



ACCOUNTABILITY IN THE PUBLIC SECTOR
THROUGH QUALITY AUDIT SERVICES

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

Volume 2 Audit Report on Government Ministries and Departments - 2010



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REPUBLIC OF THE FIJI ISLANDS
OFFICE OF THE AUDITOR GENERAL

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

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



Excellence in Public Sector Auditing

File: 102

31 October, 2011

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

Dear Commodore Bainimarama

**AUDIT REPORT ON GOVERNMENT MINISTRIES AND DEPARTMENTS 2010
VOLUME 2**

In accordance with section 7(7) of the State Services Decree 2009, I am pleased to transmit to you my audit report on the Whole of Government Financial Statements and Annual Appropriation Statement for 2010. The report includes the following:

- Volume 1: Whole of Government Financial Statements and Annual Appropriation Statement for 2010.
- Volume 2 – 4: Audit Report on Government Ministries and Departments – 2010.

The report should be presented to Cabinet within 30 days of receipt as required under section 7 (8) of the States Service Decree 2009.

Tevita Bolanavanua
Auditor - General



FOREWORD

This report covers the results of our audit of the Whole of Government (WOG) Financial Statements and the Annual Appropriation Statement for 2010 and its 32 ministries and departments as provided in the 2010 Appropriation (Amendment) Decree.

The purposes of this report are to:

- report on the audit of the WOG Financial Statements as at 31 December 2010 covered under volume 1 of the report;
- report on the audit of financial statements of ministries and departments as at 31 December 2010 covered under volume 2-4 of the report;
- report on the results of, and matters arising from, our 2010 audits of ministries and departments also covered under volume 2-4; and
- raise other matters that we believe warrant consideration by Cabinet.

The WOG Financial Statements have been presented in accordance with the provisions of the Financial Management Act (2004). The Government uses the cash basis system of accounting, therefore the underlying format is cash based with direct reference to the Budget Estimates.

A qualified audit opinion was issued on the WOG Financial Statements as bank accounts held with the Ministry of Finance contained errors and omissions that could not be determined due to absence of bank reconciliations.

The preparation of the 2010 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 Financial Management Information System only the end-balances and not all the details are uploaded.

Section 70 (3) of the Finance Instructions states that the draft agency financial statements for ministries and departments must be submitted to the Auditor-General by 31 March in the following year, or within such other time as agreed to with the Auditor-General. Of the 32 ministries and departments appropriated in the 2010 appropriation decree, 19 failed to submit their agency financial statements by 31/3/10 delaying the issue of their respective audit reports.

Out of the agency financial statements audited, 15 were issued unqualified audit opinions while 16 were qualified. The qualification issues include: trust fund account balances in the general ledger did not reconcile with bank balances; trust fund account statement of receipts and payments were not provided for audit; financial statements were not presented in accordance with the Finance Management Act 2004 and adequate records were not maintained to support Trading and Manufacturing Account balances.

The issues qualified above were the same as those highlighted in 2009 but at a lesser extent as some ministries and departments had shown some improvement. There however remains a lot of work to improve the requirements of all stakeholders.

The results and matters arising from our audits of ministries and departments are covered under volume 2-4 of the report. Some of the matters raised have been reported in past Reports of the Auditor General but very little improvement was noted or in some instances; no action was taken by respective ministries and departments.



Tevita Bolanavanua
Auditor General

31 October, 2011



EXECUTIVE SUMMARY

The WOG Financial Statements and the Annual Appropriation Statement of the Government of the Republic of the Fiji Islands for the year ended 31 December 2010 have 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 a qualified audit report as the Cash at Bank balance as at 31/12/10 totaling \$185.4 million contained errors and omissions amounting \$44.1 million. In addition, \$52.5 million could not be verified due to the absence of the bank reconciliation statements of various bank accounts as reported in the Schedule 1 - *Statement of Assets and Liabilities*.

The attention of the Ministry of Finance was also drawn to the following matters:

- Term deposits totaling to \$5.5 million have not been recorded in the *Schedule 1 - Statement of Assets and Liabilities* understating the cash at bank balances.
- Income Tax and Value Added Tax Refunds of \$183 million are expenditures of Government which have been off-setted against direct taxes in *Note 5* of the WOG Financial Statements resulting in the understatement of the total operating revenue by the same amount.
- Investments totaling \$6.5 million for Dormant Companies and Companies in Liquidation as disclosed in *Note 3* to the Financial Statements have not been assessed for write down and as a result overstated the investment balance.
- Lending Fund Account contained errors and omission of \$23.64 million in the *Consolidated Statement of Receipts and Payments* in schedule 2 of the WOG Financial Statements with respect to loans, loan recovery to/from government entities in 2010.
- Trust accounts with ministries and departments were overdrawn by \$9.1 million as reflected in *Note 4* to the WOG Financial Statements contrary to Finance Circulars 4 of 30/3/98.
- The interest payment in 2009 of \$19.9 million and the transfer of funds from Operating Fund of \$14.9 million in 2010; were not reflected in the Sinking Fund Account - *Note 4(i)* to the WOG Financial Statements.
- Balances in the following accounts could not be substantiated as no supporting documentations were provided:
 - Trading and Manufacturing Account (TMA) surplus and accumulated surplus of \$22.5 million;
 - Revolving Fund Account – Standard Liability Group (SLG) 85 and SLG 84 balances as at 31/12/2010 totaling \$1.7 million and \$9.66 million respectively;
 - Membership subscriptions for International Agencies for Guarantee of Overseas Loan of \$63.0 million; and
 - General ledger balances totaling \$9 million reflected as outstanding debt of Government.
- The failure of carrying out correct mappings of the RFA Balances of \$10.9 million in 2010 in accordance with the Appropriation Act has resulted in general ledger balances not being correctly reflected;

- Contrary to Note 1(a) to the Accounts, receipts totaling \$26.4 million for the Revolving Fund Account-TMA as reflected in Note 12 included credit sales of \$6.94 million.
- The correctness of operating revenue receipted through the Accounts Receivable Module of the Financial Management Information System, totaling \$25 million as reflected in Schedule 2 - *Consolidated Statement of Receipts and Payments* could not be substantiated and was not accounted in accordance with the cash basis of accounting as in Note 1 to the accounts.
- Balances in the following accounts were not reflected in the WOG Financial Statements:
 - TMA Balances made up of Accounts Receivable \$3.6million, Inventory \$6.3 million, Accounts Payable \$0.53 million, Deposits and Retention Money \$2.1 million, TMA Surplus \$1.5 million and TMA Accumulated Surplus \$24.0 million.
- A prior year adjustments of \$9,568,863 made in the Consolidated Fund Statement of Receipts and Payments in 2010 could not be substantiated.

The following is a summary of the audit observations.

2010 WOG Financial Statements

Cash at Bank

The Cash at Bank balance of \$185.4 million as at 31/12/10 contained errors and omissions amounting \$44.1 million and \$52.5 million could not be determined due to the absence of the bank reconciliation statements.

Unpresented cheques decreased significantly from \$97.9 million in 2009 to \$48.8 million in 2010. A \$15.3 million was shown as debit balance under drawings in the statement of cash and bank balances.

Cash balances in ministries and departments' trust had increased significantly from \$23 million in 2009 to \$31.2 million in 2010. Certain trust accounts amounting to \$2.3 million were overdrawn.

Investment

Government's investments held in 30 companies in 2010 amounted to \$438.9 million, a decrease of \$3.1 million or 0.7% compared to 2009.

Only 6 entities remitted dividends totalling \$9.2 million to Government in 2010 compared to \$20.8 million in 2009. Six entities with total Government investments of \$6.48 million were in-operative.

Term deposit amounting to \$3 million with Colonial National Bank/Bank of South Pacific (CNB/BSP) and \$2.5 million with Westpac were not reflected in the Whole of the Government Financial Statements for 2010.

Trust Fund

An amount of \$2.7 million in respect of trust monies were not appropriately supported by cash.

17 ministries and departments had overdrawn their trust fund accounts totalling \$9.1 million as at 31/12/10.

Recurring audit issues highlighted during 2009 audits were not resolved by the Ministry in 2010.

Revenue

The correctness of operating revenue receipted through the Accounts Receivable module, totaling \$25 million, reflected in the Government of the Fiji Islands Consolidated Statement of Receipts and Payments could not be substantiated.

Controls were not strengthened allowing users to do incorrect postings to VAT revenue codes.

The Ministry failed to provide budgetary provisions for various revenue of which \$150.4 million collected during 2010 had no budgetary provision while budgetary provisions of \$42 million for various revenue accounts did not record any actual revenue during 2010.

Trading & Manufacturing accounts profit of \$4.2 million was not transferred to consolidated fund account as at 31/12/10.

Expenditure

Government spending totaling \$1,900,081,658 in 2010 declined by \$11.3 million compared to 2009.

Operating expenditure increased by \$522.39 million from 2001 to 2010 with an average increment of \$58 million or 5%. Operating expenditures compared to 2009 recorded a decline of \$13.12 million or 1% in 2010.

There was an overall budget saving of \$93.9 million in 2010 compared to \$133.5 million of budget savings in 2009. Total revised budget in 2010 decreased by \$50.9m from \$2,044.9 million in 2009 to \$1,994 million in 2010.

The surplus recorded in 2010 was due to the savings made from the following standard expenditure group allocations: travel & communications recorded savings of \$1,871,456 (2%), maintenance and operations \$592,886 (1%), special expenditures \$6,544,441 (7%), capital construction \$15,255,403 (16%), capital purchase \$7,240,299 (8%), capital grants and transfers \$17,494,833 (19%), pensions and gratuities \$4,489,648 (5%), and finances charges on public debt \$52,637,341 (56%) and VAT of \$776,211 (1.6%).

Borrowing

In 2010, Government borrowings totalled \$3.4 billion of which \$2.8 billion or 82% was through domestic bonds, \$75 million or 2% treasury bills and \$548.5 million or 16% in overseas loans.

Government borrowings have increased by 8% compared to the year 2009, where it had surpassed three billion dollars. This was due to the increase in the issue of local bonds in 2009 as well as the treasury bills and the loans received from overseas creditors.

The Government's financing needs were largely met from domestic borrowings. Government cash borrowings in 2010 totalled \$537.94 million of which \$452.74 million or 84% was through domestic bonds, \$74.97 million or 14% treasury bills and \$10.23 million or 2% being overseas loans.

The total domestic loans as at 31/12/10 amounted to \$2,759,292,150 and this accounted for 82% of the total Government borrowings.

The overseas borrowing of Government as at 31 December 2010 totalled \$548,461,798 which represents 16% of total borrowings. Majority of the overseas loans obtained were to finance capital projects.

In 2010, the flexibility measure was 58% indicating that the total debt repayment was equivalent to 58% of the revenue received by the Government during the year. Hence, only 42% of revenues collected were available for government programs, a decline by 20 percentage point with the year.

In 2010 the Domestic Loans as a percentage of GDP increased to 45%, an increase by 2 percentage point and constitute the highest debt recorded to GDP over the 10 year period.

Lending

Loans made by Government and outstanding as at 31/12/10 totalled \$73.8 million, a decrease of \$22.8 million or 24% compared to 2009. Repayments received in 2010 totalled \$27.7 million whilst additional loans granted and interest capitalised in 2010 was \$4.9 million.

There was no documented procedure manual in place to dictate the processes in the Lending Fund Account.

The loan of \$35.5 million to Fiji Sugar Corporation Limited was not reflected in the Lending Fund Account during 2010.

Loan recoveries collected in 2010 totalling \$27,538,918 were recorded as revenue in the general ledger (FMIS) after being credited to the Lending Fund Account.

Parliamentary resolutions between 2001 and 2004 and Cabinet Decisions in 2008 approved the conversion of loans to grant owed by the Fiji Sugar Corporation and the Rabi Council of Leaders. These conversions have not been executed to date.

Private Students loan inactive for a considerable number of years but activities were still noted in this account with a credit balance of \$3.7 million as at 31/12/10.

Lending Fund Account Appendix revealed that numerous accounts have been inactive and there was uncertainty for recovery.

Revolving Fund Account

RFA – Miscellaneous has large outstanding balances for various ministries and departments amounting to \$60.8 million, a decrease by 9% compared to 2009 which amounted to \$66.9 million.

Of the \$26.4 million in TMA (suspense) receipts, \$6.94 million (26%) related to TMA credit sales, as in the general ledger account description (natural account 2402000).

The recovery of advances and dishonoured cheques over the 5 year appeared to have slowed down compared to year 2009. There was only a 3% movement in the balance for unclaimed monies.

The audit could not substantiate TMA surplus and TMA accumulated surplus balance totalling to \$22.5 million appearing in the General Ledger.

There were 26 TMA out of which 7 were operating above their appropriated ceiling.

The Standard Liability Group (SLG) 85 despite being a liability had a debit balance of \$1.8 million while SLG 84 had a balance of \$9.7 million, an increase of \$8.5 million or 701% compared to 2009. In addition, there was no policy/procedure manual for SLG 84 and 85.

TMA (suspense) of \$26.4 million in receipts included credit sales of \$6.9 million despite reporting being done on cash-basis of accounting. As such, the statement of receipts and payments in schedule 2 of the WOG Financial Statements was overstated by \$5.4 million.

The TMA Fund Account (Fund 4) for the accounting of TMA balances revealed that debits totalled \$24,143,138 and credits totalled \$24,119,986, as such Fund 4 of TMA had a debit balance at end of year of \$23,152 which could not be explained by the Ministry.

Contingent Liabilities

The total contingent liabilities as at 31/12/10 amounted to \$1.8 billion of which domestic loans accounted for \$1.7 billion or 96.5% while overseas loans accounted for \$63.1 million or 3.5%.

