41,006.39 and \$188,264.89 in 2008 and 2009 respectively.

It was noted that, tenders were not called for the repairs and maintenance works on the government vessels. Hence, there was no tender board's approval for the above payments made to FSHIL.

It was further noted that the Department did not have any written agreement with FSHIL for the repair and maintenance works to be carried out on the various state vessels. Hence, all repair and maintenance works were carried out on verbal agreement between the two parties.

TABLE 25.32: PAYMENTS MADE TO FSHIL IN 2008 AND 2009

Date	Cheque Number	Amount (\$)
<b>2008</b>		
12/8/08	16901	9,656.24
28/8/08	17089	6,345.00
6/11/08	17987	25,005.15
<b>Total</b>		<b>41,006.39</b>
<b>2009</b>		
24/6/09	21118	125,368.40

<sup>47</sup> Finance Instructions 2005 12(4)

Date	Cheque Number	Amount (\$)
6/8/09	21636	41,525.98
22/9/09	22321	15,927.76
29/10/09	22836	5,442.75
<b>Total</b>		<b>188,264.89</b>
<b>Grand Total</b>		<b>229,271.28</b>

In absence of written agreements the Department can not take legal action in case dispute arises between the two parties.

### **Recommendations**

- **The Department should ensure that written contracts are in place and strictly adhered to for all repair works in future.**
- **The Department must ensure that Tender Board's approval is obtained for expenses in excess of \$20,000.**
- **Appropriate action should be taken against the officer that authorised the maintenance works and the payments.**

### **Management Comments**

*Quotations were requested from the 3 slipway companies but FSHIL was the only company that responded to the request. The job was given to FSHIL to carry out repair works on the various vessels since it is also a government private entity.*

*Fiji Ships & Heavy Industries and IMEL are the only two available sources that can accommodate the weight of Government vessels in their slipway i.e. for weight >1,000 tonnes whereas MIS can only accommodate weight < 400 tonnes. This was the practice all along whereby vessels were sent to FSHIL for repairs and maintenance works without any written agreement between the two parties. The only document which the two parties signs is the quotation which outlines the scope of work to be carried out and the cost agreed by the two parties.*

*The Department will now ensure that all requests above \$20,000 must go through the Major Tender Board and that written contracts must be signed by both parties. Maintenance Officers have been warned that any verbal agreement made without proper written contract for repair works will leave us with no other option but to impose disciplinary action against the responsible officer.*

## **25.44 Slipping charges for the vessel Golea**

All Government vessels will be slipped annually to coincide with the requirements of the Marine Board for Sight and Full Surveys. Major overhaul work should be organized in conjunction with Full Survey to lessen down time but must commensurate with Survey and Safety requirement<sup>48</sup>.

The Department paid \$150,022 to Fiji Ships and Heavy Industries (FSHIL) to carry out repairs on vessel Golea from 22/4/09 to 1/10/09. A further \$7,930 in slipping charges for the period 22/6/09 to 26/6/09 was also paid for which no repair was carried out.

Discussions with the Maintenance Officer, Mr. Kinivuwai Nacagilevu revealed that no repair work was carried out during this period since Fiji Ports Corporation Limited was in the process of taking over Fiji Ships and Heavy Industries.

<sup>48</sup> General Orders 1206 (a)

The above anomaly indicates that there is a high risk of vessels being rested on the slipway without any work being done for which payments are made. It also reflects poor management of its work plan.

### **Recommendations**

- The Department must impose stringent measures to ensure that the repair works commence as soon as the vessel goes on the slipway.
- The Department should not pay the contractors for the period which they do not perform services.

### **Management Comments**

*All vessels that are slipped are being charged daily rates whilst up on the slipway irrespective whether repair works commences as soon as the vessels are slipped or without any work done on them. This is one of the conditions laid down by FSHIL which has to be adhered to by all commercial and government vessels.*

### **Further OAG Comments**

The Department should have slipped its vessel when FSHIL was ready to start the repair works. Audit maintains its findings.

## **25.45 Breach of Agreement by Fiji Shipping Corporation Limited (FSCL)**

The Fiji Shipping Corporation Limited will make all reasonable efforts to improve its efficiency in respect of the operating costs of the FSCL and any surplus thereof shall be consolidated into the Shipping Franchise Scheme funds.<sup>49</sup> That no surplus from the Shipping Franchise Scheme shall be used in the operational costs of the FSCL.<sup>50</sup>

The Department paid FSCL a grant of \$1,700,000 of which \$1,500,000 was to be used for the Shipping Franchise Scheme and the remaining \$200,000 to be used for operational costs of the Corporation.

Scrutiny of the FSCL's quarterly performance revealed that it used total of \$241,651.03 for operating expense. Refer to Table 25.33 below for details.

TABLE 25.33: TOTAL OPERATING COSTS COMMITTED /SPENT BY FSCL

Months	Amount (\$)
January	21,240.35
February	23,759.68
March	33,924.31
April	26,206.99
May	26,740.35
June	26,169.73
July	17,775.59
August	17,777.93
September	48,056.10
<b>Total</b>	<b>241,651.03</b>

<sup>49</sup> Agreement Between Ministry of Works and Transport and Fiji Corporation Ltd dated 28/1/09 clause 5.1

<sup>50</sup> Agreement Between Ministry of Works and Transport and Fiji Corporation Ltd dated 28/1/09 clause 5.2

The audit noted that FSCL spent an additional \$41,651.03 which was not budgeted for. The funds for the additional expenses were met from the shipping franchise scheme allocation without any approval.

The above anomaly may exhaust budgetary allocations for Shipping Franchise Scheme.

### **Recommendations**

- **The Department should ensure that expenditure incurred during each quarter shall not exceed the amount forecasted.**
- **The Department should ensure that proper monitoring is done to avoid the use of money from the Franchise Scheme.**
- **The Department should obtain explanations from FSCL for using money from the Franchise Scheme without proper approval.**

### **Management Comments**

*No comments provided by the Department.*

## **25.46 Late Submission of Requisition to Incur Expenditure- (RIE's)**

Final applications for RIE for 2009 are to be submitted before 13/11/09. Late applications will not be entertained.<sup>51</sup>

Each year, the appropriation Act and Budget Estimates set out details of the appropriations that Parliament approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the authorisation of the Ministry of Finance, pending approval by Parliament.<sup>52</sup>

Accounting Officers controlling votes are responsible for ensuring that, as far as possible, payments for goods received or services rendered are settled within the financial year in which they were rendered.

The Department engaged the Public Works Department to upgrade the Vessel "Iloilovatu" for the duration of seven weeks and paid \$103,258.

The audit noted that the balance of \$60,142 for the completion of upgrading work was not paid. Discussions with the Accounts Officer, Sera Waqawai confirmed that although the RIE was approved on 4/11/09, funds were not paid because of the absence of a progress report from PWD.

Although the progress report was obtained on 2/12/09, it was late to remit the balance of funds. The Department will now have to pay the balance of \$60,142 from 2010 appropriations.

Making payment for expenses committed in previous years reduces funds available to meet the current year's commitments which may result in over expenditure or inability to provide adequate services.

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<sup>51</sup> Finance Circular No15/2009 dated 14/11/09 clause 10.1

<sup>52</sup> Ministry of Transport Finance Manual 2005 section 2.1.2

### **Recommendations**

- **Accounting officer should ensure that payment of goods and services are settled within the financial year in which they are rendered.**
- **The Department should ensure that contractor provides timely progress reports to allow for the payments to be made.**
- **The Department should ensure that any roll over of unspent appropriation at the end of the financial year must have the written approval of the Minister for Finance.**

### **Management Comment**

*Funds requested by GSS for release by MOF was declined by them since there was no progress report submitted by PWD for the funds previously released for works carried out by PWD (Boiler shop). The balance of funds was requested by PWD (Joinery) for the completion of all carpentry works on the vessel. Although the progress report was received on 02/12/09 there was not enough time to request for the release of funds and approval for issue of purchase order since we were just few days away from closing of 2009 accounts.*

*We now ensure that all payments of goods and services are settled within the same year and also for contractors to provide timely progress report in order for timely release of funds by MOF.*

## **25.47 Engagement of Dumb Barge Vualiku by Seamach**

On 14/01/09, the Director Government Shipping, Seci Waqa entered into the contract agreement with Seamach Engineering & Hydraulic Shop Limited for charter of the 200 ton dumb barge “Vualiku” at the rate of \$469.85 VEP per day.

The following irregularities in the contract were noted by the Solicitor General’s Office via their letter dated 10/09/09:

- The contract was not vetted by Solicitor General’s Office before signing;
- The contract agreement is very poorly worded, open-ended and ambiguous; and
- The payment did not include VAT revenue.

As per the contract document, it was noted that GSS is also responsible for the repairs to any damages or structural defects while the vessel is on charter.

Currently the Vualiku is tied at Government Wharf and is not being utilized by Seamach, and the Department has not been given any details as to how long it has been lying idle. Furthermore, the Survey Certificate has expired on 18/06/09.

Discussion with the Acting Director, Ilisoni Tuimabualau revealed that there is no written confirmation for the return of Vualiku from Seamach, and due to a dispute, the vessel is lying idle and has not been given to FIMSA for the renewal of the Survey Certificate.

It was also confirmed by the Acting Director that the following items were missing from the vessel:

- I Port and Starword ramp winches
- Port and starboard ramp wires
- Anchors and Kedges
- Mooring ropes
- Steel wire bridle

The audit also noted that hire charges of \$185,149.63 remains outstanding from Seamach as at 19/02/10. Due to the nature of the work carried out by GSS, the Department may face difficulties to service the various projects for the Department if the vessel is not returned by Seamach.

### **Recommendations**

- **The Department must consider investigating this matter and take appropriate action accordingly.**
- **The Department urgently needs to review the contract document and its legality. Accordingly, the barge needs to be returned for repairs and to be used for various projects of the Department.**

### **Management Comments**

*The contract agreement for the engagement of the Barge "Vualiku" by Seamech was prepared and signed by the former Director of GSS, Mr Seci Waqa without any consultations with the Permanent Secretary or Minister of Transport.*

*The case was referred to our Legal Officer at the Ministry of Transport (Ms Karakaua). The officer had visited us twice last year to clarify few points in regards to the contract and also to outline to us the irregularities in the contract that were noted by the Solicitor General's Office. Few payments had been coming in since 2008 -2009 but up until now the full amount is yet to be recovered.*

## **25.48 Extra passengers for Dausoko**

The owner of a vessel shall report to the Marine Board any special factors which may influence the Marine Board's survey requirements for that vessel including any change of trade, operations and alterations to structure or machinery which have occurred since the previous survey. The Marine Board may require a Special survey to be conducted appropriate to that report<sup>53</sup>.

The Acting Director of Fiji Islands Maritime Safety Mr. Josateki Tagi on 22/7/09 granted approval to the vessel Dausoko to carry an extra twenty passengers for one voyage from Moala to Suva.

Our audit noted the following irregularities.

- Marine Board approval was not obtained; and
- There was no evidence of special survey being carried out to determine if the vessel can carry the extra twenty passengers.

The above practice could result in overcrowding on the vessel. Overcrowding relates to passenger comfort and well-being, rather than safety, but there are some areas of health and safety concern with overcrowding, particularly with regard to emergency evacuation. Accordingly, only Marine Board has the powers to approve the vessels to carry extra passengers after carrying out a special survey.

### **Recommendations**

- **A special survey must be carried out before granting approval for the extra passengers on the vessels.**
- **All vessels carrying extra passengers must obtain Marine Board approval.**
- **The Department must comply with Section 14 of the Fiji Maritime Code at all times.**

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<sup>53</sup> Section 14 of the Fiji Maritime Code, (21)

**Management Comments**

*No comments provided by Department.*

## **AUDIT FINDINGS – FIJI ISLANDS MARITIME AND SAFETY ADMINISTRATION**

### **25.49 Incorrect Payment of Salary**

Where it becomes necessary to hold, cease or reverse an employee's salary, the Accounts Officer must immediately advise the Ministry of Finance in writing.<sup>54</sup>

Recalculation done on sample of payments of acting allowances, salaries of those who were terminated and or deemed to have resigned noted some overpayments were made as follows:

TABLE 25.34: OVERPAYMENT/ (UNDERPAYMENT) OF SALARY

<b>Names</b>	<b>EDP/FNPF No.</b>	<b>Salary Paid<sup>55</sup> (\$)</b>	<b>Audit Calculation (\$)</b>	<b>Overpayment/ (underpayment) (\$)</b>	<b>Comments</b>
Josateki Tagi	53091	4,760.38	3,864.21	896.17	Acting period - 1/4/09-30/6/09
Soko Veikauyaki	48587	16,050.99	11,523.05	4,527.94	Acting period - 2/1/09-2/12/09
Vilimone Lote	90749	622.46	88.92	533.54	Deemed Resignation
Ponipate Cagi	59137	3,888.51	4,207.51	(319.00)	Acting period 24/4/09-2/12/09
Sunil Sharma	VX434	213.33	129.85	83.48	Terminated on 21/4/09
Josefa Waqabaca	WD427	257.57	129.85	127.72	Terminated on 21/4/09
<b>Total</b>		<b>25,793.24</b>	<b>19,943.39</b>	<b>5,849.85</b>	

It was noted that the Department was late in advising Ministry of Finance to cease the salaries of the officers which resulted in the overpayments made.

Providing late advice to Ministry of Finance indicates the lack of checks and reviews of payroll by senior officers. The overpayments made will unnecessarily exhaust budgetary allocations for salaries and wages.

**Recommendations**

- The Department should carry out further checks to determine if there are other cases of salary overpayment.
- The Department must put in place and apply adequate monitoring process to ensure that all payments are properly checked by Senior Officers, and that early advice of termination of salary is made to Ministry of Finance.
- Ponipate Cagi should be paid for the underpayment of salary.

<sup>54</sup> Ministry of Transport Finance Manual 2005 section 4.10.1

<sup>55</sup> Salary Paid is the salary paid to the officers from Pay 1 to Pay 24 for those pays which has discrepancies

**Management Comments**

*Salaries & wages reconciliation are done by our officers based at the Ministry's HQ at Nasilivata House under the direct supervision of an Account's Officer & Senior Accounts Officer. We have no direct control over their performances.*

*We only action upon letters submitted by HR. Without HR's endorsement no action are taken. If we receive letters late and by the time officers have been sent home, we try to recover as much as possible from leave balances.*

**25.50 Payment of Subsistence Allowance**

A married Officer who is transferred to another station except Suva, for whom quarters are not immediately available and who stays privately whilst awaiting the availability of quarters, will be paid the appropriate subsistence allowance in respect of himself up to a maximum of five days. If accompanied by his family, he will be paid double the subsistence allowance<sup>56</sup>.

Marine Officer, Mr. Simone Teilai (EDP 90088) was transferred to FIMSA Office in Lautoka with effect from 1/6/09. Upon his transfer there was no government quarters available. The Officer resided with extended family's resident for 40 days. The officer claimed and was paid subsistence allowance totalling \$1,200.

Basing on the above quoted requirements of General Order, the Officer was not entitled to be paid subsistence allowance of \$1,050 for the remaining 35 days.

The payment of subsistence allowance for the additional 35 days reflects the Department's non-compliance with the General Orders which could exhaust budgetary allocations for subsistence allowance.

**Recommendations**

- **The Department should ensure that quarters are available before an officer is transferred to another station outside of Suva; and**
- **The Department should take necessary steps either to regularise the matter or recover the overpayment of subsistence allowance from the Officer and the authorizing officer.**

**Management Comments**

*The officer's claim was not vetted by FIMSA before the payment was made. The officer sent his claim direct to the Ministry for approval and payment.*

**25.51 Excessive Vodafone Bills**

The Commission has approved the purchase of \$31.00 per month for Deputy Secretary and Directors and for the Hon. Minister and the Permanent Secretary, the accounting Officer is required to exercise prudence in accordance to the two circulars.<sup>57</sup>

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<sup>56</sup> General Orders 1993 Edition Section 619 b(iv)

<sup>57</sup> PSC letter dated 9/7/08 Ref:29/460/30-3



Scrutiny of monthly vodafone charges noted that Acting Director, Mr. Josateki Tagi have incurred excessive mobile phone charges in comparison to the monthly ceiling which is in place. Examples of the vodafone charges are shown in Table 25.35 below.

TABLE 25.35: SUMMARY OF VODAFONE CHARGES

Month	Amount (\$)	Monthly Limit (\$)	Over-Expenditure (\$)
February	131.75	31.00	100.75
March	84.07	31.00	53.07
April	120.93	31.00	89.93
May	50.88	31.00	19.88
June	108.15	31.00	77.15
July	132.38	31.00	101.38
August	141.98	31.00	110.98
September	139.92	31.00	108.92
<b>Total</b>	<b>910.06</b>	<b>248.00</b>	<b>662.06</b>

While the Director, as head of the Departments needs to stay connected with the Department's stakeholders, there is a need to request relevant authority for the review of the ceiling set.

The excess charges incurred may lead to over expenditure of the Department's telecommunications vote.

### **Recommendations**

- **The excess expenditure incurred by the Acting Director should be recovered if it can not be justified.**
- **The Department should seek for an increase in the mobile phone usage limit from PSC if it considers the ceiling placed is not sufficient.**

### **Management Comments**

*Acting Director currently holds a Blackberry mobile and yes certain months the bill exceeded \$31.00 with excessive of up to \$30.00. The new handset was obtained because of its mobility and accessibility to the government email on 24hour. This was also due increase and demands in work by the Acting Director FIMSA*

*In its effort to control FIMSA's telecommunication expenditures, the management decided in June 2009 to remove three of its direct lines. The result was the substantial reduction in the department's bills on rentals and call charges from those lines and some savings on phone bills.*

## **25.52 Arrears of Light Dues**

Debt should be written off after all practical and cost effective efforts have been taken to recover them.<sup>58</sup> Where navigational aid contributions are payable in respect of a vessel, the vessel may be detained until the contributions are paid.<sup>59</sup>

The owner or the master of a vessel that enters or leaves a port or place in Fiji shall pay any prescribed navigational aid contributions in respect of the vessel. The owner or the master of the vessel shall not,

<sup>58</sup> Finance Instruction 49

<sup>59</sup> Marine Act, 1986 Section 165(1), (2) & (3)

without reasonable cause, fail to pay any prescribed navigational aid contributions in respect of the vessel within the prescribed time.

The unpaid light dues in 2005 were \$5,339. The unpaid amount has increased significantly to \$88,252 in the last four years. The increase in arrears reflects the existence of an ineffective debt recovery system employed by the Department. The arrears position of the Department for the past 5 years is as follows.

TABLE 25.36: ARREARS OF LIGHT DUES

Year	Total Amount Outstanding (\$)	% Increase/ (Decrease)
2005	5,339	
2006	22,741	326%
2007	47,882	111%
2008	62,393	30%
2009	88,252	41%

We noted that the Department was both inconsistent in serving notices issued to its debtors and following it up. An instance was noted where notices were sent to the department's debtors in February 2008 and were not followed up until 20 months in November 2009.

It was further noted that vessels were released by the Department from the ports without receiving the prescribed navigational aid contributions. The non payment of prescribed navigational aid contributions in respect of the vessel within the prescribed time carries a fine not exceeding \$1,000. The Department has never placed any fines on the vessels for non payment of navigational aid or detained these vessels unless the payment is made as prescribed by the Marine Act.

If immediate steps are not undertaken to recover the arrears it is possible that these may become irrecoverable and the Department may have to write off substantial amount of its debts. The non payment of navigational aid indicates the Department's laxity in enforcing the requirement of Marine Act in order to collect navigational aid contributions.

### **Recommendations**

- **The Department should review its debt recovery procedures to ensure effective and efficient recovery of arrears.**
- **There should be a consistent follow up action and reminder notices sent to the debtor.**
- **The Department should also consider legal proceeding against long outstanding debts.**
- **The Department should ensure that no vessel is allowed to be released from the ports unless they have paid the navigational aid contributions.**
- **The Department should fine or detain the vessel if the navigational aid contributions are not paid.**

### **Management Comments**

*We have called a few meetings with all the shipping agents in Suva this year and among other things discussed the status of their accounts with us. They have been advised that we have the power under the Maritime Act to detain their vessels if light dues are not paid on time. Payments of light dues have improved considerably ever since. Our debtor's clerk is stationed at HQ and has been maintaining close follow ups with the debtors through phone calls and reminder notices. We are providing assistance in that respect.*

*Some shipping agencies are paying up and those not taking heed of our reminders, their names will be forwarded to Solicitor General's office for appropriate actions to be taken.*

### **25.53 Repairs to Vehicle GM 894**

A driver involved in an accident may be surcharged if the surcharging authority believes the driver was at fault<sup>60</sup>.

On 11/2/08 government vehicle registration GM 894 was driven by Mr. Vilikesa Waqaiviti broke down at Laucala Bay Road. The vehicle was towed to the PWD garage and later taken to Niranjans Autopart for repairs.

Technical report received from Niranjans Autopart stated that the crankshaft was damaged due to changing of vehicle gear from very high to very low. The Department incurred a total of \$5,277.25 on 6/5/09 as cost of repairs to the vehicle.

On 19/1/09, the Permanent Secretary for Finance wrote to Solicitor General stating that the driver damaged the crankshaft and requested for their advice. While no response was received from the Office of Solicitor General to date, it was noted that the Department did not follow up the matter with the Solicitor General. Hence no action was taken against the driver to recover the cost of repairs.

The driver was transferred from FIMSA to the Divisional Engineer (Works) Central/Eastern with effect from 3/7/08.

#### **Recommendation**

**The Department should follow up with Solicitor General's office in relation to the above issue for advice and take appropriate action against the driver.**

#### **Management Comments**

*We had written to the Ministry of Finance regarding the vehicle and they had done what was to be done. Unfortunately, we were not advised by Ministry of Finance that they had written to Solicitor General, for us to follow up with Solicitor General's Office.*

### **25.54 Wrecked Vessels - Non – Compliance with Marine Act, 1986**

Where, in respect of a vessel wrecked, the Minister is of the opinion that –

- (a) it is, or is likely to become, an abstraction or danger to navigation; or
- (b) it is in the public interest to do so,

he may do all or any of the following things, namely –

- (c) serve a notice on the owner of the vessel wrecked requiring him to raise, remove or destroy the vessel within the time specified in the notice, or to light or buoy the vessel until it is raised, removed or destroyed;
- (d) where the owner of the vessel wrecked fails to comply with the requirements of a notice served to him under paragraph (c) –
  - (i) remove, destroy or deal with the vessel wrecked in such a manner as he thinks fit; or
  - (ii) sell, in such manner as he thinks fit-

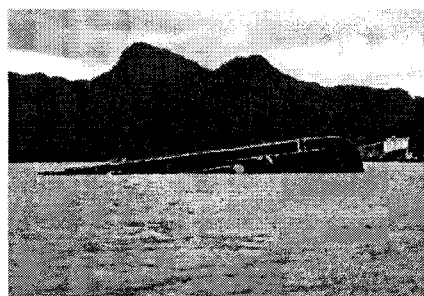
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<sup>60</sup> Finance Manual 2005, Section 12  
Ministry of Works and Transport

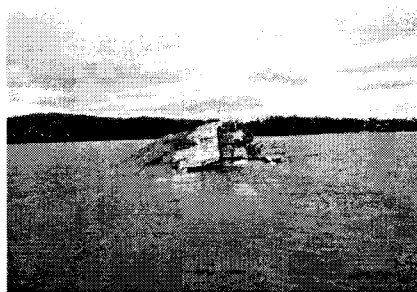
- (A) the vessel or any part of it so raised or removed; and
- (B) any other property recovered in the raising or removal, and out of the proceeds of sale, pay, after deduction of any expenses incurred by him, the net proceeds of the sale to the persons entitled to them;
- (e) recover from the owner, as a debt due to the Government, any and all expenses incurred by him in the lighting, buoying, raising, removal or destruction of the vessel wrecked and not recovered from the proceeds of any sale under paragraph (d)<sup>61</sup>

The following irregularities were noted:

- On 1/12/09, the Department wrote to Fiji Ports Corporation Limited (FPCL) to remove the wrecked vessel “*One Mato*” which is within the Suva Port boundaries. FPCL has not responded to the Department as of the date of audit 8/12/09.
- The Minister did not take necessary action to comply with the Marine Act to arrange for the removal of the vessel from the Port area. Refer to the pictures showing sunken vessel “*One Mato*” at Suva Port.



Picture 1



Picture 2



Picture 3



Picture 4

The vessel is located at Draunibota and poses a threat to the marine environment and the safety of small crafts passing through the area.

### **Recommendation**

**The Department must take immediate steps to have wrecked vessels removed from the port area.**

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<sup>61</sup> Marine Act, 1986 Section 209 (2)

**Management Comments**

*The Comptroller of Customs maintained a wreck file and this information were used to establish a wreck file in the Hydrographic Office. FIMSA now has a wreck file of its own. The removal of any wreck within the port boundary is the responsibility of the ship-owner(s)/agent(s) with direct supervision of Ports Fiji Limited. Outside port is the responsibility of the ship-owner(s)/agent(s).*

*Any wreck and/or related activities should be reported to the Director FIMSA as the regulatory authority. The Director FIMSA will only come into the picture if the abovementioned parties failed to act within reasonable time.*

**AUDIT FINDINGS – DEPARTMENT OF METEOROLOGICAL SERVICES****25.55 Operating Trust Fund Account**

Trust Fund Accounts comprise monies, which are not the property of the state and are not utilized for the purpose of government.<sup>62</sup> Within 5 days after the end of each month, the Assistant Accounts Officer (AAO) shall prepare a trust reconciliation to reconcile trust accounts balances to the ledger total and the trust bank account. Details of balances must be attached to the reconciliation statement.<sup>63</sup>

By the nature of Operating Trust Account it should always have a credit end of month balance.

However audit noted that the trust fund balance for the Department of Meteorological Services had a debit balance as at 31/12/09. Refer to Table 25.37 below for details.

TABLE 25.37: TRUST FUND DETAILS

Month	Meteorological Services Closing Balance (\$)
December	(63,054.85)

The debit balance indicates that the Department had overdrawn the Operating Trust Fund Account.

**Recommendation**

**The Department must ensure that the Trust Fund Account always have a credit balance.**

**Management Comment**

*The departments trust account 14020181101861 is on credit balance of (\$15,555.23). The debit balance is on the account Miscellaneous (JICA training) 14020181102899988 –\$ 78,556.00 which is yet to be reconciled.*

**25.56 Stale Cheques not cleared**

Stale 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; action should be taken to

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<sup>62</sup> Finance Instruction 194

<sup>63</sup> Finance Manual 2005 16.17.1 – 16.7.3

clear it.<sup>64</sup> If the payee is untraceable, a journal voucher shall be prepared debiting the Dominion Cash and crediting the appropriate expenditure allocation if the cheques were issued in the current financial year<sup>65</sup>.

Audit noted that stale cheques totalling \$29,948.06 were appearing as unpresented cheque as at 31/12/09. A detailed list of stale cheques is shown in *Appendix 25.5*.

Such finding indicates the Department's failure to take necessary action in order to determine whether adjustments or a replacement cheque is required.

### **Recommendations**

- The Department should ensure that monthly Drawings account reconciliations are carried out to identify the Stale cheques.
- If the payee is identified a replacement cheque should be written. However if the payee is untraceable then appropriate adjustment should be made to clear the stale cheques.

### **Management Comment**

*Please note that the department of Meteorology was not able to reconcile its Drawings account from the month of January 2009 until 31st of May 2010 as the A470 Reg report did not match with the physical cheque from January-April 2009 thus causing the delay of clearing stale cheques.*

## **25.57 Drawings Account**

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.<sup>66</sup>

A variance of \$36,763.38 existed between the Department's Drawings Account and the Ministry of Finance records. Refer to Table 25.38 below for details.

TABLE 25.38: DRAWINGS ACCOUNT DETAILS

Particulars	Dept's Amount (\$)	MOF- Amount (\$)	Variance (\$)
Closing balance	178,889.57	142,126.19	36,763.38

Regular reconciliation of the Drawings account is lacking and this can lead to inconsistency in record kept by the Department and Ministry of Finance.

### **Recommendations**

- The Department should ensure that Drawings account reconciliations are carried out with Ministry of Finance on a monthly basis.
- The Department should investigate and rectify the variance of \$36,763.38

### **Management Comment**

<sup>64</sup> Finance Instruction, Part 6, Division 1, 40.3,2005

<sup>65</sup> Finance Instruction 102(b)

<sup>66</sup> Finance Instructions 2005 – 39(1)

*As earlier mentioned the department was not able to reconcile its Drawings account due to some incomplete processes that was been practiced and had just been able to complete all Drawings Account reconciliation up to July 2010. We can now also investigate on the variance of \$36,763.38 if stated correctly.*

## 25.58 Installation Weather Surveillance Radar- Labasa

For goods, services or works subject to a written contract or agreement, the receiving officer shall verify the claims for progress payments are in order and delivered in accordance with the contract or agreement.<sup>67</sup>

Agencies should ensure that their budget submissions:

- a) Clearly link to the policy objectives and outputs outlined in their annual corporate plans;
- b) Separately show operating and capital expenditure; and
- c) Clearly specify the projects and expenditure to be aid funded.<sup>68</sup>

The Department's Radar Project to be based at Mt Delaimulomulo in Vanua Levu was initiated due to the shifting of approaching Tropical Cyclone from the Northern Division of the Country. In 2004 the Government approved \$2,500,000 for the Labasa Weather Surveillance Radar Project.

The construction of the project did not eventuate as the site was within the flight path of the Aircraft approaching the Labasa Airport. Moreover the Civil Aviation Authority of Fiji informed the Department that the Radar will contravene International Civil Aviation Organisation regulation that governs the approach area of the aircraft approaching Labasa Airport.

The audit noted that the Department spent \$2,424,531.88 on the project at Mt Delaimulomulo. Of this amount, \$2,302,626.35 was paid to Bureau of Meteorology for the supply of all the technical equipment for the Radar, with the balance of \$121,905.53 used to construct the access road to the site and as well as paying compensation to landowners. Refer to Table 25.39 below for details.

TABLE 25.39: EXPENSES ON DELAIMULOMULO PROJECT

Date	Indent/DW	Payee	Amount (\$)	Remarks
21/12/04	MET 16/04	Bureau Of Meteorology	1,074,918.57	S-Band radar Transmitter, Receiver and antenna
15/12/05	WD MET 12/05	Director Of Lands	4358.63	Settlement of lease offer- Labasa Radar Site
21/12/05	MET 09/05	Bureau Of Meteorology	529,080.19	Random, Back Up Generator, Process & Control Waveguide & cables, Operation I Performance review, Test equipment & intial radar spares
26/06/06	MTE 08/06	Bureau Of Meteorology	418,825.40	Radar Tower- Balance Of Payment
08/11/06	MET 15/06	Bureau Of Meteorology	279,802.19	Balance Of Payment
09/11/06	DW MET 08/06	Director Of Lands	2,546.90	Lease Rental
09/11/06	DW MET 09/06	PS Works	5,000.00	Preparation Of Tender Documents
09/11/06	DW MET 10/06	PS Works	50,000.00	Road works to new radar site
25/07/08	CHQ # 011586	NLTB	60,000.00	Lease Compensation
	<b>Total</b>		<b>2,424,531.88</b>	

<sup>67</sup> Finance Manual s2.5.19

<sup>68</sup> Finance Instruction s7 (3)



Figure 1 Mt Delaimulomulo



Figure 2 Access road to Mt Delaimulomulo

Due to the construction not been viable at Mt Delaimulomulo, the Department secured a new site at Vatudamu. On 30 June 2009, Pacific Risk Consulting Engineers Ltd was awarded the tender of \$49,725.00 to provide consultancy services for Design, Supervision and Commissioning of the Radar.

The Weather Office issued a Departmental Warrant to the Ministry of Works on 16 July 2009 worth \$400,000 to commence building works at Vatudamu Hill with the construction works to be completed in December 2009. At the date of audit<sup>69</sup> only 73% of the required work has been completed as confirmed by the Chief Engineer Structures. At the end of 2009 only \$147,598.87 was utilised by the Ministry of Works on the project which was mostly spent on the purchase of building materials and the unutilised balance of \$252,401.13 was returned to Ministry of Finance.

Refer to Table 25.40 below for breakdown of costs incurred at the New Vatudamu Site.

TABLE 25.40: EXPENSES ON NEW VATUDAMU SITE

DW Ref	Payee	SI Ref	Amount (\$)	Remarks
06/09	Ministry Of Works	416120	1558.20	Construction Of Labasa Radar
		413305	28,389.34	Construction of Labasa Radar- Radar Room, Pad & Office
		416107	23,000.00	Construction Cost Of Labasa Radar
		416155	45.00	Construction Cost Of Labasa Radar
		413235	682.89	Construction of Labasa Radar- Radar Room, Pad & Office
		413355	93,923.44	Construction of Labasa Radar- Radar Room, Pad & Office
Total Cost			147,598.87	

The following unsatisfactory features were noted since the beginning of the project.

- Due to the poor feasibility study and lack of consultation with stakeholders such as Civil Aviation Authority of Fiji, the construction of the Radar was delayed.
- Funds totalling \$121,905.53 that was paid for the construction of the access road to the initial site [Mt. Delaikoro] and compensation to the landowners are considered a waste of public funds and considered a nugatory expenditure.
- The technical equipments for the Radar worth \$2,302,626.35 which were purchased from Bureau of Meteorology Australia in 2006 are yet to be delivered to the Department. There is a high possibility that the specification of the equipments are now outdated as four years has lapsed from the year of purchase. Moreover the department has not conducted any survey to ascertain the current condition of the equipments.

<sup>69</sup> 17/02/10



- As far as the new site at Vatudamu is concerned, Public Works Department has not done the costing to establish the total amount needed to fully complete the project. Therefore the Department of Meteorology is in no position in determining whether \$141,000 budgeted in 2010 will be sufficient to complete the project.

Since its inception in 2004, the Government has spent a total of \$2,572,130.75 on the project. This could have been much less had the Department properly planned for the project and consulted the relevant stakeholders.

### **Recommendations**

- **The Ministry of Transport should immediately appoint a team to oversee the successful completion of the project as it is important to have well commissioned radar to get reliable weather reports from the Northern Division.**
- **The Department should immediately inquire with the Bureau of Meteorology Australia on the status of the Radar equipments.**
- **Proper feasibility study should be carried out before engaging in such projects.**
- **The Ministry of Transport should carry out an internal investigation on the progress and status of the project.**

### **Management Comments**

*The Radar Site Feasibility Study was conducted by Australian Bureau of Meteorology Experts who have wide experience in the field. The most cost effective site was Delaimulomulo Trig Point (named Labasa Hill for ease of reference in the report). Airport Fiji Ltd (AFL) was consulted by the expert team and the Department subsequently wrote to AFL on the site. A meeting was held where AFL had consented to use of the site for installation of the Weather Radar.*

*The objection from CAAFI came in late in the process, only when access road and site works were being carried out. This was presumably upon receiving complaint from Pacific Sun. Lands Department was engaged right from the early stage of the project to secure the site and deal with its leasing through NLTB. Apparently, neither Lands Department nor NLTB were aware of development restrictions at Delaimulomulo. FMS only acted on advice/instructions of Lands Department on land issue relating to the project.*

*The \$60,000 Goodwill payment to land owning units was an initiative taken by the then Minister for Transport. While the Radar equipment was purchased a few years ago and is of conventional type, this kind of system is still very much in operation here in Fiji and abroad. It is of the same type used at Nausori Airport. Australian BOM is keeping the whole system intact for shipment to Fiji and will also be responsible for its installation and commissioning.*

*The shift to Vatudova, which was the second site recommended in the feasibility study report (indicated as Vatudamu in report), was not a hasty decision and has subsequently turned out to be even more cost effective than Delaimulomulo. This is because of recent construction of a Vodafone transmitter nearby thus providing access road and power supply to the top on the hill. Budget for the installation work is estimated to be around \$600,000 in total, which is significantly less than what it would have cost if the radar was installed at the Delaimulomulo site.*

## **25.59 Extraction of Data by CLS Argos**

Fees and charges for agency revenue must recover at least the full cost of providing the goods, services or work unless legislations or government policy provides otherwise.<sup>70</sup>

<sup>70</sup> Finance Instruction S 32(5)

Argos is a satellite based location and data collection system dedicated to monitoring and protecting the Environment. The Argos system will locate any mobile platform carrying appropriate Argos Transmitter anywhere in the world.

Collecte Localisation Satellites (CLS) is a France based organisation that assists in optimizing the function of Argos system and provides improved data delivery times for Argos platforms transmitting in the footprint of the Fiji Receiving stations.

CLS had initially drafted a Memorandum of Understanding (MOU) and sent a copy to the Department for endorsement in 2007. The MOU had clearly stated that CLS and/or its subsidiary shall pay to Fiji Meteorology Services (FMS) directly (or indirectly via a holding account of the Australian Bureau of Meteorology) the following:

1. An annual fee of AUD\$6,000 for a minimum of 4 NOAA satellites, currently: N-18, N-17, N-16 and N-15 and for the first year, less the cost for the provision of the stand-alone computer to FMS.
2. A pro-rata of the annual fee will apply for any reduction or increase in the number of satellite data received. This fee is for the first year, may be revised every year by the two parties and should be limited by the averaged local inflation of Fiji and Australia.<sup>71</sup>

Our audit noted that there is a project between the Department Of Meteorology in Fiji and the Collecte Localisation Satellite (CLS) in France whereby Argos with the aid of the Departments transmitter collects vital information for a variety of purposes including oceanography, meteorology, hydrology, biology, glaciology and also environmental applications such as the conservation of fish stocks.

Argos uses the Departments satellite to capture data and in turn pays the Department for the use of these services. The following unsatisfactory features were noted:

- There was no signed Memorandum of Understanding between the Department and CLS for the use of these data. CLS had initiated and sent a copy of a draft MOU to the Department to formalise their arrangement with the Department. The MOU had clearly stated the recommended fees for the services and also the terms and conditions of this arrangement. The Department was to have reviewed and if satisfied endorse the MOU however the Department has failed in their part to follow through with the formalisation of the MOU.
- The Department cannot accurately determine the volume of data that is being transmitted by CLS.
- E-mail correspondences dated 09 September 2009 from Mr Guan Oon from Australia on behalf of CLS Argos confirms that they have made payments of \$570.20 to the Bureau of Meteorology in Australia for January 2003 to May 2004.
- The total fee deposited in the account held by Bureau of Meteorology is not known as the Department does not have any records on the payment made by CLS.

The above finding is a matter of concern as the Department has failed to enter into a formal contract with CLS Argos. Moreover, the department has not engaged Ministry of Finance in this project as valuable data continues to be transmitted from the Departments transmitter.

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<sup>71</sup> Unsigned copy of MOU between the Department and CLS Argos

### **Recommendations**

- **The Department should pursue a Memorandum of Understanding with Argos and Involve the Ministry of Finance in setting the rates for revenue collection.**
- **The Department must undertake an audit of their account with the Bureau of Meteorology**
- **All the contracts/agreements should be referred to the Solicitor General before they are finalized.**
- **Any such selling of data should be receipted into the Consolidated Fund Account with Ministry of Finance**

### **Management Comments**

*Firstly, it should be noted that the data from all meteorological satellites is freely available and therefore should not be charged for.*

*Negotiations with CLS Argos are only for the use of FMS satellite receivers and other equipment for capturing and forwarding the required data to Melbourne.*

*With CLS Argos already having a long standing agreement with Australian Bureau of Meteorology, its was agreed for the same agreement to be applied for data received at Nadi during early stages, with the funds to be used for equipment maintenance and upgrade. The \$6,000 figure was for data from all satellite channels successfully received at Melbourne. However, this target was far from being achieved.*

*Funds received by BOM was used for equipment maintenance and upgrade at FMS, plus to partly fund a trip made by the head of Computing and information Systems Division of FMS to attend and training in this area. During 2005-06, BOM decided to cease its service to FMS after funds were used up and no more data was being received.*

*Subsequently, FMS upgraded its satellite receivers and approached CLS Argos for a new, separate agreement. The latter responded but the contents of the agreement are yet to be made acceptable to FMS. The SG's Office is also being consulted. It is hoped to conclude the matter without much more delay.*

## **AUDIT FINDINGS – DEPARTMENT OF ROADS**

### **AGENCY FINANCIAL STATEMENTS**

#### **25.60 Revolving Fund Account (RFA) – Advance**

Upon clearance of advance, the accounts payable officer shall update the debtors register, offset the advance account and debit the appropriate expenditure account<sup>72</sup>.

The RFA Advance account for DNR had a debit balance of \$281,746.30 as at 31/12/09. Out of this \$277,390.10 has been appearing in RFA Advance account since 2005 in allocation 1-40603-99991-560301. The amount was wrongly posted to RFA Advance account which relates to JC Retention Money for FRUP. The misposting has not been corrected until now.

The above finding indicates that the RFA account is not updated and reconciled by the DNR.

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<sup>72</sup> Section 10.1.15 of Finance Manual (Ministry of Works)  
Ministry of Works and Transport

**Recommendation**

**The DNR must ensure that the Revolving Fund Account is reconciled with Ministry of Finance records at the end of each month and variance noted is rectified.**

**Management Comments**

*No comments provided by the Department*

**25.61            Trading and Manufacturing Account (TMA)****TMA - Quarry and Starmix**

TMA's were initially formed to operate on semi commercial basis using a Revolving Fund Concept which is to adopt a cyclical nature of their cash flow into and out of the fund by providing goods and services and financing their known operations with income derived from sales to customers.<sup>73</sup>

The TMA's were created to provide goods and services that are needed by other government departments and the private sector when possible. However, it was required that the TMA's should break even to ensure that all costs incurred in its operations are recouped.<sup>74</sup>

The DNR maintained 2 TMA accounts during 2009. These TMA's were:

**Starmix** – Starmix was responsible for the processing of raw materials (coaltar) and products which are mainly used in road construction such as asphalt and bitumen. These products are mostly used by DNR.

**Quarry** – Quarry was responsible crushing hard stone into various sizes to be used by DNR and other government Ministries/Departments such as Ministry of Works in construction works.

**25.62            Non Submission of Performance Report**

A quarterly performance report shall be prepared and signed by the TMA Manager and submitted to the Accounting Head for inclusion into the quarterly management report to the CEO. A copy of the report shall also be forwarded to the Ministry of Finance.<sup>75</sup>

The audit noted that the DNR – Western Division failed to prepare and submit the TMA quarterly reports for Lomolomo Starmix and Quarry as stipulated in the Finance Manual.