Total liability for membership subscriptions with the international agencies amounted to \$63.1 million as at 31/12/10. Records prepared by Ministry of Finance for the total subscriptions outstanding in 2010 were lacking.

2010 Accounts of Ministries and Departments

Office of the President

The Underline Accounts reconciliations were not prepared; hence variances were noted between the Office records and the General Ledger (FMIS).

Office of the Prime Minister

The Poverty Monitoring Unit was provided a sum of \$300,000 in the 2010 budget to facilitate the Integrated National Poverty Eradication (INPEP) Programme to be undertaken in the first quarter of the year. However, funds totaling \$28,772.37 were used for purposes which did not relate to the INPEP Programme.

Prime Minister's Office provided grants known as Government Seed Donation to FENC Fiji since 2009. However no grant agreement was drawn up with FENC Fiji. In addition, there was no evidence to suggest that the utilisation of grants provided in 2009 and 2010 to FENC Fiji was monitored to determine whether it achieved expected outcomes.

In 2010 the Prime Minister's (PM's) Office engaged Ajiliti Pty Ltd to implement Performance Management System (PMS) for the Government of Fiji. The following irregularities were noted the firm's engagement:

- Tender Board and PSC approvals were not obtained by the PM's Office for appointing the consultant and no contract agreement was drawn up.
- No cost-benefit and needs analysis was carried out before installation of Performance Management System software.

Public Service Commission

Contrary to PSC Circular 13/2009 of 13/03/09, PSC continued to pay overtime and honorarium allowance to its staffs in the accounts section during the closing of accounts in December 2010.

Cuba Scholarship

- Despite the student disclosing her previous outstanding student loan in the scholarship form, she was awarded the scholarship
- The bond forms filled and signed by students were incomplete.

Students on overseas scholarships were incorrectly paid book allowances which resulted in overpayment of allowances.

Numerous discrepancies such as incomplete bond forms, form not endorse by Permanent Secretary, work experience not met and unauthorized study programme were noted in the awarding of overseas scholarship for 2010.

Revenue collected by the Commission was not posted to FMIS general ledger in a timely manner; hence the Commission was unable to provide the amount owed for each year and under which scheme or institute as the breakdowns for the total amount outstanding were not maintained.

Office of the Attorney General and the Solicitor General

The Operating Trust Fund Account as at 31/12/10 had a balance of \$396,438. Significant portion or \$310,753 of this amount was brought forward from previous years and has remained uncleared.

Censorship fees collected were not sufficient and could not cover the total expenses incurred for censoring a film.

Ministry of Finance

\$12.9 million was utilized from the Head 50 – Miscellaneous expenditure to cover shortfall in payroll expenditure for certain ministries and departments. The Ministry credited payroll expenditure and debited Head 50-Miscellaneous resulting in the understatement of the actual payroll expenditures for these ministries and departments.

A total of \$1.8 million was incurred for the Minister's salaries from Head 50 - Miscellaneous expenditure on the strength of invoices of the private accounting firm.

Fiji Procurement Office (FPO)

The Department did not take any action and provided no explanation for the outstanding RFA balances of \$7.7 million.

Net loss of \$4.6 million was recorded for 2010 compared to net loss of \$244,772 in 2009.

TMA cash at bank balance held in excess of the appropriated ceiling of \$2.04 million was not remitted to Ministry of Finance.

Government Printing and Stationery Department (GPSD)

Revenue recorded for the year in the department's general ledger was overstated as the department is using the AR module when invoicing and receipting revenue.

A net loss of \$1.1 million was recorded in 2010 compared to a net profit of \$2.1 million in 2009.

TMA cash at bank balance held in excess of the appropriated ceiling of \$859,727 was not remitted to Ministry of Finance.

No reconciliation was prepared for domestic bank balance for the department, Standard Asset Group 52 despite the accumulation of the balances over the years.

Bookshop items were sold at half price without any written approval from the Ministry of Finance.

Information Technology and Computing Services

Revenue recorded for the year in the department's general ledger was overstated as the department is using the AR module when invoicing and receipting revenue.

Ministry of Strategic Planning, National Development and Statistics

National Planning Office

Payment procedures and regulations were not followed and controls were overridden for numerous acquisitions made at the end of the year resulted in the over expenditure for SEG 5 – Purchase of Goods and Services.

In December 2010, the Office spent \$638,933 of which a total of \$326,416 or 51% of the total spent was incurred between 27th and 31st December 2010.

A Statement of Losses was not submitted for audit.

Integrated Human Resources Development Programme (IHRDP) projects implemented from 2008 have failed to sustain their operations and continued to rely on funding from the Ministry.

Fiji Bureau of Statistics

Leave records have not been properly administered resulting in excessive leave for some officers.

The Department was not following up with staff for the clearance of the outstanding accountable advances.

Ministry of iTaukei Affairs

Eleven Operating Trust Fund Accounts of the Ministry were overdrawn as at 31/12/2011.

Excessive annual leaves due to staffs and long service leave records were not provided for audit

The Ministry has not published its Annual Reports for the past 20 years

The last audited accounts for Fijian Affairs Board were for the year 1996. The accounts for 1997 to 2000 were yet to be finalized. All Provincial Council's accounts were also not up to date and most accounts have not been submitted for audit since 2000 or 2001.

A sum of \$1,069,713 (VAT) was still outstanding to FIRCA with the final assessment yet to be made.

The Ministry did not prepare and sign grant agreements with agencies which were provided grants.

The Ministry did not monitor or review grants provided to iTaukei Affairs Board for Implementation of Fijian Administration Reform (\$4,650,200) and NLTB Committee on Better Utilization of Land (\$5,998,155.84).

Ministry did not maintain any information on students who had completed their studies to ensure that they are employed in Fiji for the number of years as required under the scholarship agreement.

Department of Defence

The Department was unable to provide any details on account allocation 1-06200-00000-910000 - *Accumulated surplus/deficits* which had a credit balance of \$293,060.83 as at 31/12/10.

Department of Immigration

Some discharged and suspended Officers continued to receive salaries after the effective dates of their discharge.

Excessive annual leaves due to staffs and long service leave records not provided for audit.

The IBMS Software was not acquired due to delay in the Evaluation Process.

Ministry of Labour, Industrial Relations and Employment

21 Operating Trust Fund Accounts of the Ministry were overdrawn as at 31/12/2011.

3 Main Trust Fund Accounts of the Ministry were also overdrawn on 31/12/2011. In addition a variance of \$29,624.08 was noted in the Main Trust Fund account balance between the Ministry's record and general ledger (FMIS) balance.

Ministry of Foreign Affairs

Fiji Mission – New Zealand

In the general repair and maintenances work at the Fiji Embassy properties in Wellington the following anomalies were noted.

- The Ministry failed to submit the projects monthly and quarterly progress Reports to the PWTB.
- The Ministry failed to provide a completion report with a completion certificate to the PWTB after the completion of the Project.
- The Ministry failed to submit a copy of the signed Contract Agreement between Freear Philip Limited and Fiji High Commission to the Secretary to the PWTB.
- Several variations totalling \$17,923.76 were approved and paid by the Mission without prior approval of PWTB. This resulted in the total contract price to be exceeded by NZ\$16,512.67.

Fiji Mission – India

The Mission instead of serving three months prior notice in writing gave only seven days notice on 07/04/10 of its intention not to renew the lease. The Mission failed to comply with the lease agreement. As a result, the Mission paid three months rent totaling \$61,235.01 to the landlord as a penalty for giving short notice.

Fiji Mission – United Kingdom

Significant disparity existed in the post allowances paid to the Head of Mission and Officers serving at the Fiji Mission in London when compared to other Fiji Missions overseas and taking into account London's ranking in Mercer's Cost of Living Ranking 2010 Report.

The Mission properties were in an appalling condition and not suitable for entertaining guests as required in the diplomatic world. At the date of audit¹, very little has been done in term of repairs to the Mission properties

There was no evidence of any valuation being undertaken on the chancellery after 2004 to determine the correct rebuilding cost and it appears that the property may be under insured.

Fiji Mission – Sydney

The Consular has been charging different rates for the same revenue allocation.

Stale cheques have been carried forward for over a year without being regularised

Consulate General's business plans was not synchronised with the Annual Corporate Plan for the Ministry with outputs, targets and KPIs not being aligned. Business plan did not have realistic measurable targets such as the proposed and converted foreign trade and investments dollars per business sector (tourism, agriculture, fisheries, forests, mining, garment etc.).

¹ 14 June 2011

Fiji Mission – Canberra

Mission failed to make prompt payment of their bills. As a result, disconnection of meters, late payment penalty and using the following year budget to settle the current year dues were recurring activities

Fiji Mission – Beijing

An Officer who did not meet the Minimum Qualification Requirement (MQR) of a Third Secretary was appointed to the position. The new approved establishment of the Mission (approved in 2009 through 2009 Staff Establishment Register) did not have the position of a Third Secretary

Department of Civil Aviation

The Department failed to carry out an annual board of survey of its assets for the year 2010. The last board of survey done was undertaken in 2006.

Elections Office

Office's Operating Trust Fund Accounts was overdrawn and had a debit balance of \$519,156.06 as at 31/12/10.

The Board of Survey for 2010 was not carried out. Without a Board of Survey report, the Statement of Losses (other than money) cannot be substantiated.

The Office did not obtain approval from PSC for engaging consultants in 2009. In addition, the consultancy reports were not made available for audit hence the work carried out by the Consultants and the payments made could not be substantiated.

Judiciary

Arrears of revenue totaling \$10,970,177) was outstanding as at 31/12/10.

Some Main Trust Fund accounts and Operating Trust Fund Accounts were overdrawn as at 31/12/10.

Irregularities were noted in the maintenance and storage of Court exhibits at Nausori Magistrate Court.

Legislature Department

Government employee (EDP: 42526) was paid from the Department's vote despite not being an employee of the Department.

10 Operating Trust Fund accounts had overdrawn balances totaling \$110,663.63 as at 31/12/10.

Department failed to prepare VAT reconciliation for the year ended 31 December 2010.

Office of Accountability and Transparency

The Office failed to conduct a Board of survey for 2010. Without a board of survey report, the Statement of Losses (other than money) could not be substantiated.

The Office had two RFA accounts (comprising of accountable advances) with a total balance of \$15,283.61 which has been carried forward from 2004 and 2005. No further detail was provided to audit relating to these balances.

Office of the Director of Public Prosecutions

The Office had annual leave liability of approximately \$107,988.64. Records for long service leave due to staffs were not provided for audit by the Office.

Officers were paid excessive leave compensation upon their termination or resignation.

Officers were overpaid salary upon their resignation or termination.

The Office failed to issue local purchase orders (LPO) for procurements in 2010.

Officers attended overseas training in 2010 but failed to submit training reports to Public Service Commission.

Anomalies were noted for payment of witness allowance.

Department of Justice

A significant portion of RFA balance (\$220,847) had been carried forward from previous years which were yet to be cleared.

Full acting allowance was paid contrary to the Public Service Commission approval which clearly state that only 2/3rd of the total acting allowance should be paid to the Officer acting as Administrator General.

Anomalies noted in the appointment of the Commissioner of Stamp Duties.

Prisons and Corrections Department

The Department of Prison failed to submit Arrears of Revenue Quarterly Reports for the year 2010.

The Department failed to provide any detail about the account allocation 1-15200-00000-910101 - Accumulated surplus/deficits which had a debit balance of \$582,858.41 as at 31/12/10.

Some officers continued to receive salaries after the effective dates of discharge due to delays in notifying Ministry of Finance to cease salaries.

A number of Officers were paid lodging allowances even though they were occupying quarters during the year 2010.

Several vehicles belonging to the Prison's Department were involved in accidents in 2009. Investigation revealed that all accident resulted due to the driver's fault; however none of the Officers was surcharged by the Department.

Ministry of Information, National Archives and Library Services

The Ministry was not able to provide any details about the account allocation 1-16000-00000-910000 - Accumulated surplus/deficits which had a debit balance of \$251,648.64 as at 31/12/10.

Ministry of Provincial Development and Disaster Management

Some officers who retired, resigned, or were terminated from the Ministry continued to be remunerated resulting in overpayments of salaries.

1/3 cash contribution from the community was recorded as revenue by the Ministry.

6 out of 31 Main Trust Fund Accounts of the Ministry were overdrawn, resulting in the overall debit balance of \$230,852.98 as at 31/12/10.

Community contributions were not cleared from the Trust Fund Account at the completion of the projects.

The Ministry did not have Standard Operating Procedure for the release of building grants to the non government schools.

Procedures established by the Ministry for effective administration of capital projects were not always adhered to

Divisional offices only submitted one acquittal reports together with project progress report for each project to the Ministry. No further acquittal reports or project progress reports were submitted for continuing projects.

Department of Multi Ethnic Affairs

The Nausori Cultural Centre did not provide any financial records for 2010 for audit despite several requests. Grant of \$20,000 is given annually.

The Suva Cultural Centre was not handed over to the Department despite it ceased operation. All records, office furniture and equipments were still maintained at Suva Cultural Centre Office which has continued to incur monthly rentals expenses.

Anomalies were noted in the upgrading of 4.2km Tuarara Road.

Students were paid top up allowance at the end of the year in addition to allowances paid under the scholarship awards.

Some students who are on scholarship voluntarily discontinue studying without informing the Department. The Department was unable to recover the scholarship expenses neither from these students nor from their guarantors.

The Department failed to keep proper records of the students who have completed their studies, their current status of employment and the whereabouts of these students.

Fiji Military Forces

The Force had certain Operating Trust Fund accounts overdrawn amounting to \$5,669,267.79 as at 31/12/2010.

37 discharged officers continued to be paid after the effective date of their discharge.

Some officers were also paid lodging allowance while occupying quarters.