The findings show lack of proper financial management by the DNR.

**Recommendation**

**The Department must ensure that all TMA quarterly reports are prepared and submitted to headquarters.**

<sup>73</sup> Finance Circular No. 15/2007 Dated 6<sup>th</sup> July 2007 – Section 1.2

<sup>74</sup> Finance Circular 37 of 26 November 1984

<sup>75</sup> Section 6.5.1 of Finance Manual (Ministry of Works)

**Management Comments**

*No comments provided by the Department*

**25.63 Non Submission of TMA Drawings Account Reconciliation**

The Assistant Accounts Officer Payments shall prepare bank reconciliation within 5 days of the end of each month. Details of un-presented cheques and other reconciling items should be attached to the reconciliation statement. Once the bank reconciliation is prepared, it should be signed and dated by the Assistant Accounts Officer Payments and submitted to the Accounts Officer Payments.<sup>76</sup>

A copy of the certified bank reconciliation shall be submitted to the Chief Accountant within 10 days after the end of each month.<sup>77</sup>

The audit noted that Department of National Roads Western Division, failed to prepare and submit the TMA Drawings account reconciliations to Ministry of Finance contrary to the requirement of the Finance Manual. Despite repeated reminders by Ministry of Finance, Department continued to ignore such an important exercise.

The above finding shows DNR's non compliance to the requirement of Finance Manual.

**Recommendation**

**The Department must ensure that TMA Drawings account reconciliations are prepared and submitted to the relevant authorities.**

**Management Comments**

*No comments provided by the Department*

**25.64 Closing Stock – Lomolomo Starmix and Quarry**

Closing stock is a business's remaining stock at the end of an accounting period. It includes finished products, raw materials, or work in progress.

Within 3 days after the end of the stock take, the stocktaking officers must prepare and sign a stock take report and submit to the TMA Manager with a copy to the Accounting Head.<sup>78</sup>

We noted that the stocktaking officers failed to prepare a stock take report for the year ending 31/12/09 for Lomolomo Quarry and Starmix TMA's.

An unsigned copy of the stocktake certificate showed closing stock balance of \$9,034.92 and \$57,033.77 for Lomolomo Quarry and Lomolomo Starmix respectively as at 31/12/09. However, Ministry of Finance record (FMIS) had zero balance for closing stock for Lomolomo Quarry and Starmix as at 31/12/09.

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<sup>76</sup> Section 7.4.7 to 7.4.9 of Finance Manual (Ministry of Works)

<sup>77</sup> Section 7.4.11 of Finance Manual (Ministry of Works)

<sup>78</sup> Section 6.3.6 of Finance Manual (Ministry of Works)

As a result variances of \$9,034.92 and \$57,033.77 were noted for Lomolomo Quarry and Lomolomo Starmix closing stock amount respectively between the DNR and Ministry of Finance (FMIS). Refer to Table 25.41 below for details.

TABLE 25.41: CLOSING STOCKS AS AT 31/12/09

TMA	DNR's Closing Stock Balance (\$)	FMIS Closing Stock Balance (\$)	Variance (\$)
Lomolomo Quarry	9,034.92	-	9,034.92
Lomolomo Starmix	57,033.77	-	57,033.77

The above finding indicates that no stock take was carried out and no report submitted to Ministry of Finance by the DNR for the year ending 31/12/09. As a result FMIS had zero closing stock balance as at 31/12/09.

### **Recommendation**

**The Department must ensure that the stock takes are carried out at year end and stock take reports are prepared and submitted to Ministry of Finance.**

### **Management Comments**

*No comments provided by the Department*

## **HEADQUARTERS**

### **25.65 DNR Staff Paid from Ministry of Works Budget**

Each year the Appropriations Act and the Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency.<sup>79</sup>

Scrutiny of the Department of National Road's Person to Post listing highlighted that several personnel of the Department of National Road were listed under and paid from the Ministry of Works portfolio.

Discussions with Senior Administrative Officer, Mrs. Verenaisi Rokovada confirmed this arrangement has not been rectified since Department of National Road separated from the Ministry of Works in January 2005.

The 2009 budget estimate provides an approved staff establishment of 966 for the Department. This comprised of 99 established and 867 unestablished positions.

The audit noted that the Department had a total of 1,011 staff on the payroll which exceeded its approved staff establishment. The additional 45 staffs included 45 established personnel employed by the Department during the year.

The unauthorised engagement of additional 45 officers cost the Department an additional \$616,539.52 in payroll expenses which was paid from the Ministry of Works budget.

<sup>79</sup> Finance Instructions 2005 section 8

No approval was obtained from the Ministry of Finance or Public Service Commission for this arrangement. Refer to Table 25.42 below for the posts and required limits and *Appendix 25.6* for details.

TABLE 25.42: EXCESS POSTS

Post Title	PSC Limit <sup>80</sup>	Department's Record	Excess
<b>Established Staff</b>			
Senior Accounts Officer	0	1	1
Accounts Officer	0	1	1
Assistant Accounts Officer	0	3	3
Technical Assistant	8	14	6
Senior Administrative Officer	0	1	1
Administrative Officer	0	1	1
Executive Officer	0	2	2
Secretary	1	2	1
Clerical Officer	20	46	26
Steno Typist/Typist	0	2	2
Telephone Operator	0	1	1
<b>Total</b>	<b>29</b>	<b>74</b>	<b>45</b>

The engagement of the additional 45 staff was unauthorised and placed unnecessary financial burden on the Ministry of Works budget.

### **Recommendation**

**The Department should either rescind this arrangement or seek approval of both the Public Service Commission and Ministry of Finance to formalize the engagements made.**

### **Management Comments**

*The transfer of DNR staffs from Ministry of Work's payroll was not done immediately during the transition. The technical staffs were the first lot to transfer to DNR payroll while the accounts and the human resources personnel were transferred later. This has been rectified completely and the budget allocation has been provided in the DNR overall budget to cater for the salaries.*

## **25.66 Salary Increment for Media Liaison Officer**

Ms. Sainiana Waqainabete (EDP No 90623) was appointed as Media Liaison Officer for the Ministry of Works and Transport on 19/02/08 for a period of one year. On 20/10/09, she wrote to Permanent Secretary for Works and Transport to upgrade her salary.

We noted that on 22/10/09, the Permanent Secretary, Mr. Anand Kumar approved the upgrade of Media Liaison Officer's salary to \$44,787, the maximum salary point within the SS01 grade [\$35,466 – \$44,787]. The officer was granted salary increment of \$10,739 effective from 20/10/09 without the approval of the Public Service Commission.

The employment contract for the Media Liaison Officer for the Ministry of Works and Transport was extended for another year from 1/1/2010 to 31/12/2010 at SS01 on the maximum salary of \$44,787.

<sup>80</sup> Fiji Public Service Staff Establishment 2009

The approval for the appointment of the Media Liaison Officer for a second term was granted by Public Service Commission in its letter dated 29/12/09.

All salary and wages increments in the civil service was on freeze<sup>81</sup> with effect from 6/8/09 and the basis on which the salary increment of \$10,739 was granted to the officer could not be established.

The above findings indicate favouritism and special treatment for the Media Liaison Officer while many other long serving contract officers within the Ministry have not been considered and recognized for their hard work. While the officer claims in her letter of 20/10/09 that she has been assigned additional responsibilities, this is not evidenced in her job description.

### **Recommendations**

- **The matter should be investigated further and appropriate action should be taken.**
- **The salary increment paid to Media Liaison Officer from 20/10/09 to 31/12/09 should be recovered from the officer as it was not approved by PSC.**

### **Management Comments**

*The Department was not involved in her appointment to the project position as a Media Liaison Officer. The Ministry's management will be in a better position to respond to this query.*

## **25.67 Purchase of an Extra Grader contravening Cabinet Decision**

The proper management of expenditure is fundamental to ensuring value-for-money in service delivery to the community. Having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of public funds and over-expenditure do not occur.

Cabinet on 6/5/08 approved that the Ministry of Works and Transport purchase 15 new Graders for Road Maintenance and Upgrading works throughout Fiji. The Department wrote to the Controller of Government Supplies on 2/07/09 to obtain approval for the purchase of the 16 Graders as follows.

- 11 Nos caterpillar Motor Grader Model 120 H(3116DIT) Diesel with tools and accessories from Carptrac, Suva at the unit rate of \$376,953 VIP totalling \$4,146,483; and
- 5 Komatsu Motor Grader Model GD521A-1 with tools and accessories complete from Niranjans, Suva at the unit rate of \$299,950 VIP totalling \$1,499,750.

The Major Tender Board on 2/10/08 approved the purchase of the 16 Graders. The Graders were purchased from Carptrac and Niranjans for a total cost of \$5,646,233 (VIP).

The audit noted that the Department did not comply with the Cabinet decision whereby they purchased 16 graders as opposed to the 15 that was approved by the Cabinet.

### **Recommendations**

- **The Department must ensure to comply with cabinet decisions.**

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<sup>81</sup> PSC Circular 39/09 dated 6/8/09



- **Appropriate action should be taken against responsible officers who approved the purchase of the additional grader.**
- **The Department should liaise with relevant authorities to formalize the purchase of the additional grader.**

### **Management Comments**

*The Department received a Cabinet approval to purchase 15 graders, however approval was sought to purchase 16 graders from Major Tender Board on the request from FRMF for an additional grader. A total of 16 graders were purchased accordingly.*

## **25.68 Diversion of Funds – Rural Roads from Labasa – Dreketi**

Expenditure shall be classified and every vote shall be applied for the purpose for which it is approved.

The Department's budget consisted of \$10 million and \$3 million for the Upgrading of Rural Roads Labasa to Dreketi in 2008 and 2009 respectively.

The audit noted that the Department diverted \$3 million allocated in the 2009 budget for upgrading of rural roads from Labasa to Dreketi. The funds were used for upgrading rural roads in the Central Eastern and Western Division. The details of the \$3 million expended are shown in Table 25.43 below.

TABLE 25.43: EXPENDITURE FOR RURAL ROADS IN 2009

<b>Rural Roads</b>	<b>Amount (\$)</b>
Matuku	500,000
Waicoka/Vatoa	100,000
Namara/Naceva	500,000
Sawanikula	200,000
Yasawa	500,000
Balenabelo	300,000
Nayarabale	900,000
<b>Total</b>	<b>3,000,000</b>

According to Divisional Engineer Northern, there were no rural roads between Labasa to Dreketi hence the funds were utilised for other road works. Audit is of the view that the funds should have been used on rural roads in Seaqaqa, Seva, Naduri, and other rural roads which fall between Labasa and Dreketi.

It was also noted that the Department did not inform the Ministry of Finance that no rural roads exist between Labasa and Dreketi even though funds were provided in the budget under same allocation since 2008<sup>82</sup>. Further the Department failed to obtain approval from the Ministry of Finance to utilise the allocated funds on other roads.

The above findings indicate that the Department is not using the funds for the works approved by the Cabinet in the Budget. Hence, the rural roads which fall between Labasa and Dreketi may deteriorate further over the years.

<sup>82</sup> \$3m allocated in 2009 and \$10m allocated in 2008 for Labasa – Dreketi rural roads

**Recommendations**

- **The Department should use the funds for the purpose it is appropriated by the Cabinet.**
- **The Department should inform Ministry of Finance not to allocate any funds for Labasa – Dreketi rural roads if no rural roads exist between Labasa – Dreketi.**

**Management Comments**

*This issue was fully explained to your audit team during the audit process. In 2008 the department was provided \$10m for Rural Roads (Labasa to Dreketi) which was never requested for in our budget submission. There were no planned rural roads between Labasa and Dreketi for implementation in 2008 or even in 2009. This fund was not utilized and then vired to facilitate our storm damage expenditure.*

*In our 2009 budget submission we did request for budget provision for our ongoing rural roads and were provided with \$3m. The department has a list of rural roads that require upgrading and the government is providing about \$3m every year for this purpose.*

### **25.69 Contract Management – T. F. Jan Bulldozing Company Ltd – Contract No. DTBW 02/2007**

Contract number DTBW 02/2007 was awarded to T. F. Jan Bulldozing Company Ltd on 24/10/08. The contract was for the supply and delivery of 75mm crushed pavement materials for rural roads namely, Bukuya/Tuvavatu Roads, Tuvavatu/Nanoko Road, Tuvavatu/Nabutautau Roads, Nabutautau Village Road, Nasivikoso Road and Ebuto Road in the Western Division for the sum of \$2,819,480 (VIP).

### **25.70 Delays in Work Due to Stop Work Notice**

Prior to commencing any physical works the contractor shall prepare a Quarry Management Plan and shall submit this to the Engineer for his information and comment<sup>83</sup>.

T.F. Jan Bulldozing Company Ltd was operating a Quarry in Nanoko Ba from 4/12/09. Contravening the requirement of the contract, the Contractor did not submit the following;

- Quarry Management Plan to the Engineer;
- Approval from Town and Country Planning or the Nadi Rural Local Authority to construct structures/buildings within the project area; and
- Environment Impact Assessment (EIA) study related to the quarry project to the Department of Mineral Resources.

Since the Contractor failed to submit the abovementioned documents, the Department of Mineral Resources issued a Stop Work Notice on 11/12/09 to T.F. Jan Bulldozing Company Ltd at Nanoko Quarry Project.

The non-submission of the abovementioned documents delays the completion of the contracted work by the contractor.

**Recommendations**


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<sup>83</sup> Contract Agreement Form dated 24/10/08 Clause 4.2

- The Department should strictly ensure that Contractors must comply with the Quarries Act (CAP 147).
- The Department must ensure that the awarding of the Contracts must be subject to submission of all the relevant documents required in accordance with the Contract.
- The Department should have ensured that relevant Laws of Fiji were complied with at all times when awarding contracts.

#### **Management Comments**

*Your recommendation is noted and accepted*

### **25.71 Overpayment to T.F. Jan Bulldozing Company Ltd Not Recovered**

The proper management of expenditure is fundamental to ensuring value-for-money in service delivery 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 public funds and over-expenditure do not occur.

The contract for the supply and delivery of pavement materials for Ebuto Road was awarded to T.F. Jan Bulldozing Company Ltd on 24/10/08 with total of \$125,641.60 paid for the period 9/5/09 to 22/8/09. The details of the payment are shown in Table 25.44 below.

TABLE 25.44: PAYMENTS MADE FOR EBUTO ROAD

<b>Certificate No.</b>	<b>Date</b>	<b>Vol (m<sup>3</sup>)</b>	<b>Amount (\$)</b>
4	9/05/09	1,298	73,726.40
5	25/06/09	324	18,403.20
7	25/07/09	450	25,560.00
11	22/08/09	140	7,952.00
		<b>2,212</b>	<b>\$125,641.60</b>

According to the Project Consultant Engineer, Temo Consultants report, the actual measurement at site for quantity of material supplied to Ebuto Road till 31/08/09 was 1,499.53 m<sup>3</sup>.

The Department paid the contractor approximately \$45,000 for 712.47m<sup>3</sup> of pavement materials that were not supplied.

Despite several correspondences and discussions between the Department and Temo Consultants, the Department was not able to recover the overpayment as of to date. As of the date of audit 30/4/2010, the contractor was still engaged by the Department.

#### **Recommendation**

**The Department should recover the amount overpaid to the contractor.**

#### **Management Comments**

*It is incorrect to state that the amount as overpayment. Contractor was paid according to Tally sheets quantities certified by our tallyman's records. These measurements were based on loose volume of material in the truck. Temo consultants were engaged to monitor the project. Consultants estimated the quantities based on random site measurements taken at 100 to 200m intervals. According to contract payment shall be made on volumes received by the tallyman.*

**Further OAG Comments**

Audit still maintain its findings that there was an overpayment based on the certification of the Consultant Engineer, Temo Consultants. Furthermore, a letter was issued to Temo Consultants on 8/10/09 requesting Temo Consultants for the certificate to initiate recovery from the contractor. That itself establishes that the Department accepts that there was an overpayment.

**25.72            Performance Bond Not Paid by the Contractors**

The Contractor shall deposit with Government the sum of 2% of the contract sum as security for due performance of his obligation hereunder or (at the option of the Chairman) shall furnish a Performance Bond for the same amount in a form acceptable to the Chairman and executed assuery or sureties by the bank, Insurance Company or other person or persons approved by the Chairman, and in either case the sum shall be forfeited to the Government in the event of the Contractor failing to carry out in a proper manner all or any of his aforesaid obligation<sup>84</sup>.

On 24/10/08 the Government of Fiji represented by the Permanent Secretary for Works & Transport signed separate contract agreements with Rock Tek Limited and T. F. Jan Bulldozing Company Limited for the supply and delivery of 75mm crushed pavement materials for rural roads.

The audit noted that both contractors, Rock Tek Limited and T. F. Jan Bulldozing Company Limited did not pay the cash security ex-bond for the sum of \$28,224 and \$56,389.60 (2% of the contract sum) respectively as required in the contract agreement.

The above findings indicate that in the event the contractor fails to carry out works assigned under the contract, the Department would not be able to penalize the contractor by holding the bond money.

**Recommendation**

**The Department must ensure that all clauses of the contract are complied by the appointed contractor.**

**Management Comments**

*Performance bond was issued by the contractor and is attached for your reference. (Appendix III)*

**25.73            China Railway First Group Company Ltd WSC 26/08**

The contract number WSC 26/08 was awarded to China Railway First Group Company Limited on 19/11/08. The contract was for the construction of the new Naqali Bridge for the sum of \$5,799,433 (VIP).

**25.74            No Details Obtained from the Contractor for the Use of Advance Money**

The contractor is to use the advance payment only to pay for equipment, other capital goods, and installation expenses required specifically for carrying out the works. The contractor shall demonstrate

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<sup>84</sup> Contract Agreement Form dated 24/10/08 Clause 2.26  
Ministry of Works and Transport

that advance payment has been used in this way by supplying copies of invoices or other documents to the Employer.<sup>85</sup>

On 5/01/09, the contractor requested the Department for an advance payment of \$1,159,886.60. The Department paid the contractor 20% of the contract sum or \$1,159,886.60 on 11/03/09 in advance.

The audit noted that the Department failed to obtain copies of invoices and other documents from the contractor to establish that the advance payment to the contractor was for capital purchase and installation expenses required specifically for carrying out road works.

Discussions with Senior Engineer Roads, Mr. Chelliah Jegatheeswaran revealed that the Department was not aware of how the advance money was spent by the contractor as the contractor, failed to submit copies of invoices.

The advance payment to the contractor was not properly monitored and controlled by the Department hence the contractor may have used the advance payment for purposes other than fulfilling its contractual obligations.

### **Recommendation**

**The Department should ensure that advance payments to contractors are properly monitored and controlled.**

### **Management Comments**

*The letter of commencement to the contractor was issued on 5/1/09. The contractor mobilized and commenced work soon thereafter. The advance payment was paid to them on 11/03/09.*

*Though no detailed documentary evidence was received from the contractor as to the usage of the advance money, they indicated that they obtain loan from the headquarters in China to push the project along. They presumably repaid the loans with the advance money.*

*The whole of the advance payment has been repaid to the Government by the contractor.*

### **Further OAG Comments**

**The issue raised is for the non submission of the supporting documents relating to how the advance payment was used. Audit could not sight any supporting documents from the contractor and as such maintains its findings that proper control and monitoring on the advance payment was not done as required under General Conditions of the Contract No WSC 26/08 s 44.2.**

**Comments provided by the Department states that advance payment was used for the payment of the loan the Contractor obtained to move the contract forward. Under the General Conditions of the Contract No WSC 26/08 s44.2 the contractor can use the advance payment only to pay for equipment, other capital goods, and installation expenses and not for payment of loans. Furthermore no supporting documents were available to verify purpose of the loan.**

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<sup>85</sup> General Conditions of the Contract No WSC 26/08 s 44.2

## 25.75 Materials Purchased in Excess to Requirement for Naqali Bridge

The proper management of expenditure is fundamental to ensuring value-for-money in service delivery 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 public funds and over-expenditure do not occur

The construction of Nokonoko and Naqali Bridges commenced in early 2008 and 2009 respectively. The Department spent total of \$7,922,721.41 for the construction of these 2 bridges.

As part of construction materials, the Department purchased a total of 446 lengths of H channels from RC Manubhai & Company and Vinod Patel at a total cost of \$1,852,704 for both bridges. The purchase was made as follows:

TABLE 25.45: STEEL H CHANNELS PURCHASED

Supplier	Date	Quantity	Amount (\$)
RC Manubhai	19/9/08	256	1,108,480
RC Manubhai	30/9/08	122	525,332
Vinod Patel	24/9/09	68	218,892
<b>Total</b>		<b>446</b>	<b>1,852,704</b>

The audit noted that in the bill of quantities, the Department required 378 lengths of H channels to be used for both bridges; however, 446 lengths were procured. 24 full lengths and 82.63m of off cuts valued at \$112,124 were not used at all and returned to the Samabula Depot for storage.

It was further noted that 378 lengths of H channels were procured well before the construction work started and were not immediately required for the project. These procurements were made only to avoid lapsing of funds at year end. Details of the unused H channels are provided in Table 25.46 below.

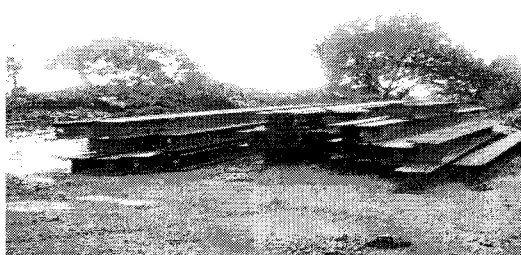
TABLE 25.46: NUMBER OF UNUSED H CHANNELS STORED AT SAMABULA DEPOT

Quantity	Length (m)	Comments
24 <sup>86</sup>	12	10 were returned from Naqali Bridge and the other 14 were returned from Nokonoko and Laqere Bridge
1	2.33	These off cuts were returned from Naqali Bridge
1	3.58	These off cuts were returned from Naqali Bridge
1	4.38	These off cuts were returned from Naqali Bridge
1	4.97	These off cuts were returned from Naqali Bridge
1	5.41	These off cuts were returned from Naqali Bridge
1	5.9	These off cuts were returned from Naqali Bridge
1	5.96	These off cuts were returned from Naqali Bridge
1	6.14	These off cuts were returned from Naqali Bridge
3	6.22	These off cuts were returned from Naqali Bridge
1	6.6	These off cuts were returned from Naqali Bridge
1	9.15	These off cuts were returned from Naqali Bridge
1	9.55	These off cuts were returned from Naqali Bridge

<sup>86</sup> Full length of 1 H channel is 12 meters. These are full length channels

Quantity	Length (m)	Comments
24	82.63	Total Unused Channels

The unused steel channels were stored at Samabula depot since November 2009. Refer to the pictures below.



**Unused steel channels from Naqali and Nokonoko bridges stored at Samabula depot.**



**Left over off cuts steel channels from Naqali and Nokonoko bridge**

This indicated that the purchases of H channels were not properly planned and were surplus to the requirements which resulted in locking up of funds that could have been utilised for other works.

### **Recommendation**

**The Department must plan its project and procurement of materials properly to avoid such extravagant purchases. Appropriate action must be taken against officers authorizing excessive purchase of materials.**

### **Management Comments**

*The length of piles required for bridges is estimated by geotechnical investigation at one or two locations where piles are required. However when the piles are driven the estimated length will vary due to the variations in the profile of the rock.*

*In the case of the Naqali and Nokonoko bridges, orders were placed based on estimates made during the geotechnical investigations. Piles are also ordered in advance as they are obtained from overseas and the lead time required can be very variable due to production schedules and availability of shipping.*

*In the case of Naqali Bridge the estimated quantity of piling was 256 No's (12m length). However during driving due to increase depths a shortage of piles was experienced. Hence a further 68 piles were ordered from Vinod Patel. On receipt of the above the remaining piling was completed and work progressed on the bridge.*

*While driving piles at times two piles need to be joined. After joining if the whole length is not required to reach the rock a portion has to be cut off, as hence the off cuts.*

*As indicated above pile depths cannot be estimated accurately and hence the remaining 28 lengths. As the size of the pile is commonly used they will be kept at Samabula Depot and re-used at other future bridge projects.*

## 25.76 Kings Road Upgrading - Suva/Nausori Corridor

The Kings Road Widening Project Stage III which includes Wainibuku Bridge to Vishnu Deo Road started on 1/10/09. The project is undertaken by the Road Construction Unit (RCU) of the Department. This project also includes widening of the Wainibuku Bridge to four lanes.

## 25.77 Materials Purchased before Project Design Complete and Approved – Kings Road Upgrading – Suva/Nausori

The proper management of expenditure is fundamental to ensuring value-for-money in service delivery 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 public funds and over-expenditure do not occur.

Tenders were called for the consultancy for structural design, supervision and commissioning of Wainibuku Bridge extension and the Terms of Reference was issued by the Public Works Tender Board (PWTB) on 27/03/09. On 17/06/09 Roughton International was awarded the tender for a sum of \$107,518.60 as consultant engineers for designing of Wainibuku bridge extension.

The Department issued 4 purchase orders totalling \$500,486 on 19/6/09 for the purchase of materials for Wainibuku Bridge extension. All these orders were issued prior to awarding the tender to Roughton International. Hence, the purchase of materials was initiated before the design of the bridge was completed and approved.

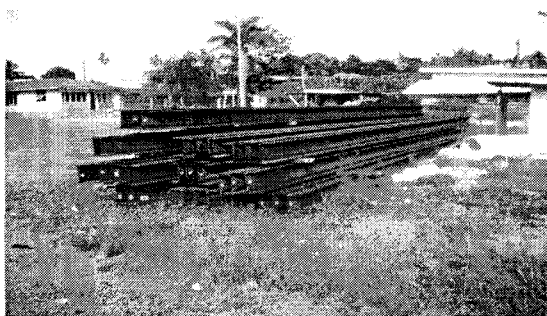
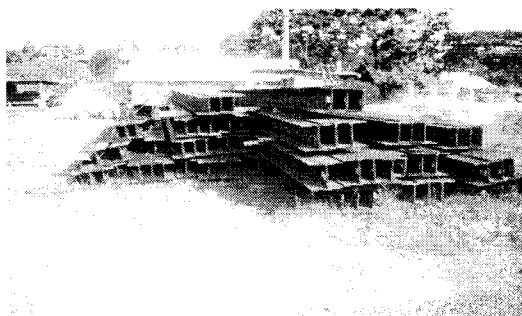
Audit is of the view that quantity of materials purchased must have been determined based on estimates and not as required under the approved bills of quantity. Refer to Table 25.47 below for details of materials purchased.

TABLE 25.47: MATERIALS PURCHASED FOR WAINIBUKU BRIDGE

LPO		Cheque		Payee	Description of Goods	Quantity	Amount (\$)
Date	Number	Date	Number				
19/6/09	844973	9/12/09	854956	Vinod Patel	Steel H Bearing Piles 305X305X110kg 12m	84	270,396.00
19/6/09	844974	22/12/09	855164	R.C. Manubhai	Elastomeric Rubber Bearing Pads 350x280x45mm	16	5,520.00
19/6/09	844975	22/12/09	855164	R.C. Manubhai	Elastomeric Bearing Strip 20m x100mm x 12mm (length)	1	950.00
19/6/09	844976	29/12/09	855279	Humes Industries	Precast stressed concrete beams x 23m Inverted beams span 9.5m long Total for Humes	8 19	223,620.00
<b>Total</b>							<b>500,486.00</b>

It was further noted that the 84 lengths of steel H piles were received by the Samabula Depot on 11/11/09 which was ordered on 19/6/09 for a total cost of \$270,396. As of the date of audit (5/3/10) the work on the bridge has not commenced and the Steel H Bearing piles are stacked outside at the Samabula Depot. Refer to the pictures of steel H piles stored at Samabula Depot.





*Steel H Bearing piles purchased in advance on 19/6/09 for Wainibuku bridge widening. The project designs was not completed and approved. (Photo taken by OAG on 2/2/10)*

The above findings indicate that proper procedures were not followed in the procurement of project materials. This may result in purchase of materials which can be surplus to the requirement resulting in locking of public funds in non essential stores.

### **Recommendations**

- **The Department must ensure that all project materials are purchased based on estimates stated in the Bills of Quantities.**
- **Appropriate action should be taken against officers responsible for approving payment for goods not received.**

### **Management Comments**

*A preliminary design of Wainibuku Bridge was carried out by the Principal Structural Engineer Mr.Sia Ansari. Orders were made for material based on the above bearing in mind the long lead times required to produce and ship them.*

*Mr.Sia Ansari left the Ministry on completion of his contract before he could finalize the design.*

*As DNR wished to commence construction and as no bridge design engineer had replaced Mr. Ansari it was decided to tender the design out. The design consultancy was awarded to Roughton International. The design details are still being finalized.*

*As mentioned in para (1) items are order ahead of time due to the lead time required. The H piles, bearing and beam can be used to other bridges sites should they be surplus to the requirement of the Wainibuka Bridge.*

### **Further OAG Comments**

**Audit still maintains its findings. Purchase of materials should be purchased after finalization of the design. If the items were ordered ahead of time due to the lead time required then formalization of the design should have been done before time.**

## **25.78 Advance Payment made to Suppliers**

The Accounting Head or accounts supervisor must not certify a payment correct unless they are satisfied that there is documentation that the goods, services or works have been received.<sup>87</sup>

<sup>87</sup> Ministry of Works & Energy Finance Manual 2005 section 2.8.3 (ii)

The requests for the purchase of goods within the Division are prepared by the Depots and are passed for payment by the Accounts Section. Goods are directly delivered to the ordering Depot and payments made unless the Accounts Officer is satisfied that payment is in accordance with the Local Purchase Order and Invoice.

The Department paid a total of \$223,620 to Humes Industries on 29/12/09 even though materials were not received by the Department. In addition it was also noted that payments totalling \$170,096.50 were processed and cheques written on 29/12/09 in advance for payment to Pacific Pipelines and RC Manubhai for the purchase of materials to be used on Kings Road widening project.

The details of the purchases are shown in the Table 25.48 below.

TABLE 25.48: ADVANCE PAYMENT

Date	Cheque No	Payee	Description	Amount (\$)
29/12/09	855279	Humes Industries	Payment for the supply of: • 8 Pre-cast stressed concrete beams 23m • 19 Inverted beams 9.5m	223,620.00
29/12/09	855287	Pacific Pipelines	Cheques written in advance for supply of 60 lamps	62,460.00
29/12/09	855288	RC Manubhai	Cheque written in advance for supply of 10 x 12m shear base streetlight columns	107,636.50
<b>Total</b>				<b>393,716.50</b>

The finding indicates that the Department tried to avoid lapse of fund at year end by processing payments in advance. There is a risk that suppliers may not supply the quality materials on time. In addition the Department may not be able to hold payments for supplying inferior quality goods since full payment has already been made.

### **Recommendations**

- The Accounts Officer should ensure not to certify any payment unless the materials have been received by the department.
- The Department should carry out proper examination of goods received in order to eliminate the risks identified above.
- Appropriate action should be taken against the Officer for making advance payment.

### **Management Comments**

*Tenders were finalized for the above prior to the end of the year. As it was anticipated that these items will be required and as surplus funds were available it was decided to issue cheques for these items but hold them until the items were received.*

*We can report now that all the items have been received from Pacific Pipelines and R.C. Manubhai. The items from Humes have been manufactured and are stocked at Humes, Lami.*

## **25.79 Non-Submission of Performance Bond – Roughton International**

The successful consultant will be required to produce a Performance Bond in the form of a Bank Guarantee with an amount equivalent to 10% of the tendered sum.<sup>88</sup>

<sup>88</sup> Clause 18.0 of Terms of Reference – Tender No. CSC 06/09

Public Works Tender Board awarded Tender No. CSC 06/2009 - Structural Consultancy for the Design & Supervision of Wainibuku Bridge Extension to Roughton International and Ian Macallan & Co. on 17/06/09 for a contract sum of \$107,518.60. Consultancy services included investigation, design and preparations of drawings for construction and commissioning of Wainibuku Bridge Extension.

In a letter dated 14/07/09 the Permanent Secretary for Works & Transport wrote to Roughton International requesting them to submit the Performance Bond within two weeks from the date of the letter. The total value of the bond was \$10,751.86 which should have been paid by 28/07/09.

It was noted that Roughton International did not pay the Performance Bond of \$10,751.86 to DNR as at the date of audit (15/2/2010).

Discussions with Senior Engineer Traffic, Mr. Chelliah Jegatheeswaran confirmed that the Department is following up on the matter with Roughton International.

The DNR may not be able to recover anything from Roughton International without legal proceedings if it fails to perform its contractual obligations.

### **Recommendation**

**The Department should ensure that the Performance Bond is paid by all its contractors.**

### **Management Comments**

*The Department followed up with Roughton International to provide the Performance Bond by our letter of 25/01/10. Roughton International was requested to submit the Performance Bond and was reminded again by a letter dated 17/2/10. As they did not submit the bond, \$10,751.86 was deducted from their first payment which was made in April 2010.*

## **SAMABULA LAB**

### **25.80 Lapse of Authority for Payments Made**

Where an agency seeks to carry-over an unspent appropriation at the end of the financial year, it must obtain the written approval of the Minister for Finance by providing details of the liabilities to be carried over, by the 2nd week of the December for the preceding year.<sup>89</sup>

The Department engaged Doulos Scales and Australian Calibration Service to calibrate lab equipments at the three divisional labs in 2007 and 2008. The payments made to these companies in 2009 are as follows:

TABLE 25.49: PREVIOUS YEARS EXPENSES PAID FROM CURRENT BUDGET

Date of Service	Payment Date	Supplier	Amount (\$)
30/4/07	2/11/09	Australian Calibration Services Ltd	13,974.30

<sup>89</sup> Section 61(2) of Finance Instruction 2005

Date of Service	Payment Date	Supplier	Amount (\$)
22/7/08	25/6/09	Doulos Scale	2,150.00
<b>Total</b>			<b>16,124.30</b>

Although Doulos Scale did not provide any services to the Department in calibrating the lab equipments, a payment of \$2,150.00 was made on 25/6/09 to the company.

The audit also noted that payments totalling \$16,124.30 were made to Doulos Scales and Australian Calibration Service from the 2009 budgetary allocations on 25/6/09 and 2/11/09 respectively. There were no provisions in the 2009 budget for these payments.

Making payment for expenses committed in previous years and for services not rendered reduces funds available to meet the current year's commitments. This may result in over expenditure and the Department's inability to provide adequate services to the public in current year.

### **Recommendations**

- **Accounting officer should ensure that payment of goods and services were settled within the financial year in which they were obtained.**
- **The Department should roll over unspent appropriation at the end of the financial year to pay for its previous years liabilities with written approval from the Minister for Finance.**
- **The Department should investigate payment made to Doulos Scales and take appropriate action.**

### **Management Comments**

*The work was never done by Doulos Scale even though the payment was made. The laboratory clerk who initiated the work insisted for the payment to be done but was not allowed by the Lab Engineer. He went to Head Office for which he convinced the Accountant to process payment as the Lab Engineer was on leave. The department is currently investigating the matter and appropriate action will be taken.*

*The provision for calibration of lab equipments is normally covered from our capital works where the equipments are normally used for quality control measures.*

## **25.81 Missing Camera**

Every officer shall be personally responsible for the custody of all public stores under his control and for ensuring that no public stores under his control are disposed of otherwise than in accordance with these Regulations<sup>90</sup>. Losses suspected to have been caused by theft or other breaches of the law should be reported immediately to the police and a copy of the report provided to the Public Service Commission, the Ministry of Finance and the Auditor General<sup>91</sup>

The audit could not verify the camera which was in the possession of Mr. Kelepi Kolinisau. Discussions revealed that the camera was missing. Audit noted that the Department did not take appropriate action to report the matter to police, prepare a loss report and take actions on the responsible officer.

This reflects poor control over government property.

<sup>90</sup> Financial Management (Supplies and Services) Regulation 2005 Section 6

<sup>91</sup> Finance Instructions 2005, Section 67(2)

### **Recommendations**

- **The missing item should be identified or appropriate action taken against the officer responsible**
- **The Department should develop an appropriate internal control procedures and policies to safeguard the assets against theft and misuse.**

### **Management Comments**

*Your recommendation is accepted and appropriate action will be taken.*

## **DIVISIONAL ENGINEER CENTRAL/EASTERN**

### **25.82 Purchases Exceeding LPO Limits-Supply of Petroleum and Concrete Products**

Any officer who authorises expenditure exceeding his/her procurement limits including by splitting purchase orders, shall be liable for surcharge to repay the unauthorised amount.<sup>92</sup>

The Major Tender Board in its meeting on 8/9/08 awarded the tender<sup>93</sup> for the supply of petroleum product to Total (Fiji) Limited and the tender for supply of concrete pipes, v-drains and road kerbs to Humes Industries Fiji Ltd on 27/8/08.

Audit verifications noted that on several occasions the DNR officers issued purchase orders for the supply of petroleum and concrete products from Total (Fiji) Limited and Humes Industries Fiji Ltd exceeding their procurement limits. Refer to *Appendix 25.8* for details.

The Department did not comply with government regulations pertaining to procurement of goods and services from pre-approved suppliers. This may result in unauthorised purchases of materials.

### **Recommendations**

- **DNR should ensure that all goods and services are purchased in accordance with government regulations.**
- **The DNR should take appropriate actions against Officers responsible for authorising the purchase orders exceeding their procurement limits.**

### **Management Comments**

*It has been a norm in past for our officers to authorize procurement of goods and services from contracted or pre – approved suppliers.*

*However our officers are vigilant and careful to sign well within their limits when authorizing non- contracted procurement of goods and services.*

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<sup>92</sup> Ministry of Works & Energy Finance Manual 2005 section 2.2.3

<sup>93</sup> CTN 11/08

**25.83 Incorrect Payment to Mataqali Nakorolevu**

The proper management of expenditure is fundamental to ensuring value-for-money in service delivery 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 public funds and over-expenditure do not occur.

The Department extracted soapstone from a portion of land being Lot 1 on DP 4567 situated at Naqali in 2008 and 2009. The soapstone extracted was used for filling the approaches of the new Naqali Bridge. Compensation payment of \$115,625.96 was made to Mataqali Nakorolevu through Native Land Trust Board for the soapstone extracted over the 2 year period.

The land, Lot 1 on DP 4567 having the borrow pit was a freehold land initially owned by Mr. Robert Rigamoto and Mrs. Marieta Rigamoto since 7/1/97 which was later transferred by mortgage sale to Mr. Parveen Prakash on 17/7/09.

The audit noted that Mataqali Nakorolevu was incorrectly paid \$115,625.96 as compensation for the soapstone extracted as they were not the rightful owners of the said land. Refer to Table 25.50 below for summarized payments made and Appendix 25.9 for detailed payments to Mataqali Nakorolevu.

TABLE 25.50: PAYMENTS TO MATAQALI NAKOROLEVU FOR EXTRACTION OF SOAPSTONE

Year	Quantity Of Soapstone Extracted (m <sup>3</sup> )	Amount Paid (\$)
2008	18,659	48,774.03
2009	25,210	66,851.93
<b>Total</b>	<b>43,869</b>	<b>115,625.96</b>

The compensation payments should have been paid to Mr. Robert Rigamoto and Mrs. Marieta Rigamoto until it was transferred to Mr. Praveen Prakash on 17/7/09.

Discussions with Mr. Noa Sakapo, Senior Technical Assistant based at Lands Department confirmed that the land was a freehold land and Mataqali Nakorolevu did not exercise any rights to claim compensation from DNR as they did not have the title of the land.

The audit further noted that the Department obtained license from Native Land Trust Board to extract soapstone from the said land however, it failed to verify who the rightful owners of the land were. The Department did not take any action to recover the amount incorrectly paid.

The above anomaly indicates that proper verifications were not made to ascertain the rightful owner of the land before extraction works were carried out. This has denied the legal owners the financial benefits they rightfully deserved.

**Recommendations**

- **The Department must take appropriate action to recover payment made incorrectly.**
- **In future DNR must ensure that proper checks are carried out to ascertain the rightful owners of land before extraction works begins.**
- **DNR should compensate Robert Rigamoto and Marieta Rigamoto for extraction works carried out on the land before 17/07/09 and Mr. Praveen Prakash for soapstone extracted after 17/07/09.**

**Management Comments**

*The licence to extract soapstone in the name of Ratu Samuela Dasalusalu (Turaga ni Yavusa Mataqali Nakorolevu) was given by NLTB. We had believed that everything was in order and all royalties before 17/7/09 was disbursed to the Director of Lands.*

*The NLTB is entrusted with the custodian of all Native Lands and they should be the ones to ascertain and confirm the rightful owners before any extraction begins or any royalty payments are meted out. NLTB should therefore be answerable to any compensation claims by the Rigamoto family.*

**25.84 Advance Payment without Goods being Received**

The Accounting Head or accounts supervisor must not certify a payment correct unless they are satisfied that there is documentation that the goods, services or works have been received.<sup>94</sup>

The requests for the purchase of goods within the Division are prepared by the respective Depots and are passed for payment by the Accounts Section. Goods are then directly delivered to the ordering Depot.

The audit noted that the Department paid several suppliers mostly at the close of the financial year 2009 for purchase of materials that were not received by the Department. Refer to the following examples.

**(a) Nasinu Quarry – Supply of base course materials**

The Department paid \$429,803.01 to Nasinu Quarry on 31/12/09 for the supply of base course materials to various Depots in the Central Eastern Division. The Accounts Officer Mrs. Melaia Namuira certified the payment as correct although materials were not fully supplied to various Depots by Nasinu Quarry. Refer to Table 25.51 below for details.