Certain officers were occupying government quarters but were not charged rent by the Force.

Despite directive given by the Commander that Omega Computers must not be allowed to service any official RFMF computers, the Force continued to acquire the services of the Omega Computer for maintenance of computers.

Construction of the accommodation buildings at Blackrock in Nadi was delayed.

The Force paid a total of \$89,716.25 to RC Manubhai and Standard Concrete Industries for the purchase of building materials for the Blackrock project in Nadi of which materials were yet to be delivered to the site.

Payments for goods and services purchased for RFMF projects in Labasa were made in cash by the Force Clerk and not paid directly to the suppliers through cheques.

The Force Engineers failed to prepare the monthly bank reconciliation for the separate bank accounts maintained for capital projects.

No inspection report prepared by the Grants Officer or Officer in Charge of the project.

Fiji Police Forces

The Force's Drawing account reconciliation as at 31/12/10 had a closing balance of \$667,008.25 while general ledger (FMIS) balance was \$10,014,288.36, resulting in a variance of \$9,347,280.11.

The Operating Trust Fund Accounts (1-20101-20101-899988 – Miscellaneous Fund) of the Force was overdrawn (debit balances) as at 31/12/10 by \$111,276.50.

The Force was not able to provide any details about the account allocation 9-200000-00000-910000 - Accumulated surplus/deficits which had a credit balance of \$12,002,703.22 as at 31/12/10.

Some officers continued to receive salaries after the effective dates of their resignations, dismissals or directives to stop payment of salaries due to delays in ceasing the payment of salaries.

Proper procedures were not followed for recruiting 64 special constables in 2010.

Proper procedures and guidelines governing the procurement of goods and services were not followed when procurements were made.

Local Purchase Orders were not issued.

Funds were used for purposes other than it was approved for.

Some payment vouchers were missing whilst some payments were made on the strength of a photocopied or proforma invoices.

Payments for meals were made without adequate details such as number of suspects, suspects name, report numbers and cost of each meal.

Police officers were accommodated in hotels on transfer for up to two weeks in some cases resulting in extravagant hotel bills for the Force.

Ministry of Primary Industries

Recovery of arrears of revenue for the Department of Agriculture has been unsatisfactory. Total arrears of revenue for the Department as at 31/12/10 were \$3,995,811.

The operations and maintenance of records for Trading and Manufacturing Accounts (TMA) need to be improved. Accounting records were inadequate and could not substantiate the balances reported in the TMA.

The reliability of information provided through the reconciliation of accounts is doubtful as there were variances noted between the various reconciliations prepared by the Ministry and the balances reflected in the General Ledger (FMIS).

Management of overtime should be improved as there were inadequate internal controls to closely monitor overtime costs to minimize overtime resulting from inefficiencies.

To avoid or minimize the risk of mismanagement of public funds, compliance with Government's procurement and payment procedures should be improved. Goods and services were paid on pro-forma invoices and in some cases goods were paid before they were supplied. Evidence such as delivery dockets to substantiate delivery of farming materials/equipment to farmers has been misplaced.

Monitoring the utilization of grants has not been effectively carried out. A number of statutory authorities and other agencies that receive grants from the Ministry did not submit acquittals.

Ministry of Lands and Mineral Resources

The re-engagement of retired officers were done without due regard to instructions and policies issued by the Public Service Commission.

Management of overtime should be improved. Continuous overtime for routine tasks, appeared to be prevalent indicated that officers were unproductive during official working hours.

There were considerable delays in processing applications for tenement and petroleum licenses. Some applications have been outstanding for years.

Ministry of Industry and Trade

Tenders were not called for the restructure of the Rewa Co-operative Dairy Company Limited casting doubt on the transparency of the process in awarding the consultancy contract to Aliz Pacific. In 2010, Government paid \$562,500 to Aliz Pacific in consultancy fees, with additional fees paid in 2011.

The Principal Accounts Officer did not reimburse the Ministry unutilized funds of more than \$30,000 from funds that were advanced to her for the World Expo in Shanghai, China. Acquittal and supporting documents for funds utilized totaling \$29,328 could not be relied upon to validate the claims of expenses incurred. In addition, the same officer did not reimburse per diem allowance of \$3,980 paid to her when she did not attend the closing ceremony of the Expo in Shanghai.

The Ministry has not complied with the Fiji Diplomatic and Consular Services Regulations – 2005.

Ministry of Public Enterprises, Tourism and Communications

The number of staff responsible for the accounting functions of a Ministry, which currently comprises four Departments, was insufficient. In 2010, the Accounts Section was manned by only three officers consisting of an Assistant Accounts Officer and two Clerical Officers.

The Ministry's roles in monitoring the utilisation of government grants have not been effectively carried out. With limited resources available at the Accounts Section, acquittals submitted by grant recipients were not properly verified before subsequent quarterly grants were paid.

Ministry of Works and Transport

The operations of the TMA should be improved. Most TMA have continuously operated at substantial losses. Accounting records were inadequate to provide sufficient appropriate audit evidence to substantiate the balances reported in the financial statements of the TMA.

The reliability of information provided through the reconciliation of accounts was doubtful as there were variances noted between the various reconciliations prepared by the Ministry and the balances reflected in the General Ledger (FMIS).

Circumventions of procurement and payment procedures were prevalent as in previous years, increasing the risk of fraud and mismanagement of public funds.

Record keeping should be improved across the Ministry including Divisional Engineers and Depots. Misplacing of accounting records was a common occurrence. Over \$1.1 million of purchases and payments by the Divisional Engineer Central Eastern could not be substantiated as records have been misplaced.

The inadequate and poor maintenance of stores records, including fixed assets was widespread. In many instances, goods/inventories received and issued out by the stores were not recorded.

Monitoring for compliance of contracts with suppliers of goods and services to the Ministry before payments are effected should be improved.

Ministry of Education

The Ministry overspent its budgetary allocation for the year ended 31/12/10 by \$14,070,990.64.

The Ministry had shortfall in SEG 1 and SEG 2 to pay salaries for pay 25 and pay 26 of 2010 due to payments made for bus fares to school students. The Ministry made a request to the Ministry of Finance for additional funds. Instead of redeploying the funds into the Ministry's Budget allocation, Ministry of Finance passed a negative journal entry (credit entry) of \$8,198,467.74 in the expenditure allocation for SEG 1 and SEG2.

A total of \$46,620.85 was noted by audit as overpayment of salaries by the Ministry. The overpayments comprised of double payment of acting allowances, payment of maternity leave on fourth confinements and overpayment due to rescindment of promotion and late arrivals.

Some of the Officers who resigned continued to be paid for a few pay periods by the Ministry. This amounted to \$55,168.

Some of the staffs had outstanding PSC loan amounting to \$13,318 and had resigned from the service.

A total of \$12,300,695 was vired by the Ministry from its operating and capital budget to fund the unbudgeted bus fare scheme.

The Ministry made payments in excess of \$30,000 without Ministry of Finance approval which totaled \$1,272,378.

Several instances were noted where the Tuition Fee Grants provided to schools was used to meet other expenses and not for the purpose it was provided for.

Aryan's Home Solution

Conflict of Interest - Mr. Elvin Arvindra Prasad (TPF 67790), a Technical Teacher at the Lomary Secondary School was the husband of one of the Directors, Mrs. Shirley Prasad, of Aryan's Home Solution. The company was engaged for renovation and construction works to Lomary Secondary School at a cost of \$35,000.

The Company in its certificate of registration stated its place of business as Pacific Harbour but was operating its business from the Lomary Secondary School quarters.

Tender documents relating to the awarding of the contract to Aryan's Home Solution by the Ministry to construct a staff room at Lomary Secondary School and 4 class rooms with toilet and washroom at Nuku Secondary School for contract sum of \$35,000 and \$196,000 respectively were not made available for audit.

Ministry of Health

The Ministry did not submit its draft agency financial statements to the Auditor-General for audit by 31 March 2011. The Ministry submitted its accounts on 01/04/11 which contained numerous errors and was returned to them for corrections. The final copy of the draft financial statements was received on 02/05/11.

The Ministry of Health included TMA Accumulated Surplus of \$744,810 and TMA Surplus Capital Retained of \$42,510 in the Balance Sheet as at 31/12/10. The Ministry did not provide any detail of these amounts.

The figures for the TMA 2009 audited accounts were obtained from Epicor system where as the figures for TMA 2010 accounts were obtained from FMIS. Consequently the brought forward account balances stated in the balance sheet for 2010 were not the same as closing balances for 2009.

The TMA Profit and Loss account had a net profit from the TMA operation of \$7,984 for the year ending 31/12/10. The net profit was not transferred to the balance sheet. If the amount was transferred to Balance Sheet there would be a variance of \$7,894 between net assets and total equity.

A variance of \$21,108.83 existed between the TMA sales revenue in the FMIS (general ledger) and the Epicor System.

The Ministry employed maintenance workers on a casual basis throughout the year. Some of these casual workers were paid overtime in excess of their total gross annual wages.

The Ministry overpaid salaries totalling \$162,601.99 as at 31/12/10. Out of this total of \$93,519 or 58% was salary overpaid upon resignation.

A sum of \$1,986,105 was vired from the Ministry's drug allocation to Global Fund in May 2010 to assist the setting up and operation of Global Fund. The funds vired to Global Fund was not reimbursed to the Ministry.

The Ministry of Health paid \$235,762.38 to Shantilal Brothers Fiji Limited for the procurement of uniforms, mosquito nets, bed linings and curtains for Fiji School of Nursing (FSN) during 2010 even though it had been transferred to FNU.

The Ministry paid total of \$1,450,686.09 from 2008 to 2010 for litigations claims due to negligence by medical professionals.

Total of \$3,455,432 worth of drugs were expired as at 30/6/2011 at FPS. In addition, 149 different types of drugs/consumables were out of stock at FPS as at 15/12/10. Out of this 77 types of drugs/consumables were ordered in November 2010 but not received as at 15/12/10. The other 72 types of drugs/consumables were not ordered since September 2010.

FPS overspent its overall budget allocation by \$6,054,023.14 or 30% for the year 2010.

Local Government, Urban Development, Housing and Environment

The Ministry did not submit its draft financial statement to the Auditor-General for audit by 31 March 2011. The account was submitted on 18/04/11 which contained numerous errors and was returned for correction. The Ministry resubmitted the final draft copy on 27/04/11.

The Department of Environment maintains a trust fund account at Westpac Banking Corporation. As at 31/12/10, the trust balance at the bank was \$1,220,948 however the FMIS record showed a balance of \$644,907 resulting in a variance of \$576,041.

Women, Social Welfare and Poverty Alleviation

The draft financial statement was submitted by the Ministry on 30/03/11 and it contained numerous errors. The financial statement was returned to the Ministry for corrections. The final draft copy was received on 14/04/2011.

The Ministry received sewing machines in donation from All China Women's Federation of China which arrived at the Suva wharf on 01/02/10. However, the machines were not cleared from the wharf until 07/04/10. As a result, Fiji Ports Corporation Limited (FPCL) charged the Ministry a demurrage fee of \$13,891.50 being the storage and handling cost for the 65 days.

Family Assistance Scheme (FAS) records showed that some recipients of family assistance had same reference numbers despite having different names and bank account numbers.

Review of family assistance recipients was not conducted regularly and this could result in the Ministry not knowing whether:

- The recipient was still alive or has passed away.
- The recipient's children could have grown up and found employment.
- Single mothers might have re-married and could financially support themselves.
- The husband of the recipient might have been released from the prison and thus would be in a position to support the family.

Youth and Sports

The Ministry did not submit its draft financial statement to the Auditor-General for audit on 31 March 2011. Instead it was submitted on 12/04/2011.

The Department failed to obtain competitive quotes from other hotels within Suva area to hold its annual staff workshop.

The Department from its budgetary allocation financed 50% of the staff corporate uniform costs. This was an unbudgeted expenditure amounting to \$2,777.75.

The Department through its National Youth Service Scheme (NYSS) provided financial assistance to 556 youths amounting to \$209,518 as at 31/12/09. Of this \$209,518, the Department was to recover 50% (or \$104,759) of the grant within the stipulated timeframe as per the respective recipient's memorandum of understanding. The Department only managed to recover \$10,776 as at 24/05/11.

Under the Emperor Gold Mine (EGM) Redundant Workers Rehabilitation Programme, a total of 222 redundant miners were provided financial assistance amounting to \$428,905. The Department was to recover 50% (or \$214,452.50) from the total financial assistance provided to the miners. The Department has only managed to recover \$23,640 as at 25/4/11.

The Department through its Small Micro Enterprise scheme provided financial assistance to 107 recipients in 2006 and 83 recipients in 2007. However, no site visits were carried out by the Department in 2010 to monitor the progress of this project.

Ministry of Public Utilities & Energy

The Ministry did not submit its draft financial statement to the Auditor-General for audit by 31 March 2011. The draft financial statement was submitted on 16/05/11 after numerous follow up.

The Department of Public Utilities incurred over expenditure amounted to \$3,403,695 for the year ended 31/12/10.

The Department of Public Utilities staffs failed to clear their advances totaling \$26,245.

The Department of Public Utilities purchased 3 electrical scooters amounting to \$6,413 from Westside Motorbike Rentals for Department staffs. The scooters have not been received by the Department as at the date of audit.²

The Department of Energy incurred over expenditure totalling \$33,649 for the year ended 31/12/10.

The Department failed to submit its trust account statement of receipts and payments contrary to section 71(1) (g) of the 2010 Finance Instructions. The Department's main trust account was also overdrawn by \$506,290.

A sum of \$334,850 was paid to contractor for supply and installation of two biodiesel processing plants in Lau and Rotuma but no work was carried out by the contractor.

The Department of Energy on 20/10/09 entered into a Contract Agreement with Powerlite Generators Fiji Limited for the maintenance works on 1,039 solar home systems in Bua, Cakaudrove and Macuata for a contract sum of \$95,930 for a three year period. The maintenance works were not satisfactorily carried out by the contractor.

The Department of Energy did not undertake any biogas digester project in 2010 despite the provision of a budget of \$250,000.

² 2 March 2011

CONTENTS

Volume 1: Audit Report on the Whole of Government Financial Statements and Annual Appropriation Statement

- Part 1: Audit Certificate and the Audited Accounts
Part 2: Report of the Whole of Government Financial Statements and Annual Appropriation Statement

Volume 2:

1. Office of the President
2. Office of the Prime Minister and Public Service Commission
3. Office of the Attorney General and The Solicitor General
4. Ministry of Finance
5. Department of Indigenous Affairs
6. Ministry of Defence, National Security and Immigration
7. Ministry of Labour, Industrial Relations and Employment
8. Ministry of Foreign Affairs, International Co-operation and Civil Aviation
9. Elections Office
10. Judiciary
11. Legislature
12. Office of Accountability and Transparency
13. Office of the Director of Public Prosecutions
14. Ministry of Justice
15. Ministry of Information
16. Ministry of National Planning
17. Ministry of Provincial Development, National Disaster Management and Multi Ethnic Affairs
18. Fiji Military Forces
19. Fiji Police Force

Volume 3:

20. Ministry of Education, National Heritage, Culture and Arts, and Higher Education Institution
21. Ministry of Health
22. Ministry of Local Government, Urban Development, and Housing
23. Ministry for Social Welfare, Women and Poverty Alleviation
24. Department of Youth and Sports

Volume 4:

25. Ministry of Primary Industries
26. Ministry of Lands and Mineral Resources
27. Ministry of Industry and Trade
28. Ministry of Public Enterprises, Tourism and Communication
29. Ministry of Works and Transport
30. Ministry of Public Utilities and Energy

VOLUME 2

1. Office of the President
2. Office of the Prime Minister and Public Service Commission
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4. Ministry of Finance
5. Department of Indigenous Affairs
6. Ministry of Defence, National Security and Immigration
7. Ministry of Labour, Industrial Relations and Employment
8. Ministry of Foreign Affairs, International Co-operation and Civil Aviation
9. Elections Office
10. Judiciary
11. Legislature
12. Office of Accountability and Transparency
13. Office of the Director of Public Prosecutions
14. Ministry of Justice
15. Ministry of Information
16. Ministry of National Planning
17. Ministry of Provincial Development, National Disaster Management and Multi Ethnic Affairs
18. Fiji Military Forces
19. Fiji Police Force

Section 1**Office of the President****Role and Responsibilities**

The Office of the President provides the necessary administrative support to His Excellency the President in the performance of His constitutional functions. The President is vested with the Executive Authority of the State and is the Commander-in-Chief of the Republic of Fiji military Forces and the Chancellor of the Order of Fiji. In addition to the constitutional and ceremonial roles, the office plays a symbolic role in the promotion of national reconciliation to bring unity among the different ethnic groups in Fiji.

The targeted outcome(s) and output(s) in relation to the above responsibilities are illustrated below:

Maintain Law & Order and Uphold the Rule of Law Effectively and Efficiently

- Portfolio Leadership Policy Advice and Secretariat Support.

Table of Contents

PART A: FINANCIAL STATEMENT	1
1.1 Audit Opinion.....	1
1.2 Statement of Receipts and Expenditures	2
1.3 Appropriation Statement	2
PART 2: AUDIT FINDINGS	3
1.4 Delay in Submission of Agency Financial Statements	3
1.5 Overdrawn Operating Trust Fund Accounts.....	3
1.6 Trust Fund Account Reconciliations.....	4
1.7 Revolving Fund Account – Miscellaneous	5
1.8 Fund 1 Unexplained Account Balance	6
1.9 FNPF Reconciliation	7
1.10 VAT Reconciliation.....	7
1.11 Lack of Competitive Quotations	8
1.12 Over-Expenditure	9

PART A: FINANCIAL STATEMENT**1.1 Audit Opinion**

The audit of the 2010 accounts of the Office of President resulted in the issue of an unqualified audit report.

1.2 Statement of Receipts and Expenditures

The Office of the President incurred a total expenditure of \$1,043,252 in 2010 compared to \$1,452,240 in 2009. Refer to Table 1.1 for details.

Table 1.1: Statement of Receipts and Expenditures For 2010

Description	2010 (\$)	2009 (\$)
RECEIPTS		
State Revenue	0	0
Agency Revenue	0	0
TOTAL REVENUE	0	0
EXPENDITURES		
Operating		
Established Staff	359,307	512,438
Unestablished Staff	162,868	257,825
Travel & Communication	187,028	115,359
Maintenance & Operations	237,126	210,568
Purchase of Goods & Services	37,676	34,682
Special Expenditure	5,479	9,759
Total Operating Expenditure	989,484	1,140,631
Capital Expenditure		
Capital Construction	0	220,601
Total Capital Expenditure	0	220,601
Value Added Tax	53,768	91,008
TOTAL EXPENDITURES	1,043,252	1,452,240

The total expenditure decreased by \$408,988 or 28% in 2010 compared to 2009 as the result of decline in the budgetary provisions for established and unestablished staff, and non – provision for capital expenditure grant in 2010.

1.3 Appropriation Statement

The Office of the President incurred expenditures totalling \$1,043,252 in 2010 against the budget of \$1,156,200 resulting in a savings of \$112,948 or 9.8%.

Details of expenditures against the budget estimates are provided in Table 1.2.

Table 1.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	340,100	4,793	344,893	359,307	0	(14,414)
2	Unestablished Staff	153,000	5,727	158,727	162,868	0	(4,141)
3	Travel & Communication	237,200	0	237,200	187,028	0	50,172
4	Maintenance & Operations	272,400	(10,520)	261,880	237,126	0	24,754
5	Purchase of Goods & Services	66,700	0	66,700	37,676	0	29,024

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
7	Special Expenditure	13,100	0	13,100	5,479	0	7,621
	Total Operating Costs	1,082,500	0	1,082,500	989,484	0	93,016
	Capital Expenditure						
9	Capital Construction	0	0	0	0	0	0
	Total Capital Expenditure	0	0	0	0	0	0
13	Value Added Tax	73,700	0	73,700	53,768	0	19,932
	TOTAL EXPENDITURE	1,156,200	0	1,156,200	1,043,252	0	112,948

PART 2: AUDIT FINDINGS

1.4 Delay in Submission of Agency Financial Statements

Each annual report must include financial statements which are prepared and signed in accordance with the Finance Instructions, audited by the Auditor-General and accompanied by the audit opinion provided by the Auditor General.¹

In addition, the draft financial statements must be submitted to the Auditor-General by 31 March in the following year, or within such other time as agreed by the Permanent Secretary with the Auditor-General.²

The Office of the President submitted its Agency Financial Statement for audit on 06/06/11, delayed by 2 months and 6 days.

Non- submission of the financial statements within the stipulated time frame could delay the commencement and the finalisation of the audit, thus delays the issue of audit report by the Auditor General.

Recommendation

The Office should ensure that the agency financial statements are submitted on or before 31 March in accordance with Section 70 of the Finance Instruction 2010.

Office Comments

No comments received.

1.5 Overdrawn Operating Trust Fund Accounts

Trust Fund Accounts compromise monies, which are not the property of the state and not utilized for the purpose of government. In addition, Trust money is to be accounted for separately from public

¹ Section 70 (2) – Finance Instruction 2010

² Section 70 (3) – Finance Instruction 2010

money and other money,³ and by convention should always have credit balances. Thus, the trust fund accounts should not at any time be overdrawn.⁴

The following trust fund accounts had overdrawn balances totalling \$36,196.58 as at 31/12/10:

Table 1.3: Overdrawn Trust Fund Accounts

Allocation	Description	Amount (\$)
1-01101-01999-861101	202 PD OPR Current Year	117.98
1-01102-01999-861101	202 PD OPR Current Year	16.48
1-01101-01101-861102	384 PD OPR Previous Year	250.08
1-01101-01999-861201	240 PD FIJI Care Insurance Group	77.41
1-01101-01101-861202	241 PD CMLA	17.72
1-01102-01999-861202	241 PD CMLA	180.04
1-01201-61999-861202	241 PD CMLA	189.98
1-01101-01101-861204	244 PD-LICI	338.64
1-01101-60999-861204	244 PD-LICI	16.50
1-01102-01999-861204	244 PD-LICI	166.62
1-01201-61999-861204	244 PD-LICI	185.22
1-01101-01101-861206	246 PD Marsh & McLennan	22.87
1-01101-01101-861511	301 PD FPS Credit Union	92.50
1-01101-01101-861532	PD PUBLIC Employee Union	5.00
1-01102-01999-861532	PD PUBLIC Employee Union	137.00
1-01101-01999-899988	Miscellaneous Fund Open Item	34,382.54
Total		36,196.58

The overdrawing of Operating Trust Funds Account may have resulted from incorrect journal entries passed to these accounts or through mispostings.

The overdrawn trust funds more or less are tantamount to unauthorised expenditures. It indicates lack of adequate internal control and supervision and a disregard for procedures in the Finance Instructions.

Recommendations

- **The Office should ensure that trust accounts are not overdrawn at any point in time in accordance with Finance Circular 4/98.**
- **The Office must investigate these overdrawn (debit) trust fund accounts and take appropriate action.**

Office Comments

No comments received.

1.6 Trust Fund Account Reconciliations

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

³ Section 25 (1) of the Financial Management Act 2004

⁴ Finance Circular No. 4/98 of 30/03/98

⁵ Section 15.4.1 – President's Office Finance Manual 2005

Review of the operating trust fund account (Fund 1) revealed the following discrepancies:

- The Office failed to prepare the monthly reconciliation statement since 2005.
- A variance of \$50,079.47 exists between Ministry of Finance figure (Appendix 23B) and the balance reflected in the Financial Management Information System (FMIS). Refer to Table 1.4 for details:

Table 1.4: Operating Trust Fund Account Variance

Records As at 31/12/10	Amount \$
FMIS	45,739.19
Appendix 23B	(4,340.28)
Variance	50,079.47

- True trust fund account (Fund 9) under Office of the President had a credit balance of \$36,502.03. The balance is for Chinese Grant operated by the Office of the Prime Minister and is yet to be adjusted.

The non preparation of monthly reconciliation statements indicates laxity on the part of the accounts officers which has attributed to the above variances in the trust fund account.

Recommendation

The Office should reconcile the Trust Fund account with FMIS on a monthly basis and any variance noted should be adjusted accordingly.

Office Comments

No comments received.

1.7 Revolving Fund Account – Miscellaneous

A travelling officer shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents.⁶ If an advance has not been fully expended, the travelling officer must repay the balance within seven days of completing travel.⁷

Upon clearance of the advance, the accounts officer shall update the debtors register, offset the advance account and debit the appropriate expenditure account.⁸

Audit of the Revolving Fund Account (RFA) – Miscellaneous noted the following discrepancies:

- The Office failed to prepare monthly reconciliation since 2005.
- A variance of \$164,956.66 exists between Ministry of Finance figure (Appendix 19) and the balance reflected in FMIS. Refer to Table 1.5 for details:

⁶ Section 10.1.11 – President's Office Finance Manual 2005

⁷ Section 10.1.12 – President's Office Finance Manual 2005

⁸ Section 10.1.15 – President's Office Finance Manual 2005

Table 1.5: Revolving Fund Account Variance

Records As at 31/12/10	Amount (\$)
FMIS	287,602.57
Appendix 19	122,645.91
Variance	164,956.66

Failure by the Office to prepare reconciliations on a monthly basis has resulted in the above variance.

Recommendation

The Office should ensure that the Revolving Fund Account is reconciled with FMIS on a monthly basis and any variances noted are adjusted accordingly.

Office Comments

No comments received.

1.8 Fund 1 Unexplained Account Balance

The Chief Staff Officer Financial is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁹

Verification of the FMIS records revealed that account allocation 1-01000-00000-910000 - Accumulated surplus/deficits had a credit balance of \$319,275. Refer to Table 1.6 below for details.

Table 1.6: Details of the Account Balance 1-01000-00000-910000

Allocation Number	Description	Amount (\$)
1-19101-19999-910101	Surplus/Deficits –Prior Year	(5,237,188.58)
1-19101-19999-910102	Surplus/Deficits –Current Year	5,007,912.69
Total		(319,275.89)

Audit was unable to substantiate the balance for allocation 1-01000-00000-910000 - Accumulated surplus/deficits as the Office failed to provide any details or records.

Recommendations

- **The Office should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences.**
- **All records should be made available to audit for verification purposes.**

Office Comments

No comments received.

1.9 FNPF Reconciliation

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

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

Audit recalculation of FNPF contributions against salaries and wages reported in the Financial Statements revealed variance. Refer to table 1.7 below for details.

Table 1.7: Variance in FNPF Calculation – 2010

FNPF Contribution Paid by Department for 2010 (Employer contribution only)		Amount (\$)
SEG 1	FNPF contributions paid – Established Staff	18,454.88
SEG 2	FNPF contributions paid – Unestablished staff	9,659.59
		28,114.17
	Add: December 2010 FNPF Contributions	8,118.80
	Less: December 2009 FNPF Contributions	6,752.32
	Total Employers Contributions paid by the Office	29,480.65
Audit Calculation of FNPF for 2010 (Employer contribution only)		
SEG 1& 2	Salaries & Wages as per FMIS	481,233.48
	FNPF Contribution (481,233.48 * 0.08)	38,498.68
	Difference	9,018.03

No explanation was provided for the variance.

In addition, the Office failed to prepare the FNPF reconciliation for year 2010.