TABLE 25.51: PAYMENTS MADE BUT MATERIALS NOT SUPPLIED

Depot	Payment Date	amount/Cheque No.	Material Purchased	Materials Not supplied
RCU	31/12/09	\$38,244.69 Chq no. 846518	Payment for the supply of 1467 tons 40mm base	Only 957.28 tons was delivered however as of 11/2/09, 509.72 tonnes is yet to be delivered costing \$13,288.40
	31/12/09	\$47,110 Chq no. 846518	Payment for the cartage and the supply of 60mm and 40mm base	Materials not supplied as of 11/2/09.
	31/12/09	\$16,312.50 Chq no. 846602	Cartage of Chips By Chief Engineer Mechanical Engineering from Nasinu Quarry to Wharf fo Jetty Project from 4/1/10 to 13/1/10	Materials not supplied as of 11/2/09.
NAQALI	31/12/09	\$11,125.00 Chq no. 846478	Payment for the cartage and supply of 500 tonne 65mm base	Only 394.46 tonnes was delivered as of 1/4/10
TAUNOVO	31/12/09	\$2,607.00 Chq no. 846478	Payment for the cartage and supply of 100 tonne 40mm base	Only 37.06 tonnes was delivered as of 1/4/10

<sup>94</sup> Ministry of Works & Energy Finance Manual 2005 section 2.8.3 (ii)

Depot	Payment Date	amount/Cheque No.	Material Purchased	Materials Not supplied
SEALING	31/12/09	\$1,303.50 Chq no. 846970	Payment for the cartage and supply of 50 tonne 40mm base	Only 9.26 tonnes was delivered as of 1/4/10
SAMABULA	31/12/09	\$13,035.00 Chq no. 846970	Payment for the cartage and supply of 500 tonne 65mm base	Only 497.15 tonnes was delivered as of 1/4/10
	31/12/09	\$7,821.00 Chq no. 846970	Payment for the cartage and supply of 300 tonne 40mm base	Only 281 tonnes was delivered as of 1/4/10
	31/12/09	\$6,675.00 Chq no. 846970	Payment for the cartage and supply of 300 tonne 40mm base	Only 9.26 tonnes was delivered as of 1/4/10
	31/12/09	\$7,821.00 Chq no. 846970	Payment for the cartage and supply of 300 tonne 40mm base	Only 288.73 tonnes was delivered as of 1/4/10
	31/12/09	\$5,214.00 Chq no. 846970	Payment for the cartage and supply of 200 tonne 40mm base	Only 196.81 tonnes was delivered as of 1/4/10
	31/12/09	\$1,302.00 Chq no. 846970	Payment for the cartage and supply of 100 tonne spalls	Only 86.23 tonnes was delivered as of 1/4/10

**(b) Technix Bitumen**

DNR paid \$103,438.20 to Technix Bitumen on 31/12/09 for the supply of bitumen to various Depots in Central Eastern Division. The Accounts Officer Mrs. Melaia Namuira certified the payment as correct although materials were not fully supplied to Sealing Depot by Technix Bitumen. Refer to Table 25.52 for details.

TABLE 25.52: PAYMENTS TO TECHNIX BITUMEN

LPO No.	Description of Goods	Amount (\$)	Remarks
893489	Supply of 13,800 litres of hot bitumen	19,044.00	Materials not supplied as at 1/4/10
893490	Supply of 13,800 litres of hot bitumen	19,044.00	Materials not supplied as at 1/4/10

**(c) Humes Industries (Fiji) Limited**

DNR paid \$728,004.68 to Humes Industries on 31/12/09 for the supply of concrete products to various Depots in Central Eastern Division. The Accounts Officer Mrs. Melaia Namuira certified the payment as correct although materials were not fully supplied to various Depots by Humes Industries. Refer to Table 25.53 for details.

TABLE 25.53: PAYMENTS MADE BUT MATERIALS NOT SUPPLIED

LPO No.	Description of Goods	Quantity Ordered	Rate (\$)	Amount (\$)	Quantity Received	Balance Remaining	Amount (\$)	Date Received
920619	300 x 2.44 Culverts	105	160.52	16,854.00	74	31	4,976.12	10/2/10
920620	600 x 2.44 Culverts	50	429.65	21,482.50	50	-	-	25/1/10
920621	900 x 2.44	130	778.45	101,198.50	130	-	-	1/2/10



LPO No.	Description of Goods	Quantity Ordered	Rate (\$)	Amount (\$)	Quantity Received	Balance Remaining	Amount (\$)	Date Received
	Culverts							
920622	Lintel & Lid	100	326.31	32,631.00	100	-	-	24/2/10
920623	Road Kerbs	250	10.95	2,737.50	-	250	2,737.50	-
920624	Road Kerbs	2,500	10.95	27,375.00	1,380	1,120	12,264.00	8/2/10
920625	Invert Type 3	500	40.63	20,315.00	192	308	12,514.04	9/2/10
920626	300 x 2.44 Culverts	250	160.52	40,130.00	-	250	40,130.00	-
920629	Lintel & Lid	230	326.31	75,051.30	3	227	74,072.37	24/2/10
920630	Road Kerbs	1,500	10.95	16,425.00	-	1,500	16,425.00	-
920631	Road Kerbs	5,500	10.95	60,225.00	-	5,500	60,225.00	-
920632	Invert Type 3	1,500	40.63	60,945.00	-	1,500	60,945.00	-
<b>Total</b>				<b>475,369.80</b>			<b>284,289.03</b>	

The findings indicate poor financial planning and management by the DECE. The materials procured were not immediately required and the advance payments are perceived as a means applied to avoid lapsing of funds.

### Recommendations

- The Department must ensure that payments are only made for goods already supplied.
- The Department must take appropriate action against officers authorising advance payments, and ensure that goods yet to be supplied are received.

### Management Comments

#### *a. Nasinu Quarry –Supply of Base Course Materials*

Endorse is the summary for the payments done together with the quantities supplies.

Depot	Amount Cheque #	Request #	Materials Purchase	Quantities Supplied	Remarks
RCU	\$38,644.69 Chq # 846518	498765	1467 tons of 40mm base	1467 ton	Fully supplied see copy of weighbridge tally sheet on appendix 1
Naqali	\$11,125.00 Chq#846478	499803	500 tons of 35mm base	497.12 asphalt	Copy of tally sheet on appendix 2
Taunovo	\$2607.00 Chq # 846478	442736	100 tons of 40mm base	100 ton	Fully supplied copy of tally sheet on appendix 3
Sealing	\$1303.50 Chq#462847	462847	50 tons of 40mm base	50 ton	Fully supplied copy of tally sheet on appendix 4
Samabula	\$13,035.00 Chq#846970	494713	500 ton of 65mm base	497.13 as at 28/11/09	Copy of tally sheet on appendix 5
Samabula	\$7821.00 Chq#846970	499215	300 ton of 40mm base	300 ton	Fully supplied copy on appendix 6
Samabula	\$6675.00 Chq#846970	499266	300 ton of 40mm base	279.86 as at 23/12/09	Copy of tally sheet on appendix 7
Samabula	\$7821.00 Chq#846518	499219	300 ton 40mm base	297.56	
Samabula	\$1302.00 Chq#846970	437558	100 ton spalls	300 ton	Fully supplied copy on Appendix 9.

*b. Technic Bitumen*

*The Road Supervisor Sealing's explanation as per copy attached on Appendix 11 should be able ample to explain the reasons embedded in their intermittent usage of the 27,600 liters purchased in late December 2009.*

*The programme to utilize the bitumen was set well in advance but major setback was the constant wet weather (hurricane season ending in April) together with the lack of storage facilities or tankers or stock the product.*

*c. Humes Industries Fiji Limited.*

*We deeply regret Humes Industries failure to supply all the requirements at one time because they need time for pre-cast before being shipped out. This pre-casting usually takes weeks even months for the items to be perfect.*

*Endorsed below is the summary showing the balance to be supplied as at 03/05/10 and a copy of reconciliation statement from Humes Industries is attached in Appendix 12.*

<i>LPO #</i>	<i>Description of Goods</i>	<i>Qty Ordered</i>	<i>Qty Received</i>	<i>Balance</i>
920619	300 x 2.44 culverts	105	105	Nil
920620	600 x 2.44 culverts	50	50	Nil
920621	900 x 2.44	130	130	Nil
920622	Lintel and Lid	100	100	Nil
920625	V. Drain	500	500	Nil
920624	Road Kerbs	2500	1900	600
920623	Road Kerbs	250	-	250
920627	600 x 2.44 culverts	100	100	Nil
920628	900 x 2.44 culverts	160	160	Nil
920626	300 x 2.44 culverts	250	15	235
920629	Lintel and Lid	230	57	173
920630	Road Kerbs	1500	-	1500
920631	Road Kerbs	5500	-	5500
920632	V Drain	1500	168	1332

*Rest assured that we will closely monitor the supply of the above and ensure the remaining balances to be collected and taken on charge.*

## **25.85 Private Hire without Tender Board Approval**

Public tenders must be called for any procurement of goods, services or works valued at \$20,000 or more unless a Tender Board has approved an exemption in accordance with Finance Instructions 12(6).<sup>95</sup>

Where goods, services or works are regularly required by the agency, the Chief Executive Officer shall request the Central Tender Board to issue an annual tender for that particular good, service or works.<sup>96</sup>

Due to the non-availability of PWD Plants and Private Contractors plants and vehicles, the Resident Engineer 1 Mr. Jolame Mata arranged for the hire of Royal Fiji Military Forces plants and vehicles while he was Road Supervisor Rewa.

<sup>95</sup> Ministry of Works & Energy Finance Manual 2005 section 2.3.1

<sup>96</sup> Finance Instructions 2005 section 15(1)

Audit verifications noted that there was neither a tender board approval for hiring of plants from Fiji Military Forces nor any formal arrangements between the Department and Fiji Military Forces.

It was noted that on numerous occasions, the RFMF plants were hired without any written confirmation on the unavailability of the top ranked vehicles in the list of approved vehicle hire contractors.

The plants were engaged for storm damages, periodic and routine maintenance of roads maintained by Rewa Depot where a total of \$304,018 was paid during the year 2009.

Discussions with the Resident Engineer revealed that RFMF determines their own hire rates for plants and vehicles.

The failure to comply with the tender requirement will lead to the Department making ineffective and inefficient decisions that will lead to wastage of taxpayer's money.

### **Recommendations**

- **The Department should review its list of contractors to ensure that they have plants that meet tender specification.**
- **The Department must ensure that formal agreement/contract exist before hiring plants.**

### **Management Comments**

*The non-availability of PWD plants and private contractor plants and vehicles resulted in Road Supervisor Rewa arranging for one Grader and two trucks being sourced from RFMF.*

*The ongoing threat of long periods of inclement weather coupled with the immediate need to preserve our roads has compelled them to look for alternative arrangement from RFMF; after all they are part of Government machinery. The absence of an agreement is regretted but the need induced them to seek RFMF's help to cater for their needs.*

## **25.86 Overtime Payment without the PS Approval**

Overtime work shall be approved only in essential circumstances and on the specific approval of the Permanent Secretary or Head of Department<sup>97</sup>.

Heads of Departments and Supervisors are urged to ensure that work targets are met by individual officers in accordance with the Individual Work Plans, Business Plans and Ministry/Department's Corporate Plans, in order to avoid or to minimize unnecessary overtime and its associated expenditures<sup>98</sup>.

Overtime payments should only be paid if the nature of work is absolutely essential, unavoidable and continuously work required on isolated site locations with reasonable funds available for the projects specific.

The Department paid \$16,814.31 in December 2009 in overtime payment to nine officers who were engaged in working after hours from 2/12/09 to 23/12/09. These officers were mainly involved in raising stores requisition, writing LPO's, reconciling site ledgers, clearance of outstanding liabilities, stocking of stores and updating of all relevant records before the end of the financial year 2009.

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<sup>97</sup> General Orders 1993 Section 467 (a)

<sup>98</sup> PSC Circular No. 13/2009 dated 13/03/09

TABLE 25.54: OVERTIME PAYMENT APPROVED BY ROAD ENGINEER II – WILLIAM SERU

Names	FNPF / EDP No.	Amount (\$)	Approved by
Vatili Vuadreu	NJ 960	2,156.41	Road Engineer II – William Seru
Meli Debalevu	MB 134	1,414.85	Road Engineer II – William Seru
Vani Tuira	PS 763	2,295.00	Road Engineer II – William Seru
Claire Luveniyali	SB 663	1,892.99	Road Engineer II – William Seru
Mereani Vitukawalu	YA 482	1,409.63	Road Engineer II – William Seru
Lesio Tabaiwalu	MN 911	2,205.84	Road Engineer II – William Seru
Ramesh Lal	NY 294	1,854.50	Road Engineer II – William Seru
Leba Tuwai	95635	1,399.80	Road Engineer II – William Seru
Panapasa Bulivou	PC 247	2,185.29	Road Engineer II – William Seru
<b>Total</b>		<b>16,814.31</b>	

The overtime worked and its payments were approved by Roads Engineer II, Mr. William Seru and not the Permanent Secretary for Works and Transport as required.

Further, payment for overtime totalling \$7,825 was charged to overtime allocation 14060300000020400 which did not have any funds allocated to it for overtime in 2009 budget.

The findings indicate poor management of work plans, monitoring and supervision of staff during normal work hours by senior officers resulting in overtime works.

### **Recommendation**

**The Department must ensure that all overtime work is done only for essential services and with approval from Permanent Secretary, and that appropriate disciplinary actions taken against Road Engineer II-William Seru.**

### **Management Comments**

*It has been a norm in the past for DERCE to approve overtime for Government Wage Earners. Requisition are made by the depot supervisors and authorized by respective engineers but approved by the DERCE.*

*As work usually reached its peak in the final quarter especially in December, the payment of overtime is also needed to cater for the vast paperwork involved in raising stores requisition, writing of LPO's reconciling site ledgers, clearance of outstanding liabilities, stocking of stores and updating of all relevant records before the end of the year.*

*Moreover your view that some overtime was paid to allocation # 14060300000020400 is not correct because there is no cost centre number endorsed on that allocation.*

## **25.87 Fixed Payment to City and Town Councils**

Accounting officers and all other officers responsible for expenditure shall at all times exercise proper economy in the expenditure of public funds and thereby ensure that proper value is obtained for all sums spent.

The audit noted that the Department made arrangement with municipal councils for Central Eastern Divisions to carry out routine grass cutting, weeding and cleaning of drainage along Government roads within the municipal boundaries since the inception of the Department of National Roads.

The Department has been making fixed monthly payments to municipal councils for these services rather than paying for the quantity or hours of work done by the municipal councils on government roads. The total amounts paid to municipal councils in 2009 are shown in Table 25.55 below.

TABLE 25.55: TOTAL AMOUNT PAID TO COUNCILS FOR THE YEAR 2009

<b>Municipal Council</b>	<b>Monthly Fixed Rate (\$)</b>	<b>Total Paid in 2009<sup>99</sup> (\$)</b>
Suva City Council	3,410.70	159,319.56
Lami Town Council	1,490.57	71,547.36
Nausori Town Council	1,663.20	66,658.00
<b>Total</b>	<b>6,564.47</b>	<b>297,524.92</b>

Discussion with the Chief Clerk at the Samabula Depot revealed that joint inspections are carried out by Leading Hand and the Councils. However no inspection reports were prepared or provided for audit review.

The above anomaly indicates that the Department faces a high risk of making payments to City and Town Council's for works that may not have been done.

### **Recommendations**

- The Department must ensure that routine works carried out by the Councils are verified before payments are being made.
- The Department should only make payments for the amount of work done.

### **Management comments**

*The agreement /contract for city and town council to carry out routine grass cutting, clearing of drainage, gulley pits, kerbs, road fines etc has been a long standing one. The payment is finalized month after the errand has been done and joint inspected by both parties. However the amount endorsed as total paid annually for year 2009 is wrong. The correct amount is:*

<b><i>Municipal Council</i></b>	<b><i>Monthly Fixed Rate</i></b>	<b><i>Total Paid Annually</i></b>
<i>Suva City Council</i>	<i>3410.10</i>	<i>40,928.40</i>
<i>Lami Town Council</i>	<i>1490.57</i>	<i>17,886.84</i>
<i>Nausori Town Council</i>	<i>1663.20</i>	<i>19,958.40</i>

## **25.88 Grader Damaged in Flood**

Care of fixed assets at Depots shall be the responsibility of the Road Supervisors. The road supervisors must ensure that fixed assets are taken care of to reduce the risk of damage.

A Grader registration number GN 882 was damaged in the flood caused by Cyclone Mick at Waisevuca, Naitasiri on 14/12/09. The grader was parked at the Waisevuca work site and no effort was made by the Roads Supervisor Naqali, Mr. Isaia Tiko to take the grader to a secured place before the cyclone.

The grader was repaired at Carpenters Carptrac for \$8,450.71. Since the Grader was under warranty, it was recommended that Carpenters Carptrac to carry out all repairs.

<sup>99</sup> The total paid in 2009 also include some invoices raised for previous years

It was further noted that no action has been taken by the Department to recover the cost of damages from Road Supervisor Naqali, Isaia Tiko. The findings indicate that Mr. Isaia Tiko did not exercise due care and responsibility in protecting state assets under his responsibility from getting damaged.

### **Recommendation**

**The Department must investigate this matter further and take appropriate action against officers responsible, and ensure that government assets are protected at all times by responsible officers.**

### **Management comments**

*A copy of former RS/Naqali Isaia Tiko's statement is attached. The report is detailed.*

*Mr Tiko firmly believed that he has done his part as the Grader was securely parked for weekend, but unforeseen extensive flooding during Cyclone Mick was the contributing factor. Who could have foretold that the turbulent floodwaters of the Wainimala River which flooded the newly built Naqali Bridge would cause one of its tributaries to overflow and cause the flooding of the Grader.*

*Mr Tiko has been severely reprimanded and relieved of his Road Supervisor responsibilities as a disciplinary measure.*

## **25.89 Nokonoko Road Marking**

Accounting officers and all other officers responsible for expenditure shall at all times exercise proper economy in the expenditure of public funds and thereby ensure that proper value is obtained for all sums spent.

The construction of Phase 3 of the Ratu Dovi Road widening works starting from Nokonoko Bridge to Sekoula Road junction commenced in March 2009. This phase of the work was supposed to be completed in 10 months with expected completion date of December 2009. The road works for phase 3 is still incomplete as it requires final asphalt sealing of about 30mm after prime sealing and 20mm asphalt sealing. However, lane marking works was completed without third (final) sealing of 30mm.

Manoa Vocea, Engineer Roads from DNR in December 2009 instructed Proline Road Marking Ltd to mark the lanes at phase 3 of the Ratu Dovi Road. The lanes were marked as instructed by the employer and was completed on 19/12/09. The total cost of lane marking was \$20,596.56. DNR paid \$18,536.90 and \$2,059.66 was held in retention. The lane marking works is completed without final sealing. The following irregularities were noted.

- Phase 3 of the Ratu Dovi Road widening works should have been completed by December 2009. However, the road works for phase 3 is not yet fully complete as it requires final asphalt sealing of about 30mm. The delay in the final sealing was due to dispute between DNR and the road marking contractor, Proline Road Marking Ltd over payment for road marking done on phase 3.

According to DNR they intended to place the final asphalt sealing which will hide the marked lanes and they expect Proline Road Marking Ltd to remark the lanes after the final seal at no further costs. However this was not acceptable to Proline Road Marking Ltd.

The audit noted that road markings were done based on the instruction from DNR to the contractor. DNR should have known that the final reseal was not done and lane marking should

have been initiated after the final sealing. Hence DNR was liable to take responsibility of added cost of line marking after the final seal as they incorrectly instructed the contractor to complete the lane marking.

- Final sealing should be done as soon as possible after second sealing. Audit noted that because of unresolved dispute between DNR and Proline Road Marking Ltd over lane marking issue, the final sealing has been delayed by 4 months. The matter is not yet resolved and further delays may result in deteriorating road conditions which may require additional work to be done by DNR resulting in further expenditure.

The above findings indicates that the Department did not carry out proper planning to ensure that final seal is done before lane marking is carried out. Hence, may result in wastage of \$20,596.56 for the cost of remarking the road.

### **Recommendations**

- **The Engineers must ensure that Road Markings are only carried out after final sealing to avoid the cost of re-marking.**
- **The Department must investigate this matter to resolve this issue and take appropriate action against officers responsible for providing incorrect instructions to the contractor.**

### **Management comments**

*No comments provided by the Department*

## **25.90 Contract Management - Road Upgrading - Ratu Dovi/Kings Road/City Trunk Route**

The upgrading of Ratu Dovi/Kings/City Trunk Route project which includes widening of road from Golf Link Roundabout to Laqere was undertaken by Road Construction Unit (RCU) of DNR.

The project, which includes widening of existing roads and a bridge to five lanes as part of capacity building to reduce traffic congestion, commenced in 2005. The anticipated completion date for this project was 2012. The project work has been divided into 6 phases<sup>100</sup>. Phase 1 to 3 is fully complete while phases 4 and 5 are still in progress. The work for phase 5 has not yet commenced. Total funds allocated for phases 3 and 4 of this project in 2009 were \$2,500,000.

## **25.91 Variance in Stores between Stock and Tally cards**

All officers responsible for public stores shall at all times exercise proper economy with regard to public stores.

Physical count of stores at RCU Depot in Laqere was conducted on 10/2/10. It was noted that in most cases materials purchased in December 2009 were not recorded in the stores tally card.

<sup>100</sup> Phase 1: Fletcher Road to Golf Link Roundabout, Phase 2: Golf Link Road to Nokonoko Road, Roundabout, Phase 3: Nokonoko Roundabout to Sekoula Road Junction, Phase 4: Sekoula Road Junction to Ratu Dovi Roundabout, Phase 5: Ratu Dovi Roundabout to Kinoya Road Junction, Phase 6: Kinoya Road Junction to Laqere Kings Road

Taking into account the unrecorded stores the materials stored at the depot did not reconcile with the stores tally card. Refer to Table 25.56 below for details.

TABLE 25.56: VARIANCE IN STORES AT RCU DEPOT

Description	Balance as per Tally Card	December Purchases	Total	Physical Count	Variance	Quantity Not Delivered	Shortage
Road Kerbs	800	4,250	5,030	2,229	2,801	2,870	(69)
300 x 2.44 Culverts	42	105	147	114	33	31	2
Lintel & Lid	44	100	144	140	4	13	(9)

The variance indicates the risk of misappropriation of stores from the RCU Depot. Failure to maintain proper record of stores has led to discrepancies in the physical stock. If stock cards are not updated, management is not in a position to determine the quantity of stocks it has at any point in time. The above finding also increases the risk of theft and misappropriation.

### **Recommendations**

- The officer responsible should update the tally cards when stores are issued or received.
- The DNR should take appropriate actions on officers responsible for variance in stores.

### **Management comments**

*The error is very much regretted and our stores man had erred in deferring the endorsing of quantities received on the tally sheet until the full quantity is received.*

*They have however been advised to endorse the tally card as when the quantities are received.*

## **25.92 Discrepancies in Materials Issued and Used on Site**

All officers responsible for public stores shall at all times exercise proper economy with regard to public stores. The issue and receipt of public stores and the recording of such stores in the departmental records, ledgers or inventories should be properly documented.

Physical verification of materials issued from Laqere Depot to Ratu Dovi job site was conducted on 10/2/10.

There were shortfalls between the quantity of materials actually received and used at the work site and quantity issued by RCU Depot. Refer to Table 25.57 below for details.

TABLE 25.57: VARIANCE IN MATERIALS USED AT RATU DOVI PROJECT SITE

Description	Quantity Issued as per Tally Card (m)	Quantity Used on Site <sup>101</sup> (m)	Variance (m)	Variance (No.)
300 x 2.44 Culvert	7.32	109.8	(102.48)	(42)
600 x 2.44 Culvert	534.36	492.88	41.48	17
900 x 2.44 Culvert	305.00	380.64	(75.64)	(31)
1050 x 2.44 Culvert	65.88	19.76	46.12	18.9
Road Kerbs	990.00	769.8	220.20	244.7
Lintel & Lid	41 (no.)	31 (no.)	-	10

<sup>101</sup> Quantity used on site as per Cost Statement 47/09 for week ending 30/12/09



Description	Quantity Issued as per Tally Card (m)	Quantity Used on Site <sup>101</sup> (m)	Variance (m)	Variance (No.)
Type 3 Invert	33.12	22.54	10.58	5.75

The above findings indicate that materials issued to sites are not properly accounted for and hence leads to a high risk of stores being misused.

### **Recommendation**

**DNR must ensure that stores issued for a project are to be used for that particular project, and that appropriate actions should be taken on officers responsible for the variance in materials.**

### **Management comments**

*No comments provided by the Department*

## **DIVISIONAL ENGINEER WESTERN (DEW)**

### **25.93 Purchase Exceeding LPO Limits**

Any officer who authorises expenditure exceeding his/her procurement limits including by splitting purchase orders, shall be liable for surcharge to repay the unauthorised amount.<sup>102</sup>

On several occasions it was noted some officers authorised expenditures exceeding their procurement limits. Refer to *Appendix 25.10* for details.

The Department did not comply with government regulations pertaining to procurement of goods and services from pre-approved suppliers. This may result in unauthorised purchases of materials and abuse of the system.

### **Recommendations**

- **DNR must ensure that goods and services are made purchased in accordance with government regulations.**
- **Appropriate actions are taken against Officers responsible for authorising the purchase orders exceeding their procurement limits.**

### **Management Comment**

*It is the usual practise for the Divisional Engineer to authorize expenditure beyond his procurement limit only on approved contracted tendered items. At the moment we are still formalizing with the Permanent Secretary and awaiting his advice on this matter.*

### **25.94 Splitting of Local Purchase Orders**

The officer authorizing a purchase order must ensure that a purchase is not artificially split to bring it within the limits. Any officer who authorizes expenditure exceeding his/her procurement limits

<sup>102</sup> Ministry of Works & Energy Finance Manual 2005 section 2.2.3

including by splitting purchase orders, shall be liable for surcharge to repay the unauthorized amount.<sup>103</sup>

Audit verifications noted that on several occasions the local purchase orders were split when procuring goods and services to avoid approval from higher authorities. Refer to *Appendix 25.11* for examples of split purchase orders.

Levels of authority over local purchase orders are put in place to ensure adequate control is exercised over purchases made by Department. Failure to adhere to the control measures may result in evasion of an important control over purchases.

### **Recommendation**

**The Department should ensure that goods and services are procured in accordance with Government regulations and that appropriate actions should be taken against Officers responsible for splitting the purchase orders.**

### **Management Comments**

*After the January '09 flood, a State of Emergency was declared. To normalize the services, urgent repairs were needed to be carried out on country, secondary and main roads. The government of the day gave the go-ahead to use both contracted and non-contracted companies to be used to provide services and materials in order to bring the services back to normal.*

## **25.95 Purchase of Goods without Purchase Orders**

Goods and services required by the departments would normally be purchased and procured by indents, requisition, and direct purchases through annual contracts and local purchase orders.<sup>104</sup>

A local purchase order or departmental warrant shall be issued for procurement of any goods or services from an organization within Fiji, unless a contract or agreement has been entered into, upon receipt of approved internal order.<sup>105</sup>

The audit noted that the Department purchased river gravels and concrete mix from Fairdeal Earthmoving Contractors and Standard Concrete Industries Limited on number of occasions without issuing purchase orders.

To regularize the procurement process, purchase orders were prepared after goods and services were already obtained and invoices were received from the suppliers for payments to be effected. Refer to Table 25.58 below for examples.

TABLE 25.58: EXAMPLES OF PURCHASE ORDERS PREPARED AFTER GOODS WERE RECEIVED

LPO Number	LPO Date	Invoice Number	Invoice Date	Payee	Details	Amount (\$)
842775	9/2/09	3076	31/1/09	Fairdeal Earthmoving Contractors	Purchase of river gravel	28,455.00
867366	10/3/09	4031	16/2/09	Fairdeal Earthmoving Contractors	Purchase of river gravel	87,096.00
926768	3/12/09	839834	2/12/09	SCIL	Purchase of 20mpa ready	1,339.20

<sup>103</sup> Ministry of Works & Energy Finance Manual 2005 sections 2.2.2 & 2.2.3

<sup>104</sup> Supplies and Services Instruction 20 (1)

<sup>105</sup> Ministry of Works Finance Manual 2005 section 2.5.1

LPO Number	LPO Date	Invoice Number	Invoice Date	Payee	Details	Amount (\$)
					mix concrete – 5.4m <sup>3</sup>	
		102133	2/12/09		Purchase of 20mpa ready mix concrete – 3m <sup>3</sup>	744.00
		102134	2/12/09		Purchase of 20mpa ready mix concrete – 2.8m <sup>3</sup>	694.40

The findings indicate the blatant disregard to the control measures in place to procure goods and services and could result in unauthorised purchases.

This issue was also highlighted in last year's report, however; appropriate action has not been taken by the Department to rectify the issue.

### **Recommendations**

- The practice of issuing purchase orders after goods and services are received should cease immediately.
- The Department should take appropriate actions on officers responsible for not complying with proper procurement procedures.

### **Management Comments**

*According to the table the purchases that were made in January – February was during the State of Emergency. The December purchases were for the construction of footpaths at Matintar, Nadi. Since it was nearing the closure of the financial year the projects had to be completed for public safety. Trenches could not be left open thus footpath construction had to be completed. These areas were the most affected in the flood.*

## **25.96 Purchases Made Without Tender Board Approval**

Tenders must be called for the procurement of goods, services or works that cost over \$20,000.<sup>106</sup>

Public tenders must be called for any procurement of goods, services or works valued at \$20,000 or more, unless a Tender Board has approved an exemption in accordance with Finance Instruction 12-(6).<sup>107</sup>

DEW purchased concrete products from Humes Industries in 2009 totaling \$256,112.48 without obtaining Major Tender Board Approval.

The Director of National Roads on 13/5/09 requested the Permanent Secretary of Ministry of Works & Transport to approve purchase of concrete products from Humes Industries as there was no approved supplier for the Western Division. The Permanent Secretary for Works and Transport on 14/5/09 approved purchase of all concrete products from Humes Industries using Tender No. CTN 58/07.

Tender No. CTN 58/07 was specifically approved for Central Division only for supply and delivery of crushed river gravels, sand, concrete products and concrete pipes and did not apply to the other Divisions.

Refer to Table 25.59 below for details of purchase made from Humes Industries.

<sup>106</sup> Finance Instructions 2005 section 12(4)

<sup>107</sup> Ministry of Works Finance Manual 2005 section 2.3.1

TABLE 25.59: PURCHASES FROM HUMES INDUSTRIES WITHOUT TENDER BOARD APPROVAL

LPO Date	LPO No.	Details	Qty	Amount (\$)
29/1/09	842573	Purchase of 600mm x 1.42 Culverts	12	2,550.02
4/2/09	842594	Purchase of 900mm x 1.42 Culverts	8	2,956.00
6/3/09	864990	Purchase of 600mm x 1.42 Culverts	10	2,125.00
26/5/09	865101	Purchase of 600mm x 1.42 Culverts	20	2,190.04
26/5/09	865102	Purchase of 600mm x 1.42 Culverts	25	5,475.10
26/5/09	865103	Purchase of 600mm x 1.42 Culverts	15	3,285.06
26/5/09	865104	Purchase of 900mm x 1.42 Culverts	10	3,900.04
30/7/09	905134	Purchase of 600mm x 1.42 Culverts	18	4,053.96
30/7/09	905359	Purchase of 450mm x 2.44 Culverts	41	11,933.46
		Purchase of 600mm x 2.44 Culverts	41	17,615.65
30/7/09	905361	Purchase of Road Kerbs	200	2,190.00
5/8/09	905531	Purchase of 900mm x 1.22 Culverts	10	4,019.40
		Purchase of 600mm x 1.22 Culverts	15	3,378.38
25/8/09	868397	Purchase of 600mm x 1.22 Culverts	5	675.66
		Purchase of 900mm x 1.22 Culverts	5	2,009.70
		Purchase of 1050mm x 1.22 Culverts	10	5,116.60
25/8/09	868398	Purchase of 300mm x 2.44 Culverts	266	42,698.32
		Purchase of 450mm x 2.44 Culverts	41	11,933.46
		Purchase of 600mm x 2.44 Culverts	41	17,615.65
		Purchase of 900mm x 2.44 Culverts	62	48,263.90
		Purchase of 1050mm x 2.44 Culverts	61	60,519.32
9/9/09	905949	Purchase of 900mm x 1.22 Culverts	4	1,607.76
<b>Total</b>				<b>256,112.48</b>

It was further noted that the Department did not obtain Tender Boards approval for purchase of base course materials and electrical and power tool products from Dayal Quarries and Neritak Equipments Ltd respectively. Purchases made from these companies exceeded \$20,000. Refer to Table 25.60 below for examples.

TABLE 25.60: EXAMPLES OF PURCHASES IN EXCESS OF \$20,000 FROM A SINGLE SUPPLIER WITHOUT TENDER BOARD APPROVAL

Suppliers	Goods Purchased	Amount (\$)
Dayal Quarries	Supply of base course materials	61,250.00
Neritak Equipments Ltd	Supply of electrical & power tool products	77,024.60

The finding indicates the blatant disregard to the procurement procedures as provided in Finance Manual 2005 and Finance Instructions 2005. This could lead to unnecessary and unauthorized expenditure being incurred by DNR and may result in over expenditure of budgets allocated for the respective projects.

### **Recommendations**

- The Department must ensure that tenders are called for procurement of goods, services or works that cost over \$20,000, and
- The Department should take appropriate action against officers responsible for not complying with the Finance Manual and Finance Instructions.

### **Management comments**

*There was no approved supplier for the Western Division to supply concrete pipes and culverts. DNR West sought approval from the Permanent Secretary regarding the purchase. Since it was the State of Emergency, the Permanent Secretary gave the approval to purchase these items on Tender No. CTN 58/07 approved for the Central Eastern. These concrete pipes were urgently needed for the Rehab works after the flood, for country, secondary and main roads.*

## **25.97 Loans of Public Stores**

The store man in charge of a government store is responsible for the checking, recording, storage of goods received, responsible for the regular inspection of all public stores under his control, undertaking a regular stocktaking to ensure that the public stores under his control are physically present and providing proper security on any building or area in which public stores under his control are stored.<sup>108</sup>

In the event that public stores issued on loan or hire are not returned, by the date specified for their return or are returned in a damaged condition, the officer to whom such stores are returned shall make a report to the Controller.<sup>109</sup>

It was noted that the store man has been issuing materials to DNR labourers with the understanding that the labourers would return the items loaned once their works are completed.

Most of the items were not returned to the stores and some labourers continued to be issued with additional items while they did not return the items issued to them previously. Refer to *Appendix 25.11* for details. Furthermore, the storeman failed to prepare a report to the Controller regarding the stores that were not returned.

The above denotes the laxity of the store man in following up the items loaned. The possibility of the collusion between labourers and items loaned for personal use cannot be ruled out. The loaning of items may affect the implementation of projects on which the items were bought for.

### **Recommendation**

**Appropriate action should be taken against officers who have not returned the items taken on loan and the Department should immediately cease the loan of materials to other supervisors.**

### **Managements Comments**

*The items in Appendix 3 were extracted form the Workman Tool Issue Card, which records the items issued to individual workman. These items are kept with them for use in their daily work. Most of the items have been returned to the Stores.*

## **25.98 Incorrect Record Keeping to Defraud Government**

The Accounting Head or accounts supervisor must not certify a payment as correct unless they are satisfied that there is documentation that:

- i it is in accordance with an LPO, indent, contract, invoice or other authorisation;

<sup>108</sup> Supplies and Services Instruction 13 (a), (b), (c) & (e)

<sup>109</sup> Supplies and Services Instruction 74(2)

- ii there is documentation that the goods, services or works have been received<sup>110</sup>

The officer responsible for receiving goods should inform the Head of Department if the quantity of goods received from the supplier is less than the quantity on the invoice or delivery docket.

Waiyavi Depot ordered 1445 aluminum blank triangles from Metro Civic and Electrical Supplies, Roadworks Safety and Civil Products and Macro Signs in 2008.

As per the tally card and delivery dockets all 1445 pieces of aluminum blank triangles were supplied and received by DNR. Refer to Table 25.61 below for details.

TABLE 25.61: PURCHASES OF ALUMINUM TRIANGLES AT WAIYAVI DEPOT

LPO No.	LPO Date	Supplier	Details	Qty Ordered	Taken on Charge	Amount (\$)
841238	28/11/08	Metro Civil & Electrical Supplies	900mm Aluminum Triangles	300	28/11/08	17,850.00
841638	5/12/08	Macro Signs	900mm Aluminum Triangles	250	10/12/08	11,250.00
841779	5/12/08	Roadworks Safety & Civil Products	900mm Aluminum Triangles	160	22/12/08	14,080.00
841234	28/11/08	Metro Civil & Electrical Supplies	750mm Aluminum Triangles	300	28/11/08	13,350.00
841641	5/12/08	Macro Signs	750mm Aluminum Triangles	250	12/12/08	8,750.00
841778	5/12/08	Roadworks Safety & Civil Products	750mm Aluminum Triangles	185	15/12/08	14,800.00
<b>Total</b>						<b>80,080.00</b>

However upon physical verification of the aluminium triangles at the Depot in March 2009 it was established that only 605 pieces of the triangles were in stock and none of them were used. It was determined that 840 pieces of aluminium triangles were not received by DNR at all. The Storeman, Mr. Solomon Waqa falsely signed the delivery dockets and payment copy of orders and updated the tally cards to suggest that items purchased were fully received. Refer to Table 25.62 below for details on missing aluminium triangles.

TABLE 25.62: MISSING ALUMINIUM TRIANGLES

Item	Quantity Ordered	Physical Verification	Variance
750mm Aluminum Triangles	735	305	430
900mm Aluminum Triangles	710	300	410
<b>Total</b>	<b>1,445</b>	<b>605</b>	<b>840</b>

Further, the Acting Roads Supervisor, Mr. Isoa Matuku also signed the copies of purchase orders for payments without physically verifying the materials received.

The above findings indicate that the Store man had failed to report to management that there was a short supply of materials received and implies that there is laxity by senior officers to ensure that there is proper receipt of all goods purchased. This has led to wastage of public funds as payments were made for those goods which were not received by DNR. Misappropriation of store items is a very high risk to this regard.

<sup>110</sup> Ministry of Works & Energy Finance Manual 2005 section 2.8.3

**Recommendations**

- The Department must ensure that all goods purchased are received and that more stringent controls are put in place for receipt, recording and issue of materials and that these controls are always adhered to.
- Appropriate disciplinary action must be taken on all officers responsible for negligence on their responsibility to supervise and monitor control of public stores.

**Management Comments**

*Measures have been taken for safekeeping of stores and verification of the stores is done randomly by the Compliance and the Accounts staff, to avoid any irregularities. The Store man and the Road Supervisor have been disciplined and their case is pending with PSC.*

**25.99 Purchase of Building Materials for Repair of Private Residence**

Accounting officers and all other officers responsible for expenditure shall at all times exercise proper economy in the expenditure of public funds and thereby ensure that proper value is obtained for all sums spent.

The Divisional Engineer Western, Mr. Peni Tuinona authorised and approved purchase of building materials for \$2,847.23 to repair a private residence in Nanoko Village in Ba. Refer to Table 25.63 below for details.

TABLE 25.63: PURCHASE OF MATERIALS FOR PRIVATE RESIDENCE

LPO No.	LPO DATE	DETAILS	QTY	PAYEE	AMOUNT (\$)
925958	10/11/09	14' Zincalum Roofing Iron	20	Bomco Hardware	840.00
926651	23/11/09	Roofing Iron 3.5m x 24G	12	COGS	677.97
		Roofing Nails 65mm x 3.75mm	5 kg		25.03
		Hinges Tee Galvanised 150mm	9		49.34
		Brush Painting Flat 100mm	6		96.39
842846	19/2/09	Galvanised Nails 100mm	25kg	COGS	118.41
		Galvanised Nails 75mm	25kg		118.41
		Galvanised Nails 50mm	25kg		163.68
926767	25/11/09	Roofing Iron 2.12m x 26G	40	COGS	722.70
926652	25/11/09	Brush Painting 75mm	1	COGS	10.25
		Painting Roller Refill	6		10.13
		Tray Paint 7'	2		14.92
Total					2,847.23

The finding indicates misuse of public funds for personal gains and favours.

**Recommendation**

**Appropriate action should be taken against the officer responsible for this expenditure.**

**Management Comments**

*These items were used for the repairs of an empty leaking house which was used as a camping hut for five months by our workmen on Nanoko Project. This was done on a mutual agreement between DNR and the owner of the house. All the project materials including cement were kept in the house.*

## **25.100 Contract Management Issues - Dayals Quarry Ltd - Contract No. WSC 30/08**

Contract WSC 30/08 was awarded to Dayals Quarry Limited for Pavement Rehabilitation<sup>111</sup>. On 25/09/08 and commenced on 10/10/08 with initial contract price of \$2,669,444.20. The contract requires the completion of the 10km of pavement rehabilitation in the Western Province.

The Divisional Engineer was required to specify areas in Nadi and Lautoka for road pavement rehabilitation/resealing.

Some of the roads chosen by Divisional Engineer were Waimalika to Legalega, Koronubu Road, Moto Road, Rakiraki, Koula Road, Ba Town End, Matawalu Section – Lautoka, Naqoro Flat- Rakiraki, Vunitogoloa – Rakiraki, Navatu- Rakiraki and Viseisei Bridge to Lomolomo Duplication – Lautoka.

## **25.101 Delegation of Authority without Public Works Tender Board Consent**

The total contract sum for the pavement rehabilitation work contracted to Dayal's Quarry Ltd was \$2,669,444.20

In addition to the initial contract sum the Public Works Tender Board approved Contingency Sum of \$242,667.60 (VIP) or 10% of initial contract price to be utilized only when necessary at the discretion of the Permanent Secretary for Works, Transport and Public Utilities.<sup>112</sup>

In a letter dated 28/11/08 the Permanent Secretary for Works and Transport Mr. Anand Kumar delegated the authority to the Acting Divisional Engineer – Western, Mr. Peni Tuinona for the utilizations of contingency sum of \$242,667.60.

It was noted that Mr. Anand Kumar (PS – Works & Transport) delegated the authority to Mr. Peni Tuinona (A/DEW) without the consent of the Public Works Tender Board. A total of \$32,911.60 was approved from the contingency sum by Acting Divisional Engineer – Western and paid to the contractor.

Hence the contingency sum used was not in accordance with the Tender Boards approval.