This issue has been highlighted in previous years audit reports, however no corrective action has been taken by the Office to it.

Recommendation

The Office should reconcile FNPF contributions paid with the general ledger and any variance noted should be promptly investigated and adjusted accordingly.

Office Comments

No comments received.

1.10 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

¹⁰ Section 13 (1) – Chapter 219, Fiji National Provident Fund Act
Office of the President

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.¹¹

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.¹²

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 in such prescribed form as may be approved by the Commissioner¹³.

The audit noted that the Office failed to submit the VAT Returns to FRCA for the year ended 31 December 2010.

As a result, audit was unable to substantiate the accuracy of VAT payments made during the year.

Recommendations

- **The Office should ensure that records pertaining to VAT are properly maintained and regularly reconciled to ensure its accuracy.**
- **VAT returns should be submitted to FRCA in accordance with Section 33 of the VAT Decree.**

Office Comments

No comments received.

1.11 Lack of Competitive Quotations

A minimum of three competitive quotes must be obtained for the procurement of goods, services or works valued at \$100 and more but \$30,000 and less.¹⁴

The Office failed to obtain the competitive quotations for the following purchases made in 2010:

Table 1.8: Lack of Competitive Quotations

Date	Payee	Cheque Number	Particulars	Amount (\$)
30/03/10	Mercure Hotel	45283	Payment for accommodation for HE the President and entourage for period 11-14/2/10	3,718.50
12/01/10	Mercure Hotel	43944	Payment for accommodation for HE the President and entourage.	1,254.50
01/11/10	Tappoo Limited	00049	Purchase of liquor and soft drinks for the Fiji Day celebration on 07/10/10	3,740.00
15/10/10	JAD International Travel	49484	Payment of Account being extra charges of airfares for HE's tour overseas	10,609.00
17/08/10	Boyz Central Building	048250	Payment of Maintenance work at Government House – top floor.	18,989.75
09/07/11	Boyz Central Building	3760	Payment of maintenance work at Government	6,586.00

¹¹ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

¹² Finance Circular No 9/95

¹³ Section 33 of the 1991 VAT decree – Revised on 30/04/03

¹⁴ Section 29 (1) – Procurement Regulations 2010

Date	Payee	Cheque Number	Particulars	Amount (\$)
14/09/10	JAD International Travel	048796	House Payment for air fare for Joeli Rokovada, Silivenisi Namata, and HE the President to USA and other mission.	48,292.00

Failure to obtain competitive quotations deprives the Office from obtaining goods and services from the most economical source available.

Recommendation

The Office should ensure that Section 29 of the Procurement Regulation 2010 is strictly adhered to and appropriate actions taken against responsible officers who do not comply with it.

Office Comments

No comments received.

1.12 Over-Expenditure

Each year, the Appropriation Act and Budget Estimates set out details of the appropriations that Cabinet 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 Cabinet.¹⁵

Audit analysis of the expenditures through FMIS for 2010 indicated that the Office had incurred over-expenditures for the following accounts:

Table 1.9: Over – Expenditures

Account ID	Description	Budget \$	Actual \$	Over-expenditure \$
1-01000-00000-010000	Established Staff	344,893	359,307	14,414
1-01000-00000-020000	Unestablished Staff	158,727	162,868	4,141
Total				18,555

Incurring expenditures in excess of the budgetary allocation indicate poor financial management.

In addition, over-expenditure affects the Government's liquidity position and if not control, could lead to cash flow problems.

Recommendations

- **The Office should strictly adhere to Section 7 of the Finance Instruction 2010.**
- **The Office should ensure that proper planning and monitoring is in place to manage funds wisely.**
- **Expenditures should be reviewed against the budget allocation on a monthly basis and reported to management for effective and efficient decision-making.**
- **Mis-postings should be investigated and corrected accordingly.**

¹⁵ Section 7 – Finance Instruction 2010
Office of the President

Office Comments

No comments received.

Section 2**Office of the Prime Minister and Public Service Commission****Roles and Responsibilities****Office of the Prime Minister**

The primary role of the Prime Minister's Office is to provide sound policy and administrative support to the Prime Minister and to the Cabinet. The Prime Minister's Office has a central place in facilitating the decision-making responsibility of Cabinet and in ensuring the implementation of Government's policies. These responsibilities are undertaken through activities within the Prime Minister's Office, namely Administration and the Cabinet Office. The administration of Poverty Alleviation Programme through housing assistance grants and seed grants for Income Generating Projects to eradicate poverty are also relevant in this regard.

Public Service Commission

The Public Service Commission under the State Services Decree 2009 No.6 as a central Agency that is responsible for the effective management and development of human resources; organizational and systems management and continuous improvement of the public services.

The Commission, under the Decree No. 6 subject to subsections 2, 3, 4 and 5 of this Section has the following functions:

- a) To make appointments;
- b) To remove persons from public offices;
- c) To take disciplinary action against holders of public offices.

Table of Contents

PART A: CONSOLIDATED FINANCIAL STATEMENT	2
2.1 Audit Opinion.....	2
2.2 Statement of Receipts and Expenditures.....	2
2.3 Appropriation Statement	3
2.4 Statement of Losses	4
2.5 Trust Account Statement of Receipts and Payments.....	4
PART B: AUDIT FINDINGS	4
OFFICE OF THE PRIME MINISTER	4
2.6 Unexplained Account Balance	4
2.7 Drawings Account Reconciliation	4
2.8 VAT Reconciliation	5
2.9 Diversion of INPEP Funds	6
2.10 Absence of Grant Agreement – FENC Fiji	7
2.11 No Contract, Tender and PSC Approval for Overseas Consultants	8
PUBLIC SERVICE COMMISSION	10
2.12 Provision for Annual Leave	10
2.13 Payment of Overtime & Honorarium Allowance.....	10
2.14 Compensation of Un-utilised Leave	12
2.15 Breaches of Outsourcing Policy	13
2.16 Recommendation by the Tender Board not Followed & Variation Paid	14
2.17 Unpresented Cheques Transferred to Revolving Fund Account.....	16
2.18 Special Expenditure Vote Used for Capital Purchase	17
2.19 Book Allowance for Overseas Scholarship Students	18

2.20 Scholarship Award Discrepancies (Overseas).....	19
2.21 Record Keeping at Scholarship Recoveries Unit	21
Appendix 2.1: Trust Account for 2010 - Chinese Grant.....	23
Appendix 2.2: Books Allowances Paid in 2010	24

PART A: CONSOLIDATED FINANCIAL STATEMENT

2.1 Audit Opinion

The audit of the 2010 accounts of the Office of the Prime Minister and Public Service Commission resulted in the issue of an unqualified audit report.

2.2 Statement of Receipts and Expenditures

The Office of the Prime Minister and Public Service Commission collected revenue totalling \$818,605 and incurred a total expenditure of \$21,641,493 in 2010.

Table 2.1: Statement of Receipts and Expenditures for 2010

Description	2010 (\$)	2009 (\$)
RECEIPTS		
State Revenue	696,591	612,941
Agency Revenue	122,014	26,579
TOTAL REVENUE	818,605	639,520
EXPENDITURE		
Operating		
Established Staff	5,064,738	4,553,433
Unestablished Staff	442,782	489,690
Travel & Communication	610,599	577,591
Maintenance & Operations	495,352	335,403
Purchase of Goods & Services	431,187	69,142
Operating Grants & Transfers	10,307,310	6,076,763
Special Expenditure	751,986	655,148
Total Operating Expenditure	18,103,954	12,757,170
Capital Expenditure		
Construction	1,432,710	1,558,245
Purchases	627,134	296,802
Grants & Operations	1,249,888	449,950
Total Capital Expenditure	3,309,732	2,304,997
Value Added Tax	227,807	199,011
TOTAL EXPENDITURE	21,641,493	15,261,178

The increase in total revenue by \$179,085 or 28% in 2010 was due to the increase in repayments under the scholarship loan scheme.

Total Expenditure increased by \$6,380,315 or 42% in 2010 compared to 2009. This was mainly due to an increase in the following:

- Established Staff by \$511,305 or 11% due to redeployment of funds from Ministry of Finance to cover the shortfalls;
- Travel and Communications by \$33,008 or 6% due to increase in official engagement of staff outside of Suva;
- Maintenance and Operations by \$159,949 or 48% due to increase in costs of maintenance and fuel;
- Purchase of Goods and Services by \$362,045 or 524% due to increase in costs;
- Operating Grants and Transfers by \$4,230,547 or 70% due to increase in budget and request from grant recipients;
- Special Expenditure by \$96,838 or 15% due to increase in the budget provision;
- Total Capital Expenditure by \$1,004,735 or 44% due to increase in capital grants as budgeted capital works increased in 2011.

2.3 Appropriation Statement

The Office of the Prime Minister and Public Service Commission incurred expenditures totalling \$21,641,493 in 2010 against the budget of \$23,156,759 resulting in a savings of \$1,515,266 or 7%.

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

Table 2.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry-Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	4,755,700	789,772	5,545,472	5,064,738	0	480,734
2	Unestablished Staff	414,496	94,500	508,996	442,782	0	66,214
3	Travel & Communication	643,000	13,300	656,300	610,599	0	45,701
4	Maintenance & Operations	419,100	115,650	534,750	495,352	0	39,398
5	Purchase of Goods & Services	439,900	33,600	473,500	431,187	0	42,313
6	Operating Grants & Transfers	11,705,700	(1,271,261)	10,434,439	10,307,310	0	127,129
7	Special Expenditure	8,933,100	(8,012,000)	921,100	751,986	0	169,114
	Total Operating Costs	27,310,996	(8,236,439)	19,074,557	18,103,954	0	970,603
	Capital Expenditure						
8	Construction	500,000	1,000,000	1,500,000	1,432,710	0	67,290
9	Purchases	500,000	152,602	652,602	627,134	0	25,290
10	Grants & Transfers	1,250,000	-	1,250,000	1,249,888	0	112
	Total Capital Expenditure	2,250,000	1,152,602	3,402,602	3,309,732	0	92,870
13	Value Added Tax	1,429,404	(749,804)	679,600	227,807	0	451,793
	TOTAL EXPENDITURE	30,990,400	(7,833,641)	23,156,759	21,641,493	0	1,515,266

In 2010, the Ministry of Finance redeployed \$7,833,641 from Office of the Prime Minister and Public Service Commission budget to other Ministries and Departments.

2.4 Statement of Losses

The Office of the Prime Minister and the Public Service Commission did not report any loss of money or assets during the financial year ending 31/12/10.

2.5 Trust Account Statement of Receipts and Payments

The Office of the Prime Minister utilized \$1,273,246 in 2010 from the Chinese grant for various projects selected by the Office. Refer to *Appendix 2.1* for details.

PART B: AUDIT FINDINGS

OFFICE OF THE PRIME MINISTER

2.6 Unexplained Account Balance

The Senior Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.¹

Verification of FMIS records revealed that account *allocation 9-02000-00000-910000 - Accumulated surplus/deficits* had a credit balance of \$5,740,336.84. The Office's were not able to provide any details about this account balance.

As such, audit was unable to substantiate the balance for *allocation 9-02000-00000-910000 - Accumulated surplus/deficits*.

Recommendation

The Office should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences and should be produced during audit.

Office Comments

We have noted your recommendation and will ensure that transaction posted in the General Ledger is supported with documentary evidence.

2.7 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.²

The Accounting Head must verify balances in the bank reconciliation to the cashbook, bank statements, unpresented cheque list and the previous month's bank reconciliation before certifying it³

¹ Finance Manual 2005 – Part 18: Miscellaneous – Section 18.1.3

² Finance Instructions 2005 – Section 39 (5)

³ Finance Manual 2005 – Section 7.4.10

The Drawing Account balance as per the reconciliation did not reconcile with the FMIS balance as at 31/12/10. A variance of \$458,595.86 was noted between the two records. Refer to Table 2.3 for details.

Table 2.3: Details of variance as per FMIS and Office's Record

Details	Amount (\$)
General Ledger (FMIS)	771,011.07
Annual Board of Survey	312,415.21
Variance	458,595.86

The above anomaly implies ineffective controls and lack of supervisory checks in the Accounts Section.

Recommendations

- The PM's Office should ensure that monthly reconciliations are carried out properly and accurately.
- The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.

Office Comments

The Office has noted the recommendation and remedial action will be taken to strengthen the control measures.

2.8 VAT Reconciliation

Subject to the provision of the Vat Decree 1991, the tax shall be charged in accordance with the provisions of this Decree at the rate of twelve and a half percent on the supply (but not including an exempt supply) in Fiji of goods and services, by a registered person in the course or furtherance of a taxable activity carried on by that person, by reference to the value of that supply.⁴

A review of VAT Returns and supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$1,176,363.41 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer to Table 2.4 below for details.

Table 2.4: Variance in Taxable Supplies

Details	Amount (\$)
Total expenditure/income as per Expenditure Statement	6,511,722.71
Less: Expenditure not subject to VAT – SEG 1, 2, 6 and 10	3,619,738.85
Total expenditure/income subject to VAT	2,891,983.86
Less: Total taxable supplies as per VAT Returns	1,175,620.45
Un-reconciled variance	1,716,363.41

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

In addition, a difference of \$8,566.73 was noted between the actual VAT payments for the year 2010 and the balance disclosed in the general ledger as reflected in Table 2.5 below.

Table 2.5: Variance in VAT Paid and FMIS Balance

Details	Amount (\$)
VAT payments (VAT payments to FIRCA and VAT Input) as per Statement of Receipts and Expenditure	113,242.70
VAT payments (VAT payments to FIRCA and VAT Input) as per VAT Returns for 2010	121,809.43
Un-reconciled variance	(8,566.73)

No explanation was provided for the variance.