### **Recommendation**

**The Department must ensure that requirement of the PWTB is properly complied with and in future any variation to be approved by the PWTB.**

### **Management Comments**

*All contracts were formalized by Head Quarters. The Permanent Secretary delegated the authority to Mr. Peni Tuinona for the utilization of funds. DNR West only implemented the authority. We assure that no repetition of such kind will arise in future.*

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<sup>111</sup> Contract Number WSC 30/08 awarded to Dayal Quarries on 25/9/08

<sup>112</sup> Public Works Tender Board Approval for Contract No WSC 30/08 clause (ii)



**25.102 Works not completed by Contractor**

Unless it is legally or physically impossible, the Contractor shall execute and complete the Works and remedy and defects therein in strict accordance with the Contract to the satisfaction of the Engineer...<sup>113</sup>

If the Contractor fails to comply with the Time for Completion then the Contractor shall pay the relevant sum of \$3,000 as liquidated damages for such default and not as penalty for every day or part of a day which shall elapse between the relevant Time for Completion and the date stated in the Taking Over Certificate<sup>114</sup>

The contract WSC 30/08 was awarded to Dayal Quarries Limited on 25/9/08 with commencement date of 10/10/08 for \$2,669,444.20. Under the contract the Contractor was required to complete 10km of pavement rehabilitation in the Western Division and the original completion date was 9/10/09. The Divisional Engineer Western specified the areas needed for road pavement rehabilitation/resealing.

As the contract was nearing completion, Mr. Narendra Rama (Road Engineer) advised the Permanent Secretary on 11/08/09 of the 4km of road under the contract that was incomplete. The break down of incomplete roads were as following.

Matawalu Section – Lautoka- Kings Rd	1.8km
Naqoro Flat – Rakiraki – Kings Rd	0.6km
Vunitogoloa – Rakiraki – Kings Rd	0.4km
Navatu – Rakiraki – Kings Rd	0.2km
Viseisei Bridge to Lomolomo Duplication – Lautoka – Queens Rd Sections -	<u>1.0km</u>
<b>Total</b>	<b>4.0km</b> <sup>115</sup>

The Contractor in a letter dated 29/7/09 requested the Government for a variation to complete the remaining 4km of the road

The variation order number 1 was approved on 26/8/09<sup>116</sup> for the rehabilitation of another 10km of roads which included the remaining 4km from the initial contract for the sum of \$2,839,621.95

The audit noted that the Contractor fully utilized the contract sum of \$2,669,444.20 and only managed to complete 6km of roads. The contractor did not complete the other 4km from the initial contract even though variation was approved. Refer to Table 25.64 below for details.

TABLE 25.64: 10KM ROADS IN THE INITIAL CONTRACT AND THE VARIATIONS

Initial Contract		Variation	
Description	Remarks	Description	Remarks
Queens Rd- Wainimalika Legalega	Completed	Nadi Town - Yako Section- Queens Rd	Newly included in the Variation
Matawalu Section – Lautoka- Kings Rd	Pending - included in the variation	Matawalu Section – Lautoka- Kings Rd	Remaining Work from the initial contract and included in the variation - work was completed
Naqoro Flat – Rakiraki – Kings Rd	Pending - included in the variation	Naqoro Flat – Rakiraki – Kings Rd	The PWTB approved the Variation

<sup>113</sup> Contract Agreement s2 clause 13.17 – Contract no WSC 30/08

<sup>114</sup> Contract Agreement s2 clause 47.1 – Contract no WSC 30/08

<sup>115</sup> Letter dated 11/8/09

Initial Contract		Variation	
Description	Remarks	Description	Remarks
Vunitogoloa – Rakiraki – Kings Rd	Pending - included in the variation	Vunitogoloa – Rakiraki – Kings Rd	Order; however, after the approval the Divisional Engineer gave the work (for the rehabilitation on the 1.2km) to RCU.
Navatu – Rakiraki – Kings Rd	Pending - included in the variation	Navatu – Rakiraki – Kings Rd	
Viseisei Bridge to Lomolomo Duplication – Lautoka – Queens Rd Sections -	Pending - included in the variation	Viseisei Bridge to Lomolomo Duplication – Lautoka – Queens Rd Sections -	Remaining Work from the initial contract and included in the variation

It was further noted that 1.2km of the remaining 4km was later completed by DNR at its own cost which started on 16/11/09 and the 6km was completed in the beginning of August 2009.

No action was taken by DNR against the contractor for liquidated damages under the contract. Clause 49.4 of the Contract stated that: *“In case of default on the part of the Contractor in carrying out such instructions within a reasonable time, the Employer shall be entitled to employ and pay other persons to carry out the same... in the opinion of the Engineer, the contractor was liable to do at his own cost under the contract then all costs consequent thereon or incidental thereto shall, after due consultation with the Employer and the Contractor by the Employer, and may be deducted by the Employer from any monies due or to become due to the Contractor and the Engineer.....”*

The non completion of work by the contractor shows the laxity by the Employer in terms of project management and monitoring.

### **Recommendation**

**The Department should claim for the delay damages if the Contractor is not able to meet the completion date and recover the money from the contractor with respect to the amount spent by RCU for the rehabilitation of 1.2km.**

### **Management comments**

*There was major deterioration of the roads by flood. Upon approval by the Project Engineer, the Divisional Engineer gave the contractor some other urgent works to complete. These other works covered 4km in place of the contract listing. For further clarification, Mr. Fernando could be contacted.*

## **25.103 Fresh Tenders not called for the Rehabilitation of Additional 10km Road**

The Engineer shall make any variations of the form, quality or quantity of the Works or any part thereof that may, in his opinion, be necessary and for that purpose, or if any other reason it shall, in his opinion, be appropriate, he shall have the authority to instruct the Contractor to do and the Contractor shall do any of the following:

- (a) Increase or decrease the quantity of any work included in the Contract;
- (b) Omit any such work;
- (c) Change the character or quality or kind of any such work,
- (d) Change any levels, lines, position and dimensions of any part of the Works;
- (e) Execute additional work of any kind necessary for the completion of the Works; or

- (f) Change any specified sequence or timing of the construction of any part of the Works.<sup>117</sup>

The Contractor in a letter dated 29/7/09 requested the Department for a variation to complete the 4 km roads. The variation was approved on 26/8/09<sup>118</sup> for the sum of \$2,839,621.95 for rehabilitation of another 10km of roads which included 4km of incomplete road from the initial contract.

The following irregularities were noted.

- The Variation Order No. 1 approved by Public Works Tender Board was 106% percent of the initial contract price of \$2,669,444.20. The variation approved was highly excessive and as a best practice, total variations should not exceed 20% of the initial contract sum. Details of the variations provided in the Table 25.65 below.

TABLE 25.65: VARIATION ORDER NO. 1

Dayal Quarries	Amount
Initial Contract	2,669,444.60
Variation Order No.1	2,839,621.95
<b>Total</b>	<b>5,509,066.55</b>

- The initial contract WSC 30/08 awarded to Dayal Quarries Limited on 25/9/08 was for rehabilitation of 10km roads. The variation approved was for another 10km of road rehabilitation in the western division. While the Department should have called for fresh tenders for additional road rehabilitation works, this was not considered but the existing tender with Dayal Quarries Limited was varied to include another 10km of roads rehabilitation works.
- The general conditions of the contract between the Department and Dayal Quarries Limited did not provide the maximum percentage of variations allowable under the contract.

The above findings indicate that proper procedures were not followed before approving the variation to the contractor for the rehabilitation of another 10km road; therefore the variation was not justified.

### **Recommendations**

- As a best practice, contract amounts should not be varied in excess of twenty percent of the initial contract price. The Department should seriously consider adopting this.
- As a best practice the Department should consider calling fresh tenders for variations exceeding 20% in order to be more transparent.
- Ensure that all contracts have provision for allowable variation and total of all variations made should not exceed the percentage permitted under the contract.

### **Management Comments**

*PWTB awarded variations to the three contractors and the amounts were more than the initial contracts. At the moment the three contractors' work are in progress as approved by the PWTB. All contracts are formalized by HQ (contract details, payments etc). Other contract details can be verified by the Project Engineer, Mr. Fernando.*

<sup>117</sup> Contract Agreement s2 clause 51.1 – Contract No WSC 30/08

<sup>118</sup> Public Works Tender Board Approval for Variation Order No.1 dated 26/8/08

**25.104 Day Works Claim pending by T.F.Jan Bulldozing Co. Ltd**

For work of a minor or incidental nature, the engineer may instruct that a variation shall be executed on a daily basis. The work shall then be valued in accordance with the Day work<sup>119</sup> Schedule included in the Contract. If a Day work schedule is not included in the Contract, this Sub-Clause shall not apply.<sup>120</sup>

The contract number DTBW 02/2007 was awarded to T. F. Jan Bulldozing Company Ltd on 24/10/08. The contract was for supply and delivery of 75mm crushed pavement materials for rural roads namely, Bukuya/Tuvavatu roads, Tuvavatu/Nanoko road, Tuvavatu/Nabutautau roads, Nabutautau Village road, Nasivikoso road and Ebuto road in the Western Division for the sum of \$2,819,480 (VIP).

On 16/09/10, the former Divisional Engineer Roads Western, Peni Tuinona engaged T.F.Jan Bulldozing Co. Ltd to carry out day works at Koronubu/Namau Road. T.F. Jan carried out day works from 8/09/09 to 17/12/09 with the costs of day works accumulating to \$90,572. There was no provision for day works in the contract number DTBW 02/2007 between T. F. Jan Bulldozing Company Ltd and Department of National Roads.

The Project Management Engineer, S. A. Fernando instructed the Acting Divisional Engineer Western Mun Sami Naidu on 8/01/10 not to pay T. F. Jan for day works costing \$90,572 since the contract did not have any provisions for day work. The payment to T. F. Jan for day works is still outstanding.

TABLE 25.66: DAY WORKS CLAIM NOT YET PAID

Date	Invoice No	Amount (\$)
6/10/2009	19620	2,160.00
6/10/2009	19622	2,214.00
6/10/2009	19623	977.00
6/10/2009	19901	4,005.00
3/12/2009	19687	8,865.20
20/10/2009	19632	9,790.00
3/12/2009	19690	6,349.40
3/12/2009	19688	10,608.60
23/12/2009	19912	4,612.30
23/12/2009	19913	6,768.70
23/12/2009	19914	5,990.00
23/12/2009	19915	2,635.60
30/11/2009	19695	4,266.00
7/12/2009	19696	7,110.00
21/12/2009	19907	9,954.00
21/12/2009	19908	4,266.00
	<b>TOTAL</b>	<b>90,571.80</b>

It was further noted that the Acting Director of National Roads, wrote to PWTB on 8/02/10 seeking approval for the day works carried out by T. F. Jan. However, no decision was made by the PWTB until the time of the audit on 12/03/10.

<sup>119</sup> In calculating payments due to the Contractor for the execution of day works, the hours for labour will be reckoned from the time of labour at the job site to execute the particular item of day work to the time of departure from the job site, but excluding meal breaks and rest periods. Only the time of classes of labour directly doing work ordered by the Engineer and are competent to perform such work will be measured. The time Leading Hands actually doing work with the gangs will also be measured but not the time of Foreman or other supervisory personnel.

<sup>120</sup> FIDIC General Conditions of the Contract Clause 13.6

The above findings indicate that Peni Tuinona has instructed T.F Jan to carry out day works for which he does not have the authority. It shows the lack of commitment in following laid down contract conditions to ensure that Government's interest is safeguard and protected at all times.

### **Recommendations**

- The DNR must investigate this matter further and take appropriate action against the former Divisional Engineer Roads Western, Peni Tuinona for instructing the contractor to carry out works which was not included under the contract.
- The DNR must ensure that works outside the contract must be approved by Tender Board in advance.

### **Management Comments**

*This has been forwarded to PWTB for approval of payment*

## **25.105 Excessive Variations Approved – T. F. Jan Bulldozing Co. Ltd and Rock Tek**

Contract number DTBW 02/2007 was awarded to T. F. Jan Bulldozing Company Ltd on 24/10/08. The contract was for supply and delivery of 75mm crushed pavement materials for rural roads namely, Bukuya/Tuvavatu roads, Tuvavatu/Nanoko road, Tuvavatu/Nabutautau roads, Nabutautau Village road, Nasivikoso road and Ebuto road in the Western Division for the sum of \$2,819,480 (VIP).

Contract number DTBW 02/2007 was awarded to Rock Tek Ltd on 24/10/08. The contract was for supply and delivery of 75mm crushed pavement materials for rural roads (Nausori Highlands) in Western Division for the sum of \$1,411,200 (VIP).

The following irregularities were noted:

- The Acting Director for Roads requested for a variation of 51,030m<sup>3</sup> and 68,400m<sup>3</sup> to Rock Tek and T.F.Jan Bulldozing Co. Ltd respectively to initial contract from PWTB through variation order number 1 dated 25/08/09 for contract numbers DTBW 02/2007 awarded to F. Jan Bulldozing Company Ltd and Rock Tek Ltd respectively. The variations were approved by PWTB on 27/08/09.

The total variation allowed for the 2 contracts under the variation order number 1 was 182% and 105% of the initial contract sum for Rock Tek and T. F. Jan respectively. Audit noted that the variation allowed was highly excessive and as a best practice total variation should not exceed 20% of the initial contract amount. Refer to Table 25.67 below for variations allowed.

TABLE 25.67: VARIATIONS ALLOWED

Particulars	Rock Tek		TF Jan	
	Quantity (m <sup>3</sup> )	Amount (\$)	Quantity (m <sup>3</sup> )	Amount (\$)
Initial Contract amount	25,200	1,411,200.00	49,100	2,819,480
Variation Order No.1	51,030	3,976,941.48	68,400	5,807,190.72
Total	76,230	5,388,141.48	117,500	8,626,670.72

- The initial contract awarded on 24/10/08 to both companies was only for supply and delivery of crushed pavement material however the contract was varied to also include spreading of sub-base

at a rate of \$6.50 per m<sup>3</sup> and compaction at a rate of \$7,500 per km for 51,030m<sup>3</sup> and 68,400m<sup>3</sup> to Rock Tek and T.F.Jan Bulldozing Co. Ltd respectively.

Audit noted that:

- (i) there was a significant change in scope of work which should have been considered and included in the tender invitation initially. Alternatively DNR should have called for fresh tender for works. However this was not considered and DNR did not call for fresh tenders but varied the contract to include additional tasks with Rock Tek's contract for supply and delivery of pavement materials.
- (ii) the general terms and conditions of the contract between the abovementioned contractors and the Ministry of Works and Transport did not provide for maximum percentage of variation allowable.

The above findings indicate that other contractors are not given fair chance to bid for the additional road works, thus the Department limits the chances of receiving other competitive bids if fresh tenders were called.

### **Recommendations**

**The Department must ensure that:**

- as a best practice contract amount should not be varied in excess of twenty percent of the initial contract price
- fresh tenders should be called for variations exceeding 20% to be more transparent, and
- all contracts have provision for allowable variation and total of all variations made should not exceed the percentage permitted under the contract

### **Management Comments**

*PWTB approved these variations – DNR West is only there for the implementation of the contracts.*

## **25.106 Hire of Private Vehicle – Conflict of Interest**

An employee must disclose, and take reasonable steps to avoid, any conflict of interest (real or apparent) in connection with employment in the public service. A person must not in the course of employment in the public service provide false or misleading information in response to a request for information that is made for official purpose<sup>121</sup>.

An employee must not make improper use of official information or of the employee's duties, status, power or authority in order to gain or seek to gain, a benefit or advantage for the employee or for anyone else.<sup>122</sup> An employee must behave honestly and with integrity in the course of employment in the public service.<sup>123</sup>

Vurabere Transport Services was approved the replacement for hire of vehicle, Toyota 4 x 4 Double Cab registration number EH085 by the Major Tender Board in its meeting on 17/12/08. Vurabere Transport Services was owned by Mr. Seruvi Cawi (KH 140), a Leading Hand at DEW in Lautoka.

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<sup>121</sup> Public Service Act s.6

<sup>122</sup> Public Service Act-1999, Section 10

<sup>123</sup> Public Service code of conduct section 6(1) of PSC act-1999

The audit noted that DEW has been hiring one Toyota 4 x 4 Double Cab registration number EH085 from Vurabere Transport Services since 2008. According to Mr. Seruvi Cawi, the former Road Engineer, Mr. Ram Krishna was aware that he is the contractor and was employed by DNR.

The Department paid total of \$36,726.03 as at 31/12/09 for hiring a vehicle EH 085. The Department continues to hire Mr. Cawi's vehicle in 2010 and as of 25/2/2010 \$3,866.51 has been paid as hire charges for EH 085.

### **Recommendations**

- **DNR should conduct internal investigations for all hired plants and machinery to determine if there are other similar cases.**
- **Officers must ensure that Public Service Code of Conduct is upheld and not breached at any time.**

### **Management Comments**

*The last contract was evaluated on Vurabere Transport Services & approved. It was not known that it belonged to an employee. The contract will expire on May 31st '10, and there will be no renewal for Vurabere Transport.*

## **25.107 Sealing of Votualevu Cemetery and Non-PWD Road**

Public Works Department is responsible for the provision of professional advice, technical services, planning, design and construction of works projects of works project for Government Departments and Agencies. This includes management of works and maintenance programs associated with the public buildings, roads, bridges, airfields, jetties, and electricity in some rural areas and maintenance and operation of facilities owned by the Government<sup>124</sup>

All officers responsible for expenditure shall at all times exercise proper economy in the expenditure of public funds and thereby ensure that proper value is obtained for all sums spent.

DNR upgraded and sealed 130m of Votualevu Road in front of Votualevu cemetery and 300m of private road known as Narendra Singh Road or Link Road in Votualevu Nadi. The road works were carried out from 19/12/09 – 20/12/09 which was approved by Divisional Engineer Roads Western, Peni Tuinona. Mr. Narendra Rama, was also the Road Engineer Western who verbally instructed that machines to move to Votualevu Cemetery Road for upgrading works. The total cost of upgrading and sealing these roads was \$30,107.

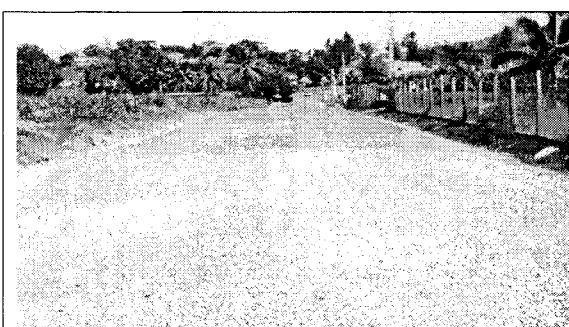
Refer to Table 25.68 below for details.

TABLE 25.68: TOTAL COST OF SEALING

Description	Amount (\$)
Base Preparation	8,199.44
Prime Sealing Cost	21,907.97
<b>Total Cost</b>	<b>30,107.41</b>

The following irregularities were noted.

- On 19/12/09 to 20/12/09, the Divisional Engineer Roads Western, Peni Tuinona and Narendra Rama approved the sealing of 300m of Narendra Singh Road. Audit noted that this was a non-PWD Road.
- Audit also noted that on 19/12/09 to 20/12/09, the Divisional Engineer Roads Western, Peni Tuinona approved sealing of 130 meters frontage of Votualevu Cemetery road. Audit is of the view that sealing the frontage of Cemetery does not benefit the public at large. The Department could have used the funds to upgrade and seal the frontage of Health Centres, Schools, and Settlements to minimize the impact of dust making the area more environmentally friendly.
- The upgrading and sealing works was not part of the 2009 road work program.
- Audit noted that the Road Supervisor Nadi Depot, Joe Vunibola verified the sealing works carried out by the Division and did not take any action to safeguard the public funds.
- Peni Tuinona and Narendra Singh Rama were transferred to Headquarters with effective from 25/02/10 and 16/11/09 respectively following internal investigations. Audit noted that the officers were not disciplined for misusing public funds.



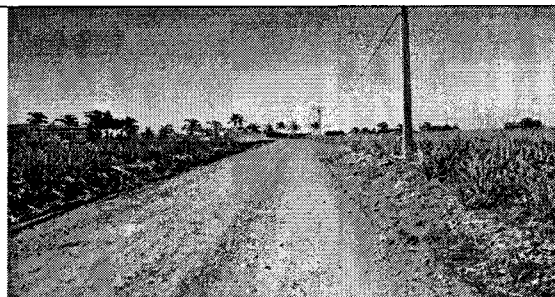
Picture 1: 130 meters of sealing in front of Votualevu Cemetery Road in Nadi



Picture 2: Sealing on Narendra Singh Private Road in Votualevu Nadi



Picture 3: Sealing in front of Nands Civil Construction Ltd's property in Votualevu Nadi



Picture 4: Sealing on Narendra Singh Private Road in Votualevu Nadi.

The above irregularities indicate that proper checks were not carried out by the officers to inform the Head of Department about the sealing of private road. This also implies that Road Supervisors and Divisional Engineers must have been influenced by the private contractor to carry out sealing on private road. This shows abuse of office by the officers responsible and wastage of \$30,107.41 of public funds.



**Recommendations****The Department:**

- should further investigate this matter and take appropriate action against officers responsible.
- must ensure that upgrading and sealing works are done on DNR roads only, and
- that all road works are properly supervised and any discrepancies reported to headquarters.

**Management Comments**

*Disciplinary action has been taken on the staff involved and the case is still under investigation by PSC.*

**DIVISIONAL ENGINEER NORTHERN****25.108 Stores - Poor Record Keeping**

Every storekeeper shall maintain stores ledgers or tally cards in respect of all public stores received, held or issued by him.

The storekeeper at Roads East Depot did not record the quantity of materials issued and received for respective projects in the tally cards maintained by him.

The quantities of materials used on a particular project are recorded at 3 sections namely, Sealing Depot, Road Maintenance Construction Unit and Asset Management Unit. However, the 3 records did not match and significant variances were noted in the materials used. The details are shown in Table 25.69 below.

TABLE 25.69: MATERIALS ORDERED AND USED FOR NASEKULA/LAJONIA PROJECT

Description	Unit	Materials Ordered			Materials Used		
		Sealing Depot	Accpacc	Variance	Road Maintenance Survey Unit	Quarterly Reports	Sealing Depot
Base Course	m3	1,846	2541	-695	3,947	3,947	60,664
Bitumen	lt	28,800	28,800	0	31,800	21,694	
Cement	kg	0	0	0	640		
Culvert	no	0	0	0	18		
Emulsion	lt	0	0	0	29		
Gas refill	kg	24	24	0	15		
Gas Bulk	kg	300		300			
Kerbs	no	150	265	-115	115		
Kerosene	lt	4,700	4,700	0	200	200	
Precoating	lt	0	0	0	400		
Sand	m3	10	0	10	21,694	29	
Seal Chips - 20mm	m3	50	220	-170	608	608	
Benzene	lt	204	200	4			

TABLE 25.70: VARIANCE IN RECORD OF MATERIALS PURCHASED FOR FSC - VULOVI PROJECT

Item	Unit	RCU (Qty)	AMU (Qty)	Variance (Qty)
Sea Sand	m3	30	20	10
Cement	10 kg bags	105	30	75
River Gravel	m3	100	0	100
Base Course	m3	1,745	1,095	650
Crushed Metal 10mm	m3	30	30	0
Crushed Metal 20mm	m3	85	0	85
Road Kerbs	No.	415	0	415
Concrete Mix	m3	70	55	15

TABLE 25.71: VARIANCE IN RECORDS OF MATERIALS USED FOR VUNIVAU REHABILITATION PROJECT

Item	Unit	Sealing (Qty)	AMU (Qty)	Variance (Qty)
Base Course	m <sup>3</sup>	1750	1,334	416
Crushed Metal 20mm	m <sup>3</sup>	200	200	0
Bitumen	Litres	20,400	0	20,400
Gas Bulk	Kg	1,000	0	1,000
Kerosene	Litres	2,000	0	2000
Benzene	Litres	20	0	20

In addition, the materials received were not recorded according to the projects for which it was purchased for. Hence, it was not possible to trace the materials purchased for the different projects.

Discussions with the Roads Engineer, Mr. Jioji Mate revealed that the records did not reconcile since the requesting depot failed to inform Asset Management Unit (AMU) about the purchases made for the respective projects.

The absence of maintaining proper records of the materials received and issued increases the risk of materials being misappropriated.

### **Recommendation**

**The Department should ensure that proper records of materials purchased and used on projects are maintained and that material records for each project separately maintained.**

### **Management Comments**

*The records maintained by Asset Management Unit are based on calculated quantities which will be much dependant on site conditions. It is just a guide. It is true their records will not match with the records maintained in Stores. Management agrees that there were some deficits and surplus of materials for a project. This does not mean that there was no proper record keeping, it is the nature and scope of work that actually took place while the project was in progress. Since several projects were carried out at one time materials was wisely utilized instead of being wasted. (Submitted are some of the reports and records maintained by the Storeman where the orders had originated which gives details of quantity received and quantity issued.) Since it is now required for audit purposes, material records for each project will be maintained separately.*

**25.109 Purchases Made Exceeding LPO Limits**

Any officer who authorises expenditure exceeding his/her procurement limits including by splitting purchase orders, shall be liable for surcharge to repay the unauthorised amount.<sup>125</sup>

On 29/10/08, the Permanent Secretary for Works, Transport & Public Utilities Mr. Anand Kumar advised the Officers of their delegated purchase order approval limits.

It was noted that on several occasions the Department's officers at DEN authorised expenditures exceeding their approved procurement limits. Refer to *Appendix 25.12* for details.

Failure to adhere to the control measures implies that mandatory approval was avoided for those purchases which required a higher authority hence unauthorized purchases were made.

**Recommendations**

- The Department should ensure that procurements of goods and services are in accordance with government regulations.
- Officers must not approve expenditures beyond their approved limits.

**Management Comments**

*The above refers to telephone conversation Mr. Mesake (PAO)/Ashok Kumar (SSO) and KC Kumar of June 2009. Mr. Mesake's discussions with the Policy Unit of Ministry of Finance that for contracted items (approval by MTB) there was no need for a request to write LPO's above our limits. The Senior Supplies Officer Mr. Ashok Kumar can be contacted for the conversations. Since this issue has been highlighted Management has decided to put a stop and seek approval while we clarify from the Authorities.*

**25.110 Over Expenditure**

The proper management of expenditure is fundamental to ensuring value-for-money in service delivery 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 public funds and over-expenditure do not occur.

It was noted that most of the budgetary allocations for capital works were overspent as at 31/12/09. For some road works such as Vatudova Bridge Approach, Rabi Road, Waidamu, Vunivau, Korotari and Nabalebale, the amounts over spent were highly excessive when compared to funds initially allocated. Refer to Table 25.72 below for details.

TABLE 25.72: OVERSPENDING ON CAPITAL WORKS

Description	Allocation	Actual Expenditures (\$)	Over Expenditures (\$)	Percentages Overspent %
<b>Rural Road Upgrading</b>				
Nayarabale\Vanuavou	1,100,000.00	1,224,763.00	( 124,763.00)	11.3
Vatudova Bridge Approach	140,000.00	264,730.00	( 124,730.00)	89.1
<b>Periodic Maintenance</b>				

<sup>125</sup> Ministry of Works & Energy Finance Manual 2005 Section 2.2.3

Description	Allocation	Actual Expenditures (\$)	Over Expenditures (\$)	Percentages Overspent %
Rabi Rd Resheeting	25,000.00	100,989.00	( 75,989.00)	304.0
Resealing at Wainikoro	125,000.00	128,172.00	( 3,172.00)	2.5
Waidamu Resheeting	10,000.00	30,371.00	( 20,371.00)	203.7
Korotari Drainage	10,000.00	12,922.00	( 2,922.00)	29.2
Reseal Labasa Town	80,000.00	102,593.00	( 22,593.00)	28.2
Reseal Nasekula Lajonia	180,000.00	261,290.00	( 81,290.00)	45.2
Rehab FSC to Vulovi	150,000.00	191,946.00	( 41,946.00)	28.0
Natewa Resheeting	30,000.00	52,977.00	( 22,977.00)	76.6
Reseal Urata Vunivesi	250,000.00	283,791.00	( 33,791.00)	13.5
Drainage Improvement Napuka	30,000.00	35,974.00	( 5,974.00)	19.9
Safety Improvement Somosomo Hydro	20,000.00	97,322.00	( 77,322.00)	386.6
Malau Junct - Matailabasa Reseal	125,000.00	141,375.00	( 16,375.00)	13.1
Napuka Resheeting	30,000.00	43,830.00	( 13,830.00)	46.1
Nabouwalu Drainage	20,000.00	24,293.00	( 4,293.00)	21.5
Vunivesi Drainage	15,000.00	95,243.00	( 80,243.00)	535.0
Waidamudamu Drainage	10,000.00	14,120.00	( 4,120.00)	41.2
Korotari Reseal	80,000.00	228,015.00	( 148,015.00)	185.0
Nabalebale/Waisali Reseal	100,000.00	219,589.00	( 119,589.00)	119.6
Saivou Junction- Saivou Village	50,000.00	71,770.00	( 21,770.00)	43.5
Valebasoga Rehab Seal	100,000.00	133,097.00	( 33,097.00)	33.1
Vunivau Rehab Seal	100,000.00	209,859.00	( 109,859.00)	109.9
Vaturekuka Reconstruction Seal	100,000.00	137,860.00	( 37,860.00)	37.9
<b>Upgrading of Jetties</b>				
Savusavu Jetty	50,000.00	54,338.00	( 4,338.00)	8.7
<b>Total</b>	<b>2,930,000.00</b>	<b>4,161,229.00</b>	<b>(1,231,229.00)</b>	<b>42.0</b>

The Divisional Engineer Northern diverted funds from one project to another. As a result 25 projects (stated in table above) received excess allocation of \$1,231,229.00 to cover up the over expenditure.

According to the Divisional Engineer Northern, the over expenditures was due to an increase in the scope of work, scarcity of road marking materials and the contractors' inability to supply materials.

DNR diversion of funds from projects to meet over expenditures in other projects may force the Division to abandon some of its planned roads works.

### **Recommendation**

**The Department must ensure that proper project costing and management is done to avoid cost over runs and diversion of funds from other project allocations.**

### **Management Comment**

*Total number of projects undertaken under Periodic and Rural Roothing was 56 as per our report. Management agrees that some projects had exceeded against the allocations. Looking at our report (copy attached) the overall over expenditure is \$213,665 which is 6% of the \$3.79m allocated by HQ. The Divisional Engineer Roads has highlighted that an increase in the scope of work, scarcity of road making materials and Contractors inability to supply materials on time were the main causes of exceeding allocations in some of the projects as highlighted by the Auditors.*

### **Further OAG Comments**

**Audit findings relates to 25 projects that were overspent and not the overall expenditure as stated in the management comments.**

## **25.111 Leaking Emulsion**

Inventory purchased, stored and recorded should be efficiently managed to minimise risks of obsolescence or damages<sup>126</sup>.

Inventory should be purchased in the most economical manner having regards for:

- the expected level of usage;
- lead times of delivery;
- volume discounts;
- holding costs;
- the availability of secure storage; and
- the likelihood of deterioration.<sup>127</sup>

The Division purchased 200 litres drums of emulsion at \$261.34 per drum. Audit verifications noted that two drums containing emulsion were damaged and were leaking to the ground. The damaged drums continued to leak and no action was taken to save the remainder of the emulsion.

Refer to the pictures below showing damaged drums of emulsion.



*Picture 1: Spill over of emulsion and damaged drums*



*Picture 2: Spill over of emulsion and damaged drums*

According to the Storeman, Mr. Clarence Simmons, the drums were damaged while being unloaded. However, no damage report was prepared, hence audit can not substantiate whether the drums were actually damaged in the process of unloading.

The finding indicates that proper care was not taken when handling stores thus resulting in wastage of taxpayers' funds.

<sup>126</sup> Ministry of Works & Energy Finance Manual Part 8 (Page 70)

<sup>127</sup> Finance Instruction 2005 s43(1)

**Recommendations**

- **The Department should ensure that a loss report is prepared and control measures taken to avoid such incident in future.**
- **Appropriate actions should be taken against officers responsible for damaging the drums and not taking any immediate action to save the content.**

**Management Comments**

*Northern Division actually has to stock the items because of unavailability and time spent for shipment. A lot of time is involved in securing the items. There are also transportation delays and during transaction (distance) the items can be damaged due to bad roads, collision of drums and unloading facilities. The management has looked into the cases and assures more care will be taken in future and all drums through which leakage has taken place a report will be submitted for reference.*

## APPENDICES

### Appendix 25.1: Statement of Output Costs

#### Policy & Administration – Corporate & General Administration

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	586,193	668,435
Wage Earners	82,018	58,521
Travel and communications	78,145	54,332
Maintenance & operations	117,265	81,857
Purchase of goods and services	76,680	73,881
Operating grants and transfers	12,000,000	10,077,700
<b>Total Operating Costs</b>	<b>12,940,301</b>	<b>11,014,726</b>
<b>Capital Expenditure</b>		
Purchases	0	91,783
<b>Total Capital Expenditure</b>	<b>0</b>	<b>91,783</b>
Value Added Tax	9,142	32,431
<b>TOTAL EXPENDITURE</b>	<b>12,949,443</b>	<b>11,138,940</b>

#### Civil Aviation

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	0	21,468
Wage Earners	0	3,015
<b>Total Operating Costs</b>	<b>0</b>	<b>24,483</b>
<b>TOTAL EXPENDITURE</b>	<b>0</b>	<b>24,483</b>

\*The above expenditures comprises of Salaries and Wages for established staffs and government wage earners for the Department of Civil Aviation. The Department of Civil Aviation was transferred to the Ministry of Foreign Affairs in 2008.

**Transport Planning Unit**

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	174,184	155,033
Wage Earners	9,630	10,720
Travel and communications	10,079	13,541
Maintenance & operations	24,314	25,141
Purchase of goods and services	15,016	12,625
Operating grants and transfers	32,990	36,209
<b>Total Operating Costs</b>	<b>266,213</b>	<b>253,269</b>
Value Added Tax	<b>6,536</b>	<b>6,877</b>
<b>TOTAL EXPENDITURE</b>	<b>272,749</b>	<b>260,146</b>

**Government Shipping Services**

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	961,215	1,025,698
Wage Earners	1,966,934	2,195,417
Travel and communications	32,329	25,240
Maintenance & operations	1,611,917	1,769,716
Purchase of goods and services	172,094	189,806
Operating grants and transfers	1,529,969	1,764,243
Special expenditures	31,980	3,556
<b>Total Operating Costs</b>	<b>6,306,438</b>	<b>6,973,676</b>
<b>Capital Expenditure</b>		
Construction	100,896	187,376
Purchases	69,981	126,397
<b>Total Capital Expenditure</b>	<b>170,877</b>	<b>313,773</b>
Value Added Tax	<b>263,011</b>	<b>290,425</b>
<b>TOTAL EXPENDITURE</b>	<b>6,740,326</b>	<b>7,577,874</b>



**Meteorological Services – Corporate Services**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	234,370	217,961
Wage Earners	51,210	54,455
Travel and communications	30,728	30,021
Maintenance & operations	138,271	168,087
Purchase of goods and services	6,760	18,165
Operating grants and transfers	(55)	17,482
<b>Total Operating Costs</b>	<b>461,284</b>	<b>506,171</b>
<b>Capital Expenditure</b>		
Construction	111,883	89,037
Purchases	89,407	63,837
<b>Total Capital Expenditure</b>	<b>201,290</b>	<b>152,874</b>
Value Added Tax	27,487	46,019
<b>TOTAL EXPENDITURE</b>	<b>690,061</b>	<b>705,064</b>

**Reporting & Facilities**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	364,295	416,435
Wage Earners	33,649	33,905
Travel and communications	22,641	22,960
Maintenance & operations	13,377	22,663
Purchase of goods and services	10,589	14,189
<b>Total Operating Costs</b>	<b>444,551</b>	<b>510,152</b>
Value Added Tax	3,997	8,265
<b>TOTAL EXPENDITURE</b>	<b>448,548</b>	<b>518,417</b>

**Weather & Forecasting Services**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	871,940	919,481
Travel and communications	126,645	146,525
Maintenance & operations	88,294	103,114
Purchase of goods and services	195,261	169,589
<b>Total Operating Costs</b>	<b>1,282,140</b>	<b>1,338,709</b>
<b>Capital Expenditure</b>		
Construction	1,235	0
Purchases	502,071	1,265,222
<b>Total Capital Expenditure</b>	<b>503,306</b>	<b>1,265,222</b>
Value Added Tax	157,991	235,108
<b>TOTAL EXPENDITURE</b>	<b>1,943,437</b>	<b>2,839,039</b>

**Climatology**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	183,910	197,948
Travel and communications	2,722	1,920
Maintenance & operations	13,352	4,212
Purchase of goods and services	0	219
<b>Total Operating Costs</b>	<b>199,984</b>	<b>204,299</b>
Value Added Tax	1,473	1,370
<b>TOTAL EXPENDITURE</b>	<b>201,457</b>	<b>205,669</b>

**Fiji Maritime Safety Administration – General Administration**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	183,250	289,364
Wage Earners	64,795	84,672

	2009 \$	2008 \$
Travel and communications	18,348	16,987
Maintenance & operations	32,893	33,517
Purchase of goods and services	8,738	7,952
Operating grants and transfers	65,659	49,018
<b>Total Operating Costs</b>	<b>373,683</b>	<b>481,510</b>
Value Added Tax	7,689	9,384
<b>TOTAL EXPENDITURE</b>	<b>381,372</b>	<b>490,894</b>

**Shipping Office Regulatory**

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	863,665	892,262
Wage Earners	387,921	427,303
Travel and communications	28,341	27,744
Maintenance & operations	58,708	52,475
Purchase of goods and services	43,763	53,878
<b>Total Operating Costs</b>	<b>1,382,398</b>	<b>1,453,662</b>
Value Added Tax	16,154	28,428
<b>TOTAL EXPENDITURE</b>	<b>1,398,552</b>	<b>1,482,090</b>

**Hydrographic**

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	359,478	366,828
Wage Earners	270	300
Travel and communications	4,125	3,133
Maintenance & operations	70,010	111,377
Purchase of goods and services	6,733	2,819
<b>Total Operating Costs</b>	<b>440,616</b>	<b>484,457</b>
Value Added Tax	10,113	19,228
<b>TOTAL EXPENDITURE</b>	<b>450,729</b>	<b>503,685</b>

**Common Services – General Administration**

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	2,463,009	2,709,470
Wage Earners	1,012,081	3,004,160
Travel and communications	292,982	338,446
Maintenance & operations	331,571	359,448
Purchase of goods and services	2,012,495	89,505
Operating grants and transfers	24,000	0
Special expenditures	0	47,537
<b>Total Operating Costs</b>	<b>6,136,138</b>	<b>6,548,566</b>
Value Added Tax	200,480	116,008
<b>TOTAL EXPENDITURE</b>	<b>6,336,618</b>	<b>6,664,574</b>

**Maintenance & Operations of Public Buildings**

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Wage Earners	2,952,410	2,518,060
Travel and communications	14,618	0
Maintenance & operations	4,945,598	2,834,944
Purchase of goods and services	387	154
<b>Total Operating Costs</b>	<b>7,913,013</b>	<b>5,353,158</b>
<b>Capital Expenditure</b>		
Construction	2,191,700	1,821,182
<b>Total Capital Expenditure</b>	<b>2,191,700</b>	<b>1,821,182</b>
Value Added Tax	835,474	502,082
<b>TOTAL EXPENDITURE</b>	<b>10,940,187</b>	<b>7,676,422</b>

**Design & Costing Services**

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		

	2009 \$	2008 \$
Established staff	887,758	856,335
Travel and communications	6,632	8,284
Maintenance & operations	52,135	49,602
Purchase of goods and services	14,034	3,843
<b>Total Operating Costs</b>	<b>960,559</b>	<b>918,064</b>
Value Added Tax	7,726	10,056
<b>TOTAL EXPENDITURE</b>	<b>968,285</b>	<b>928,120</b>

**Construction Services**

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	719,273	624,411
Wage Earners	1,098,753	1,239,216
Travel and communications	7,172	6,769
Purchase of goods and services	3,518	2,944
<b>Total Operating Costs</b>	<b>1,828,716</b>	<b>1,873,340</b>
Value Added Tax	698	0
<b>TOTAL EXPENDITURE</b>	<b>1,829,414</b>	<b>1,873,340</b>

**Plant Pool**

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	215,326	232,145
Travel and communications	2,560	4,542
Purchase of goods and services	500	1,524
<b>Total Operating Costs</b>	<b>218,386</b>	<b>238,211</b>
<b>Capital Expenditure</b>		
Purchases	5,698,269	2,185,701
<b>Total Capital Expenditure</b>	<b>5,698,269</b>	<b>2,185,701</b>
Value Added Tax	715,115	212,053
<b>TOTAL EXPENDITURE</b>	<b>6,631,770</b>	<b>2,635,965</b>

**Workshops**

	<b>2009 \$</b>	<b>2008 \$</b>
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	553,702	593,659
Travel and communications	2,250	1,512
Maintenance & operations	24,406	34,477
Purchase of goods and services	862	4,999
<b>Total Operating Costs</b>	<b>581,220</b>	<b>634,647</b>
<b>Capital Expenditure</b>		
Construction	0	181,964
<b>Total Capital Expenditure</b>	<b>0</b>	<b>181,964</b>
Value Added Tax	3,189	5,246
<b>TOTAL EXPENDITURE</b>	<b>584,409</b>	<b>821,857</b>

**Freight & Handling**

	<b>2009 \$</b>	<b>2008 \$</b>
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	13,811	10,713
Wage Earners	141,096	112,950
Travel and communications	132	0
Purchase of goods and services	19,012	985
<b>Total Operating Costs</b>	<b>174,051</b>	<b>124,648</b>
Value Added Tax	4,701	3,004
<b>TOTAL EXPENDITURE</b>	<b>178,752</b>	<b>127,652</b>

**Other Suspense Account**

	<b>2009 \$</b>	<b>2008 \$</b>
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	181,860	214,841
<b>Total Operating Costs</b>	<b>181,860</b>	<b>214,841</b>
<b>TOTAL EXPENDITURE</b>	<b>181,860</b>	<b>214,841</b>

**Electrical Services Administration**

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	239,892	177,040
Wage Earners	425,184	395,397
Travel and communications	29,067	31,048
Maintenance & operations	539	1,551
Purchase of goods and services	19,854	20,362
<b>Total Operating Costs</b>	<b>714,536</b>	<b>625,398</b>
<b>Capital Expenditure</b>		
Construction	397,824	421,935
<b>Total Capital Expenditure</b>	<b>397,824</b>	<b>421,935</b>
Value Added Tax	48,058	59,936
<b>TOTAL EXPENDITURE</b>	<b>1,160,418</b>	<b>1,107,269</b>