Recommendations

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

Office Comments

We have noted the recommendation and will look into the variance highlighted.

2.9 Diversion of INPEP Funds

The Prime Minister vide a letter dated 02/12/09, from his Permanent Secretary decided to relocate the Poverty Monitoring Unit (PMU) from the Ministry of Health, Women and Social Welfare to the Prime Minister effective from the date of letter. The Unit was involved with the Provincial Development on the formulation of the framework for Integrated National Poverty Eradication Programme (INPEP) which was to reduce poverty nationally which was the task of the PMU under Pillar 8 of the Charter for Change in line with the “Roadmap for Democracy & Sustainable Socio-Economic Development.

The Implementation of the INPEP framework involves:

- national consultation through workshops,
- establishment of database on Government Pro-poverty policies and programmes,
- purchase of computer, programme with appropriate accessories and IT Expertise,
- conduct research and surveys to establish /create database and measure qualitative indicators of the programmes of the Ministries and other agencies which have been allocated pro-poor budgets for programmes in communities,
- conduct up-skilling training workshops for the poor.

The Poverty Monitoring Unit was provided with a sum of \$300,000 in 2010 budget which was approved through RIE no.19/10 to facilitate the INPEP Programme to be undertaken in the first quarter of the year.

Our audit noted that funds totalling \$28,772.37 were used for purposes which did not relate to the INPEP Programme. Refer to Table 2.6 for payment details.

Table 2.6: Details of Payment Made

Date	Cheque Number	Amount (\$)	Remarks
10/11/10	050020	5,292.74	Payment of Per Diem allowance for china visit 12/11/2010 – 22/11/2010
10/11/10	050023	5,292.74	
13/12/10	050676	5,600	Purchase of new computer and laptop for cabinet office
09/12/10	ANZ	12,586.89	Top up of Business card for Prime Minister
Total		28,772.37	

The finding indicates that PM's Office diverted the funds for purposes other than those approved in the budget. The diversion of funds could affect the successful implementation of INPEP Programme earmarked for 2010.

Recommendation

PM's Office must ensure that funds approved in the Budget are utilized only for the purpose it was approved for. Any diversion of funds should be approved by Ministry of Finance.

Office Comments

The request for payments on the expenditure listed came at the time when the office has insufficient funds in its respective vote to meet them as request came at year end and since its an urgent request with regards to PM overseas travel and computers for the Cabinet staff to facilitate Cabinet meeting we thought of utilizing savings in our INPEP vote. We have take note of the Auditors Recommendation and will make sure that in future any diversion of funds to be first approved by Ministry of Finance.

2.10 Absence of Grant Agreement – FENC Fiji

The agency administering a grant must enter into a grant agreement with any organization or person who either receives a one-off grant or ongoing grant assistance in excess of \$5,000. Administering agencies must review each grant scheme each year to determine whether it is achieving its specified outcomes as efficiently and effectively as possible and, where it is not, must take action necessary to improve its efficiency and effectiveness.⁵ Unless otherwise approved by Minister of Finance, all grants over \$10,000 must be paid in monthly or quarterly instalments. The administering agency must ensure that each grant has been used only for the purpose for which it was provided.⁶

The Prime Minister's Office provided grants, also called as Government Seed Donation, to FENC Fiji since 2009. Refer to the Table 2.7 below for details of grants paid to FENC Fiji in 2009 and 2010.

Table 2.7: Details of Government Seed Donation Made to FENC Fiji

Date	Cheque No	Particulars	Amount (\$)
06/12/10	050530	Payment of account for Government	250,000
2009		Seed Funding	200,000
Total			450,000

⁵ Finance Instruction 2005 – Section 25 (6)

⁶ Finance Instruction 2005 – Section 25 (9)

Our review of the grants paid to FENC Fiji revealed the following anomalies.

- There was no grant agreement between the PM's Office and FENC Fiji.
- There was no evidence to suggest that the utilisation of grants provided in 2009 and 2010 to FENC Fiji was monitored to determine whether it was achieving expected outcomes.

In absence of signed agreements with FENC Fiji, the PM's Office may not have any authority over the grants provided. Also, it may not be in a position to determine whether the grant was properly used.

Recommendations

- **PM's Office must have an agreement with FENC Fiji for the grants provided.**
- **PM's Office should monitor how grants provided to FENC Fiji are used.**

Office Comments

We have admitted that there was no agreement done and we have taken note of the recommendation of the auditors.

2.11 No Contract, Tender and PSC Approval for Overseas Consultants

Tenders must be called for the procurement of goods, services or works that cost over \$20,000.⁷ Approval of the Public Service Commission are to be obtained for the engagement of consultants and a formal contract agreement must be prepared outlining the terms and conditions of the engagement which are to be sent to the Solicitor General for vetting before signing by both parties.

Ministries and Departments are required to provide PSC with:

- Cost-benefit and needs analysis;
- Summary of why and how other potential consultants are unsuitable;
- How the consultancy fee was determined, breakdown of the consultancy project cost and other supportive local cost;
- Appointment of a Project Manager or a steering committee responsible for the monitoring and evaluation of the engaged consultants; and
- Results of evaluation of the consultant's performance.⁸

The Fiji Strategic Framework for Change Coordinating Office (SFCCO) was to implement a system for reporting and monitoring performance of individual Ministries and Departments against its set targets. In 2010 the Prime Minister's (PM's) Office engaged Ajiliti Pty Ltd to implement Performance Management System (PMS) for the Government of Fiji.

The system, when implemented would provide ease of automated reporting and analysis, allowing real time information on key performance measures to be reported back to Ministries as well to the SFCCO. The system would also ensure that projects and recurrent expenses were on track and spent in line with the National Indicators.

The project (installation of Performance Management System software) commenced in July 2010 and was to be completed by February 2011. The project was to be implemented in two phases.

⁷ Finance Instructions 2005 – Section 12 (4)

⁸ PSC Circular 23/2001- Policy & Guidelines on Engagement & Appointment of Consultants for Projects

- Phase 1 – Project 1 to Project 4
- Phase 2 – Project 5 to Project 8.

A total of \$74,338.12 was paid to Ajiliti Pty Ltd in 2010 for implementation of phase 1 of the project. Refer to Table 2.8 below for details of payment made.

Table 2.8: Payments made to Ajiliti Pty Ltd

Date	Cheque No	Amount (\$)	Particulars	Duration (Commence Date)
18/10/10	049526	17,625.00	Cost of project 1	8 days – (18/10/10)
18/11/10	050201	17,625.00	Cost of project 2	8 days – (08/11/10)
14/12/10	50746	19,919.06	Cost of project 3	5 days – (13/12/10)
22/12/10	050991	19,169.06	Cost of project 4	8 days – (13/12/10)
Total		74,338.12		

Following irregularities were noted relating to the engagement of Ajiliti Pty Ltd as Consultant:

- Tender Board approval was not obtained by the PM's Office for appointing Ajiliti Pty Ltd for the consultancy work.
- PSC's approval was not obtained by the PM's Office to appoint Ajiliti Pty Ltd as project Consultant.
- There was no contract agreement between the PM's Office and the Consultant, Ajiliti Pty Ltd for the consultancy services to be provided.
- There was no cost-benefit and needs analysis carried out before installation of Performance Management System software.
- There was no steering committee set up to monitor and report on the progress of the Consultant's work.

The findings indicate that proper procedures were not followed by the PM's Office in appointing the Consultant. In absence of written agreements with the Consultant, the PM's Office does not have a legal basis to enforce the Consultant to fulfil its obligations. In addition, the quality of work may be compromised due to lack of supervision and monitoring.

Recommendations

- **PSC approval should be obtained on the appointment of the Consultant and ensure that contract agreement is signed with the Consultant.**
- **A steering committee should be set up to monitor the progress of the work carried out by the Consultant.**
- **The appointment of the Consultant should be investigated by Ministry of Finance and PSC and appropriate action should be taken.**

Office Comments

The decision for Agility to work in partnership with SFCCO was approved by the PSPMO after they had presented a business case presentation in September last year. There was no consultation with PSC with regards to the appointment of the consultant given that time was limited and the project had to commence since it was heading towards the last quarter of the year. There was also a budget provision for MIS which was still not utilized and our efforts of developing a monitoring system was being continuously pursued throughout the year.

In fact SFCCO had already acquired the services of Software Company in January of 2010 and their services had to be withdrawn in the same month because ITC offered their expertise at no cost. Despite their efforts ITC was still not able to produce a monitoring system by the month of April 2010 and the only option for SFCCO was to operate manually and this was time consuming with reports still being subjective.

Despite the manual work SFCCO was also working according to the requirements of the Roadmap (RDSSED) which states in chapter 5.2.2

“The effectiveness of monitoring and evaluation systems is dependent on the establishment of a well-developed management information system. The availability of timely and quality data is essential to ensure informed decisions are undertaken.”

It further states “An Information System will be established and maintained so that the implementation of reforms can be tracked and timely corrective actions taken. The Information System will include agreed baselines, time-bound indicators, and specific benchmarks to measure and monitor progress. It will permit timely analysis and prompt publication of the results from and effects of the RDSSED initiatives.”

If SFCCO had to go through the approval process from PSC then the MES would not have been able to be implemented late last year given the amount of vetting it would go through. Ajility agreed to work with SFCCO by projects and this was signed off by contract which was below \$20K per project. At the completion of a project the Monitoring and Evaluation Unit (MEU) would then inspect and test the project before signing off for payments by accounts. So the steering committee as suggested by the auditors was actually the MEU staffs who were going to be the users. Within a span of three months Ajility was able to complete four projects which enabled the MEU to process the third quarter verification reports into the MES.

PUBLIC SERVICE COMMISSION

2.12 Provision for Annual Leave

Agencies must keep accurate and up to date records of all leave and other employee entitlements.⁹

Audit noted that the Public Service Commission failed to submit records of all leave entitlement and its value for the year 2010. The Provision for Annual Leave liability could not be determined by audit.

As a result, the Commission did not disclose total leave liability in the notes to the agency financial statements.

Recommendation

The Commission should ensure that all leave and other employee entitlement should be maintained and kept up to date.

Commission’s Comments

No comments received.

2.13 Payment of Overtime & Honorarium Allowance

The Commission is greatly concerned with the overwhelming costs of overtime borne by the Ministries and Departments at the closure of accounts. PSC circular 52/2000 paragraph (6.2) – (6.3) clearly specifies the need for overtime payment. 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

⁹ Section 54 – Finance Instruction 2010

payment should only be remunerated if the nature of work is essential, unavoidable and worked on a regular basis. The payment of honorarium allowance applied only for very special circumstances.

Furthermore PSC circular 24/2007 of 06/08/07 must not be construed to be an avenue for payment of overtime for the work that ought to be conducted during the normal official hours. Payment of honorarium allowances must not be entertained under these circumstances.¹⁰

Contrary to the above circulars, PSC continued to pay overtime and honorarium allowance to its staffs in the accounts section during the closing of accounts in December 2010. Refer to Table 2.9 below for examples of overtime/honorarium payments.

Table 2.9: Overtime & Honorarium Payments

Cheque No.	Date	Name	Amount (\$)	Reasons	Overtime/Honorarium
022869	22/12/10	Amelia Senileba	820.00	PSC Housing Input & Supervision	Honorarium
022976	31/12/10	Ledua Vuli	530.00	Closing of accounts	Honorarium
023029	31/12/10	Ledua Vuli	60.00	Closing of accounts	Honorarium
022866	31/12/10	Ledua Vuli	1,790.00	Closing of accounts	Honorarium
022870	22/12/10	Sarwesh Narayan	1,843.92	Closing of accounts	Overtime
022871	22/12/10	Lusia Tagivuni	1,950.16	Closing of accounts	Overtime
022872	22/12/10	Moreen Ali	539.78	Closing of accounts	Overtime
022873	22/12/10	Jale Ratudo	1,446.90	Closing of accounts	Overtime
022874	22/12/10	Sailasa Ratabua	1,050.51	Office Accommodation	Overtime
022868	22/12/10	Salanieta Lolou	2,130.06	Closing of Accounts	Overtime
Total			12,161.33		

The finding indicates that the Supervisors are not ensuring that the 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 minimize overtime and associated expenditures.

Recommendation

The Commission should ensure that work targets are met by individual officers to minimize unnecessary overtime.

Commission's Comments

Comments noted.

The Public Service Commission Accounts was in critical situation in 2010 since most of the payment that was supposed to be paid in 2009 is still pending and on top of that all Financial Reconciliation for 2009 was also not submitted to the Ministry of Finance to show a true picture of Public Service Commission Financial position since the suspense of the Senior Accountant PSC on that time (Ami Prasad). A new Senior Accountant Officer(LeduaVuli) took over and there is no Handing over done during that time, The Accounts Section have no other option but to go back and reconcile 2009 and processing of all pending payment that was supposed to be paid in 2009.

During Accounting Heads meeting Ministries and Department really complaint to Ministry of Finance that they are short of staff and they cannot meet some requirement required by MOF since they are monitoring all requirement as stated in the Financial Act, PSC don't take that excuse as a reason for them not meeting all necessary requirement even though PSC was really short of staff that time as their Senior Accountant was suspended and Moreen Ali (CO/ Accounts) due to medical complication was on leave without pay for almost one year and study leave of Neomai Loganimasi (CO/Accounts) leaving only four staffs to look after Accounts

¹⁰ PSC Circular 13/2009 of 13/03/09

Section (SalanietaLoulou/Jale Ratudoi/Luisia Tagivuni/Taina Colati). I came in the end of March, 2010 and Sarwesh Narayan came in end of April, 2010 to replace Taina Colati (CO) who was transferred to another section.

Accounts Section was really in a mess and our responsibilities to update all pending reconciliation ,all pending payment ,correct all wrong processes that are already in the system since we have to clear all outstanding PO, outstanding amount that appears in the system since we are using FMIS system and at the same time trying our best to clear all outstanding figures, figure as at from 2009 and January to March,2010, staffs in PSC accounts are really overloaded, when it comes closing of account there is no other option but to request prior approval for overtime and payment of Overtime & Honorarium allowance from our Permanent Secretary which was approved due to the condition of our work and most importantly the output that we have to deliver in terms of Performance wise in which we don't want to be blame by the MOF that we are not Performing up to their expectation, as mention above.

Accounts staff are overloaded doing extra responsibilities, to boost their moral of officer to perform during that long period, payment of overtime is the only solution as we have saving for that reason and its always done in the past. For Amelia Senileba and Sailasa Ratabua their overtime and Honorarium allowances was recommended by their Directors and was approved by PSC Permanent Secretary before processing of payment. Comments have been noted and we are trying our best to complete everything on time.

2.14 Compensation of Un-utilised Leave

The Commission is gravely concerned with accumulated unutilized leave by officers in Ministries and Departments. Permanent Secretaries and Heads of Departments are again reminded on the proper and effective administration of leave of their staff. They are to ensure that all officers utilize their annual leave when due. Officers responsible are encouraged to be pro-active and take all necessary steps to inform the Officers concerned of their leave positions so as to avoid the accumulation of leave.¹¹ Officers who are acting in higher positions, many of whom have been allowed to work continuously without any effort being made to release them for leave, should be released to take their leave.¹²

The PSC compensated for annual leave to two of its Officers who had un-utilized leave balances as at the date of their promotions. Refer to Table 2.10 below for details.

Table 2.10: Details of Unutilised Leave Compensated

Name	Cheque No.	Date	No. of Days Compensated	Amount Paid (\$)
Iva Tavai	079907	12/03/10	Annual Leave – 21 days Long Service Leave- 56 days	10,835.13
Peni Ratumaitavuki	079899	12/03/10	Annual Leave – 10 days Long Service Leave- 56 days	8,668.55
Total				19,503.68

The expenses incurred for leave compensation could have been avoided if Officers were released to utilize their annual leaves. As a result the Commission incurred additional expenditure due to the payment of leave compensation to these Officers.

Recommendation

The Commission should ensure that Officers are notified of their leave positions and appropriate steps are taken to ensure leaves are utilized by Officers when it falls due.

¹¹ PSC Circular 53/2009 of 03/11/09

¹² PSC Circular 48/2008 of 04/11/08

Commission's Comments

The leave compensation paid to Mrs.Iva Tavai and Mr.Peni Ratimaitavuki was approved by the PS-PSC on the recommendation submitted by Director Human Resources as clearly stated under general civil service terms and conditions, with the issue of Contract appointments Clauses 6 and 7 addresses leave entitlement.

2.15 Breaches of Outsourcing Policy

In line with the current reforms being pursued to bring about efficiency and productivity in delivery of public services and goods, the Government has decided to outsource certain aspects of its operations and implementation of capital projects. In identifying priority areas for outsourcing, Government has decided that those services and projects which can be completed on time, without cost overruns and with highest levels of efficiency will be out sourced to private contractors.¹³

The Co-ordinating Agency for outsourcing will be a Committee of Permanent Secretaries to be chaired by Permanent Secretary for Finance and comprising Permanent Secretaries for Public Service, Works and Labour as members. The Secretariat of the Committee would be provided by the Fiji Procurement Office and chair of the committee will report directly to the Minister for Finance.¹⁴

The Government Tender Board is constituted with authority to approve all procurement of goods, services and works valued at \$30,001 and more.¹⁵ The Board shall consider tenders, indents or orders for the supply of goods, services or works and may:¹⁶

- (i) Award tenders or approve indents; or
- (ii) Reject tenders and indents; or
- (iii) Ask for additional information from procuring agencies with regards to that particular procurement in order to make a decision.

The Commission outsourced various capital works to private companies during 2010. However, the processes of outsourcing capital works were neither scrutinized by the committee nor did it go through the tender process. The Commission have been requesting for the waiver of tenders to be called from the Minister of Finance for all the capital works undertaken in 2010. Refer to Table 2.11 below for details.

Table 2.11: Details of Outsourcing Costs in 2010

Quarters/Office	Name of Company	Amount (\$)	Total Amount (\$)
Quarters 42	China Railway No.5 Engineering Group Co. Ltd	186,436.08	186,436.08
Ro Lalabalavu House Renovations	Modern Investment Services	84,762.57	84,762.57
Centre for Training Development at Nasese	Modern Investment Services	249,664.00	249,664.00
Quarters 18	Crossroad Welders	59,980.75	59,980.75
Quarters 82	Pacific Home Construction	20,988.00	65,906.00
Quarters 249	Pacific Home Construction	19,118.00	
Quarters 234	Pacific Home Construction	25,800.00	

¹³ PSC Circular 23/2010 of 25/05/10

¹⁴ PSC Circular 23/2010 of 25/05/10 and Cabinet Decision CP(2010)13th Meeting of 06/07/10

¹⁵ Procurement Regulations 2010- 9(2)

¹⁶ Procurement Regulation 2010 – 11(1)

Quarters/Office	Name of Company	Amount (\$)	Total Amount (\$)
Quarters 91	Modern Investment Services	15,566.00	
Quarters 93	Modern Investment Services	18,346.00	
Quarters 95	Modern Investment Services	16,875.00	50,787.00
Quarters 104	Delaibau Builders	17,000.00	
Quarters 141	Delaibau Builders	35,000.00	52,000.00

The findings indicate negligence on the part of those responsible for the capital works to ensure that all outsourcing of capital works goes through committee and the Government Tender Board.

Failure to follow correct procedures on outsourcing may result in making uneconomical decision in selecting companies to undertake capital works.

Recommendation

The Commission should ensure that proper procedures are followed when outsourcing for Capital works in future.

Commission's Comments

Although the outsource policy was implemented in 2009, there was no corresponding budget provided to PSC to enable to implement this policy but the budget remained at PWD. We had sought the assistance of PWD on many times to release the funds to us to enable us to commence with the renovation works. Apparently the funds were finally released in the third quarter when SPS had to intervene and request PS for Finance to re direct the funds from PWD to PSC.

This was too late and there was not much time to implement the renovation works on quarters identified. This is why we had to resort to requesting for the ministerial powers for waiver of tender approval so that the works could commence as soon as possible. We are aware that it takes more than one week or more to get approval from MTB if the schedule for their meeting is missed and therefore had to wait for the next sitting time for the MTB which at times more than two weeks. Time was not on our side and have to resort to other options available under the Finance Act as quarters were to be renovated and occupied by people who were queuing up for quarters.

2.16 Recommendation by the Tender Board not Followed & Variation Paid

The existing established tender procedures as laid out in Finance Act and Financial Instructions pertaining to procurement of goods and services will be followed.¹⁷

The Government Tender Board is constituted with authority to approve all procurement of goods, services and works at \$30,001 and more. The Board shall consider tenders, indents or orders for the supply of goods, services or works and may-¹⁸

- i. award tenders or approve indents; or
- ii. reject tenders and indents; or
- iii. ask for additional information from procuring agencies to that particular procurement in order to make a decision.

Any variations to the value of the initial contract must be approved by the Board.¹⁹

¹⁷ PSC Circular 23/2010 of 25/05/10

¹⁸ Procurement Regulation 2010 - 9(2) & 11(1)

¹⁹ Procurement Regulations 2010 Section 11(2)

In 2009 the Major Tender Board approved the renovation works for several PSC Quarters to be awarded to the following companies in three packages. Refer to Table 2.12 below for details.

Table 2.12: Recommended Companies

Quarters No.	Package	Contract Awarded to	Amount (VIP) (\$)
11, 12, 13, 19	Package 1	Sharnik Construction Ltd	163,516.29
61, 68, 69, 87	Package 2	Templetec (Fiji) Ltd	225,500.00
103, 106, 151, 186	Package 3	Modern Investment Services	288,382.88

Modern Investment Services was able to complete the renovation works to all four quarters while Sharnik Construction Ltd and Templetec (Fiji) Ltd only managed to complete renovations to one quarters each in 2009.

The Commission requested the Minister of Finance for the waiver of the tender process and contracted the renovation works initially given to Sharnik Construction Ltd to Modern Investment Services to complete renovations to the remaining three quarters while Templetec (Fiji) Ltd was to continue with its initial contract for package 2. Refer to Table 2.13 below for details.

Table 2.13: Waiver of Tender

Quarters No.	Package	Contract Awarded to	Amount (\$)
11, 12, 13, 19, 61	Package 1	Modern Investment Services	185,190.88
68, 69, 87	Package 2	Templetec (Fiji) Ltd	225,500.00

The audit further noted that both companies, Modern Investment Services and Templetec (Fiji) Ltd incurred additional expenditures of \$69,871.34 and \$46,882.77 respectively which was paid in 2010. Refer to Table 2.14 below for details.

Table 2.14: Details of Variations

Quarters No.	Package	Name of Companies	Approved Amount (\$)	Variations (\$)	Total Amount (\$)
11	Package 1	Modern Investment Services	42,183.07	18,874.91	61,057.98
12			32,326.43	16,177.31	48,503.74
13			36,284.79	19,592.81	55,877.60
19			74,396.59	15,226.31	89,622.90
Total			185,190.88	69,871.34	255,062.22
61	Package 2	Templetec (Fiji) Ltd	47,300.00	39,140.33	86,440.33
68			71,500.00	-	71,500.00
69			59,400.00	5,492.54	64,892.54
87			47,300.00	2,249.90	49,549.90
Total			225,500.00	46,882.77	272,382.77
Grand Total			410,690.88	116,754.11	527,444.99

The total amount paid for package 2 was \$3,911 above the Engineers Estimate of \$268,471.

The above anomalies indicate that a proper assessment for renovations of the above quarters was not done by the Commission. This was evident through the variations in initial contract sum paid by the Commission.

Recommendations

- **The Commission should adhere to the policy, procedures and guidelines for outsourcing Capital works and also on the Procurement Regulations.**
- **The Commission should ensure that capital works are properly monitored to avoid cost variations.**

Commission's Comments

The package for the renovation of quarters was initiated by the PWD but we could not implement because there was no maintenance budget with us. The budget for the renovation of quarters was with PWD and yet they continued to seek funds from us. This had long delayed the implementation process and the devaluation of the Fiji dollar further compounded the issue when contractors had to revise and came up with variations in their initial quotations provided.

We had encountered some teething problems as the budget component on the maintenance of quarters were not clarified from the first instance. The role on the monitoring on the renovation works still rest with PWD as they have the technical knowhow. We are however continuing to review and assess the process and system in place with view to streamline it so that efficiency and productivity is met at all times.

I hope that the above will clarify the issues raised as to why it happens.

2.17 Unpresented Cheques Transferred to Revolving Fund Account

It has been noticed over the years the procurements are done till December as Requisition to Incur Expenditure (RIE) and Major Tender Board (MTB) approvals are obtained late in the year. This results in late purchases giving rise to very high unpresented cheques for the year. Therefore to avoid such situations Ministries and Departments are reminded that all MTB approvals for projects/purchases that are to be met from this year's budget should be obtained no later than 29th October 2010. The MTB approvals after this date will be confined to essential purchases, annual contracts and for those projects/purchases that will be paid out of next year's budget²⁰.

The Commission paid a total of \$389,491.05 to the various contractors for renovation of government quarters as at 31/12/10 and large number of cheques remained unpresented in Drawings account as at 31/12/10. The Commission transferred these unpresented cheques to Revolving Fund account in order to reduce the unpresented cheque amount in Drawings account as at 31/12/10. Refer to Table 2.15 below for details.

Table 2.15: Details of Payment

Cheque No.	Date	Payee	Amount (\$)
22962	30/12/10	China Railway Engineering Co. Ltd	93,218.04
22963	30/12/10	China Railway Engineering Co. Ltd	46,609.02
22975	30/12/10	Modern Investment Services	249,663.99

The significant unpresented cheque balances towards the end of the year indicates that large amount was spent towards the end of year to utilise the savings. Such spending practices may result in uneconomical purchases or improper procurement procedures.

²⁰ Finance Circular 13/2010 of 15/10/10

Recommendations

- **The Commission should plan their purchases well in order to avoid the large purchases and payment towards the end of the year.**
- **The amounts transferred to Revolving Fund account should be adjusted to correct account.**

Commission's Comments

This was the directive given by the Ministry of Finance that all contractors approved by the MTB to renovate any Government Quarters in 2010 but will not complete within that period and continue until 2011 is to transferred all payment to SLG84 or RFA account, with all necessary document of contract to be given to MOF, once the company complete with their renovation than Ministries will process payment accordingly without affecting the 2011 Budget, it's not a way to avoid un-presented cheque list in the drawings accounts but it was a strategies formulated to avoid using budget in our current year(2011).

2.18 Special Expenditure Vote Used for Capital Purchase

The Senior Accounts Officer or Director Corporate Services must not certify a payment as correct unless they are satisfied that²¹:

- Sufficient uncommitted funds are available for payment of the account;
- The expenditure account it is charged to is correct.

The Commission was provided \$300,000 in its 2010 budget under Special Expenditure allocation for the review of the Civil Service Human Resource Structure. The funds were under requisition.

The Commission utilised a total of \$101,309.02 from Special Expenditure allocation to meet expenses for renovation of quarters and purchase of marquee. Refer to Table 2.16 below for details of payments.