**Electrical Services - Maintenance**

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Wage Earners	42,084	41,338
Maintenance & operations	1,849,731	1,188,128
Purchase of goods and services	4,531	7,150
<b>Total Operating Costs</b>	<b>1,896,346</b>	<b>1,236,616</b>
Value Added Tax	161,833	175,610
<b>TOTAL EXPENDITURE</b>	<b>2,058,179</b>	<b>1,412,226</b>

**Roads & Jetties – Policy & Administration**

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	1,550,091	1,545,951
Wage Earners	1,199,866	1,056,328
Travel and communications	131,265	92,885

	2009 \$	2008 \$
Maintenance & operations	127,677	159,506
Purchase of goods and services	123,303	117,544
<b>Total Operating Costs</b>	<b>3,132,202</b>	<b>2,972,214</b>
Value Added Tax	79,823	97,841
<b>TOTAL EXPENDITURE</b>	<b>3,212,025</b>	<b>3,070,055</b>

**New Roads & Bridges**

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Capital Expenditure</b>		
Construction	40,334,356	25,014,290
Purchases	937,375	237,082
<b>Total Capital Expenditure</b>	<b>41,271,731</b>	<b>25,251,372</b>
Value Added Tax	4,992,843	2,831,667
<b>TOTAL EXPENDITURE</b>	<b>46,264,574</b>	<b>28,083,039</b>

**Maintenance of Roads & Bridges**

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Wage Earners	7,777,734	7,825,094
Purchase of goods and services	9,874,975	6,989,942
<b>Total Operating Costs</b>	<b>17,652,709</b>	<b>14,815,036</b>
<b>Capital Expenditure</b>		
Construction	19,822,090	14,534,216
<b>Total Capital Expenditure</b>	<b>19,822,090</b>	<b>14,534,216</b>
Value Added Tax	3,694,527	3,110,918
<b>TOTAL EXPENDITURE</b>	<b>41,169,326</b>	<b>32,460,170</b>

**Outer Island Jetties**

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		



	2009 \$	2008 \$
Wage Earners	20,544	45,468
<b>Total Operating Costs</b>	<b>20,544</b>	<b>45,468</b>
<b>Capital Expenditure</b>		
Construction	3,087,795	1,379,281
<b>Total Capital Expenditure</b>	<b>3,087,795</b>	<b>1,379,281</b>
Value Added Tax	379,187	192,181
<b>TOTAL EXPENDITURE</b>	<b>3,487,526</b>	<b>1,616,930</b>

**Fiji Road Upgrading Project**

	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Capital Expenditure</b>		
Construction	21,078,084	16,631,776
<b>Total Capital Expenditure</b>	<b>21,078,084</b>	<b>16,631,776</b>
Value Added Tax	2,531,937	2,232,381
<b>TOTAL EXPENDITURE</b>	<b>23,610,021</b>	<b>18,864,157</b>

**Appendix 25.2 (a): Joinery Works without Job Requisition and without any fund**

Date	Customer	Scope of Work	Amount (\$)	Supervisors Responsible
15/01/09	Senior Technical Officer	Material Packing Box	545.00	Sikeli Yavita
02/02/09	CE 1 Extension	Materials	180.00	Sikeli Yavita
03/03/09	Senior Technical Officer	Materials	45.00	Sikeli Yavita
10/03/09	Quarters 72 Mead Road	Clear glass	95.00	Sikeli Yavita
28/08/09	Sila Secondary School	Materials	800.00	Sikeli Yavita
04/09/09	Quarters 68 – Muanikau	Materials	1,788.75	Sikeli Yavita
			<b>3,453.75</b>	
06/05/09	Parliament Bure	Materials	2,050.00	Kini Taviraki
23/06/09	Parliament Complex	Materials	4,100.00	Kini Taviraki
23/07/09	Parliament Complex	Materials	2,542.50	Kini Taviraki
03/08/09	Parliament Complex	Materials	573.75	Kini Taviraki
28/08/09	Sila Secondary School	Tables	1,360.00	Kini Taviraki
			<b>10,626.25</b>	
21/08/09	Korovou Group Maintenance	Materials	705.00	Radrodro
27/08/09	Lomaloma	Materials	744.00	Radrodro
27/08/09	Mualevu	Materials	300.00	Radrodro
27/08/09	Lakeba Extension	Materials	1,116.00	Radrodro
27/08/09	Fiji College of Advanced Education	Materials	1,850.00	Radrodro
27/08/09	Fiji College of Advanced Education	Materials	1,618.00	Radrodro

Date	Customer	Scope of Work	Amount (\$)	Supervisors Responsible
			<b>6,333.00</b>	
13/05/09	Koronivia Research Station	Materials	1,298.00	Tevita Halofaki
28/08/09	Government House [Guard Room]	Tables	1,360.00	Tevita Halofaki
28/08/09	President Bure - Naitonitoni	Materials– Fly screen window & doors	5,407.87	Tevita Halofaki
31/08/09	Personnel	Tool Box	0	Tevita Halofaki
01/09/09	CE No 1	Material Packing Box	450.00	Tevita Halofaki
02/09/09	Quarters 157	Bench Top	130.00	Tevita Halofaki
04/09/09	Govt Buildings		956.00	Tevita Halofaki
07/09/09	Loftus Buildings	Materials	1,935.00	Tevita Halofaki
07/09/09	Chief Justice	Materials	729.69	Tevita Halofaki
09/09/09	Naitonitoni Buildings	Materials	1,859.63	Tevita Halofaki
			<b>14,126.19</b>	
02/09/09	Electrical	Windows & Doors	1,170.00	Waisake Savu
02/09/09	Electrical	Materials	1,481.06	Waisake Savu
03/09/09	Electrical	Windows & Doors	1,170.00	Waisake Savu
03/09/09	Electrical	Materials	1,481.06	Waisake Savu
03/09/09	Lands Dept	Materials	12,478.93	Waisake Savu
			<b>17,781.05</b>	
05/08/09	HQ Architect Section	Refurbish Stage	<b>724.50</b>	Setoki – HQ
21/04/09	Fitting Shop	Material Packing Box	<b>450.00</b>	Acting Supervisor – Fitting Shop
<b>TOTAL</b>			<b>\$53,494.74</b>	

#### Appendix 25.2 (b): Jobs Done Using Job Requisitions without any funds

Date	Customer	Scope of Work	Amount
03/02/09	Dept of Roads & CE No 1 Ext	Materials	\$827.00
03/02/09	Dept of Roads & CE No 1 Ext	Materials	\$1,384.00
03/02/09	Dept of Roads & CE No 1 Ext	Materials	\$617.00
05/02/09	Dept of Roads & Accounts	Materials	\$338.00
05/02/09	Dept of Roads & Accounts	Mattress	\$293.00
19/02/09	Mechanical - Plant Pool	Materials	\$27.00
19/02/09	Dept of Roads & CE No 1 Ext	Materials	\$278.00
20/02/09	Dept of Roads & CE No 1 Ext	Materials	\$81.00
23/02/09	Dept of Roads Office	Materials	\$121.00
23/02/09	Dept of Roads Office	Materials	\$74.80
24/02/09	Dept of Roads Office	Materials	\$61.00
24/02/09	Dept of Roads Office	Materials	\$31.00
27/02/09	Vunisea Generator House	Materials	\$847.00
11/03/09	Vunivivi Group Maintenance – Quarters 1	Materials	\$1,700.00
11/03/09	FCAE – Quarters 30	Materials	\$634.00
11/03/09	FCAE – Quarters 30	Materials	\$303.00
11/03/09	FCAE – Quarters 30	Clear Glass	\$22.00
12/03/09	FCAE – Quarters 30	Materials	\$320.00
19/03/09	Vunivivi - Quarters -81	Materials	\$429.00
19/03/09	Vunivivi - Quarters 82	Materials	\$48.00
19/03/09	Vunivivi - Quarters 82	Mat & Doors	\$1,101.00

Date	Customer	Scope of Work	Amount
19/03/09	Vunivivi – Quarters 75	Clear Glass	\$285.00
24/03/09	Vunivivi – Quarters 107	Materials	\$745.00
24/03/09	Vunivivi - Quarters 65	Materials	\$2,417.00
24/03/09	Vunivivi - Quarters 65	Materials	\$255.00
24/03/09	Vunivivi - Quarters 65	Mat & Doors	\$1,590.00
24/03/09	Vunivivi - Quarters 65	Mat & Doors	\$1,354.00
24/03/09	Vunivivi - Quarters 83	Mat & Doors	\$709.00
09/04/09	RKS Dormitory	Mat & Doors	\$1,823.00
20/04/09	Urgent Maintenance	Materials	\$256.00
22/04/09	Mechanical – Plant Pool Office	Materials	\$54.00
28/04/09	Mechanical – Admin Office	Materials	\$468.00
08/05/09	RS Eastern	Mattress	\$325.00
12/05/09	RS Eastern	Mattress	\$195.00
19/05/09	RS Eastern	Mattress	\$260.00
04/06/09	FCAE –TV Studio	Material	\$270.00
17/07/09	Roads	Clear Glass	\$129.00
28/07/09	Road Supervisor Rewa	Material	\$315.00
06/08/09	Department of National Roads –Kadavu	Mattress	\$195.00
21/08/09	Parliament Complex	Material	\$197.00
24/08/09	Plumber Shop	Material	\$626.00
24/08/09	Ratu Kadavulevu School –Quarters 70	Material	\$110.00
24/08/09	ERC Buildings 73	Material	\$1,251.90
27/08/09	Sila Sec School	Material	\$4,219.00
31/08/09	Road Supervisor Rewa	Tarpaulin	\$500.00
02/09/09	Naboro Building H	Material	\$87.00
02/09/09	Naboro Building H	Material	\$87.00
02/09/09	Naboro Building H	Material	\$87.00
07/09/09	Fiji College of Advanced Education	Material	\$556.00
<b>TOTAL</b>			<b>\$28,902.70</b>

### Appendix 25.3: Outstanding Accounts Fuel and Oil 2009

Departments	2009 (\$)	2008 (\$)
Attorney General	107.42	0
Home Affairs	2,176.15	0
Fiji Human Rights	295.74	0
Information	256.95	0
Education	2,260.64	0
Health	9,432.39	6,591.01
Local Government	78.19	0
MAFF-EPS	79.65	1,393.13
ALTA	2,471.00	423.24
MAFF-Extension	235.80	0
MAFF-AHP	71.44	3,128.49
KRS	86.74	96.19
MAFF-LTK	71.03	0
MAFF – ADMIN	0	1,446.37
MAFF – Eastern	0	694.00
MAFF – Toorak	0	633.04
MAFF – QRTN	0	2,012.51
MAFF – Tribunal	0	109.35

Departments	2009 (\$)	2008 (\$)
Mineral Resources	1,039.61	0
GSS	264.15	0
Energy	569.15	0
President	3,363.91	435.04
Planning	169.43	157.66
Bureau Of Statistics	129.38	0
Govt Supplies	364.50	0
ITC	598.50	0
Provincial Development	385.00	317.53
Prisons	4,309.37	0
Fisheries	486.77	1,809.76
Forestry	0	1,377.75
Lands	40.50	0
Co-operative	61.44	0
Meteorological	550.80	177.19
DEW	17,152.37	0
DEN	2,732.60	0
Electrical	174.83	0
DECE – Works	339.59	0
DECE – Roads	8,865.77	0
Water & Sewerage	747.76	0
Water & Sewerage- Lautoka	1,324.66	0
SWS	4,959.42	0
Boiler Shop	3,001.50	0
PMs Office	0	1,063.00
Transport	0	88.34
<b>Total</b>	<b>69,254.15</b>	<b>21,953.60</b>

#### Appendix 25.4: Over Expenditure for Electrical & Building Section

Job No.	Description	Allocation (\$)	Actual (\$)	OVERSPENT (\$)
<b>ELECTRICAL SECTION</b>				
440263910112601010002E	Repair of generator (30KVA)	3,550.00	3,788.00	238.00
440263910112601010005E	Repair of generator for Namuumua Village	3,480.00	9,061.08	5,581.08
440263910112601010007E	Electrical work at RCU	1,360.00	2,809.07	1,449.07
440263910112601010028E	Electrical work at Agriculture	10,877.00	17,005.39	6,128.39
440263910112601010038E	Urgent work at OPH	3,429.18	3,474.18	45.00
440263910112601010041E	Electrical work at Twomey Hospital	2,615.00	3,019.68	404.68
440263910112601010044E	Electrical work at Labasa Hospital	11,398.00	12,225.82	827.82
440263910112601010045E	Relocation of Vunisea P/house	40,000.00	40,007.87	7.87
440263910112601010046E	Electrical work at Navuso bridge	3,000.00	3,540.62	540.62
440263910112601010060E	Urgent electrical maintenance	2,313.85	2,504.15	190.30
440263910112601010066E	Connection of temporary site office	1,200.00	1,922.51	722.51
440263910112601010070E	Electrical work – phase 2	19,001.00	19,391.66	390.66
440263910112601010071E	Supply of materials	1,114.00	3,114.46	2,000.46

Job No.	Description	Allocation (\$)	Actual (\$)	OVERSPENT (\$)
440263910112601010073E	Electrical work at Nabukelevuira	1,100.00	4,987.15	3,887.15
440263910112601010080E	Repair and rewind of 100hp motor	4,890.00	5,121.76	231.76
440263910112601010081E	Electrical work at Navuso bridge	3,000.00	4,317.10	1,317.10
4402639101126010100134E	Reconstruction of broken water main at Lagere	2,764.00	3,856.29	1,092.29
4402639101126010100138E	Electrical work – Naboro Prison Building E	5,000.00	7,360.18	2,360.18
4402639101126010100140E	Electrical work – CE2 office	1,621.80	1,897.37	275.57
4402639101126010100145E	Repair of generator and electrical wiring at Naqali depot	573.00	1,527.89	954.89
4402639101126010100147E	Electrical work at Kinoya	472.00	552.00	80.00
4402639101126010100201E	Rewind of generator at Mabula village	1,000.00	1,750.01	750.01
<b>TOTAL</b>		<b>123,758.83</b>	<b>153,234.24</b>	<b>29,475.41</b>
<b>BUILDINGS SECTION</b>				
440263910112601010051B	Building materials for Vunisea Government Station	8,578.00	17,604.05	9,026.05
44026391011040299	Main office stationery	30,000.00	39,168.69	9,169.69
4402639101126010100108B	Painting of Divisional Engineer Roads office	1,840.00	2,306.69	466.69
440263910112601010050B	Relocation of guard house door	1,064.00	1,577.64	513.64
<b>TOTAL</b>		<b>41,482.00</b>	<b>60,657.07</b>	<b>19,176.07</b>
<b>TOTAL</b>				<b>48,651.48</b>

## Appendix 25.5 Stale Cheque Listing

Date	Cheque No.	Payee	Amount (\$)
4/03/2008	10789	Marsh & McLennan	45.24
16/04/2008	10905	Uraia Tuilovoni	27.00
21/04/2008	10915	PEU	15.00
2/05/2008	10993	Japan International Corp.	3.18
2/05/2008	11245	Govt. Shipping Services	51.75
2/05/2008	11322	Pita Bale	13.00
12/08/2008	11661	FPSA	6.00
5/09/2008	11751	2309724	131.56
01/10/2008	11887	Divisional Engineer Northern	33.83
12/12/2008	12238	Mega Paper	49.59
12/12/2008	12430	Director Of Meteorology	465.00
05/01/2009	12449	ANZ Bank	1,340.68
19/01/2009	12485	Alekula Vosawale	45.00
22/01/2009	12496	Joseva Vodo	85.56
26/01/2009	12502	Bank Of Baroda	166.16
26/01/2009	12503	ANZ Bank	537.39
12/02/2009	12556	Nadi Airport Service Station	245.77
11/03/2009	12682	FNPF	12.40
19/03/2009	12717	FNPF	12.40

Date	Cheque No.	Payee	Amount (\$)
26/03/2009	12734	FNPF	12.40
26/03/2009	12736	Medion Supplies	1,680.00
01/04/2009	12734	FIRCA	20.00
01/04/2009	12747	LICI	28.26
07/04/2009	12773	Isimeli Waqabaca	26.00
09/04/2009	12786	Director Of MET (FNPF)	51.20
15/04/2009	12806	Director Of MTE (FNPF)	169.84
21/04/2009	12830	FIRCA	20.00
24/04/2009	12843	FNPF	55.20
30/04/2009	12855	FNPF	66.40
11/05/2009	12918	FNPF	264.56
12/05/2009	12926	P- O/CML 41	78.91
15/05/2009	12951	Chief Engineer Mechanical	51.08
23/06/2009	13105	FPSA	16.50
23/06/2009	13106	FNPF	168.08
30/06/2009	13128	Director Of Meteorology (OPR)	20.76
30/06/2009	13130	P- X/FPF 501	345.28
30/06/2009	13131	X-15891	2,301.22
30/06/2009	13132	X-16632	343.83
06/07/2009	13172	FNPF	60.32
17/07/2009	13216	Director Met (OPR)	266.48
17/07/2009	13224	Quality Pest Health Care	157.50
23/07/2009	13254	FNPF	44.64
24/07/2009	13262	FNPF	123.20
24/07/2009	13269	X-2102468	174.80
31/08/2009	13411	P- X/FPF 501	19,358.96
29/09/2009	13554	X-KD426	218.13
29/09/2009	13573	WESLE001	538.00
		<b>TOTAL</b>	<b>29,948.06</b>

## Appendix 25.6 Personnel Paid By Ministry of Works

Post Title	Substantive Holder of Post	EDP/FNPF No.	Section/Division	Salary (\$) <sup>128</sup>
Established Staff				
Senior Accounts Officer	Reginald Kumar	40942	Samabula (Accounts) HQ	29,935.10
Accounts Officer	Melaia Namuira	19309	DECE (Accounts)	24,444.46
Assistant Accounts Officer	Losana Tunabuna	53362	DECE (Accounts)	19,913.92
	Kag Charita Kumar	59674	DEN (Accounts)	17,242.99
	Tupou Senicibi	49811	DEW (Accounts)	18,246.11
Technical Assistant	Mere Vakauta	60532	Samabula - HQ	17,128.39
	Vereimi Uluivuya	63270	Samabula - HQ	9,923.94
	Ateca Waqairatu	64424	Samabula - HQ	9,923.94
	Avinesh Narayan	64131	DECE – Eastern	18,354.01
Senior Administrative Officer	Verenaisi Rokovada	41989	Samabula (HR) HQ	26,307.91
Administrative Officer	Aquila Temo Kaci	47676	Samabula (HR) HQ	21,771.67

<sup>128</sup> Salary Paid in 2009

Post Title	Substantive Holder of Post	EDP/FNPF No.	Section/Division	Salary (\$)¹²⁸
Executive Officer	Kirina Koro	59707	DEW (HR)	17,814.67
	Olita Kautoga	53871	DECE (HR)	17,403.36
Secretary	Sereana Tukana	53088	DECE (Personal Assistant)	16,610.88
Clerical Officer	Aporosa Ranamu	90830	Samabula (HR) HQ	7,398.32
	Yogita Devi Kumar	63353	Samabula (HR) HQ	12,730.74
	Antonio Rabakewa	60335	Samabula (HR) HQ	1,395.62
	Ruci Dauloko	63002	Samabula (PPU) HQ	10,017.12
	Vinita Chand	48822	Samabula (Ledgers) HQ	16,651.85
	Mareca Takayawa	90829	Samabula (Payments) HQ	8,471.13
	Akuila Vula	63386	Samabula (Payments) HQ	11,640.98
	Alumita Varanisisiko	53874	Samabula (Salaries) HQ	15,000.96
	Shaleen Maharaj	60080	Samabula (Inspection) HQ	11,242.92
	Ruel Maharaj	64231	Samabula (DTF) HQ	10,975.05
	Isikeli Tabakucoro	58738	DECE (HR)	19,369.06
	Amendra Raj	59652	DECE (HR)	27,457.54
	Abdul Hakim	UI753	DECE (Accounts)	10,990.33
	Sashi Lata	53525	DECE (Ledgers)	15,944.37
	Vilimoni Matawalu	64057	DECE (Payments)	8,091.98
	Lasaro Qorovakarua	60344	DECE (Payoffice)	12,976.99
	Mohammed Khan	60495	DECE (Payoffice)	15,336.13
	Jone Tuivaga	60365	DECE (Payoffice)	14,083.94
	Sairusi Baleiwai	64236	DEW (HR)	13,241.00
	Ana Tuilevuka	62881	DEW (HR)	9,206.08
	Manor Mani	53972	DEW (Ledgers)	14,538.94
	Rishad Buksh	58300	DEW (Waiyavi)	14,632.94
	Vasiti Nabogi	64541	DEW (Cashier)	12,604.53
	Rigietia Naicovi	90914	DEW (Accounts)	12,165.97
	Marica Cokanasiga	64250	DEN (Accounts)	8,836.88
	Dharam Dutt	64249	DEN (Accounts)	10,411.96
Steno Typist/Typist	Latileta Likuselala	48428	DECE (Accounts)	10,823.02
	Shandiya Reddy	90951	DEN (Main Office)	6,535.83
Telephone Operator	Sofia Chand	63432	DECE	8,745.99
<b>Total Salaries Paid in 2009</b>				<b>616,539.52</b>

### Appendix 25.7 LPO authorized by officer(s) beyond their procurement limits

LPO Date	LPO No.	Authorizing Officer	Authorized Limit (\$)	Payee	Details	Amount (\$)
23/2/09	877284	Melaia Namuaira	3,000	Humes Industries	Payment for purchase of 900 x 2.44 culverts	15,569.00
3/3/09	877292	Melaia Namuaira	3,000	Humes Industries	Payment for purchase of 900 x 2.44 culverts	4,670.70
26/5/09	878944	Melaia Namuaira	3,000	TOTAL FIJI LTD	Payments made for purchase of kerosene	3,312.90
1/6/09	856690	Melaia Namuaira	3,000	Humes Industries	Payments made for the purchase of 600mm x 2.44 Culvert	10,311.84
17/6/09	878797	Melaia Namuaira	3,000	Humes Industries	Payment for purchase of road kerbs	6,570.00
23/7/09	885826	Melaia	3,000	TOTAL FIJI	Payments made for	

LPO Date	LPO No.	Authorizing Officer	Authorized Limit (\$)	Payee	Details	Amount (\$)
		Namuaia		LTD	purchase of 4,000 litres kerosene	5,643.00
18/8/09	884773	Melaia Namuaia	3,000	Humes Industries	Payment for purchase of 600 x 2.44 culverts	8,593.20
18/8/09	884774	Losana Tunabuna	3,000	Humes Industries	Payment for purchase of 600 x 2.44 culverts	8,593.20
18/8/09	884775	Losana Tunabuna	3,000	Humes Industries	Payment for purchase of 600 x 2.44 culverts	8,593.20
18/8/09	884776	Losana Tunabuna	3,000	Humes Industries	Payment for purchase of 600 x 2.44 culverts	8,593.20
18/8/09	884777	Losana Tunabuna	3,000	Humes Industries	Payment for purchase of 900 x 2.44 culverts	8,425.58
18/8/09	884778	Losana Tunabuna	3,000	Humes Industries	Payment for purchase of 600 x 2.44 culverts	8,431.48
18/8/09	884779	Losana Tunabuna	3,000	Humes Industries	Payment for purchase of 900 x 2.44 culverts	7,784.60
18/8/09	884780	Losana Tunabuna	3,000	Humes Industries	Payment for purchase of 900 x 2.44 culverts	7,784.60
18/8/09	884781	Melaia Namuaia	3,000	Humes Industries	Payment for purchase of 900 x 2.44 culverts	7,784.60
20/8/09	884793	Melaia Namuaia	3,000	Humes Industries	Payment for purchase of lintel & lid	6,526.20
21/8/09	884789	Melaia Namuaia	3,000	Humes Industries	Payment for purchase of 1050 x 2.44 culverts	8,968.48
02/9/09	901662	Atunaisa Nayago	3,000	TOTAL FIJI LTD	Payment made for the purchase of 200litres 15 drums, hydraulic (200litres) 1 drum deposit	6,716.05
02/9/09	901662	Atunaisa Nayago	3,000	TOTAL FIJI LTD	Payment made for the purchase of 200litres 15 drums, hydraulic (200litres) 1 drum deposit	5,808.52
30/9/09	902345	Losana Tunabuna	3,000	TOTAL FIJI LTD	Payments made for purchase of kerosene	7,386.19
11/11/09	892636	Melaia Namuaia	3,000	Humes Industries	Payment for purchase of 450 x 2.44 culverts	5,821.20
11/11/09	892637	Melaia Namuaia	3,000	Humes Industries	Payment for purchase of 900 x 2.44 culverts	3,892.30
11/11/09	892638	Melaia Namuaia	3,000	Humes Industries	Payment for purchase of lintel & lid	7,280.10



LPO Date	LPO No.	Authorizing Officer	Authorized Limit (\$)	Payee	Details	Amount (\$)
14/11/09	892645	Melaia Namuaira	3,000	Humes Industries	Payment for purchase of 600 x 2.44 culverts	8,592.99
4/12/09	920627	Melaia Namuaira	3,000	Humes Industries	Payment for purchase of 600 x 2.44 culverts	42,965.00
4/12/09	920628	Melaia Namuaira	3,000	Humes Industries	Payment for purchase of 900 x 2.44 culverts	124,552.00
4/12/09	920629	Melaia Namuaira	3,000	Humes Industries	Payment made for purchase of intel & lid	75,051.30
4/12/09	920630	Melaia Namuaira	3,000	Humes Industries	Payment for purchase of road kerbs	16,425.00
4/12/09	920630	Melaia Namuaira	3,000	Humes Industries	Payment for purchase of road kerbs	60,225.00
4/12/09	920632	Melaia Namuaira	3,000	Humes Industries	Payment made for purchase of Inver Type 3	60,945.00
4/12/09	920620	Melaia Namuaira	3,000	Humes Industries	Payment for purchase of 600 x 2.44 culverts	21,482.50
4/12/09	920621	Melaia Namuaira	3,000	Humes Industries	Payment for purchase of 900 x 2.44 culverts	101,198.50
4/12/09	920624	Melaia Namuaira	3,000	Humes Industries	Payment for purchase of road kerbs	27,375.00
4/12/09	920625	Melaia Namuaira	3,000	Humes Industries	Payment for purchase of invert type 3 (V drains)	20,315.00
31/12/09	920603	Melaia Namuaira	3,000	Humes Industries	Payments made for the purchase of 900mm x 2.44 Culvert	11,676.75
31/12/09	920604	Melaia Namuaira	3,000	Humes Industries	Payments made for the purchase of 1500mm x 2.44 Culvert	33,726.00

## Appendix 25.8 Payments to Mataqali Nakorolevu

LPO No.	Quantity (m³)	Rate (\$)	Amount (\$)
<b>Royalty Payments in 2008:</b>			
853727	3,561	2.60	9,258.60
853728	3,504	2.60	9,201.50
879405	521	2.60	1,368.15
879406	576	2.60	1,512.58
879407	582	2.60	1,528.33
879408	585	2.60	1,536.21
879409	518	2.60	1,360.27
879410	576	2.60	1,512.58

LPO No.	Quantity (m³)	Rate (\$)	Amount (\$)
879411	500	2.60	1,313.00
879412	559	2.60	1,467.93
879413	454	2.60	1,192.20
879414	517	2.60	1,357.64
879415	522	2.60	1,370.77
879416	490	2.60	1,286.74
879417	494	2.60	1,297.24
879418	471	2.60	1,236.24
879419	500	2.60	1,313.00
876266	500	2.60	1,313.00
876265	579	2.60	1,520.45
876267	500	2.60	1,313.00
876268	550	2.60	1,444.30
876270	550	2.60	1,313.00
876271	500	2.60	1,313.00
876272	550	2.60	1,444.30
<b>Total for 2008</b>	<b>18,659</b>		<b>48,774.03</b>
<b>Royalty Payments in 2009:</b>			
880779	550	2.60	1,444.30
880778	550	2.60	1,444.30
880777	640	2.60	1,680.64
880776	560	2.60	1,470.56
880775	600	2.60	1,575.60
880774	660	2.60	1,733.16
880773	490	2.60	1,286.74
880772	640	2.60	1,680.64
880771	510	2.60	1,339.26
892425	520	2.60	1,365.52
892424	630	2.60	1,654.38
892423	510	2.60	1,339.26
892422	570	2.60	1,496.82
892427	590	2.60	1,549.34
892433	660	2.60	1,733.16
892426	480	2.60	1,260.48
892432	550	2.60	1,444.30
892429	590	2.60	1,549.34
892431	570	2.60	1,496.82
892428	560	2.60	1,470.56
892430	530	2.60	1,391.78
885161	500	2.60	1,313.00
885160	520	2.60	1,365.52
885159	550	2.60	1,444.30
885158	670	2.60	1,759.42
885157	660	2.60	1,733.16
885156	600	2.60	1,575.60
885198	690	2.60	1,811.95
885197	620	2.60	1,628.10
885196	500	2.60	1,313.00
885195	530	2.60	1,391.80
885194	520	2.60	1,365.52
885193	480	2.60	1,260.50
885984	440	2.60	1,155.44
885190	460	2.60	1,207.96
885985	520	2.60	1,365.50

LPO No.	Quantity (m³)	Rate (\$)	Amount (\$)
892449	420	2.60	1,102.92
892450	650	2.60	1,706.90
891937	520	2.60	1,365.52
891938	410	2.60	1,076.66
891939	500	2.60	1,313.00
883914	560	2.60	1,470.60
883915	550	2.60	1,444.30
883916	620	2.60	1,628.10
883917	300	2.60	787.80
883918	460	2.60	1,858.40
<b>Total for 2009</b>	<b>25,210</b>		<b>66,851.93</b>
<b>Grand Total</b>			<b>115,625.96</b>

### Appendix 25.9 Peni Tuinona authorised LPO beyond his procurement limit

LPO Date	LPO No.	Authorizing Limit (\$)	Payee	Details	Amount (\$)
30/1/09	842492	3,000	Hiway Stabilisers	Payment made for the supply of cold mix (premix)	7,820.70
3/2/09	842493	3,000	Hiway Stabilisers	Payment made for the supply and delivery of cold mix	15,641.40
9/2/09	842775	3,000	Fair Deal	Payment for the supply of River Gravel	28,45.00
13/2/09	842692	3,000	Technix Bitumen	Purchase of emulsion – 4000 litres	5,280.00
10/3/09	867366	3,000	Fairdeal Earthmoving Contractors	Purchase of river gravel	87,096.00
30/7/09	905134	3,000	Humes Industries	Purchase of 600 x 1.22 culverts	4,053.96
30/7/09	905359	3,000	Humes Industries	Purchase of 450 x 2.44, 600 x 2.44 culverts	29,549.11
5/8/09	905531	3,000	Humes Industries	Payment made for the supply of culvert	7,397.78
25/8/09	868398	3,000	Humes Industries	Purchase of 300 x 2.44, 450 x 2.44, 600 x 2.44, 900 x 2.44, 1050 x 2.44 culverts	181,030.65
8/9/09	906084	3,000	TF Jan	Payment made for the supply of 40mm sub base course	59,441.20
22/9/09	906431	3,000	TF Jan	Payment made for the supply of 65mm sub base course	6,760.00
22/9/09	906432	3,000	TF Jan	Payment made for the supply of 65mm sub base course	6,760.00
23/9/09	906538	3,000	Fairdeal Earthmoving Contractors	Payment for the supply of River Gravel	18,000.00
30/9/09	898397	3,000	Humes Industries	Payment made for the supply of culvert	7,802.00
30/10/09	925231	3,000	SCIL	Purchase of 30mpa ready mix concrete	8,262.00
25/11/09	926752	3,000	SCIL	Purchase of 30mpa ready mix concrete	26,418.00
10/11/09	925951	3,000	SCIL	Purchase of 20mpa ready mix concrete	31,496.00
3/12/09	926768	3,000	SCIL	Purchase of 20mpa ready mix concrete	13,292.80
4/12/09	926770	3,000	T.F. Jan	Purchase of 40mm base course	23,920.00
4/12/09	927446	3,000	Arrow Concrete	Payment made for the supply of culvert	14,985.00

**Appendix 25.10 Examples of Split Purchase Orders by Peni Tuinona**

LPO Date	LPO No.	Authorizing Limit (\$)	Payee	Details of Purchases	Amount (\$)
29/1/09	842150	3,000	Neritak Equipments Ltd	Koshin 2" Clean Water Pump 2" Sunction Hose 2" Delivery Hose for Ra Roads	1,520.00
	842372			5.5 KVA Bosch Diesel Generator for Lautoka Roads	2,990.00
	842373			Koshin 2" Clean Water Pump 2" Sunction Hose 2" Delivery Hose for Lautoka Roads	1,520.00
	842433			5.5 KVA Bosch Diesel Generator for Ba Roads	2,990.00
	842434			80kg Plate Compactor Robin YPF80.11 for Ba Roads	2,500.00
	842461			5.5 KVA Bosch Diesel Generator for Nadi Roads	2,990.00
	842462			80kg Plate Compactor for Nadi Roads	2,500
	842463			Koshin 2" Clean Water Pump 2" Sunction Hose 2" Delivery Hose for Ra Roads	1,520.00
	842502			80kg Plate Compactor Robin YPF80.11 for Ra Roads	2,500.00
	842503			5.5 KVA Bosch Diesel Generator for Ra Roads	2,990.00
	842559			5.5 KVA Bosch Diesel Generator for Tavua Roads	2,990.00
	842561			Koshin 2" Clean Water Pump 2" Sunction Hose 2" Delivery Hose for Tavua Roads	1,520.00
13/2/09	842834	3,000	Neritak Equipments Ltd	Koshin 2" Clean Water Pump 2" Sunction Hose 2" Delivery Hose for RCU	1,520.00
	842836			5.5 KVA Bosch Diesel Generator for RCU	2,990.00

**Appendix 25.11 Items Taken On Loan by DNR Officers**

Date	Name of officers	Item Description	Quantity	Units Measurements of
22/11/2005	Anil Kumar	L/Shovel	1	no.
12/01/2006	Astafar	Cane Knife	1	no.
	Salim	Cane Knife	1	no.
18/01/2006	Josese	Cane Knife	1	no.
31/01/2006	K.Ravula	Wacker Compactor	1	no.
10/02/2006	Umesh	Cane Knife	1	no.
	Amena S	Axe	1	no.
22/02/2006	Anil Kumar	Cane Knife	1	no.
07/04/2006	Waisea	R/Iron	5	no.
11/05/2006	Satiya	Road Marking Paint	1	drums
09/06/2006	Tavua Road	Emulsion	2	drums
29/08/2006	D.E Roads	weeding knife	2	no.
21/03/2007	Ba Roads	Weed Killer	2	litres

Date	Name of officers	Item Description	Quantity	Units Measurements of
21/03/2007	Surendra Kumar	Timber (9x4)	7	litres
		Timber (9x2)	9	litres
22/02/2008	Anand Kumar	Weed Killer Machine	1	no.
11/09/2007	Solo	Wheel Barrow	1	no.
20/09/2007	Anand Kumar	Knife/Old file	1	no.
28/09/2007	Amena S	Turpeline Canvas	1	no.
11/10/2007	STO	Flashinh	2	no.
19/10/2007	Dharmendra Naidu	Plyboard 12mm x 2.4x1.2		no.
02/11/2007	Amani Tabualevu	Welding Plant	1	no.
		Drop Saw	1	no.
		Grinder	1	no.
		Lead Wire	1	no.
04/11/2007	Charles Herbert	Crow Bar	1	no.
14/11/2007	K.Ravula	Turpeline Canvas	1	no.
17/02/2008	Vilive Tokalaivi	Maller Hammer	1	no.
09/05/2008	Vilive Tokalaivi	Vilive	1	no.
26/06/2008	Sailosi Vuniwaqa	Pot	1	no.
		Kettle	1	no.
		Plastic Basin	1	no.
		Spoon	1	no.
		Gas Stove	1	no.
14/07/2008	Amit Singh	Bed/ Mattress Set	1	no.
12/12/2008	Panapasa M	Tarpoline	1	no.
18/12/2008	Solomoni Waqa	Turpeline Canvas	1	no.
		Tarpoline Blue	1	no.
04/03/2009	Vilive Tokalaivi	Cane Knife	3	no.
09/04/2009	Navinesh	Hand Spade	2	no.
05/05/2009	Isoa Makutu R/S	Wheel Barrow	1	no.
04/01/2009	Tomu Kubu	Cane Knife	1	no.
04/01/2009	Eseroma Nati	Cane Knife	1	no.
06/02/2009	Vijay Prasad	Cement	10	no.
14/02/2009	DRE Residence	L/Handle Spade	1	no.
17/02/2009	Vilive Tokalaivi	Makita Drill	1	no.
10/03/2009	Anand Kumar	Cane Knife	1	no.
24/03/2009	Eseroma Nati	L/Shovel	4	no.
		Crow Bar	1	no.
31/03/2009	Apisai Tadulala	Cane Knife	1	no.
03/04/2009	Leone (Prison Dept)	Spade	3	no.
01/06/2009	Rustan	Hand Spade	2	no.
	Netani	File	1	no.
10/06/2009	Isoa Makutu R/S	Crow Bar	3	no.
		post hole spade	1	no.
18/06/2009	Vilive Tokalaivi	chain saw	1	no.
24/06/2009	Vilive Tokalaivi	Digital Camera	1	no.
30/06/2009	Tomu Kubu	Crow Bar	1	no.
02/07/2009	Emosi Tawai	rake	1	no.
03/07/2009	Taitusi	Cane Knife	1	no.
06/07/2009	SAIJAD ALI	Wheel Barrow	1	no.

Date	Name of officers	Item Description	Quantity	Units Measurements of
17/08/2009	Isireli Bete	Digging Fork	1	no.
19/08/2009	Aisea Tuinona	Gum Boot size 8	1	no.
21/08/2009	Beniamino	Digging Fork	1	no.
01/09/2009	Lepani	Tarpoline Blue	1	no.
03/09/2009	RE 1	Cooking Cylinder	1	no.
31/9/09	Setareki Toka	Hose	1	no.
		Broom	1	no.
	Tito	Cane Knife	1	no.
	Mikaele Nagesa	Matterress	1	no.
09/12/2009	Joji	Triangular File	1	no.
	Luke Nabukete	Safety Gum Boot	1	no.
14/12/2009	vila	Safety Gum Boot	1	no.
15/12/2009	taufa	Pot	2	no.
	Nadau	Chain saw file	1	no.
18/12/2009	Vilive Tokalaivi	Pot	2	no.
31/12/2009	Seru	L/H Sovel	1	no.

#### Appendix 25.12: Examples of LPO's Authorised By Officer(s) Beyond Their Procurement Limits

LPO Date	LPO No.	Authorizing Officer	Authorizing Limit (\$)	Payee	Details	Amount (\$)
12/6/09	866270	Temo Vosaki	3,000	Viti Vanua Holdings	Supply and cartage of 40mm base course – 400m3	15,267.32
21/7/09	896151	Joji Mate	Not authorise	Viti Plant Hire	Supply and cartage of 40mm base course – 100m3	14,173.24
21/7/09	896152	Temo Vosaki	3,000	Viti Vanua Holdings	Supply and cartage of 40mm base course – 100m3	11,883.93
21/7/09	864418	Temo Vosaki	3,000	Viti Plant Hire	Supply of 75mm Base course -	12,854.16
23/7/09	864424	Temo Vosaki	3,000	Viti Vanua Holdings	Supply and cartage of 40mm base course – 300m3	3,955.40
30/7/09	896198	Kagcharitra Kumar	3,000	Tecnix Bitumen	Supply of 9600 litres Bitumen	15,840.36
30/7/09	896199	Temo Vosaki	3,000	Tecnix Bitumen	Supply of 9600 litres Bitumen	15,840.36
27/7/09	866343	Temo Vosaki	3,000	Viti Vanua Holdings Ltd	Payment for supply of 40mm base course	5,283.40
18/8/09	895414	Temo Vosaki	3,000	SCIL	Payment for supply of 13m3 concrete mix	3,796.00
12/8/09	895404	Temo Vosaki	3,000	Viti Plant Hire	Payment for supply of 40mm base course – 300m3	12,022.86
24/9/09	923261	Temo Vosaki	3,000	Viti Plant Hire	Payment for supply of 40mm base course – 198m3	9,470.88
28/9/09	923292	Temo Vosaki	3,000	Viti Plant Hire	Payment for supply of 40mm base course – 240m3	14,207.40
5/10/09	923105	Temo Vosaki	3,000	Viti Plant Hire	Payment for supply of 40mm base course – 294m3	3,169.44
21/11/09	920455	Temo Vosaki	3,000	Kareem's Eartmoving Contractors	Hire of D6C loader, registration # BF662	3,300.00

LPO Date	LPO No.	Authorizing Officer	Authorizing Limit (\$)	Payee	Details	Amount (\$)
16/10/09	923740	Temo Vosaki	3,000	Viti Plant Hire	Payment for supply of 40mm base course - 298m3	12,167.32
23/10/09	923783	Temo Vosaki	3,000	Technix Bitumen	Payment for supply of 9,000 litres of emulsion	14,850.00
29/10/09	923797	Temo Vosaki	3,000	Technix Bitumen	Payment for supply of 9,600 litres of emulsion	14,784.00
2/11/09	924029	Temo Vosaki	3,000	Quality Quarries Ltd	Payment for supply of 20 mm crushed metal – 100m3	4,500.00

## Section 26 Ministry of Public Utilities & Energy

### Role and Responsibilities

The Ministry of Public Utilities and Energy is responsible for any policy, planning, coordination, design, construction, operation, maintenance and management of programmes or activities related to public water supplies, sewerage services and energy.

In 2009, the budget for the Ministry provided for the following:

Expansion and upgrading of works in the various regions and include works such as the provision of new – metered connections, replacement of defective water meters and old water mains, connections of subdivisions, and instrumentation repairs. The major project in this programme is the ADB loan funded Suva - Nausori Regional Water and Sewerage Project.

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## PART 1: CONSOLIDATED FINANCIAL STATEMENT

### 26.1 Audit Opinion

The audit of the 2009 accounts of the Department of Public Utilities and Energy resulted in the issue of a qualified audit report.

The qualification was based on the Department's failure to provide the Trust Account Statement of Receipts and Payments contrary to Section 82 (1) of the Finance Instructions 2005.

### 26.2 Statement of Receipts and Expenditures

The Department of Public Utilities and Energy collected revenue amounting to \$14,745,261 and incurred total expenditure of \$107,446,003 in 2009.

**TABLE 26.1: STATEMENT OF RECEIPTS AND EXPENDITURE FOR 2009**

Description	2009 \$	2008 \$
<b>RECEIPTS</b>		
<b>State Revenue</b>		
Operating Revenue	14,578,628	16,974,820
<b>Total State Revenue</b>	<b>14,578,628</b>	<b>16,974,820</b>
<b>Agency Revenue</b>		
Miscellaneous Revenue	155,505	398,477
License Others	11,128	13,655
<b>Total Agency Revenue</b>	<b>166,633</b>	<b>412,132</b>
<b>TOTAL REVENUE</b>	<b>14,745,261</b>	<b>17,386,952</b>
<b>EXPENDITURES</b>		
<b>Operating Expenditure</b>		

Description	2009 \$	2008 \$
Established Staff	4,050,018	4,340,987
Unestablished Staff	8,420,865	7,360,411
Travel & Communication	217,526	72,830
Maintenance & Operations	26,894,697	23,387,605
Purchase of Goods & Services	62,878	57,538
Operating Grants & Transfers	---	---
Special Expenditures	4,239,159	283,150
<b>Total Operating Expenditure</b>	<b>43,885,143</b>	<b>35,502,521</b>
<b>Capital Expenditure</b>		
Capital Construction	34,423,712	32,602,050
Capital Purchases	139,706	70,756
Capital Grants & Transfers	21,269,063	5,337,239
<b>Total Capital Expenditure</b>	<b>55,832,481</b>	<b>38,010,045</b>
Value Added Tax	7,728,379	7,274,401
<b>TOTAL EXPENDITURE</b>	<b>107,446,003</b>	<b>80,786,967</b>

The reduction in revenue was due to the following:

- Late commencement of disconnection of meters in 2009 as a result of the delays in the release of RIE. Disconnections normally encourage prompt payment of water bills; and
- Inadequate 1/3 contributions received from the villages/communities in regards to water projects.

There was an increase of \$8,382,622 in operating expenditure in 2009 and this could be attributed to the following factors:

- Increase in Government Wage Earners costs by \$1,060,454 as a result of the regularisation of permanent posts in the nominal roll. Additionally, the aftermath of the floods which hit the country in early 2009 contributed to substantial increases in overtime and Travelling and Communications costs as staffs were deployed to assess and assist in the repair of damaged properties. An increase of \$3,507,092 was recorded in Maintenance & Operations Costs as major maintenance works needed to be urgently carried out to ensure basic amenities like water and sewerage systems were restored.
- Finally, there was a major increase in the Special Expenditure cost due to the release of funds to finance the policing and administration of the newly established Water Authority of Fiji

In terms of Capital Expenditures, there was also a substantial increase of \$17,822,436 or 47% in 2009 due to the following factors:

- Finalisation and payment of the 2008 Capital Constructions backlog cases in 2009. Material costs had increased due to devaluation. There was a substantial increase of \$15,931,824 in the Capital Grants and Transfers costs due to the increasing number of Rural Electrifications Project for the Department of Energy on diesel scheme, FEA grid extension and house wirings, bio-fuel projects and solar system schemes.

### 26.3 Statement of Output Costs

The Statements of Output Costs consolidates the 9 Outputs prescribed in the Budget Estimates. These are detailed in *Appendix 26.1*.

### 26.4 Appropriation Statement

The Department of Public Utilities and Energy incurred expenditures totalling \$107,446,003 in 2009 against the budget of \$137,342,872, resulting in a savings of \$29,896,869 or 22%.

**TABLE 26.2: APPROPRIATION STATEMENT FOR 2009**

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	4,744,600	(263,850)	4,480,750	4,050,018	---	430,732
2	Unestablished Staff	8,270,600	263,850	8,534,450	8,420,865	---	113,585
3	Travel & Communication	311,900	(3,490)	308,410	217,526	---	90,884
4	Maintenance & Operations	30,023,300	(850)	30,022,450	26,894,697	---	3,127,753
5	Purchase of Goods & Services	269,100	4,340	273,440	62,878	---	210,562
6	Operating Grants & Transfers	---	---	---	---	---	---
7	Special Expenditure	1,130,000	10,358,419	11,488,419	4,239,159	---	7,249,260
	<b>Total Operating Costs</b>	<b>44,749,500</b>	<b>10,358,419</b>	<b>55,107,919</b>	<b>43,885,143</b>	<b>---</b>	<b>11,222,776</b>
	<b>Capital Expenditure</b>						
8	Capital Construction	82,021,000	(34,839,491)	47,181,509	34,423,712	---	12,757,797
9	Capital Purchases	500,000	39,706	539,706	139,706	---	400,000
10	Capital Grants and Transfers	9,795,000	11,992,719	21,787,719	21,269,063	---	518,656
	<b>Total Capital Expenditure</b>	<b>92,316,000</b>	<b>(22,807,066)</b>	<b>69,508,934</b>	<b>55,832,481</b>	<b>---</b>	<b>13,676,453</b>
13	Value Added Tax	14,282,100	(1,556,081)	12,726,019	7,728,379	---	4,997,640
	<b>TOTAL EXPENDITURE</b>	<b>151,347,600</b>	<b>(14,004,728)</b>	<b>137,342,872</b>	<b>107,446,003</b>	<b>---</b>	<b>29,896,869</b>

### 26.5 Statement of Losses

The Department of Public Utilities and Energy did not record any losses in either cash or assets in 2009.

## PART 2: FINANCIAL STATEMENT AUDIT FINDINGS – DEPARTMENT OF WATER AND SEWERAGE

### 26.6 Revolving Fund Account – Miscellaneous

The Minister may set aside an amount not exceeding \$18 million to set up revolving accounts for the purchase or production of goods and services at various government departments. The Revolving Fund Account keeps a record of all monies paid into or out of such revolving fund accounts.<sup>1</sup>

<sup>1</sup> Finance Act - Section 57

A variance of \$109,664 existed between the Department records and Ministry of Finance records. Refer to Table 26.3 for details.

**TABLE 26.3: VARIANCE IN REVOLVING FUND ACCOUNT**

Description	Dept's Amount (\$)	Ministry of Finance Appendix 19 (\$)	Variance (\$)
RFA closing balance	595,980	705,643	109,664

The Department has not been undertaking regular reconciliation with FMIS records resulting in the variance noted above.

### **Recommendation**

**The Department should ensure that the RFA is reconciled with FMIS on a monthly basis and any variances noted are adjusted accordingly.**

### **Management Comments**

*The reconciliation submitted by the Dept on 26/01/2010 showed a balance of \$595,980 as the Dept's figure. However, the FMIS figure has now changed \$594,237 and upon enquiry on the GL system, we now find that some adjustments were done by our Divisional Engineer Western office amounting to \$1,743. This figure will now be taken up in our amended reconciliation. MOF figure of \$705,643 does not appear in our GL inquiry system as such we cannot report on the MOF figure. Please find attached the GL printout confirming this explanation.*

## **26.7 Variance in IDC Receipts and Payments**

The Interdepartmental clearance (IDC) account is maintained to record transaction effected by one department on behalf of another. Transaction is charged to the agency's IDC pending clearance by that agency balance in IDC should always be zero.<sup>2</sup>

The Department's IDC Account did not reconcile with the receipts and payments records maintained by the Ministry of Finance. Refer to Table 26.4 for details.

**TABLE 26.4: VARIANCE IN IDC**

Descriptions	Department Amount (\$)	MOF Amount (\$)	Variance
Receipts	30,015,228	31,353,072	1,337,844
Payments	30,015,228	31,353,072	1,337,844

The Department had not accounted for thirteen (13) IDC accounts whereas the Ministry of Finance accounted for these accounts in their records. Refer to the Table 26.5 for details.

**TABLE 26.5: ALLOCATIONS (ACCOUNT CODES) NOT ACCOUNTED BY THE DEPARTMENT**

Allocation	Receipts (\$)	Payments (\$)
1-41201-83999-536101	20,710.12	20,710.12
1-41201-85999-536101-O	100.71	100.71

<sup>2</sup> Finance Manual 2005, Part 16, schedule 1

Allocation	Receipts (\$)	Payments (\$)
1-41201-85999-536101-Q	146.38	146.38
1-41201-95999-536101	533,021.43	533,021.43
1-41201-95999-536101-839	1,745.55	1,745.55
1-41201-96639-536101	692,515.80	692,515.80
1-41201-96689-536101	2,166.19	2,166.19
1-41201-96991-536101	6,204.61	6,204.61
1-41201-97639-536101	48,894.76	48,894.76
1-41204-85999-536101	87.52	87.52
1-41204-96639-536101	1,460.00	1,460.00
1-41301-84999-536101	30,693.89	30,693.89
1-41404-85999-536101	96.90	96.90
<b>Total</b>	<b>1,337,844</b>	<b>1,337,844</b>

The Department had been posting transaction to these accounts, however had not been preparing the necessary reconciliations. It also implies that the monthly IDC account reconciliations had not been thoroughly scrutinised and checked by the responsible officers in both the Department and the Ministry of Finance.

### **Recommendations**

- The Department should rectify the thirteen IDC accounts highlighted above and ensure that the outstanding amounts appearing in each respective account are cleared.
- Henceforth, a comprehensive reconciliation and proper supervisory checks should be performed on a monthly basis on all IDC accounts used by the Department.

### **Management Comments**

*The reconciliations submitted to the Ministry of Finance by the Dept shows the respective Receipts and Payments as highlighted by your office brings the account to a zero which confirms the closing to this account. The other account codes noted in Table 26.5 are transactions in the Divisions during the year which have been adjusted which also shows a zero by the end of the closing of account*

## **26.8 Arrears of Revenue**

The Accounts officer must promptly follow up accounts that fall due. If the recovery is unsuccessful after one month, the following action 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 a month:
- If the accounts still remain unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within 14 days.

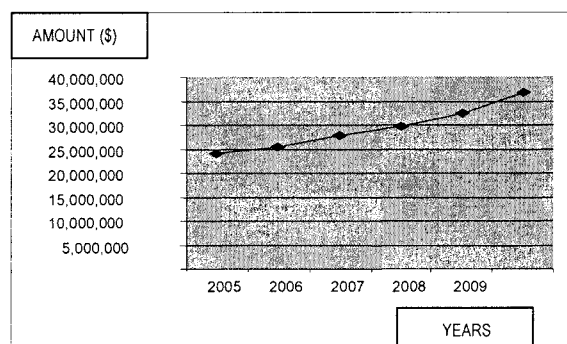
If a final notice had been issued to one of the debtors listed, the Accounting Head may approve the case to be referred to the Solicitor General or the Small Claims Tribunal, after considering the cost implication and the probability of recovery<sup>3</sup>

<sup>3</sup> Ministry of Works and Energy Finance Manual 2005, 9.2.1, 9.2.4  
Department of Public Utilities and Energy

The arrears of revenue figure provided by the Department of Water and Sewage were excessive and recovery actions taken to recover the amount due from the defaulters were inadequate. It was also noted that the arrears in revenue has increased significantly compared to previous years. Refer to Table 26.6 and Figure 26.1 for details.

**TABLE 26.6: AGEING OF ARREARS OF REVENUE**

Allocation	Arrears \$
3 months	1,565,743.14
6 months	1,441,598.68
9 months	2,538,323.00
1 year & over	3,266,305.85
2-5 years	4,949,954.97
Over 5 years	22,993,485.37
<b>Total</b>	<b>36,755,411.01</b>

**FIGURE 26.1: ARREARS OF REVENUE**

The Department could have substantially reduced its arrears if it had a much more pro-active approach towards the collection of arrears. Failure of consumers to clear their water bills would result in a significant loss of government revenue.

### **Recommendation**

**The Department should liaise with the Water Authority of Fiji to continue to take appropriate recovery actions as required by Finance Instructions 2005.**

### **Management Comments**

*This will be addressed by the Water Authority of Fiji which has taken over all the Arrears of Revenue*

## **26.9 Variance in 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.<sup>4</sup>

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

The Department had a variance of \$2,310,019 when comparing the total salaries and wages computed from the FNPF contributions in 2009 against the actual against salaries and wages reported in the Financial Statements as outlined in Table 26.7.

**TABLE 26.7: UN-RECONCILED VARIANCE IN GROSS SALARIES/WAGES**

Details	Salaries/Wages \$
<b>Salaries and Wages computed from FNPF contributions in 2009:</b>	
FNPF as per financial statement	1,186,098

<sup>4</sup> Chapter 219 – Fiji National Provident Fund – Section 13 (1)  
Department of Public Utilities and Energy

Details	Salaries/Wages \$
Less: December 2008 FNPF paid in Jan 2009	94,827
	1,091,271
Add: December 2009 FNPF paid in Jan 2010	44,254
<b>FNPF Contribution by Employer for 2009 (a)</b>	<b>1,135,525</b>
<b>Gross Pay based on FNPF contributions (1,135,525 / 0.08)</b>	<b>14,194,062</b>
<b>Salaries and Wages for 2009 subject to FNPF</b>	
Salaries, wages and allowances as per financial statement	11,884,043
Less: Salaries, wages and allowances for 2008 not subject to FNPF	-
<b>Salaries and Wages subjected to FNPF (b)</b>	<b>11,884,043</b>
<b>Un-reconciled Variance (a) – (b)</b>	<b>2,310,019</b>

The Department also had a variance of \$184,802 when comparing the actual FNPF contributions paid against the FNPF computed from the gross salaries and wages paid in 2009 as tabulated below.

**TABLE 26.8: UN-RECONCILED VARIANCE IN FNPF CONTRIBUTION**

Details	Salaries/Wages \$
<b>Total FNPF paid in 2009:</b>	
FNPF as per financial statement	1,186,098
Less: December 2008 FNPF paid in Jan 2009	94,827
	1,091,271
Add: December 2009 FNPF paid in Jan 2010	44,254
<b>FNPF Contribution by Employer for 2009 (a)</b>	<b>1,135,525</b>
<b>FNPF on Salaries and Wages paid in 2009</b>	
Salaries, wages and allowances as per financial statement	11,884,043
Less: Salaries, wages and allowances for 2008 not subject to FNPF	-
	11,884,043
<b>FNPF on Salaries &amp; Wages (11,884,043 * 8%) (b)</b>	<b>950,723</b>
<b>Un-reconciled Variance (a) – (b)</b>	<b>184,802</b>

No explanation was provided by the Department for the variance noted above. However, audit is of the view that the variances above could be attributed to some staffs or project officers being paid from other SEGs other than SEG 1 and SEG 2; or wrong posting being made to the FNPF allocation

### **Recommendation**

- The Department should ensure that proper FNPF reconciliation is carried out on a monthly basis to identify variances and appropriate corrective actions taken to correct them.
- The Department should review its FNPF records and reconciliations and provide explanations for the variances noted above.

### **Management Comments**

*The figures tabulated in Table 26.7 do not reflect transactions in the Trust account but instead were taken from the Employers Contributions in the Expenditure allocation.*

*Refer to explanation in the table below:*

	<b>Figures in Table 26.7</b>	<b>Remarks</b>
<b>a</b>	\$1,186,098	This figure is the Ministry's Consolidated commitment and Expenditure amount for the Employers contribution for the year 2009. A copy of which was used by Farhan whilst carrying out the audit of the Dept's accounts for 2009.
<b>b</b>	\$94,827	This figure is the total contribution paid from the OFA budget in Jan 2009 for 2008 contributions for <u>Headquarters only</u> .
<b>c</b>	\$44,253	This figure is the carried forward figure from 2008 reflecting in the 2009 trust reconciliation for <u>HQ only</u> .
<b>d</b>	\$14,194,057	This figure is an assumed FNPf figure calculated on total gross rather than the individual gross of employees. FNPf calculated should be done on individual gross to the exact dollar.
	\$11,884,043	This figure represents total gross for SEG1 and SEG2 which includes the FNPf portion for the 2 SEGs for the whole Dept including the Divisions. As highlighted in b and c above, the division's figures were not taken into consideration whilst compiling this report by your Auditors.

Whilst this report was compiled, the figures shown above should have been discussed with our Dept and a better outlay and some discussions done with your staff are not reflected in this layout.

## 26.10 Non Submission of VAT Reconciliation By Divisional Officers

All income is inclusive of VAT while expenses are Vat Exclusive. The Department of Finance is responsible for paying VAT on all government revenue collected by the Department. The Department on a monthly basis takes out VAT output on total money received for expenditure from the Ministry of Finance. VAT input on the other hand is claimed on payments made to the suppliers and sub-contractors for expenses incurred.

The Divisional Offices have their own unique Tax Identification numbers for VAT, hence, they are required to lodge their respective VAT returns and prepare monthly VAT reconciliations.

However, the audit noted that the 3 divisions neither prepared their VAT returns nor did they submit their VAT records to Head Quarters for the consolidation of the Department's VAT records and reconciliation.

As a consequence, there is an un-reconciled variance of \$52,702,722 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure.

The total taxable supplies as per VAT returns quoted in Table 26.9 below relates to Head Office alone and it does not include the figures from the divisions, hence the reason for the major variance noted of \$52,702,722.

**TABLE 26.9: UN-RECONCILED VAT VARIANCE**

<b>Details</b>	<b>Amount \$</b>
Total operating expenditure as per Expenditure Statement	83,661,967
Less Expenditure not subject to VAT – SEG 1,2, 6 and 10	(11,884,042)
<b>Total expenditure/income subject to VAT (Department) (a)</b>	<b>71,777,925</b>
<b>Total taxable supplies as per VAT Returns (HQ) (b)</b>	<b>19,075,203</b>
<b>Un-reconciled variance (a) – (b)</b>	<b>52,702,722</b>



Additionally, a difference of \$7,362,757 was noted between the actual VAT payments for the year 2009 and the balance disclosed in the general ledger as reflected in Table 26.10.

**TABLE 26.10: UN-RECONCILED VAT VARIANCE**

Details	Amount \$
VAT payments (VAT payments to FIRCA and VAT Input) as per Statement of Receipts and Expenditure – SEG 13	7,530,539
VAT payments (VAT payments to FIRCA and VAT Input) as per VAT Returns for 2009 (HQ)	167,782
<b>Un-reconciled variance</b>	<b>7,362,757</b>

No explanation was provided by the Department for the variance noted above. However, they failed to disclose the 3 divisions' VAT returns which could have contributed to the substantial unreconciled variance noted above.

The inconsistency in the reconciliations and poor monitoring by the Department has resulted in the differences highlighted in the two tables above.

#### **Recommendations**

- The Divisional Offices should submit their VAT returns and reconciliations to Head Quarters for their information and record.
- The Department should take necessary steps to reconcile and account for the variance noted above.
- Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns reconcile with the GL.

#### **Management Comments**

*Inspection carried out did not include Inspection of the Division's VAT payments and such, we cannot confirm or otherwise confirm the findings in the report. We will need to retrieve documents from the various Divisions before we can confirm your Vat payment likewise FNPF payments done in the other Divisions.*

## **SUVA WATER SUPPLY**

### **26.11 Unaccounted Water**

An employee must use Government resources and assets in a proper way<sup>5</sup>

A high rate of unaccounted water was noted in the Suva/Nausori area. More than fifty (50) percent of water is unaccounted for in each month. Table 26.11 shows the unaccounted water for six (6) months provided by the Suva Water Supply. The remaining six months computations were not available.

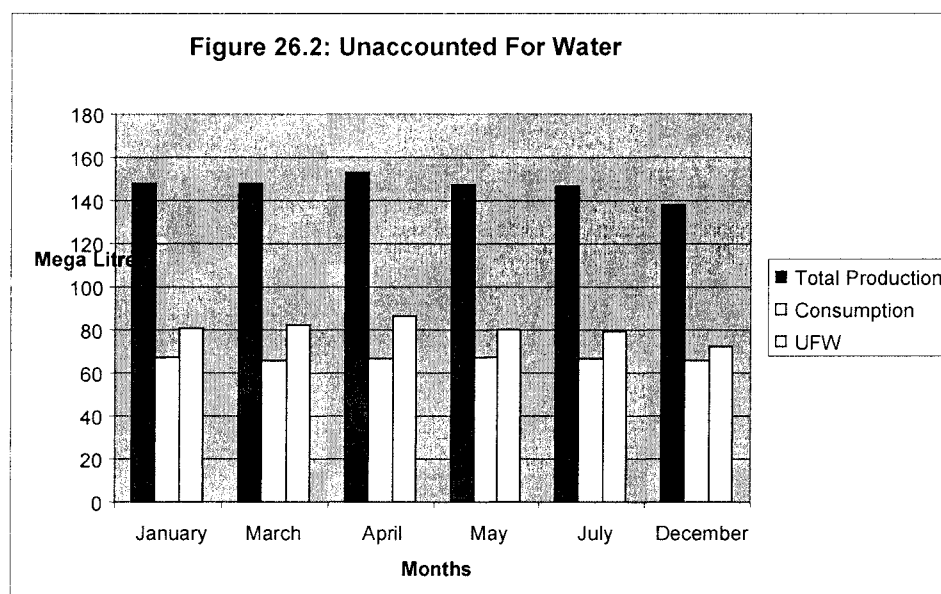
<sup>5</sup> PSC Code of Conduct paragraph 8  
Department of Public Utilities and Energy

**TABLE 26.11: UNACCOUNTED WATER**

Production	January	March	April	May	July	December
Tamavua	52.47	53.13	54.36	52.81	51.73	50.44
Waila	95.07	95.08	98.28	94.68	94.43	87.64
Total	147.54	148.21	152.64	147.49	146.16	138.08
Consumption	67.02	65.94	66.41	67.27	66.69	65.86
UFW	80.52	82.27	86.23	80.22	79.47	72.21
UFW %	55%	56%	56%	54%	54%	52%

*NB: The figures are in mega litres, 1 mega litre = 1,000,000 litres.*

The graph below illustrates the total water production, quantity consumed and quantity unaccounted.



The production of water and unaccounted water increased from January to April and decreased from May to December whilst consumption had remained the same. While unaccounted water had decreased from April, it had remained at a significant level in December and some of the reasons obtained were as follows:

- Undetected leakages in the water pipeline system ;
- Illegal connections; and
- Customers supplied with water without installed meters.

The Department over the years has not been able to effectively and efficiently minimise the level of unaccounted water and the effect is that substantial resources are lost in the process.

### **Recommendations**

- The Department should review the current situation of unaccounted water caused by the leakages, theft, inaccurate records etc.
- The Department should implement measures to reduce or prevent loss of treated water in order to reduce unaccounted water.

**Management Comments**

*The calculation for unaccounted water is more complicated than what the audit report depicted. The consumption figure is quite unreliable given that most consumer readings are estimated due to ceased meters, lost meters etc. However the department still agrees that unaccounted water exist and would need to be explored very closely to make a very reliable determination on the level. WAF will have the ability to do that.*

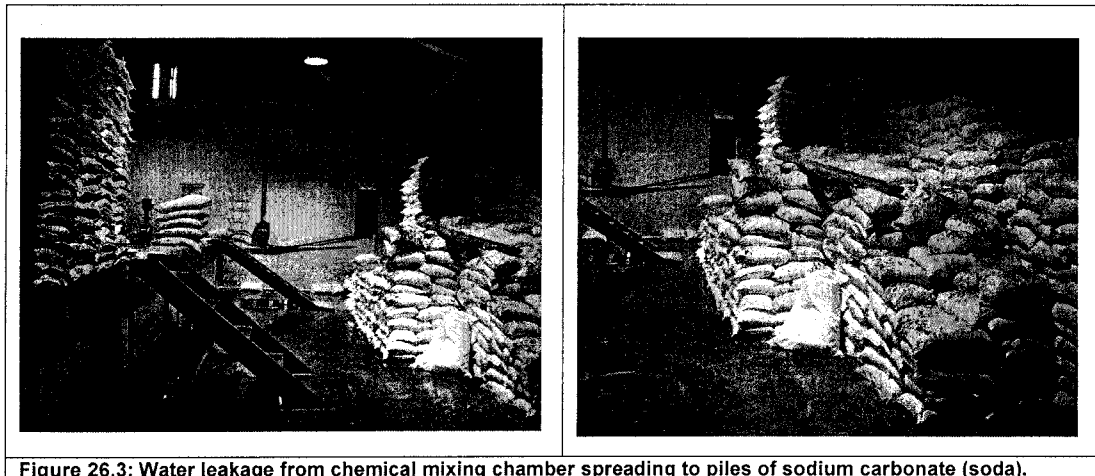
**26.12 Chemical Storage**

Storage of inventories shall be the responsibility of the storekeepers. The storekeeper must ensure that:

- adequate storage space is available for incoming stock as and when required;
- storage facilities are properly secured;
- stocks are kept in an orderly manner allowing for safe access;
- stocks are handled with care and well stored so as to reduce the risk of damage; and
- quantity of stock is closely monitored to avoid excess holdings or shortages.<sup>6</sup>

Chemicals, including sodium carbonate or soda used to kill bacteria at the Waila treatment plant are not properly stored. These are stored in a large warehouse also housing concrete chambers in which different chemicals and water are mixed to form a solution which is released to treat water.

Our audit noted that water is leaking from pipes and had spread to chemicals which is stock piled a few meters away from the concrete chambers. Refer to the illustration provided.



**Figure 26.3: Water leakage from chemical mixing chamber spreading to piles of sodium carbonate (soda).**

The warehouse roof was also leaking during the past years and had not been repaired despite numerous requests made to Headquarters. Failure to attend to leakages could lead to the deterioration of the chemicals which could subsequently compromise its quality.

**Recommendations**

- **The leakages should be fixed to safeguard the chemicals from being damaged and harmful to users.**

<sup>6</sup> Finance Manual 2005 – Section 8.2.1  
Department of Public Utilities and Energy

- The different chemicals should be properly stored in such a manner to ensure that they do not come into contact with each another to avoid any chemical reaction that could be detrimental to lives of staff and consumers.

### **Management Comments**

*WAF has now taken over at the water treatment plant and the recommendation would be forwarded to them for their necessary action.*

## **26.13 Excessive Stock Holding**

Storage of inventories shall be the responsibility of the storekeepers. The storekeeper must ensure that:

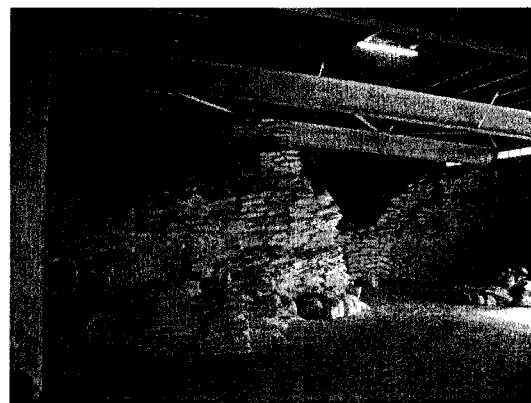
- adequate storage space is available for incoming stock as and when required;
- storage facilities are properly secured;
- stocks are kept in an orderly manner allowing for safe access;
- stocks are handled with care and well stored so as to reduce the risk of damage;
- quantity of stock is closely monitored to avoid excess holdings or shortages.<sup>7</sup>

The Waila Treatment Plant is also holding a large quantity of chemicals in stock due to the bulk purchasing made in prior years. Refer to Table 26.12 for details.

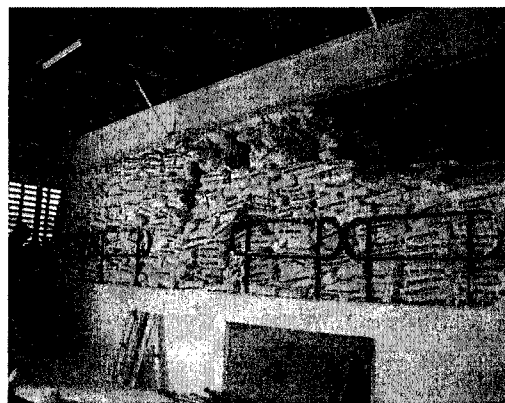
**TABLE 26.12: EXCESSIVE STOCK HELD**

Chemical Name	Quantity (in bags)	Price/Kg	Total Amount (\$)
Calcium Hydroxide (Lime) 25kg	5,932	0.45	66,735
Sodium Carbonate (Soda) 25kg	10,545	0.90	237,262.50
Sodium Carbonate (Soda) 50kg	1,474	0.90	66,330
<b>Total</b>			<b>370,327.50</b>

Refer to Figure 26.4 and Figure 26.5 for further illustration.



**Figure 26.4: Stock of sodium carbonate (soda).**



**Figure 26.5: Stock of Calcium Hydroxide (lime).**

The excess stocks occupy a lot of storage space and there is high risk of chemicals being damaged or becoming obsolete which would affect its quality. These chemicals are primarily used for purifying drinking water at the treatment plant and the use of poor quality chemicals could result in poor water quality which may pose health risk to consumers.

### **Recommendations**

- **Management should justify why excessive stocks are being held.**
- **Stocks re-order quantity and maximum stock levels should be established so as to give an indication of how much stock needs to be maintained at all times and at which point new orders need to be placed with suppliers.**

### **Management Comments**

*Minimum stock to be available is for one year considering the time it normally takes to go through the procurement procedures and shipment from overseas. The department just cannot take risk to run out of chemical as this will impact on people's health. The approved local suppliers are expected to stock the chemicals locally and the department to procure from these local suppliers as and when required. Unfortunately this did not happen. Perhaps WAF will put in place a more efficient process to procure chemicals.*

## **26.14 Deteriorated Chemicals**

An employee must use Government resources and assets in a proper way<sup>8</sup>

Significant quantities of fluoride were still held in stock when the fluoride pump at the Waila Treatment Plant and Wailoku Treatment Plant became defective in 2003 and 2005 respectively. The pump has not been repaired and since then, the stock of fluoride was not utilised. The chemical powder now has solidified and may have lost its value and quality. Refer to Table 26.13 for details.

**TABLE 26.13: STOCK OF FLUORIDE**

Plant	Chemical Name	Quantity (kg bags)	Unit Cost per kg (\$)	Total Cost (\$)
Waila Treatment Plant	Fluoride (25kg bags)	657	0.70	11,497.50
Waila Treatment Plant	Fluoride (50kg bags)	468	0.70	16,380.00
Wailoku Treatment Plant	Fluoride (25kg bags)	876	0.70	15,330.00
<b>Total</b>		<b>2,001</b>		<b>43,207.50</b>

Ideally, these chemicals could have been better utilised by transferring them to other treatment plants around the country for their usage. Refer to the illustrations below.

<sup>8</sup> PSC Code of Conduct paragraph 8  
Department of Public Utilities and Energy

Figure 26.6: Stock of sodium carbonate (fluoride) at Waila treatment Plant	Figure 26.7: Stock of (fluoride) from a different angle at Waila treatment Plant	Figure 26.8: Stock of sodium carbonate (fluoride) at Wailoku Treatment Plant.

Failure to exercise due care and prudent stock management has resulted in the chemicals being unutilised and there is a possibility that some of the stock items may have become obsolete.

### **Recommendations**

- The Department should sought alternative measures to utilize and/ or sell the chemical to recoup costs incurred.
- Appropriate actions should be taken against the officer(s) that failed to discharge their responsibilities diligently.

### **Management Comments**

*The fluoride machine has not been working for the past few years and therefore the stock was not utilized. The rehabilitation of the treatment plant project will fix this problem and fluoride chemicals would be assessed whether they can still be used. The recommendation in the audit report will be forwarded to WAF as those officers responsible are working with them.*

## **26.15 Slow Moving Stock**

An employee must use Government resources and assets in a proper way.<sup>9</sup>

The Department also held significant amounts of eight inch (8") upvc pipes (white) which are slow moving. The items were bought in bulk a few years back however over the years there is a greater need for mpvc pipes (blue) compared to the white coloured PVC pipes. The white pipes could only be used occasionally when a replacement is needed.

As at 09/04/10 there were 191 upvc pipes in stock with a total value of \$50,042.

Improper stock management has resulted in significant quantities of pipes being held in stock.

<sup>9</sup> PSC Code of Conduct paragraph 8  
Department of Public Utilities and Energy

### **Recommendation**

**The Department should determine its maximum stock levels and re-order point of its stocks to avoid excessive stock holding. Alternative measures should be implemented on the usage or possible sale of these pipes so that costs incurred could be recouped.**

### **Management Comments**

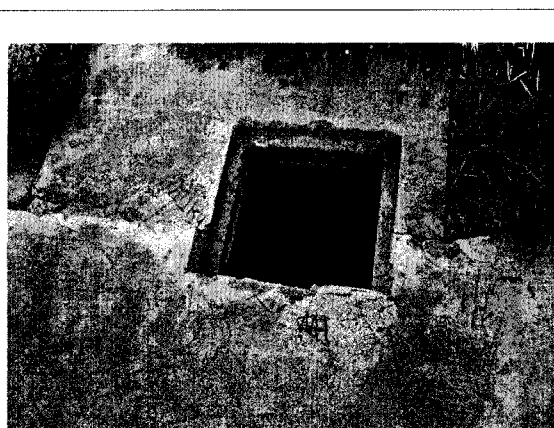
*WAF has now taken over those pipe stocks and will be utilizing those pipes. The audits recommendation will be forwarded to them also.*

## **26.16 RURAL WATER SUPPLY**

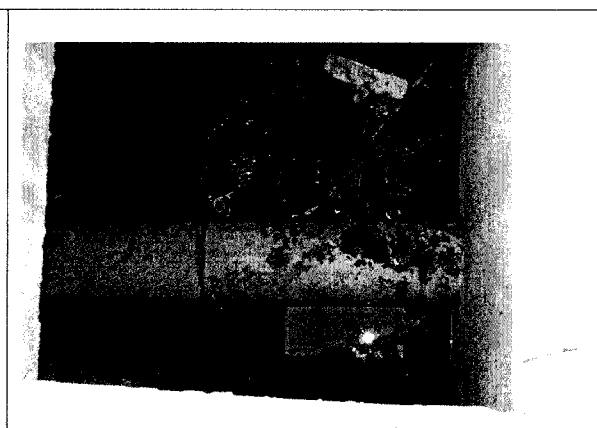
An employee must use Government resources and assets in a proper way.<sup>10</sup>

The following discrepancies were noted in the rural water supply project at Ratu Kadavulevu School:

- No work was carried out for the construction of the new water catchment. Currently the old catchment is in use and the strainer is damaged allowing debris including leaves to flow through the strainer into the pipes. On the contrary, project officers at WAF, Headquarters stated that the project was complete. A sum of \$50,000 was spent on this project. Photos of the old water catchment could not be taken because the catchment was quite far from the village.
- The site where the sluice valve is to be installed was covered with a concrete chamber; however the entrance is exposed. Refer to illustrations below.



**Figure 26.9: concrete chamber for installation of proposed sluice valve**



**Figure 26.10: pipe exposed where sluice valve will be installed.**

The project engineer failed to construct concrete chambers around the sluice valves and this increases the risk of tampering and vandalism. Similarly, not properly maintaining the old water catchment increases the risk of water contamination by humans and animals.

<sup>10</sup> Paragraph 8 – PSC Code of Conduct

### Recommendations

- Appropriate actions should be taken against officer(s) who have failed to take proper care of Government assets.
- Immediate action should be taken to protect and safeguard state assets.

### Management Comments

*Concerns raised in the audit report are noted and will be referred to WAF to take necessary action on the audits recommendations.*

## **DIVISIONAL ENGINEER – NORTHERN OFFICE**

### **LABASA WATER SUPPLY**

#### **26.17 Storage and Handling of Inventory**

The storekeepers must ensure that adequate storage space is available for incoming stock as and when required. Stocks should be handled with care and well stored so as to reduce the risk of damage and storage facilities are properly secured.<sup>11</sup>

Stores consisting of iron rods, timber and flat iron were not properly and securely stored as indicated in the illustrations below:

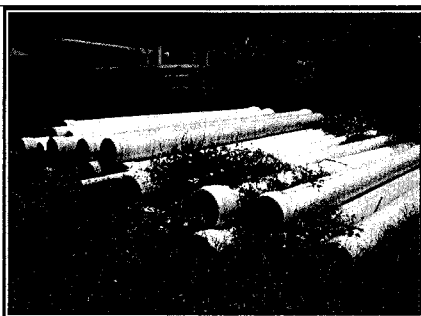


Figure 26.11: PVC pipes stored at overgrown yard

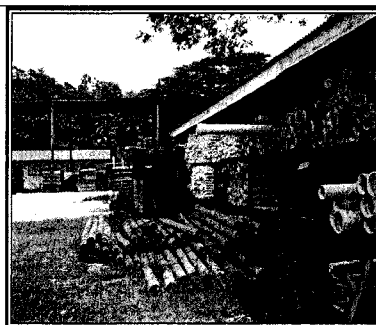


Figure 26.12: Pine posts outside storage yard



Figure 26.13: Bend Iron sheets

<sup>11</sup> Section 8.2.1- Finance Manual 2005





Figure 26.14: Wwater tanks outside storage yard

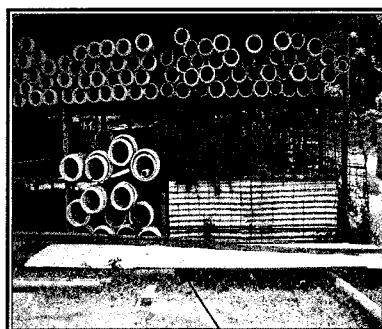


Figure 26.15: Iron sheets outside yard

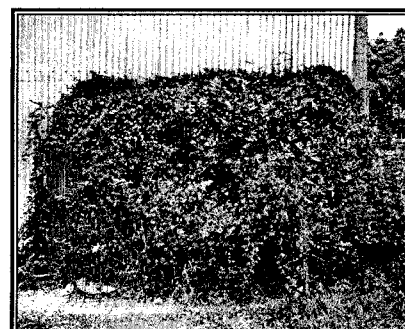


Figure 26.16: 1/2 inch iron sheets

Certain items were damaged or spoiled due to mishandling during unloading and were poorly stored in the yard. Refer to the illustrations:

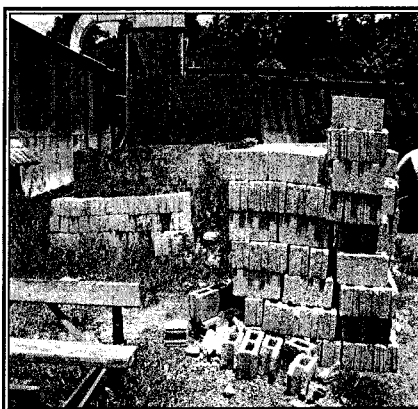


Figure 26.17: Damaged concrete blocks



Figure 26.18: Gravel and sand materials

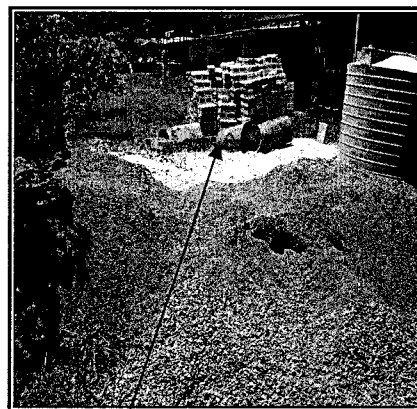


Figure 26.19: Empty drums being exposed

The storage room was in a deteriorating condition with big holes in the roof and the walls. Refer to the followings:

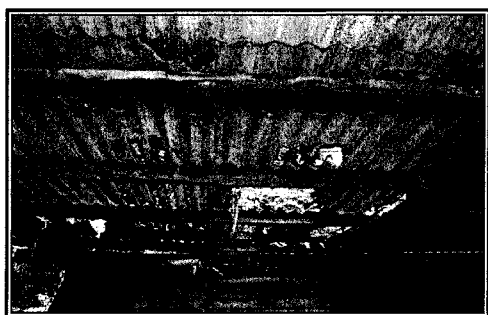


Figure 26.20: Deteriorated storeroom roof with big holes

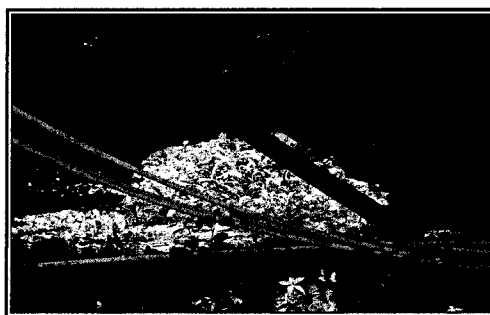


Figure 26.21: Deteriorated iron sheet wall

In the absence of proper storage facilities, inventories are exposed to all sorts of hazards which could cause damages and render it unusable which could result in write offs and losses to government.

### **Recommendations**

- Proper storage facilities should be provided for storing inventories so that they are not exposed to physical hazards.
- Appropriate caution should be practiced when handling inventory to avoid damages.

### **Management Comments**

*The recommendation is noted and has been forwarded to WAF for their necessary action.*

## **26.18 Improper Maintenance of Inventory Register**

The storeman should maintain the inventory register to record incoming and outgoing inventories. The inventory register should provide the date of issue of inventory, nature of issue and quantity issued.<sup>12</sup>

A tool/equipment issue card is maintained for each individual workman to record details of the tools/equipment issued, date issued and for which project. Etc.

The following anomalies were noted from the review of inventory records:

- Officers who initially hired tools and equipment from the stores failed to return the items after the completion of the projects. Refer to *Appendix 26.2* for examples.
- Particulars of inventory items supplied to the various water supply stations were also recorded in the tool or equipment daily issue card. Refer to *Appendix 26.3* for examples.
- In December 2009 the storeman issued a memorandum to officers who had borrowed tools/equipment to return them but none responded. During the same month the Divisional Engineer Northern authorized surcharge actions against the officers concerned but there was no response because majority of these workers were project staffs. Refer to *Appendix 26.4* for examples.
- Gate Pass Book – Our audit noted that 41 gate pass (serial numbers from 13701 to 15750) books were not recorded in the stock register as confirmation of physical stock on hand. Gate pass form serial number 13951 which was not in sequential order was issued to Viliame Mira, (OF195) on

<sup>12</sup> Section 8.1.3 – Finance Manual 2005  
Department of Public Utilities and Energy

02/09/09 and the goods issued included 5 x ½ inch galvanized union and 4 thread seal tape. The gate pass book with serial numbers 13600 - 13650 was missing. Book with serial numbers 13651 to 13700 was issued to stores, but not recorded in the register.

- Requisition for stores Book - A total of 21 requisition books with varying serial numbers from 249451 to 446350 were not recorded in the stock register. There was no previous record of this book in the stock register. Requisition issue serial number 445052 was issued on 25/11/09 for plant hire totaling \$1,300.
- Customer Complaint Register - Particulars including date, station, taken by and signature were not updated for 41 books.
- Plant/Vehicle Instruction Book - Particulars including station, taken by, date taken by and signature were not updated for a total of 32 books.

The stock register serves as a tool to record and control the inward and outward movement of stocks. Failure to update the stock register for incoming and outgoing stock will result in theft, embezzlements etc. not being detected on a timely basis.

### **Recommendations**

- **The Department should take appropriate actions against those officers who have damaged and / or failed to return the borrowed items.**
- **The Department should separately record tool/equipments issued to other water supply stations from those issued to individual officers.**
- **Appropriate action should be taken against the officer in charge for not updating the stock register on time.**
- **Henceforth, the Department should ensure that the stock register is updated for incoming and outgoing stock on a timely manner.**
- **Access to and the update of the stock register and should be restricted to authorised personnel only.**

### **Management Comments**

*WAF had already made the stock take on the stores and would pick up these anomalies and take necessary actions if officers are working with WAF. The recommendations of the audit report would be forwarded to WAF.*

## **DIVISIONAL ENGINEER – WESTERN OFFICE**

### **LAUTOKA WATER AND SEWERAGE SUPPLY OFFICE**

#### **26.19 Overspending in Capital Projects**

Each year the budget and appropriation Act and Budget Estimates set out details of the appropriations that Parliament approves for spending by each Agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the authorisation of the Department.<sup>13</sup>

The Department over spent its budget allocation for some projects in 2009. Refer to Table 26.14 for details.

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<sup>13</sup> Finance Manual Section 2.1.2

**TABLE 26.14: CAPITAL PROJECTS ACTIVITY COST**

District	Activity	Allocation (\$)	Expenditure (\$)	Overspent (\$)	% Physical Progress
Lautoka	PPM works on Pipe Storage [New Pipe Rack]	20,445	21,811	(1,366)	50%
Tavua	Construction of 375mm main from Vatukoula reservoir to Tavua reservoir	120,316	135,660	(15,344)	30%

Although the projects have exceeded their budgets, they are still incomplete and this indicates the lack of monitoring and control by management.

### **Recommendations**

- **The Ministry should regularly monitor and control its expenditure against the actual work done on the project site and ensure that it does not exceed the budgetary allocations.**
- **Appropriate actions should be taken against the officers directly responsible with each project for failing to perform their duties diligently.**

### **Ministry's Comments**

*The Department takes note of recommendations and will follow-up with the Water Authority of Fiji (WAF) for explanations from relevant officers involved in various projects. However the department noted that delays in the supply of materials contributes to incompleteness of projects.*

## **DEPARTMENT OF ENERGY**

### **26.20 TRUST FUND ACCOUNT**

#### **26.20.1 Overdrawn Main Trust Fund Account**

Trust money is money that the agency is holding in trust. Trust money is to be kept in a separate bank account and accounted for separately from “public money” and “other money”.<sup>14</sup>

Within 5 days after the end of each month, the trust officer shall prepare and sign a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.<sup>15</sup>

The Operating Trust Fund Account should always have a credit balance at the end of each month. However, audit noted that the Department had some debit balances i.e. overdrawn balance as at 31/12/09. Refer to Table 26.15 below for details.

**TABLE 26.15: OVERDRAWN BALANCE IN MAIN TRUST FUND**

Allocation	Description	Opening Balance (\$)	Debits (\$)	Credits (\$)	Ending Balance (Overdrawn Amount) (\$)
9-41101-41039-895014	Rural Electrification Unit	-	3,597,757	(2,467,129)	1,130,628

<sup>14</sup> Finance Manual 2005, Part 15

<sup>15</sup> Finance Instruction 2005, Part 15.4.1

Allocation	Description	Opening Balance (\$)	Debits (\$)	Credits (\$)	Ending Balance (Overdrawn Amount) (\$)
9-41101-41039-899988	Rural Electrification Unit	(58,953)	161,016	(152,378)	67,591
<b>Total overdrawn</b>		<b>(58,953)</b>	<b>3,758,773</b>	<b>(2,619,507)</b>	<b>1,198,219</b>

The Department did not carry out accurate and regular reconciliations and as a result the accounts were overdrawn and the financial statements do not portray an accurate picture of the transaction that transpired during the year.

### **Recommendations**

- The Department should cease making payments from Trust Fund Accounts as soon as it records a debit balance.
- The Department should recover any excess or incorrect payments made out of the Trust Fund Accounts
- Henceforth, a proper monthly reconciliation should be conducted for the Trust Fund Accounts and any anomalies noted should be promptly adjusted.

### **Management Comments**

*No comment received from the Department.*

## **26.20.2 Existing Balance in Old Trust Fund Account**

Within 5 days after the end of each month, the PEPO (AID), SAO (SAL) shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.<sup>16</sup>

A Trust Fund account was still being reflected under the old appropriation head (40) of the Department. The Department was unaware of this account and thus no reconciliation was undertaken. This account was last used in 2007 and has remained dormant ever since. Refer to Table 26.16 below for details.

**TABLE 26.16: TRUST FUND RECONCILIATION PROVIDED BY THE DEPARTMENT**

Allocation	Description	GL Amount (\$)	Reconciliation provided	Audit Comments
1-41101-00000-860000	Deposits & Retention Money	\$ 6,357	Yes	New Account
1-40401-00000-860000	Deposits & Retention Money	(16,496)	No	Old Account
1-41101-00000-890000	Consolidated Trust fund	610	No	New Account
<b>Total</b>		<b>(9,529)</b>		

The outstanding balance of \$16,496 above is yet to be transferred to its new Appropriation Head. As a result a variance of \$9,529 exists between the FMIS and Department's records.

### **Recommendations**

- The Department should reconcile and delete account number 1-40401-00000-860000 and transfer the inactive balance to the new Trust Fund account.

<sup>16</sup> Section 15.4.1 - Finance Manual 2005.

- **The FMIS section should ensure that these accounts are deleted from the system once the balances had been transferred.**

### **Management Comments**

*No comment received from the Department.*

## **26.21 Revolving Fund Account – Miscellaneous**

The Minister may set aside an amount not exceeding \$18.0 million to set up revolving accounts for the purchase or production of goods and services at various government departments. The Revolving Fund Account keeps a record of all monies paid into or out of such revolving fund accounts.<sup>17</sup>

A variance of \$28,852 existed between the Department's and Ministry of Finance records as at 31 December 2009. Refer to Table 26.17 for details.

**TABLE 26.17: VARIANCE IN REVOLVING FUND ACCOUNT**

Description	Dept's Amount \$	Appendix 19 (MOF) \$	Variance \$
RFA closing balance	37,847	66,699	28,852

The above finding indicates that regular reconciliation is not being undertaken between the Department and FMIS records.

### **Recommendation**

**The Department should ensure that the RFA is reconciled with FMIS on a monthly basis and any anomalies noted should be adjusted or corrected promptly.**

### **Management Comments**

*No comment received from the Department.*

## **26.22 Variance in 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.<sup>18</sup>

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

The Department did not prepare any FNPf reconciliation resulting in a variance of \$41,089 in the FNPf contributions against salaries and wages reported in the Financial Statements as outlined in Table 26.18.

<sup>17</sup> Finance Act - Section 57

<sup>18</sup> Chapter 219 – Fiji National Provident Fund – Section 13 (1)

**TABLE 26.18: UN-RECONCILED FNPF VARIANCE**

Details	Amount \$
<b>Total FNPF against salaries and wages for 2009:</b>	
FNPF as per financial statement	38,462
Less: December 2008 FNPF	(13,964)
	24,498
Add: December 2009 FNPF	16,003
FNPF Contribution by Employer for 2009	40,501
<b>Gross Pay Subject to FNPF (40,501/0.08) (a)</b>	<b>506,263</b>
<b>Salaries and Wages for 2009 subject to FNPF</b>	
Salaries, wages and allowances as per financial statement	548,378
Less: Allowances for 2009 not subject to FNPF	(1,026)
<b>Salaries and Wages subject to FNPF (b)</b>	<b>547,352</b>
<b>Un-reconciled Variance (a) – (b)</b>	<b>41,089</b>

The variance could be attributed to either the Department not paying the correct FNPF contributions or there have been wrong postings made to the Salaries (SEG 1) and Wages (SEG 2) allocations during the year.

The Department did not provide any satisfactory explanations for the variance noted.

### **Recommendations**

- The Department should ensure that proper FNPF reconciliations are carried out on a monthly basis to identify any under or overpayment.
- The Department should review its FNPF records and reconciliations and provide explanations for the variances.

### **Management Comments**

*No comment was received from the Department.*

## **26.23 VAT Reconciliation**

All income is inclusive of VAT while expenses are Vat Exclusive. The Department of Finance is responsible for paying VAT on all government revenue collected by the Department. The Department on a monthly basis takes out VAT output on total money received for expenditure from Department of Finance. VAT input on the other hand is claimed on payments made to the suppliers and sub-contractors for expenses incurred.

A review of VAT Returns, VAT reconciliations and supporting documents revealed an un-reconciled balance of \$449,704 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer to Table 26.19 for details.

**TABLE 26.19: UN-RECONCILED VAT VARIANCE**

Details	Amount \$
Total operating expenditure as per Expenditure Statement	738,361
Add: SEG 8 & SEG 9	991,933
Total expenditure/income subject to VAT	1,730,294
Total taxable supplies as per VAT Returns	1,280,590
<b>Un-reconciled variance</b>	<b>449,704</b>

Additionally, a difference of \$121,270 was noted between the actual VAT payments for the year and the balance disclosed in the general ledger as reflected in Table 26.20.

**TABLE 26.20: UN-RECONCILED VAT VARIANCE**

Details	\$
VAT payments (VAT payments to FIRCA and VAT Input) as per Statement of Receipts and Expenditure	197,840
VAT payments (VAT payments to FIRCA and VAT Input) as per VAT Returns for 2009	76,570
<b>Un-reconciled variance</b>	<b>121,270</b>

No explanation was provided by the Department for the variance. Inconsistency in the reconciliations and poor monitoring has resulted in the differences highlighted above.

#### **Recommendations**

- The Department should ensure that VAT paid to Fiji Islands Revenue & Customs Authority is reconciled on a monthly basis.
- Correct amount of VAT payment should be disclosed in the financial statement.
- The Department should take necessary steps to reconcile and account for the variance noted.
- Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns reconcile with the GL.

#### **Management Comments**

*No comment received from the Department.*



## APPENDICES

### Appendix 26.1: Statement of Output Costs

#### Department of Energy 2009

Description	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	539,112	448,433
Unestablished Staff	47,729	38,400
Travel & Communication	27,728	25,687
Maintenance & Operations	65,790	74,020
Purchase of Goods & Services	44,591	2,277
Operating Grants & Transfers	---	---
Special Expenditures	600,251	216,803
<b>Total Operating Costs</b>	<b>1,325,201</b>	<b>805,620</b>
<b>Capital Expenditure</b>		
Capital Construction	852,227	366,659
Capital Purchases	139,706	70,756
Capital Grants & Transfers	21,269,062	5,337,239
<b>Total Capital Expenditure</b>	<b>22,260,995</b>	<b>5,774,654</b>
Value Added Tax	197,840	97,981
<b>TOTAL EXPENDITURE</b>	<b>23,784,036</b>	<b>6,678,255</b>

#### Provision of Water Supplies – Policy and Administration 2009

Description	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	2,074,657	2,479,271
Unestablished Staff	660,447	656,957
Travel & Communication	10,436	30,392
Maintenance & Operations	12,616	34,974
Purchase of Goods & Services	7,571	46,050
Operating Grants & Transfers	---	---
Special Expenditures	3,598,307	---
<b>Total Operating Costs</b>	<b>6,364,034</b>	<b>3,247,644</b>
<b>Capital Expenditure</b>		
Capital Construction	---	---
Capital Purchases	---	---
Capital Grants & Transfers	---	---
<b>Total Capital Expenditure</b>	<b>---</b>	<b>---</b>
Value Added Tax	454,918	35,075

Description	2009 \$	2008 \$
<b>TOTAL EXPENDITURE</b>	<b>6,818,952</b>	<b>3,282,719</b>

**Urban and Regional Supplies 2009**

Description	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	---	---
Unestablished Staff	---	---
Travel & Communication	---	---
Maintenance & Operations	---	---
Purchase of Goods & Services	---	---
Operating Grants & Transfers	---	---
Special Expenditures	---	---
<b>Total Operating Costs</b>	<b>---</b>	<b>---</b>
<b>Capital Expenditure</b>		
Capital Construction	22,977,534	23,301,762
Capital Purchases	---	---
Capital Grants & Transfers	---	---
<b>Total Capital Expenditure</b>	<b>22,977,534</b>	<b>23,301,762</b>
Value Added Tax	2,414,517	2,503,178
<b>TOTAL EXPENDITURE</b>	<b>25,392,051</b>	<b>25,804,940</b>

**Rural and Settlement Supplies 2009**

Description	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	31,683	32,735
Unestablished Staff	---	---
Travel & Communication	---	---
Maintenance & Operations	---	---
Purchase of Goods & Services	---	---
Operating Grants & Transfers	---	---
Special Expenditures	---	---
<b>Total Operating Costs</b>	<b>31,683</b>	<b>32,735</b>
<b>Capital Expenditure</b>		
Capital Construction	4,752,588	3,518,073
Capital Purchases	---	---
Capital Grants & Transfers	---	---
<b>Total Capital Expenditure</b>	<b>4,752,588</b>	<b>3,518,073</b>
Value Added Tax	528,752	388,590
<b>TOTAL EXPENDITURE</b>	<b>5,313,023</b>	<b>3,940,298</b>

**Maintenance and Operation 2009**

<b>Description</b>	<b>2009 \$</b>	<b>2008 \$</b>
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	953,572	874,410
Unestablished Staff	6,368,486	5,306,116
Travel & Communication	163,328	21
Maintenance & Operations	21,700,307	19,851,748
Purchase of Goods & Services	---	---
Operating Grants & Transfers	---	---
Special Expenditures	---	---
<b>Total Operating Costs</b>	<b>29,185,693</b>	<b>26,032,295</b>
<b>Capital Expenditure</b>		
Capital Construction	---	---
Capital Purchases	---	---
Capital Grants & Transfers	---	---
<b>Total Capital Expenditure</b>	<b>---</b>	<b>---</b>
Value Added Tax	2,841,837	3,179,991
<b>TOTAL EXPENDITURE</b>	<b>32,027,530</b>	<b>29,212,286</b>

**Water Resources and Investigation 2009**

<b>Description</b>	<b>2009 \$</b>	<b>2008 \$</b>
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	186,813	199,923
Unestablished Staff	282,958	336,529
Travel & Communication	5,303	5,229
Maintenance & Operations	72,991	32,029
Purchase of Goods & Services	3,459	5,073
Operating Grants & Transfers	---	---
Special Expenditures	40,601	66,347
<b>Total Operating Costs</b>	<b>592,125</b>	<b>645,130</b>
<b>Capital Expenditure</b>		
Capital Construction	---	---
Capital Purchases	---	---
Capital Grants & Transfers	---	---
<b>Total Capital Expenditure</b>	<b>---</b>	<b>---</b>
Value Added Tax	24,525	35,337
<b>TOTAL EXPENDITURE</b>	<b>616,650</b>	<b>680,467</b>

**Sewerage Services – Policy and Administration 2009**

<b>Description</b>	<b>2009 \$</b>	<b>2008 \$</b>
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	227,850	240,190
Unestablished Staff	---	---
Travel & Communication	3,231	8,511
Maintenance & Operations	4,265	31,261
Purchase of Goods & Services	7,257	4,137
Operating Grants & Transfers	---	---
Special Expenditures	---	---
<b>Total Operating Costs</b>	<b>242,603</b>	<b>284,099</b>
<b>Capital Expenditure</b>		
Capital Construction	---	---
Capital Purchases	---	---
Capital Grants & Transfers	---	---
<b>Total Capital Expenditure</b>	<b>---</b>	<b>---</b>
Value Added Tax	2,575	3,982
<b>TOTAL EXPENDITURE</b>	<b>245,178</b>	<b>288,081</b>

**Development of Urban Services 2009**

<b>Description</b>	<b>2009 \$</b>	<b>2008 \$</b>
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	---	---
Unestablished Staff	---	---
Travel & Communication	---	---
Maintenance & Operations	---	---
Purchase of Goods & Services	---	---
Operating Grants & Transfers	---	---
Special Expenditures	---	---
<b>Total Operating Costs</b>	<b>---</b>	<b>---</b>
<b>Capital Expenditure</b>		
Capital Construction	5,841,363	5,414,181
Capital Purchases	---	---
Capital Grants & Transfers	---	---
<b>Total Capital Expenditure</b>	<b>5,841,363</b>	<b>5,414,181</b>
Value Added Tax	665,906	587,812
<b>TOTAL EXPENDITURE</b>	<b>6,507,269</b>	<b>6,001,993</b>

**Maintenance of Urban Systems 2009**

Description	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	36,332	66,026
Unestablished Staff	1,061,245	1,022,410
Travel & Communication	7,500	2,990
Maintenance & Operations	5,038,728	3,363,573
Purchase of Goods & Services	---	---
Operating Grants & Transfers	---	---
Special Expenditures	---	---
<b>Total Operating Costs</b>	<b>6,143,805</b>	<b>4,454,999</b>
<b>Capital Expenditure</b>		
Capital Construction	---	---
Capital Purchases	---	---
Capital Grants & Transfers	---	---
<b>Total Capital Expenditure</b>	<b>---</b>	<b>---</b>
Value Added Tax	597,508	442,454
<b>TOTAL EXPENDITURE</b>	<b>6,741,313</b>	<b>4,897,453</b>

**Appendix 26.2: Tools/Equipment not returned by officers/workman**

Card Number	Officer	Section	Date	Item	Quantity	Unit Price
102	Vilikesa Ramaqa	Rural Water Supply	01/07/09	Toshiba Torch	1	
			19/11/09	30 x 30 blue tarpulin	1	
97	Niumata Savusavu	Water Supply	16/12/09	30 x 30 blue tarpulin	1	
336	Yengtesh Permal	Namara	08/08/09	Grinding machine drop saw	1	
218	Apolosi Tevui	Water supply (Natua - Seaqaqa)	01/09/09	Road vest	1	15.00
76	Ratu Penione K.	Water supply	30/04/09	Spade	3	
			30/04/09	Digging fork	2	
			30/04/09	Safety hamlet	1	
			30/04/09	Measuring tape	1	
			30/04/09	Valve key	1	
65	Narend Prasad	Maintenance	04/09	Extra large yellow rain coat	1	
			19/05/09	Plain overall size 7	1	
			19/05/09	Safety boot size 7	1	
			22/06/09	Crow bar	1	
			22/06/09	Digging fork	1	
			07/09	Long sleeve overall size 36	1	
58	Atonio L	Water supply	04/04/09	Safety boot size 8	1	
			04/04/09	Gum boot size 8	1	
			04/04/09	Cooking pot	1	
			04/04/09	Cooking spoon	1	
			04/04/09	4" foam mattress	1	
327	Isikeli Varasiko	Water supply (Navau)	07/10/09	Safety boot	1	55.00

Card Number	Officer	Section	Date	Item	Quantity	Unit Price
			07/10/09	Road vest	1	15.00
326	Poasa	Water supply (Navau)	07/10/09	Safety boot	1	55.00
			07/10/09	Road vest	1	15.00
82	Sakiusa C.	Water supply (Benau)	30/04/09	Toshiba torch	1	75.00
			30/04/09	2 hand gloves	2 pairs	8.00
			30/04/09	Plain overall size 36	1	25.00
			15/10/09	Safety boot size 8	1	55.00
270	Tomasi Korovaraturaga	Water supply	02/12/09	Casio calculator	1	22.00
80	Sundar S.	Water supply	23/04/09	Casio 12 digit calculator	1	22.00
			23/04/09	2gb flash drive	1	48.00
			23/04/09	Umbrella	1	12.00
			02/07/09	Stop watch	1	20.00
			16/10/09	Scientific calculator FX 82	1	28.00
47	Nemani	Water supply	07/11/09	Tuflite set socket	1	
80	Peter		15/01/09	Sony digital camera	1	
			15/01/09	Memory card	1	
156	Roneel	Water supply	04/08/09	Gum boot size 8	1 pair	25.00
			06/10/09	Safety boot	1 pair	55.00
31	Deo Chand	Maintenance	13/05/09	Safety glass	1	
			26/08/09	Respirator	1	
			26/08/09	Gum boot size 11	1 pair	
123	Peni Kurukuruvakatini	Water supply (Nabouwalu)	07/08	Safety boot size 8	1 pair	55.00
			07/08	Gum boot size 10	1 pair	25.00
			15/07/09	Toshiba torch	1	75.00
106	Tomu Vuniwai	Water and sewerage	02/07/09	Safety boot	1 pair	
			10/09/09	Action back overall	1	
			10/09/09	Long sleeve overall	1	
			14/09/09	Road vest	1	
			06/10/09	Safety boot size 9	1	
29	Sosiceni Maro	Water supply	02/02/09	12" rasp file	1	
			27/02/09	fork	1	
			27/02/09	spade	1	
			27/02/09	Crow bar	1	
72	Rajesh Prasad	Water supply	30/04/09	Casio Calculator	1	25.00
			30/04/09	2 holes paper punch	1	12.00
			30/04/09	Stapling machine	1	10.00
			24/09/09	Laptop bag	1	35.00
60	Taniela Sega	Water supply	23/04/09	New size 10 gum boot	1 pair	
			23/04/09	Coleman light	1	
			06/05/09	12" rasp file	2	
			25/08/09	Gum boot size 10	1 pair	
27	Taniela Sega	Water supply	04/02/09	2 x 2 blue/yellow dust coat	1	
			13/02/09	12" Rasp file	1	
			24/02/09	New fork	1	
			27/03/09	Industrial yellow bucket	1	
			03/07/09	Safety boot size 9	1 pair	
			06/10/09	Safety boot size 9	1 pair	
10	Ilikim Karavaki	Water supply	19/01/09	Gum boot size 9	1 pair	
			23/03/09	Coleman light	1	
			02/07/09	Green/black overall size 28	2	
			17/08/09	Canopy tapurlin (light green)	1	
			26/10/09	36" stilson wrench	2	

Card Number	Officer	Section	Date	Item	Quantity	Unit Price
26	Maikali Drauna	Benau	28/01/09	New blue overall seize 44	1	25.00
			28/01/09	blue overall seize 44	1	25.00
			06/07/09	Safety boot size 9	1 pair	55.00
89	Marica Tinai	Water Supply	11/05/09	Aluminum kettle	1	15.00
			11/05/09	Cooking pot	2	20.00
			11/05/09	18" wrench	1	35.00
			11/05/09	12" flat file	1	7.00
			11/05/09	Gum boot size 9	1 pair	25.00
			11/05/09	Toshiba torch	1	75.00
			11/05/09	Extra large rain coat	1	26.00
			11/05/09	Knife	1	15.00

### Appendix 26.3: Incorrect recording of stores in Tool/Equipment issue card

Card Number	Officer	Section	Date	Item	Quantity
97	Niumata Savusavu	Water supply	22/09/09	Sony digital camera	1
			22/09/09	Memory stick	1
			22/09/09	Calculator	1
			16/12/09	2 door fridge	1
			16/12/09	4 burner gas stove (Akita)	1
336	Yentesh Permal	Namara	12/12/09	Sony cyber shot camera	1
69	Peni Bavia	Hydrology	08/04/09	Colour printer deskjet	
			08/04/09	Extension cord	10 meters
			08/04/09	Fax machine	1
			08/04/09	Binding machine	1
			08/04/09	Computer table	1
			08/04/09	Shivel chair	1
			08/04/09	DVD writer	1
			08/04/09	Electric kettle	1
			08/04/09	Digital image camera	1

### Appendix 26.4: Tools/equipment in possession of officer/workman.

EDP	Officer	Item Description	Quantity	Unit Cost (\$)	Total Amount (\$)
44140	Peneoni Tidrau	Overall	1	16.00	16.00
47787	Roneel	Long sleeve overall	1	85.00	85.00
		Strap overall	1	85.00	85.00
		Gum boot	1	18.00	18.00
		Safety boot	1	50.00	50.00
741135	Kisapru Kaulety	Two (2) hole paper punch	1	18.00	18.00
		DJ120 calculator	1	16.00	16.00
ND372	Noa Tamani	Helmet	1	10.50	10.50
		Toshiba torch	1	85.00	85.0
		Spear and Jackson spade	1	85.00	85.00
		Water and sewerage overall	1	85.00	85.00
		Safety boot	1	56.00	56.00
		Gum boot	1	16.00	16.00
		Foam mattress	1	48.00	48.00

EDP	Officer	Item Description	Quantity	Unit Cost (\$)	Total Amount (\$)
		Fifty (50) meter measuring tape	1	25.00	25.00
		Long handle shovel	3	65.00	195.00
		Gum boot	1	16.00	16.00
		Two (2) printed overall	2	85.00	170.00
XE775	Rajendra Prasad	Two (2) safety boot	2	56.00	112.00
XW524	Vucago	Thirty (30) meter measuring tape	1	38.00	38.00
		Spear and Jackson spade	3	85.00	255.00
		Crow bar	1	85.00	85.00
		18 x 18 tarpine	1	65.00	65.00
UQ276	Marica Tivai	Cooking pot	2	45.00	90.00
		Toshiba torch	1	89.00	89.00
OF925	Apimeliki Naiqiso	Crow bar	1	85.00	85.00
		Digging fork	1	85.00	85.00
		Foam mattress	1	48.00	48.00
		Flash drive	1	45.00	45.00
OW904	Laitia Beka	Lime green overall	2	85.00	170.00
		Digital camera	1	680.00	680.00
		24 inch wrench	2	48.00	96.00
		24 x 24 Tarpine	1	85.00	85.00





## Section 27

## Republic of Fiji Military Forces

### Role and Responsibilities

Under the Republic of Fiji Military Forces Act(cap 81), the RFMF is charged with, and responsible for the defence and state security of Fiji in the maintenance of Law and Order in land and sea, in support of the Police, maritime surveillance of Fiji's Maritime Zone and relevant departments. It also provides Forces to international peacekeeping operations in line with Government foreign policy on world peace, troops with engineering expertise for nation building, in the area of rural infrastructure development and youth training for life skills. In relation to these tasks, the following deliverables or responsibilities are undertaken in the following budgeted activities:

### Policy & Administration

- Strategic analysis and policy advice to Commander RFMF.
- Strengthen defence co-operation with other Forces.

### Logistic Support Unit

- Purchase of stores & supplies
- Provide medical and maintenance services

### 3 FIR

- Regular Infantry training and exercise
- Assistance to Police Team
- Security role
- Disaster response

### FMF Engineers

- RFMF Youth trade training
- Infantry battalion converts

### FMF Naval Division

- Law enforcement at Sea
- Search and rescue service
- Underwater explosive ordinance disposal.

### Territorial Forces

- Support service to Infantry Battalion & peacekeeping operations overseas.

### Iraq Mission

- Deployment of troops to the United Nations Assistance Mission - Iraq.

### Peacekeeping Force, Sinai

- Provision of Peacekeeping troops to MFO

### Force Training Group

- Training of new recruits
- Promotions of training
- Overseas deployment training

### Land Force Command

- General administration and operation of Land Forces

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## PART 1: FINANCIAL STATEMENTS

### 27.1 Audit Opinion

The audit of the 2009 accounts of the Republic of Fiji Military Forces (RFMF) resulted in the issue of a qualified audit report. The Trading and Manufacturing Account submitted for audit was incomplete therefore restricting the scope of the audit.

### 27.2 Statement of Receipts and Expenditures

The RFMF collected revenue totalling \$342,114 and incurred a total expenditure of \$104,424,715 in 2009. Refer to Table 27.1 for details.

**Table 27.1: Statement of Receipts and Expenditures for 2009**

Description	2009 \$	2008 \$
<b>RECEIPTS</b>		
State Revenue	65,008	91,267
Agency Revenue	277,106	515,527
<b>TOTAL REVENUE</b>	<b>342,114</b>	<b>606,794</b>
<b>EXPENDITURE</b>		

Description	2009 \$	2008 \$
<b>Operating</b>		
Established Staff	84,033,799	73,813,841
Unestablished Staff	197,198	260,018
Travel & Communication	632,348	647,280
Maintenance & Operations	3,152,087	2,810,887
Purchase of Goods & Services	7,434,268	4,279,676
Special Expenditure	927,238	719,116
<b>Total Operating Expenditure</b>	<b>96,376,938</b>	<b>82,530,818</b>
<b>Capital Expenditure</b>		
Construction	734,356	167,997
Purchases	5,027,530	373,676
<b>Total Capital Expenditure</b>	<b>5,761,886</b>	<b>541,673</b>
Value Added Tax	2,285,891	972,482
<b>TOTAL EXPENDITURE</b>	<b>104,424,715</b>	<b>84,044,973</b>

Total expenditures increased by \$20,379,742 or 24% compared to the previous year, which resulted from the following:

- Payments of ration allowances due from 2005 to 2007;
- Repairs and maintenance to the Force properties;
- Payments of previous years' debts; and
- Ongoing 'Black Rock' project in Nadi.

### 27.3 Statement of Output Costs

The Statement of Output Costs consolidates the 6 outputs prescribed in the Budget Estimates. These are detailed in Appendix 27.1.

### 27.4 Appropriation Statement

The RFMF incurred expenditures totalling \$104,424,715 against the budget of \$102,040,200 resulting in an over-expenditure of \$2,384,515 or 2%

Details of expenditure against the budget estimates are provided in Table 27.2.

**Table 27.2: Appropriation Statement for 2009**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry-Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	84,825,100	(4,046,241)	80,778,859	84,033,799	0	(3,254,940)
2	Unestablished Staff	200,200	0	200,200	197,198	0	3,002
3	Travel & Communication	609,900	120,000	729,900	632,348	0	97,552
4	Maintenance & Operations	2,904,600	530,000	3,434,600	3,152,087	0	282,513
5	Purchase of Goods & Services	4,975,100	2,575,000	7,550,100	7,434,268	0	115,832
7	Special Expenditure	816,500	160,000	976,500	927,238	0	49,262

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry-Over (\$)	Lapsed Appropriation (\$)
	<b>Total Operating Costs</b>	<b>94,331,400</b>	<b>(661,241)</b>	<b>93,670,159</b>	<b>96,376,938</b>	<b>0</b>	<b>(2,706,779)</b>
	<b>Capital Expenditure</b>						
8	Construction	950,000	(200,000)	750,000	734,356	0	15,644
9	Purchases	246,000	4,822,222	5,068,222	5,027,530	0	40,692
	<b>Total Capital Expenditure</b>	<b>1,196,000</b>	<b>4,622,222</b>	<b>5,818,222</b>	<b>5,761,886</b>	<b>0</b>	<b>56,336</b>
13	Value Added Tax	1,312,800	1,239,019	2,551,819	2,285,891	0	265,928
	<b>TOTAL EXPENDITURE</b>	<b>96,840,200</b>	<b>5,200,000</b>	<b>102,040,200</b>	<b>104,424,715</b>	<b>0</b>	<b>(2,384,515)</b>

## 27.5 Statement of Losses

The RFMF did not report any loss of money or fixed assets during the financial year 2009.

## 27.6 Trading and Manufacturing Activity – Profit and Loss Statement

A profit of \$87,846 was recorded in the Trading & Manufacturing Account for 2009. Details are provided in Table 27.3.

**Table 27.3: Profit and Loss Statement for 2009**

Description	2009 (\$)	2008 (\$)
<b>INCOME</b>		
Sales	348,632	38,068
<b>Total Income</b>	<b>348,632</b>	<b>38,068</b>
<b>EXPENSES</b>		
Raw Material	4,656	0
Purchase of Goods & Services	800	0
Fuel & Oil	37,351	18,539
Repairs & Maintenance of Fixed Assets	181,051	20,856
Special Fees & Charges	101	370
Travel & Communication	7,851	0
VAT	28,976	6,626
<b>Total Expenses</b>	<b>260,786</b>	<b>46,391</b>
<b>NET PROFIT/(LOSS)</b>	<b>87,846</b>	<b>(8,323)</b>

## PART 2: AUDIT FINDINGS

### 27.7 Trading and Manufacturing Account (TMA)

The TMA annual report shall be prepared by the OIC Plant Pool for the inclusion into the agency's annual report. The report shall include:<sup>1</sup>

- i) A copy of the audited TMA annual financial statements comprising a profit & loss statement and balance sheet;
- ii) Actual performance compared to the business plan targets.

The TMA annual financial statements are in three parts; the Trading & Manufacturing Statement, Profit & Loss Statement and Balance Sheet.

The Trading and Manufacturing account submitted for audit was incomplete thus restricting the scope of our audit. In addition, comparative figures were not reflected in the Profit and Loss Statement.

Non compliance with the Finance Instructions/Manual in the preparation of the financial statements restricted the scope of the audit and has been included in the audit report as a qualification.

#### Recommendations

- **The RFMF should ensure that Financial Statements submitted for audit are complete and prepared/presented in accordance with the Finance Instructions/Manual.**
- **A complete set of Trading and Manufacturing Financial Statements should include a Profit and Loss Statement and a Balance Sheet.**

#### Management Comments

*The recommendation has been noted. The RFMF will ensure to comply with all the requirements as required by the audit during inspection.*

### 27.8 FNPF Reconciliations

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.<sup>2</sup>

Where charges are for payments to organisations through salary deductions, the relevant creditor account shall be credited. When actual payment is made to the organisation, the creditor account shall be debited.<sup>3</sup>

A reconciliation of superannuation contributions paid to the Fiji National Provident Fund against salaries and wages reported in the Financial Statements revealed variances as follows:

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<sup>1</sup> RFMF Finance Manual 6.5.7

<sup>2</sup> Chapter 219 – Fiji National Provident Fund – Section 13 (1)

<sup>3</sup> Finance Manual 2005 – RFMF Section 4.7.3

<b>a) Total FNPF Against Salaries/Wages 2009</b>	<b>\$</b>
FNPF contributions as per Financial Statement:	5,806,903.10
<b>Add:</b> December 09 contributions Paid in Jan 2010	380,164.65
	6,187,067.75
<b>Less:</b> December 08 contributions Paid in Jan 2009	373,203.90
<b>FNPF contributions for 2009</b>	<b>5,813,863.90</b>
<b>b) Salaries/ Wages for 2009 Subject to FNPF</b>	
Salaries, Wages & Allowances as per Financial Statement	78,424,093.75
<b>Less:</b> Salaries & Wages not subject to FNPF **	11,053,308.05
Salaries, Wages and Allowance for 2009 Subject to FNPF	67,370,785.70
<b>FNPF Contribution (67,370,785.70*0.08)</b>	<b>5,389,662.80</b>
<b>Difference (a – b)</b>	<b>\$424,201.10</b>
**Salaries/wages not subject to FNPF :	
Ration Allowance: \$6,670,928.05	
Location Allowance: \$4,382,380.00	

Discussion with the Accounts Officer revealed that the Force has been making advance payments of superannuation contributions to the FNPF since the 1990s. However, the actual amounts of overpayments are yet to be determined.

The RFMF and the FNPF are working to determine the actual amounts of overpayments. This issue has been highlighted in previous years.

### **Recommendations**

- **A thorough review of the payroll, FNPF records and reconciliations is recommended to ensure that the superannuation contributions overpaid to the FNPF is accurately determined.**
- **Advance payment of superannuation contributions should cease immediately.**
- **Supervisory checks on records pertaining to payroll should be improved and to ensure that the variance identified in the reconciliation is rectified.**

### **Management Comments**

*The recommendation has been noted. The RFMF is currently in the process of rectifying the overpayment with FNPF. This explains the variance which has been highlighted in this report and the RFMF will ensure to reconcile the records once the overpayment has been settled.*

## **27.9 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.<sup>4</sup>

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.<sup>5</sup>

An un-reconciled balance of \$1,908,336.61 existed between the taxable supplies in the VAT Return and the total income/expenditure in the Statement of Receipts and Expenditure. In addition, a variance of \$99,735.92 was also noted between the actual VAT payments for 2009 and the balances disclosed in the general ledger (FMIS). Refer below for details:

	\$
	102,138,823.88
<b>Less:</b> Total Income/expenditure as per Expenditure Statement	
Expenditure not Subject to Tax: SEG 6 - Operating Grant	0
SEG 1 – Established Staff	(84,033,798.97)
SEG 2 – Unestablished Staff	(197,197.88)
	17,907,827.03
<b>Less:</b> Total Taxable Supplies as per Vat Returns	(19,816,163.64)
<b>Variance</b>	<b>(1,908,336.61)</b>

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VAT Payments (VAT payment to FIRCA and VAT Input as per <b>Financial Statement</b> )	1,188,894.30
<b>Less:</b> VAT Payments (VAT payment to FIRCA and VAT Input as per <b>VAT Returns</b> for the year)	1,288,630.22
<b>Variance</b>	<b>(99,735.92)</b>

The above variances implied that the RFMF incorrectly paid VAT charged on expenditures.

### **Recommendations**

- The RFMF should review its VAT records and reconciliations and rectify the variances noted.
- 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 (FMIS).

### **Management Comments**

*The recommendation has been noted. The RFMF will ensure to identify the errors and make the necessary adjustments and we are also requesting the assistance from the AG's office to confirm their figures before we reconcile our VAT records.*

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

<sup>5</sup> Finance Circular No 9/95



**27.10 Revolving Fund Account - Miscellaneous - Accountable Advances**

All accountable advances should be cleared or accounted for within seven days of arrival from official duty and no advance should be given to an officer until all previous accountable advances have been accounted for. If the advances have not been cleared within seven days then the outstanding amount together with interest should be recovered from the officer's salary.<sup>6</sup>

Some officers have yet to clear, upon their return, accountable advances issued to them for official travels. The advances were still outstanding as at the date of audit<sup>7</sup>. Advances are also outstanding from some officers who have been discharged from the Force. Refer to Table 27.4 for examples:

**Table 27.4: Details of Advances**

Reg. No.	Employee Name	Accountable Advance \$
23895	N. Vunidaiga	1,965.00
23895	N. Vunidaiga	1,081.25
23177	Albert Burt	10,108.46
22058	A. Vakamolo	4,289.41
	Semiti Cakau	23,763.31
28877	A. Tawake	1,654.00
21679	Col. Waqavakatoga	190.80
23739	Capt. Salabogi	260.00
22553	M. Saubulinayau	139.60
22348	E Teleni	276.00

The non clearance of accountable advance within seven days of returning to the station is a breach of government regulations pertaining to the administration of accountable advances.

**Recommendations**

- The RFMF should ensure that accountable advances issued to its Officers are retired/cleared within seven days of their return.
- Interest should be charged for late clearance of accountable advances.
- Clearance of advances should be supported with evidences of expenditures incurred.
- It is recommended that the RFMF establish procedures to ensure that Officers clear any outstanding advances before they are discharged.

**Management Comments**

*Comments not provided.*

**27.11 Overdrawn Trust Fund Accounts**

Trust money is to be accounted for separately from public money and other money.<sup>8</sup> The Trust Fund Accounts should not at any time be overdrawn.<sup>9</sup>

<sup>6</sup> Finance Circular 22/85

<sup>7</sup> Date of Audit on July 2010

<sup>8</sup> Finance Management Act 2004 s. 25(1)

<sup>9</sup> Finance Circular No. 4/98 of 30/02/98

The Operating Trust Fund Account was overdrawn by \$4,019,620.99. Refer to Table 27.5 for details:

**Table 27.5: Details of Overdrawn Accounts**

Account	Overdrawn Amounts (\$)
OPR Current & Previous	7,459.65
Govt Water Rate Chrgs, PRB & Others	(6,676.75)
Insurance	104,335.84
Housing, Home Finance, PSC Scholarship loan & Others	92,239.28
Rent Arrears, Advance & Others	(34,015.87)
Credit Unions & Association	96,723.88
Maintenance	(839.13)
Rates	35,303.28
Rent Special Grade & Fixed Rent	1,444.64
Tax Arrears, Fines, Forfeitures, FNPF, Sundries & Others	3,723,646.17
<b>Total</b>	<b>4,019,620.99</b>

Failure by the RFMF to properly reconcile the accounts has resulted in the closing debit balances of various Operating Trust Fund accounts. The overdrawn balances have been carried forward from previous years and this has been continuously highlighted in previous years.

### **Recommendations**

- The RFMF should properly review transactions posted to the above accounts and rectify any mispostings to the Operating Trust Fund accounts.
- Supervisory checks of reconciliations prepared monthly needs to be strengthened to ensure that mispostings of transactions are identified and rectified.

### **Management Comments**

*The recommendation has been noted.*

*The overdrawn trust accounts has been a long outstanding issue with RFMF from previous years and for this year 2010 we will be requesting Ministry of Finance to write off the overdrawn accounts. Supervisory monthly checks will surely be strengthened.*

## **27.12 Over Expenditure**

No officer may incur expenditure which results in the agency's appropriation being exceeded without the proper authorisation of the Ministry of Finance, pending approval by Parliament/Cabinet.<sup>10</sup>

Audit analysis of the Expenditure Statement for the year ended 2009 revealed that the RFMF had incurred an over-expenditure of \$2,384,515 against its budgetary provision for 2009. Refer to Table 27.6 for details:

<sup>10</sup> Finance Instructions 2005 – Section 8

**Table 27.6: Details of Over Expenditure**

SEG	Item	Revised Estimate (\$)	Actual Expenditure (\$)	(Over-expenditure)/ savings (\$)
1	Established Staff	80,778,859	84,033,799	(3,254,940)
2	Unestablished Staff	200,200	197,198	3,002
3	Travel & Communication	729,900	632,348	97,552
4	Maintenance & Operations	3,434,600	3,152,087	282,513
5	Purchase of Goods & Services	7,550,100	7,434,268	115,832
7	Special Expenditure	976,500	927,238	49,262
	<b>Total Operating Costs</b>	<b>93,670,159</b>	<b>96,376,938</b>	<b>(2,706,779)</b>
	<b>Capital Expenditure</b>			
8	Construction	750,000	734,356	15,643
9	Purchases	5,068,222	5,027,530	40,692
10	Grants & Transfers	0	0	0
	<b>Total Capital Expenditure</b>	<b>5,818,222</b>	<b>5,761,886</b>	<b>56,336</b>
13	Value Added Tax	2,551,819	2,285,891	265,928
	<b>TOTAL EXPENDITURE</b>	<b>102,040,200</b>	<b>104,424,715</b>	<b>(2,384,515)</b>

Over-expenditures imply that spending may not have been adequately monitored during the year.

### **Recommendations**

- The RFMF should seek the approval of the Ministry of Finance for availability of funds before incurring expenditures.
- Expenditures should be reviewed against the budget allocation on a monthly basis and reported to management for effective and efficient decision-making.

### **Management Comments**

*The recommendation has been noted. The payment of ration allowance from 2006 – 2008 contributed to the over expenditure of SEG 1 on Established Staff. The Ministry of Finance had contributed \$13,281,247.80 as per DW 172/09. The RFMF will ensure to improve on control measures with additional checks being instituted.*

## **27.13 Salary Overpayments on Discharge**

Salary advice must be submitted promptly to the Ministry of Finance where there is any change to personnel emoluments or deductions such as appointments, promotions, transfers, acting allowances, dismissals and resignations, income tax allowances, housing deductions or other charges or deductions.<sup>11</sup>

In 2009, a total of 134 officers were discharged from the RFMF. Our review of payroll records revealed that 51 of the discharged personnel were continued to be paid after the effective date of their discharge. Refer to Appendix 27.2 for details.

<sup>11</sup> Finance Instructions 2005 26(1)

Clarifications sought during the audit indicated that payments of salaries after the date of discharge were leave compensations. However, there was no evidence to indicate that a proper procedure exist to accurately determine the number of outstanding leave and the number of pay periods outstanding leave were to be compensated. Moreover, it was also noted from the records provided for audit that the officers had exceeded their leave entitlements. Refer to the Table 27.7 for examples:

**Table 27.7: Officers Exceeding their Leave Entitlement**

Reg No	Name	Date Discharged	Date Salary Should Cease	Date Salary Actually Ceased	Gross Amount Overpaid \$	Leave Days Exceeded
21479	A. Colati	22/02/2009	22/02/2009	25/03/2009	2,709.00	31
31088	Kean	23/09/2009	23/09/2009	7/10/2009	452.03	11
25153	T Naveveula	23/10/2009	23/10/2009	02/12/2009	3,325.15	-
23844	A Sesenabaravi	05/10/2009	05/10/2009	05/10/2009	-	13
22638	J Tagivetaua	10/10/2009	10/10/2009	10/10/2009	-	66
29108	T Bolasui	20/11/2009	20/11/2009	23/09/2009	3,261.79	-
21552	C Dunn	11/07/2009	11/07/2009	11/07/2009	-	35

To verify the explanations provided during the audit, data on leave days due to a number of Officers and the total amount of salary they received after the date of their discharge were collated. Audit noted that the amount paid to the Officers did not correspond to their leave compensation entitlements. Refer to Table 27.8 below for examples:

**Table 27.8: Details of Leave Compensation**

Reg No	Name	Date Salary Should Cease	Date Salary Actually Ceased	Gross Amount Overpaid \$	Total Leave Compensation	Variance \$
24290	S Koto	08/04/2009	06/05/2009	1,305.50	932.50	373.00
23577	S Ranuve	09/04/2009	06/05/2009	1,080.06	840.04	240.02
25989	F Driver	19/01/2009	11/02/2009	4,659.89	2,678.97	1,980.92
21479	A Colati	22/02/2009	25/03/2009	2,709.00	(2,709.00)	5,418.00
27163	W Vueti	29/09/2009	21/10/2009	1,400.10	1,050.07	350.02
29108	T Bolasui	20/08/2009	23/09/2009	3,261.79	-	3,261.79

Lack of timely communication and coordination between the Human Resource Section and the Pay Office has resulted in the above overpayments.

The above anomalies imply that the Pay Office may not have been provided with the updated leave records for the discharged personnel. There is a high risk of salary overpayments when officers are discharged from the Force as records are not properly maintained and updated.

### **Recommendations**

- There is a need to improve communication and coordination between the Human Resource Section and the Accounts Section/Pay Office to facilitate timely action when officers are discharged.
- Actions should be taken to establish and recover all salaries overpaid in 2009.
- The Human Resources Department should maintain and regularly update the leave records for all RFMF personnel.
- It is recommended that leave compensations are paid after discharged personnel have completed all the required procedures for discharge.

### **Management Comment**

*Acknowledge concerns raised above. This was discussed with the audit team and it was brought to their attention that the dates for discharge and the actual days paid to the respective soldiers listed above will differ because of the following reasons:*

- *The date(s) of discharge reported above were the date authorized by HQ RFMF for the release of individual(s) from the force;*
- *On receipt of approval from HQ RFMF, unit HQs and individuals then proceed to administer the discharge process i.e the determination of incomplete re-engagement term(s) & recovery, computation of leave owing, Administration & Logistic clearance etc;*
- *The actual date(s) the soldiers were paid up to were for leave accumulated and owed to the individuals;*
- *The correct date of discharge for any service person is the date he or she was paid up to as during this period the person is subject to military law; and*
- *The dates shown in the table above were correct/not correct, however, there were no overpayments made as reported, given the comments made by management.*

*There is a Policy in place whereby all RFMF personnel are encouraged to take any outstanding leave before the end of a financial year or in the case of retiring personnel, before they are discharged.*

*Control measures have been enforced with additional monitoring checking system being instituted with thorough editing and verification of any pay changes before final pay run. Any pay changes now undertaken by MoF staff.*

## **27.14 Excessive Accumulation of Annual Leave**

Annual leave cannot be accumulated and must be taken by the 31<sup>st</sup> day of March in the year next following the year in which it was earned, unless deferment is authorized by the commander.<sup>12</sup>

Subject to the Commander's approval, officers may if they so desire, be allowed to carry over up to a maximum of 7 consecutive days leave entitlement from one year to another.<sup>13</sup>

Our review of leave records revealed that Officers were not taking leave when due. For example, 30 Officers in the Human Resource Section had accumulated more than 80 days of annual leave. Refer to Appendix 27.3 for details.

Excessive accumulation of annual leave implies ineffectiveness in the administration of leave. Leave liabilities are not provided in the annual budget.

### **Recommendations**

- **The administration of leave must be improved not only to minimize excessive accumulation of annual leave but also to ensure that payments of leave compensations to discharged officers are accurate.**
- **Officers with excessive outstanding leave should be encouraged to take leave within a scheduled timeframe.**

### **Management Comment**

*Comments and recommendations are noted. RFMF is considering a number of strategies to address this issue.*

<sup>12</sup> Fiji Military Force Standing Orders, Vol 1- Section 2, 20.9

<sup>13</sup> Fiji Republic Gazette Supplement, No 18 of 1988 [Legal Notice No 71] 10 (c)

*All officers are strongly encouraged to utilize outstanding leave. This has begun for senior officers with Chief of Staff Land Force being directed to take his leave, with other senior officers to follow.*

*The RFMF is in consultation with the MoF undertaken to include a leave register Employee Data Management System (EDMS) in the FMIS that will enable greater transparency and accuracy in the administration of leave.*

*All personnel being discharged in 2010 have been directed to take any outstanding leave. This includes contracted officers whose one year Beyond Retiring Age of Rank (BRAR) contracts will expire in 2011.*

## 27.15 Utilization of Annual Leave In Excess of Entitlement

Officers may use up to 7 consecutive days leave from the following year's entitlement during the final 6 months of any leave year.<sup>14</sup>

Some staffs have utilized subsequent year's annual leave entitlement exceeding 7 days resulting in a number of Officers going on leave in excess of their leave entitlements.

Such situations arise when the Unit Personal Files do not have the correct leave balances. In most cases, Officers apply for leave on short notice and by the time their applications reach the Human Resource Section, they are already in the course of utilizing their leave. Refer to Table 27.9 for details:

**Table 27.9: Details of Utilization of Excess Leave**

Reg No.	Name	Leave utilized in excess of entitlement	Value \$
23893	Isireli Dakunimata	96	13,917.12
21962	Semisi Kama	72	7,161.12
23900	Mitili Moce	129	14,858.22
22629	Jone Tavanavesi	60	6,910.80
25215	Sefenaia Rayawa	34	3,384.02
21731	Inoke Tabisa (has been discharged)	21	1,214.22
22429	Samuela Naiserelagi	21	1,404.48
22806	Iowane Leleilagi	115	7,691.20
23172	Vilipe Ratumaisala	27	1,715.31
23456	Tamesia Nakelo	109	8,022.40
24076	Inoke Vola	104	6,955.52
25149	Sairusi Degei	06	401.28
25486	Maciu Koroi	46	2,187.30
26529	Tomasi Delana	20	823.20
27208	Savirio Kanasalusalu	59	2,428.44
28956	Parauni Soko	72	4,163.04
29972	Napolioni Naulia	13	465.92
30620	Jonati Gauna	20	631.20
	<b>Total</b>		<b>84,334.79</b>

The above imply that there are serious internal control weaknesses in the administration of leave including the maintenance of leave records. There is a high risk that officers are utilizing leave in excess of their entitlements.

<sup>14</sup> Fiji Republic Gazette Supplement, No 18 of 1988 [Legal Notice No 71] 10 (d)  
Fiji Military Forces

**Recommendations**

- The Human Resource Section should ensure adequate procedures are in place for proper administration of leave and that leave records are updated on time.
- Leave should not be approved in excess of what is due to the officer.
- A review of leave records of all officers should be carried out to ensure that the records are updated and that information provided to the Accounts Sections are accurate.

**Management Comments**

*OAG Comments and recommendation are noted.*

*Additional payments were made in respect of leave due for officers who have either retired, seconded to the Civil Services or being discharged from the force. This enabled the discharged of Leave liabilities in a timely manner.*

*The Human Resource Section is working on a Data base system that will administer and monitor leave records. This is being done in consultation with the MoF. At present the leave entitlements for the over 700 personnel has reviewed and this involved the reconciliation between the PF and UPF.*

*Policy currently in place whereby all RFMF personnel are encouraged to take outstanding leave. This is now being vigorously enforced. It must be noted that at this juncture that due to operational commitments certain key appointments have been unable to utilise all their leave. This is inclusive of annual leave and long service leave. Personnel on peace keeping deployments abroad are also entitled to leave under the United Nations or Multinational Forces and Observers conditions of service.*

*A review is being undertaken with a view to aligning the leave in the mission area with that of national leave entitlements.*

**27.16 Ration Allowance Overpaid**

Officers and soldiers shall receive rations or an allowance in lieu at such rates as may be laid down.<sup>15</sup> The rate of a meal allowance shall be \$7.50. The rate may be varied from time to time by the Secretary for the Public Service.<sup>16</sup>

Our review of a sample of records pertaining to the payments of ration allowances (JEE) in 2009 revealed that some officers were overpaid their entitlements. Refer to Table 27.10 for details:

**Table 27.10: Sample of Overpayments of Ration Allowance**

Reg No	Name	Ration Allowance Entitlement \$	Ration allowance Paid \$	Overpaid \$	Amount Recovered as at Pay 19/10 (10/09/10)
30593	Jone Nawaqaliva	8,190	13,840.00	5,650.00	50.00
22535	Apakuki Wakaya	8,190	10,920.00	2,730.00	-
30232	Wasiki Suraki	8,190	13,893.40	5,703.40	50.00
30785	Mesake Sere Tudrau	8,190	14,670.60	6,480.06	50.00
27541	Laisenia Matani	8,190	8,715.00	525.00	-

<sup>15</sup> Fiji Military Forces Standing Orders, Vol 1 section 17.60

<sup>16</sup> General Orders 1993, Section 510 (c)

Such over payments indicated the absence of supervisory checks before the ration allowances were processed for payments. There is a high risk of overpayments of ration allowances to other Officers.

### **Recommendations**

- All ration allowances overpaid should be recovered immediately.
- Pay data inputs into the payroll system should be properly checked, supervised and approved by the Officer in charge.
- The RFMF should review all payments of ration allowances made in December 2009 and recover any overpayments made.
- Systems and procedures should be reviewed to ensure that overpayments of allowances are minimised or avoided.

### **Management Comment**

*OAG comments is acknowledged.*

*Be advised that payment of JEE Allowance inclusive of Ration Allowance in Pay 22 of 2009 was processed at ITC. Therefore, human and technical error was to be expected due to time constraint. However, recovery from concerned individuals have commenced with direct deduction from salary.*

*With the exception of Apakuki Wakaya who is deceased overpayment recovery (OPR) action has commenced from Pay 19 of 2010.*

*Control measures have been enforced with additional monitoring checking system being instituted with thorough Editing and verification of any pay changes before final pay run.*

## **27.17 Occupation of Quarters and Lodging Allowance**

The Commander may grant to married soldiers, up to and including warrant officers, a lodging allowance to help pay cost of rent, water and lighting charges, incurred while they are not in occupation of an official quarter.<sup>17</sup>

The audit noted that a number of Officers were paid lodging allowances whilst occupying official quarters. Refer to Table 27.11 for examples:

**Table 27.11: Detail Payments of Lodging Allowance**

Reg No	Name	Date of Occupancy	Date Payments Commenced	Overpayment of Lodging Allowance as at Pay 9 of 2010	Amount Recovered as at Pay 19/10 (10/09/10)
<b>OTHER RANK</b>					
27162	I Saukituga	01/01/2006	05/11/2009	1,178.40	300.00
26804	I Uluiviti	06/01/2009	01/01/2009	2,978.80	-
24878	S Nailaulau	10/01/2007	05/11/2009	2,116.13	480.00
29764	V Bulimailvale	12/10/2000	05/11/2009	3,120.00	-
26579	M Rokotakala	07/02/2007	26/02/2009	2,354.44	300.00
28103	O Kanasalusalu	07/11/1997	05/11/2009	1,506.48	300.00
24825	L Rakula	27/05/2006	05/11/2009	1,506.48	480.00
28484	J Matenaniu	18/04/2000	05/11/2009	1,372.56	Recovered
29691	S Dolobula	18/10/2005	05/11/2009	1,506.48	20.00

<sup>17</sup> Fiji Military Forces Standing Orders, Vol 1-Section 17.55



Reg No	Name	Date of Occupancy	Date Payments Commenced	Overpayment of Lodging Allowance as at Pay 9 of 2010	Amount Recovered as at Pay 19/10 (10/09/10)
23644	J Gasa	18/01/2005	04/06/2009	3,481.09	60.00
25795	M Vavudali	11/03/1993	05/11/2009	3,501.35	350.00
<b>OFFICERS RANK</b>					
26993	J K Logavatu	-	05/11/2009	9,251.12	60.00
29419	A Rokorua	-	05/11/2009	5,931.44	50.00
30284	S Ropate	-	03/12/2009	2,646.80	50.00
25441	M Aziz	-	09/09/2008	7,729.60	Recovered
<b>OFFICERS LIVING IN BARRACKS</b>					
29492	T Tubuitamana	-	05/11/2009	869.30	50.00
30014	S Colaiwau	-	05/11/2009	792.33	50.00
30552	J Tikoca	-	05/11/2009	792.45	50.00
30787	P V Delai	-	05/11/2009	739.74	50.00
30789	M Korotini	-	05/11/2009	463.73	50.00
30794	A Vocago	-	05/11/2009	1,465.92	50.00
30815	A Tarotaro	-	05/11/2009	1,684.53	50.00
30823	Ulaiasi Toni	-	05/11/2009	2,205.39	50.00
30826	K Kila	-	05/11/2009	1,465.92	50.00
30841	N Serliwaliwa	-	05/11/2009	1,465.92	-

Similar concerns were raised in previous years', however; corrective actions to minimise or avoid overpayments of allowances are yet to be noted.

### **Recommendations**

- Lodging allowance paid to Officers who are not entitled to such allowances should be recovered immediately.
- Proper supervisory checks should be undertaken to ensure that all payroll inputs reflect true entitlements of each officers.
- All amendments to payroll should be properly documented and authorized.
- A copy of change in pay should be kept in the personal files maintained by the Registry.
- Systems and procedures should be reviewed to ensure that overpayments of allowances are minimised or avoided.

### **Management Comments**

*Kindly note that all highlighted personnel are still serving member of the Regular Force where recovery of outstanding balance has been affected for full recovery of overpaid lodging allowance.*

*However the following was highlighted during discussions with the audit team when the matter was brought to our attention:*

- *The overpayment of lodging allowance to soldiers provided with official quarters is a recurring issue, as it is an administrative issue as correctly highlighted by the auditors.*

*Overpayment as shown in the table below will be fully recovered by way of deductions from pay.*

*Reconciliation of the payroll with the force-housing list is ongoing as a measure to avoid or minimize overpayments.*

*Total overpayment of Lodging Allowance for Brigadier A. Mohammed was \$7,732.20 of which \$9,573.20 has been recovered vide RR # 3028 of 30 June 2009 an over-recovery of \$1,841.00. This will be reimbursed to the officer.*

Over payment recovery (OPR) has commenced as detailed below:

Reg No	Name	Date of Occupancy	Date Started Receiving Lodging	Overpayment till Pay 9 of 2010	Pay Deduction Commencement
<b>OTHER RANK</b>					
27162	I Saukituga	01/01/2006	05/11/2009	1,178.40	Pay 15
26804	I Uluiviti	06/01/2009	01/01/2009	2,978.80	Pay 19
24878	S Nailaulau	10/01/2007	05/11/2009	2,116.13	Pay 14
29764	V Bulimailvale	12/10/2000	05/11/2009	3,120.00	Pay 19
26579	M Rokotakala	07/02/2007	26/02/2009	2,354.44	Pay 14
22928	T Rodan	24/03/2002	26/3/2009	453.54	Pay 14
28103	O Kanasalusalu	07/11/1997	05/11/2009	1,506.48	Pay 14
24825	L Rakula	27/05/2006	05/11/2009	1,506.48	Pay 14
28484	J Matenaniu	18/04/2000	05/11/2009	1,372.56	RR 63964
29691	S Dolobula	18/10/2005	05/11/2009	1,506.48	Pay 19
23644	J Gasa	18/01/2005	04/06/2009	3,481.09	Pay 19
25795	M Vavudali	11/03/1993	05/11/2009	3,501.35	Pay 14
<b>OFFICERS RANK</b>					
26993	J K Logavatu	-	05/11/2009	9,251.12	Pay 19
29419	A Rokorua	-	05/11/2009	5,931.44	Pay 19
30284	S Ropate	-	03/12/2009	2,646.80	Pay 19
25441	M Aziz	-	09/09/2008	7,729.60	Payment Receipt attached
<b>OFFICERS LIVING IN BARRACKS (Other Ranks)</b>					
29492	T Tubuitamana	-	05/11/2009	869.30	Pay 19
30014	S Colaiwau	-	05/11/2009	792.33	Pay 19
30552	J Tikoca	-	05/11/2009	792.45	Pay 19
30787	P V Delai	-	05/11/2009	739.74	Pay 19
30789	M Korotini	-	05/11/2009	463.73	Pay 19
30794	A Vocago	-	05/11/2009	1,465.92	Pay 19
30815	A Tarotaro	-	05/11/2009	1,684.53	Pay 19
30823	Ulaiasi Toni	-	05/11/2009	2,205.39	Pay 19
30826	K Kila	-	05/11/2009	1,465.92	Pay 19
30841	N Serliwaliwa	-	05/11/2009	1,465.92	Pay 19

## 27.18 Relocation of Nadi Camp to Votualevu (Black Rock Project)

The land area currently occupied by the RFMF belongs to Air Ports Fiji Ltd (AFL). The AFL approached the RFMF in 2004 to vacate the current site for development. The relocation involved land acquisition, land clearing, survey, development of services and infrastructure.

The following phases were submitted to the Ministry of Finance for the release of funds:

**Table 27.12: Details of Phases**

Year	Phase	Amount \$
2005	Phase 1 Relocation	300,000
2006	Phase 2	Details not available
2007	Phase 3	Details not available
2008	Phase 4	500,000

Year	Phase	Amount \$
2009	Phase 5	500,000
<b>Total</b>		<b>1,300,000</b>
2010	Phase 6	1,500,000
2011	Phase 7	1,000,000
2012	Phase 8	1,000,000
2013	Phase 9	5,950,000
<b>Total</b>		<b>9,450,000</b>
<b>Grand Total</b>		<b>\$10,750,000</b>

As at the date of audit, the actual expenditure incurred were as follows:

**Table 27.13: Details of Expenditure**

Year	Amount \$
2005	976,027.00
2006	444,440.18
2007	-
2008	141,674.65
2009	485,627.38
<b>Total</b>	<b>\$2,047,769.21</b>

Scrutiny of the records available for audit and a site visit made revealed the following irregularities:

#### **27.18.1 Excess Expenditure - Black Rock Project**

Each year the Appropriation Act and the Budget Estimates set out details of the appropriation that Parliament approves for spending by each agency. No other officer may incur expenditure, which results in the agency's appropriation being exceeded.<sup>18</sup>

The Black Rock project had incurred an excess expenditure of \$747,769.21 for the last five years. The budget allocated from 2005 to 2009 totalled \$1,300,000 whilst expenditures incurred amounted to \$2,047,769.21.

The above indicates laxity by those responsible for the project to ensure that expenditures' are contained within the budget.

The anomalies highlighted above indicate the poor control of funds allocated for the project and the failure by the Force to monitor the progress of the project. It also indicated the absence of proper planning.

#### **Recommendations**

- Expenditures should be contained within the approved budget.
- The Force should investigate the reasons for the over expenditure and appropriate disciplinary action taken against officer(s) concerned.
- The implementation of the project should be properly monitored.

<sup>18</sup> Finance Instructions 2005 (8)

**Management Comments**

*RFMF acknowledges the findings of OAG. The Black Rock Project commenced in 2005 and was undertaken by Public Works Department. In 2008 RFMF took over the project from PWD because of high project costs.*

*Quarterly site visits is done by the project officer with reports submitted to the Commanding Officer in Charge.*

*Monitoring will also be done through the Internal Audit team and the Finance Team.*

**27.18.2 Proper Records Not Maintained - Black Rock Project**

For multi-year projects, the grant officer/DMR/DSC & FD shall inspect sites at least once a year. He shall check that:<sup>19</sup>

- i) Records are being properly kept;
- ii) The progress of the project is satisfactory and
- iii) Shall prepare an inspection report on each project inspected and submit it to the Headquarters

The CSO Finance is responsible for the safe keeping and proper maintenance of all accounting records or documents.<sup>20</sup>

Our audit noted that the Project Officer based at the Strategic Headquarters does not maintain proper records for the project. There were no progress or inspection reports to evidence that the implementation of the project have been closely monitored. In addition, work done in 2005 and 2006 could not be substantiated since records were not available for audit. Purchases or services received in 2005 and 2006 in relation to the project amounted to \$976,027 and \$444,440 respectively.

Failure to maintain proper accounts and records may result in project funds not being properly utilised and accounted for due to non-existence of an audit trail. In such cases, it will be difficult to detect errors, omission and other shortcomings.

The risk of misappropriation of funds increases when records are not properly maintained.

**Recommendations**

- **Proper accounts and records should be maintained for the project to ensure accountability and transparency in the utilisation of funds allocated to the project.**
- **The Force should ensure to carry out inspection on the progress of the project and prepare reports for management's decision making purposes.**
- **Records for funds utilised in 2005 and 2006 should be made available for audit.**

**Management Comments**

*OAG comments are noted. In 2008 RFMF accounts section was relocated from Queen Elizabeth Barracks (QEB) in Nabua to Strategic Headquarters at Berkeley Crescent. Accounting records from 2005 and 2006 remained at QEB and is available for audit.*

*As stated above quarterly site visits are conducted by the Project Officer and reports provided to the Commanding Officer (CO).*

<sup>19</sup> RFMF Finance Manual 3.3.3 – 3.4.5

<sup>20</sup> RFMF Finance manual 18.1.3

*In addition an audit is being conducted of materials delivered and any outstanding accounts with suppliers in Nadi and Suva. Commitment Ledgers have been opened at Blackrock and training is being undertaken for the store man/ledger clerk/site foreman and Engineer project manager.*

### **27.18.3 Breaches of Procurement Procedures for Purchases made in 2008**

The CSO Finance or the Officer in Charge of Accounts must not certify a payment as correct unless they are satisfied that:

- i) it is in accordance with an LPO, indent, contract invoice or other authorisation;
- ii) there is documentation that the goods, services or works have been received;

The Major Tenders Board in its Meeting No. 21/08 of 01/12/08 approved the purchases of building materials for the Black Rock project from Wingate Marketing Ltd and R.C. Manubhai for \$28,099.50(VIP) and \$32,650.79 respectively. Refer to Table 27.14 for details:

**Table 27.14: Details of Payments**

PO NO.& Date	Cheque No. & Date	Paid to	Amount \$
000887 of 10/12/08	020720 of 31/12/08	R C Manubhai	32,650.79
000886 of 10/12/08	020675 of 31/12/08	Wingate Marketing Ltd	28,099.50

Our review of payment vouchers and related records revealed that Government procurement procedures were breached in the above purchases. The LPOs were signed and certified that items ordered have been received in good condition and according to other specifications in the order. However, as at the date of audit, May 2010, the items were still not delivered by the companies.

A company search conducted during the audit revealed that the Court had ordered the winding up of Wingate Marketing Ltd on 21 December 2009.

There is a high risk that funds paid to Wingate Marketing may be not refunded.

### **Recommendations**

- **Appropriate disciplinary actions should be taken against Officers involved in the certification of the LPOs and the payments of goods that have not been supplied.**
- **The practice of paying for goods and services before delivery should cease immediately.**
- **Funds paid to R C Manubhai and Wingate Marketing should be refunded to the Consolidated Fund.**

### **Management Comments**

*We acknowledge the findings and recommendations made by the OAG.*

*A number of factors should be taken into consideration:*

- *Requisition to Incur Expenditure (RIE's) was approved by MOF in December for the project; and*
- *Thus the bulk purchase to ensure budgeted funds is utilized for the project before the financial year end. RFMF does not have the warehouse capacity to store the goods and made arrangement with the companies to deliver as and when required.*

*The following is an update of the status on delivery*

*RC Manubhai has delivered all items and items worth \$12,202.10 are still in the supplier's warehouse.*

*RFMF is working on options for the recovery for outstanding items with Wingate Marketing.*

*Furthermore the following directive has been given:*

- *No payment of goods and services until all goods have been delivered;*
- *No purchases should be made if there is a lack of storage space; and*
- *Strengthening the verification of delivery of items.*

#### **27.18.4 Breaches of Procurement Procedures for Purchases made in 2009**

Despite provisions 12-(1) and 12-(4), a Chief Executive Officer or a tender board can approve that tenders or quotes not be sought where:<sup>21</sup>

- (a) There is only one supplier capable of supplying the goods, services or works;
- (b) There is a standing annual contract established with the agency; or
- (c) A supplier has been nominated by an aid agency which is fully funding the procurement.

Where a Chief Executive or a tender board has given approval not to seek tenders or written quotes, they must do so in writing.

The CSO Finance or the Officer in Charge of Accounts must not certify a payment as correct unless they are satisfied that:

- i) it is in accordance with an LPO, indent, contract invoice or other authorisation;
- ii) there is documentation that the goods, services or works have been received;

The Force purchased materials from various companies for the Black Rock project in October – December 2009. Refer to Table 27.15 below for details:

**Table 27.15: Details of Materials Purchased**

Cheque No.	Date	Company Name	Amount \$
26774	06/10/09	Central City Hardware	50,759.29
27454	09/11/09	Central City Hardware	63,728.51
27456	09/11/09	Metromix Concrete	28,125.00
27460	09/11/09	RC Manubhai Ltd	26,062.00
27461	09/11/09	Vinod Patel	42,462.16
28521	09/12/09	Central City Hardware	72,124.31
28353	09/12/09	Vinod Patel	78,539.01
<b>Total</b>			<b>\$361,800.28</b>

There were no evidences to indicate that the above purchases had been exempted from the approval of the Major Tenders Board. Audit could not substantiate whether the purchases were made from the most economical source. Most items that have been paid for have yet to be supplied by the companies.

Discussion with the Officer concerned revealed that the items could not be delivered due to the lack of storage space at the Black Rock project site.

<sup>21</sup> Finance Instruction 2005 (6) & (7)

The above indicates the lack of proper planning to ensure that proper site office is setup to store all the materials purchased and also ensuring that all items are received before any payments are made.

### **Recommendations**

- **The practice of paying for goods and services before delivery should cease immediately.**
- **The Force should ensure that proper storage space is available before goods are ordered and paid. All materials paid for in 2009 should be supplied by the companies.**
- **Appropriate disciplinary actions should be taken against Officers involved in the certification of the LPOs and the payments of goods that have not been supplied.**

### **Management Comments**

*We acknowledge the findings and recommendations made by the OAG.*

*A number of factors should be taken into consideration:*

- *Requisition to Incur Expenditure (RIE's) was approved by MOF in December for the project. Thus the bulk purchase to ensure budgeted funds is utilized for the project before the financial year end; and*
- *RFMF does not have the warehouse capacity to store the goods at Blackrock and arrangement with the companies to deliver as and when required.*

*Most items have been received, with the construction of the buildings No2 (construction commenced in November 2009) is nearing completion (57%), and interior furnishing have already been made and are in storage at the Engineer Complex in Nabuni. Building No. 1 (construction began in March 2010) is 23% completed will be completed by 31 December 2010. Unfortunately the lack of manpower has delayed the rate of completion.*

*As stated above a directive has been issued to cease this practice with immediate effect.*

## **27.18.5        *Records Not Maintained for Goods Received at the Site Office***

Upon receipt of the goods, services or works, the Quarter Master (QM) or OIC shall verify that their receipt in good order and that the invoice is in accordance with the LPO.

While some goods have been supplied to the project site in Nadi, the invoices are received at the Head Office in Suva. Discussion with the Officer concerned revealed goods received at the project site are checked against the LPOs and not the invoice. The invoices are not certified by him before the payments are done at Headquarters.

In addition, audit also noted during a site visit that proper accounting records are not maintained at the project site Office.

The above irregularity increases the risk of goods not supplied but paid for. It also indicates laxity on the part of those responsible in ensuring that proper procedures are in place for receiving of goods.

### **Recommendations**

- **The Force to ensure that proper procedures are in place for receiving of goods and also ensure that all accounting records at the site Office are maintained properly and up to date.**
- **Invoices should be properly certified before processed for payments.**

**Management Comments**

*We acknowledge the auditors findings and recommendations. Being mindful of the locality and reporting structure RFMF have put in place the following to address this issue:*

- *Invoices will be checked against the signed delivery dockets before processing for payment;*
- *Regular checks by RFMF internal auditors to ensure the integrity of the verification signatures;*
- *Provide training for storeman/ledger clerk/site foreman and Engineer project manager by both the Internal auditors and the Principal Accounts Officer; and*
- *Regular monitoring through site visits by the finance staff and Internal Auditors.*



## APPENDICES

### APPENDIX 27.1: Statement of Output Costs

#### Statement of Output Costs for 2009 – Policy and Administration

Description	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	17,059,760	7,063,636
Travel & Communication	161,073	79,589
Maintenance & Operations	129,340	117,465
Purchase of Goods & Services	44,897	85,451
Operating Grants & Transfers		0
Special Expenditure	125,416	81,952
<b>Total Operating Costs</b>	<b>17,520,486</b>	<b>7,428,093</b>
<b>Capital Costs</b>		
Construction	734,357	167,997
Purchases	4,886,176	244,264
<b>Total Capital Costs</b>	<b>5,620,533</b>	<b>412,261</b>
Value Added Tax	767,945	107,113
<b>TOTAL COSTS</b>	<b>23,908,964</b>	<b>7,947,467</b>

#### Statement of Output Costs For 2009 – Logistic Support Unit

Description	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	6,398,747	5,950,056
Maintenance & Operations	401,545	562,785
Purchase of Goods & Services	5,401,525	2,714,816
<b>Total Operating Costs</b>	<b>12,201,817</b>	<b>9,227,657</b>
Value Added Tax	725,167	357,976
<b>TOTAL COSTS</b>	<b>12,926,984</b>	<b>9,585,633</b>

#### Statement of Output Costs for 2009 – 3 FIR

Description	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	15,600,215	7,552,265
Travel & Communication	10,918	12,270
Maintenance & Operations	9,717	2,048
Purchase of Goods & Services	147,483	105,018

Description	2009 \$	2008 \$
<b>Total Operating Costs</b>	<b>15,768,333</b>	<b>7,671,601</b>
<b>Capital Costs</b>		
Purchases	59,912	64,496
<b>Total Capital Costs</b>	<b>59,912</b>	<b>64,496</b>
Value Added Tax	37,808	10,571
<b>TOTAL COSTS</b>	<b>15,866,053</b>	<b>7,746,668</b>

**Statement of Output Costs for 2009 – FMF Engineers**

Description	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	7,869,224	6,543,673
Travel & Communication	19,017	13,341
Maintenance & Operations	396,222	391,108
Purchase of Goods & Services	121,830	116,392
<b>Total Operating Costs</b>	<b>8,406,293</b>	<b>7,064,514</b>
Value Added Tax	72,933	44,914
<b>TOTAL COSTS</b>	<b>8,479,226</b>	<b>7,109,428</b>

**Statement of Output Costs for 2009 – FMF Naval Division**

Description	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	6,871,315	5,008,085
Travel & Communication	95,870	70,059
Maintenance & Operations	1,363,071	1,141,104
Purchase of Goods & Services	552,355	529,808
<b>Total Operating Costs</b>	<b>8,882,611</b>	<b>6,749,056</b>
<b>Capital Costs</b>		
Purchases	81,441	64,915
<b>Total Capital Costs</b>	<b>81,441</b>	<b>64,915</b>
Value Added Tax	299,520	224,897
<b>TOTAL COSTS</b>	<b>9,263,572</b>	<b>7,038,868</b>

**Statement of Output Costs for 2009 – Territorial Forces**

Description	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	81,074	4,483,342

Description	2009 \$	2008 \$
Travel & Communication	4,269	7,239
Maintenance & Operations	9,059	9,382
Purchase of Goods & Services	19,606	19,971
Special Expenditure	568,337	569,104
<b>Total Operating Costs</b>	<b>682,345</b>	<b>5,089,038</b>
Value Added Tax	79,210	65,140
<b>TOTAL COSTS</b>	<b>761,555</b>	<b>5,154,178</b>

**Statement of Output Costs for 2009– Iraq Mission**

Description	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	8,922,169	16,998,186
Travel & Communication	35,839	31,553
Maintenance & Operations	36,766	37,698
Purchase of Goods & Services	424,171	351,342
<b>Total Operating Costs</b>	<b>9,418,945</b>	<b>17,418,779</b>
Value Added Tax	60,382	31,775
<b>TOTAL COSTS</b>	<b>9,479,327</b>	<b>17,450,554</b>

**Statement of Output Costs for 2009 – Peace Keeping Force, Sinai**

Description	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	10,877,333	17,102,981
Travel & Communication	25,659	34,190
Maintenance & Operations	34,791	35,227
Purchase of Goods & Services	305,254	223,503
Special Expenditure	233,486	68,059
<b>Total Operating Costs</b>	<b>11,476,523</b>	<b>17,463,960</b>
Value Added Tax	72,653	40,620
<b>TOTAL COSTS</b>	<b>11,549,176</b>	<b>17,504,580</b>

**Statement of Output Costs for 2009 – Force Training Group**

Description	2009 \$	2008 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	3,887,404	2,152,992
Travel & Communication	43,045	44,620
Maintenance & Operations	114,623	88,097
Purchase of Goods & Services	274,110	54,914

Description	2009 \$	2008 \$
Total Operating Costs	4,319,182	2,340,623
Value Added Tax	54,694	7,398
TOTAL COSTS	4,373,876	2,348,021

**Statement of Output Costs for 2009 – Land Force Command**

Description	2009 \$	2008 \$
EXPENDITURE		
Operating Costs		
Established Staff	6,466,558	958,625
Unestablished Staff	197,198	260,018
Travel & Communication	236,658	354,420
Maintenance & Operations	656,952	425,973
Purchase of Goods & Services	143,037	78,461
Total Operating Costs	7,700,403	2,077,497
Value Added Tax	115,578.00	82,079
TOTAL COSTS	7,815,981	2,159,576

**APPENDIX 27.2: Details of Discharged Officers**

Reg No	Name	Date Discharged	Date Salary Should Cease	Salary Actually Ceased	Gross Amount Overpaid \$
28309	M Navakabusa	19/07/2009	19/07/2009	18/11/2009	5,898.30
30287	I Mateiviti	25/06/2009	25/06/2009	1/07/2009	524.32
21804	S Tokaduadua	28/06/2009	28/06/2009	29/07/2009	3,455.64
25526	I Vatutalei	12/06/2009	12/06/2009	15/07/2009	1,538.76
24290	S Koto	08/04/2009	08/04/2009	6/05/2009	1,305.50
30457	K N Seru	12/06/2009	12/06/2009	15/07/2009	1,255.91
30661	A Waqairadovu	18/05/2009	18/05/2009	26/08/2009	2,324.73
22580	S Masioliva	18/05/2009	18/05/2009	03/06/2009	1,072.37
29204	J Lawaniyasana	11/05/2009	11/05/2009	03/06/2009	2,246.20
30607	SR Naqoli	26/04/2009	26/04/2009	03/06/2009	3,036.50
22319	P Korovino	25/11/2009	25/11/2009	28/01/2010	5,993.84
23739	K Salabogi	16/03/2009	16/03/2009	22/04/2009	4,786.16
31252	A Tokalatawa	12/03/2009	12/03/2009	22/04/2009	1,385.07
29823	S Tuinabuna	06/03/2009	06/03/2009	06/05/2009	2,190.62
25989	F Driver	19/01/2009	19/01/2009	11/02/2009	1,120.30
31324	L Matatolu	29/01/2009	29/01/2009	11/02/2009	836.61
31196	A Vosaicake	31/01/2009	31/01/2009	22/04/2009	2,488.49
29114	A Ligalevu	02/02/2009	02/02/2009	25/03/2009	2,709.89
30797	S Veimateyaki	06/02/2009	06/02/2009	25/02/2009	613.46
24297	M Rarasea	06/02/2009	06/02/2009	11/02/2009	161.44
23603	W Dakuroko	27/02/2009	27/02/2009	08/04/2009	2,633.63
30615	A M Koroilavesau	27/02/2009	27/02/2009	25/03/2009	5,145.95
21649	S Kanito	24/03/2009	24/03/2009	22/04/2009	2,113.92
27581	J Navovo	08/04/2009	08/04/2009	29/07/2009	5,178.30

Reg No	Name	Date Discharged	Date Salary Should Cease	Salary Actually Ceased	Gross Amount Overpaid \$
24290	S Koto	08/04/2009	08/04/2009	06/05/2009	1,305.50
23577	S Ranuve	09/04/2009	09/04/2009	06/05/2009	1,080.06
30559	S Vaniqu	24/08/2009	24/08/2009	06/05/2009	1,048.65
30661	A Waqairadovu	18/05/2009	18/05/2009	17/06/2009	968.64
21542	M Tuicaucau	21/05/2009	21/05/2009	9/09/2009	5,348.00
20870	N Maravuakula	01/06/2009	01/06/2009	17/06/2009	1,738.17
21669	S Gukimaleya	01/06/2009	01/06/2009	29/07/2009	4,520.34
22918	F S Kolinisau	01/06/2009	01/06/2009	15/07/2009	2,565.10
27145	J Liwanacagi	01/06/2009	01/06/2009	29/07/2009	2,834.05
21542	S Tuicaucau	01/06/2009	01/06/2009	01/09/2009	4,864.91
30602	W Thomas	17/07/2009	17/07/2009	29/07/2009	1,118.87
29108	T Bolasui	20/08/2009	20/08/2009	23/09/2009	3,261.79
29573	L V Natoga	24/08/2009	24/08/2009	09/09/2009	656.03
24148	S D Senibulu	26/08/2009	26/08/2009	09/09/2009	652.81
31083	V Tovounisiga	31/08/2009	31/08/2009	23/09/2009	742.62
21691	L B Tuitobou	02/09/2009	02/09/2009	09/09/2009	780.30
23078	A Liganivai	07/09/2009	07/09/2009	23/09/2009	617.44
31088	Kean	23/09/2009	23/09/2009	07/10/2009	452.03
27163	W Vuueti	29/09/2009	29/09/2009	21/10/2009	1,400.10
21606	S Matana	27/10/2009	27/10/2009	04/11/2009	467.29
25153	T Naveveula	23/10/2009	23/10/2009	19/11/2009	2,648.69
29539	K Lokodaunikau	18/11/2009	18/11/2009	16/12/2009	1,172.06
26335	S Raulai	15/07/2009	15/07/2009	29/07/2009	532.81
21411	J Daucakacaka	08/12/2009	08/12/2009	28/01/2010	5,430.50
28144	R Rabukawaqa	31/12/2009	31/12/2009	11/02/2010	1,811.61
276608	I Cawanibuka	31/12/2009	31/12/2009	28/01/2010	991.76
26201	L Tawalesu	30/12/2009	30/12/2009	28/01/2010	1,498.22

**APPENDIX 27.3: Excessive Annual leave**

Reg No	Name	No. of Days Accumulated
23017	Filimoni Catimaibulu	238
23450	Jone T M ocevakaca	91
23454	Jovilisi Cavuka	88
23469	Kinivilame Waqavuka	155
23669	Wailega Vugakoto	116
23702	Joeli Tikolevu	229
23925	Paulo Tikoikorovou	131
23976	Epeli Ratukana	256
23995	Pita Matairavula	260
24061	Peni Niumataiwalu	204
240084	Wilisoni Vakawaliwa	142
24152	Epeli Caginivalu	112
24313	Tevita Rokoqiqi	94
24524	Silivenusi Namata	89
24653	Tevita Vakarorogo	143
24748	George Mate	131
24890	Savenaca Cama	93
24924	Salato Qolisese	169
24975	Akaripa Vodo	159
25007	Apimeleki Tavuto	259

Reg No	Name	No. of Days Accumulated
25188	Adrea Vasuitoga	158
25452	Viliame Duavakacagi	114
25485	Peni Vakaliwaliwa	139
25492	Roseru Y	105
25671	Viliame Gukisuva	105
25697	John Shute	162
25729	Aisake Fiu	83
25760	Petero Kelepi	246
25839	Jioji Eresito	100
25861	Paniele Vakalutubua	121