Table 2.16: Payments made form Special Expenditure Allocation

Cheque No	Date	Paid To	Particulars	Amount (\$)
022942	29/12/10	Aldex Trading	Fit outs at Level 2 Ro Lalabalavu House	24,100.00
022968	30/12/10	Plumbing & Property Services	Renovations of Quarters 60	24,000.00
022957	30/12/10	China Railway Engineering	1 st payment 25% on the execution of the agreement for renovation of quarters 43	46,609.02
022583	06/12/10	All Tents & Marine Upholsteries	Purchase of Marquee	6,600
Total				101,309.02

The finding shows that funds were used for purposes other than what it was initially approved for in the budget. This may result in insufficient funds available for Civil Service Human Resource Structure.

Recommendations

- **The Commission must ensure that funds are used for the purpose it is approved in the budget.**
- **Ministry of Finance approval should be obtained for use of funds for other purposes.**

²¹ PSC Finance Manual – Section 2.8.3 (iii) &(v)

Commission's Comments

Comments noted but according to our records and information in the GL System, We have used the correct allocation accordingly and all necessary documents are with us. But PSC will try to follow all requirements in future.

2.19 Book Allowance for Overseas Scholarship Students

The overseas Scholarship was re-introduced in 2010 to satisfactorily meet the demands of the labour market and awards were given to students to study in Australia, New Zealand and Malaysia. A total of \$3m was allocated to cater for this award.

The Scholarship would cover return airfare, accommodation, allowances, tuition fees, insurance and other fees relating to travel (visa, medical, police clearance). The breakdowns of these entitlements are shown in Table 2.17 below for Australia, New Zealand and Malaysia.²²

Table 2.17: Breakdown for Allowances as per Cabinet Decision

Entitlement	Cost per student/year Australia (\$)	Cost per student/year New Zealand (\$)	Cost per student/year Malaysia (\$)
Annual Living Allowance	AUD18,742	NZD 14,981	USD 7,607
Annual Establishment Allowance	AUD 2,246	NZD 2,246	USD 1,123
Annual Tuition fees	AUD 18,000	NZD 20,000	USD 3,000
Annual Insurance	AUD 380	NZD 469	Included in Tuition fees
Medical	FJD 255	FJD 255	FJD 255
Police Clearance	FJD 23	FJD 23	FJD 23
Visa	FJD 559	FJD 210	Billed by University
Airfare (Return)	FJD 1,258	FJD 1,778	FJD 2,736

The Commission also paid book allowance to students on overseas scholarship even though there was no provision for such allowance in Appendix II of the Cabinet Memorandum CP(09)143 dated of 21/8/2009. A total of \$48,750 was paid as book allowance in 2010 to students on overseas scholarships. Refer to **Appendix 2.2** for details.

The finding indicates that students on overseas scholarships were incorrectly paid book allowance which resulted in overpayment of allowances.

Recommendations

- **The Commission must strictly adhere to Cabinet decision CP(09) on the payment of allowances to students on overseas scholarships.**
- **The Commission should obtain Cabinet approval to pay book allowance.**

Commission's Comments

Comment noted. .

²² CP(09)143 – Section 5.3 dated 21st August 2009

2.20 Scholarship Award Discrepancies (Overseas)

The Fiji Government overseas scholarship awards commenced from 2010 tenable in Australia and New Zealand.

The amount of bond shall be estimated before the trainee leaves for training and his total liability should be inserted in the bond as the head-sum.²³

The following criteria are used to select the students for the award:

Undergraduate Eligibility Criteria:

- Must have an FSLC minimum aggregate mark of 300 out of 400 which includes English and three other subjects.
- Should not hold an undergraduate or postgraduate degree.
- Should be at least 18 years of age by 1 January 2010.
- Mature applicants should have at least 5 years work experience with relevant tertiary studies or work related training.
- Applications from Civil Servants MUST be endorsed by their Permanent Secretaries.
- Applications from employees in the private sector MUST be submitted with a recommendation from the CEO of the organization.

Postgraduate Eligibility Criteria:

- Should have at least 5 years relevant work experience.
- Should hold a first degree grade point average score (GPA) of 2.5.
- Should be not more than 45 years.
- Applications from Civil Servants MUST be endorsed by their Permanent Secretaries.
- Applications from employees in the private sector MUST be submitted with a letter of recommendation from the CEO of the organization.

Audit noted numerous discrepancies in the awarding of overseas scholarship for 2010 as follows:

Table 2.18: Anomalies in Overseas Scholarship Awarded – 2010

Name of Student	University	Programme	Anomalies Noted
Netani Kawea Kuruyabaki	University of South Queensland	Bachelor of Engineering	<ul style="list-style-type: none"> • The application was not endorsed by the Permanent Secretary. • There was no stamp on the application to verify if application was received before the closing date. (30/10/09) • Bond form was incomplete (No Bond Sum specified and the number of years of service)
Joel Israel	University of South Australia	Bachelor of Architectural Studies	<ul style="list-style-type: none"> • Architectural studies was not an approved area of studies by the Cabinet as per CP(09)143
Sarah J. Tawake	Queensland University	Graduate Diploma in Natural Resources	<ul style="list-style-type: none"> • The application was not endorsed by the Permanent Secretary. • Bond form is incomplete (No Bond Sum specified and the number of years of service) •

²³ General Orders 1993 – Section 901 (c) (iv)

Name of Student	University	Programme	Anomalies Noted
Orisi Verebalavu Baleikasavu	Macquarie University	Masters in International Environment Law	<ul style="list-style-type: none"> GPA of officer was 2.39 which is less than the required GPA of 2.5. Programme of study was not approved by Cabinet as per CP(09)143 The application was not endorsed by the Permanent Secretary (Just a letter from Acting Director) Bond form was incomplete (No Bond Sum specified and the number of years of service) Officer had less than 5 years of work experience (3 years as legal officer at Dept of Environment)
Raymond Mohammed	Curtin University of Technology	Bachelor on Mining Engineering	<ul style="list-style-type: none"> Officer had less than 5 years work experience (2 years as Mines Engineer at Mineral Resources). The application was not endorsed by the Permanent Secretary.
Lusiana Boseiwaqa	University of Western Australia	Post Graduate Certificate in Pathology	<ul style="list-style-type: none"> The application was not endorsed by the Permanent Secretary. Bond form was incomplete (No Bond Sum specified and the number of years of service).
Rajeli N Kaoilala	University of Western Australia	Education Assessment & Evaluation and Measurement	<ul style="list-style-type: none"> The application was not endorsed by the Permanent Secretary. Bond form was incomplete (No Bond Sum specified and the number of years of service). Programme of study was not approved by Cabinet as per CP (09)143.
Zafar M Rahman	Griffith University	Bachelors in Engineering	<ul style="list-style-type: none"> Bond form was incomplete (No Bond Sum specified and the number of years of service).
Vikash Nand	Unitec New Zealand	Masters in Computing	<ul style="list-style-type: none"> Bond form was incomplete (No Bond Sum specified and the number of years of service). The application was endorsed by the Permanent Secretary.
Napolioni Bale Vanualala	Canterbury University	Bachelor in Engineering	<ul style="list-style-type: none"> No Application form in file. The original bond form was not in file – only a photocopy was sighted. Bond form was incomplete (No Bond Sum specified and the number of years of service).
Suruj Prasad	Massey University	Post Graduate in International Relation	<ul style="list-style-type: none"> The application was not endorsed by the PS.

In addition, the costing sheet which shows the total amount spent on each student was not updated in the student files. The finding shows that overseas scholarships were not properly awarded. This may result in other deserving students missing out on scholarship opportunities.

The Commission would not be able to determine the total amount spent on each scholarship awarded as costing sheets in the student files were not correctly recorded and/or updated.

Recommendations

- **The Commission must ensure that the scholarship criteria are fully met by the applicants before the scholarships are awarded.**
- **The Commission must ensure that Costing Sheets are updated for every student and properly maintained in their files.**

Commission's Comments

- * *Comment is noted and the Scholarship Unit will strengthen the selection process of new awardees.*
- * *Comment is noted and the financial record of students will be updated into their files.*

2.21 Record Keeping at Scholarship Recoveries Unit

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 of any sum which might become due to Government.²⁴

The following anomalies in the scholarship recovery section were noted:

- The Commission's total arrears of revenue in the FMIS System were understated by \$819,393.15 as at 31/12/10 compared to revenue records maintained. The finding indicates that revenue collected by the Commission was not posted to FMIS general ledger in a timely manner. Refer to Table 2.19 below for details.

Table 2.19: Understatement of Revenue in FMIS

Particulars	Amount (\$)
Total Invoice Amounts as per FMIS	18,332,304.44
Less: Total Outstanding Amount as per FMIS as at 31/12/10	11,145,010.97
Total Amount Received as per FMIS	7,187,293.47
Total Amount Received as per records from the Commission	8,006,686.62
Understatement of Revenue in FMIS	819,393.15

- The Commission had total of \$11,145,010.97 as at 31/12/10 outstanding from the students who were on scholarship and have completed their studies. However the Commission was unable to provide how much was owed for each year and under which scheme or institute as these breakdowns for the total amount outstanding were not maintained.

In absence of breakdowns for the total amount outstanding on yearly, scheme or institution wise the Commission may not be able to determine the aging of the amount outstanding under respective schemes or institutions.

Recommendations

- **The Commission should recover the amount from the guarantor's if students fail to pay their scholarship costs.**
- **The Commission may consider printing the names of the defaulting students in the daily newspapers.**
- **The Commission may consider listing the names of the defaulting students in the Data Bureau.**
- **The Commission may consider giving the names of the defaulting students to Immigration Department to stop these students from migrating to other countries.**

²⁴ General Orders 901(iii)

Commission's Comments

The Commission will identify strategies to strengthen the record keeping and monitoring of loan repayment from defaulters. An agreement has been signed with the Data Bureau. Names of defaulters as well as details of their guarantors have been forwarded to the Immigration Department and a media release given by the Commission.

Appendix 2.1: Trust Account for 2010 - Chinese Grant

	2010 (\$)	2009 (\$)
RECEIPTS		
Interest	605	3,851
Other Receipts	209,619	14,472
Total Receipts	210,224	18,323
PAYMENTS		
Assistance to Health Centres	24,488	50,000
Assistance to Schools	745,886	148,324
Clearance of Charges	18,644	0
Community Better Utilization of Lands Project	-	40,244
Installation – PM Office	116,347	36,398
Others	2,377	1,431
Payment to Contractors	127,470	0
Plant and Equipment	-	26,867
Renovation and Construction of Schools and Villages	-	457,736
Road Upgrading Projects	-	792,528
Rural Electrification	-	52,356
Task Force Consultation	24,445	0
Tax Clearance	165,916	0
Upgrading of Shipping Services	17,773	0
Water Supply - Rural Areas	29,900	11,849
Withholding Tax	-	111,081
Total Payments	1,273,246	1,728,814
Balance as at 1 January 2010	1,020,459	2,730,950
Closing Balance as at 31 December 2010	(42,563)	1,020,459

Appendix 2.2: Books Allowances Paid in 2010

No.	Application No.	Name	Surname	Book Allowance (Semester I) (\$)	Book Allowance (Semester II) (\$)
1	Y2K10/ 001	Joel	Israel	0	1,250.00
2	Y2K10/ 002	Voniani	Smith	0	1,250.00
3	Y2K10/ 003	Vikash	Nand	0	1,250.00
4	Y2K10/004	Sokoveti	Ravouvou Korodrau	0	1,250.00
5	Y2K10/005	Kelepi	Koroi Tuiloma	0	1,250.00
6	Y2K10/006	Merewalesi	Vakarewa Vueti	0	0
8	Y2K10/008	Apenisa	Talemaikadavu Sailo	0	1,250.00
9	Y2K10/009	Raijeli	Kacilala	0	1,250.00
10	Y2K10/010	Sarah	Joseph Tawaka	0	1,250.00
11	Y2K10/011	Paula	Vunisa Koli	0	1,250.00
13	Y2K10/013	Orisi	Verebalavu Baleikasavu	0	1,250.00
14	Y2K10/014	Marau	Vuli	0	1,250.00
15	Y2K10/015	Mikaele	Belena	0	1,250.00
16	Y2K10/016	Gade	Lesikigeleni Maitokana	0	1,250.00
17	Y2K10/017	Raymond	Mohammed	0	1,250.00
18	Y2K10/018	Mohammed	Saiyaz	0	1,250.00
19	Y2K10/019	Krishal Narayan	Mishra	0	1,250.00
20	Y2K10/020	Vivit Nehal	Deo	0	1,250.00
21	Y2K10/021	Shavneel	Sachindra Deo	0	1,250.00
22	Y2K10/022	Shrish	Naresh	0	1,250.00
23	Y2K10/023	Suruj	Prasad	0	1,250.00
24	Y2K10/024	Adi Sokula Kadavaki	Vuatalevu	0	1,250.00
25	Y2K10/025	Agnes	Talei	0	1,250.00
26	Y2K10/026	Rosemary Lea	Maharaj	0	1,250.00
27	Y2K10/027	Christine	Prasad	0	1,250.00
28	Y2K10/028	Amitesh	Kumar	0	1,250.00
29	Y2K10/029	Nirvana	Karan	0	1,250.00
30	Y2K10/030	Netani K	Kuruyabaki	1,250.00	0
31	Y2K10/031	Zafar Mustafa	Rahman	1,250.00	1,250.00
32	Y2K10/032	Lusiana	Boseiwaqa	1,250.00	1,250.00
33	Y2K10/033	Ilai R	Waqa	1,250.00	1,250.00
34	Y2K10/034	Napolioni	Baleivanualala	1,250.00	1,250.00
35	Y2K10/035	Jainesh D	Prasad	1,250.00	1,250.00
36	Y2K10/036	Uraia R	Cokanauto	1,250.00	0
37	Y2K10/037	Seci	Waqabaca	0	1,250.00
38	Y2K10/038	Sumit K	Ratnam	1,250.00	0
Total				8,750.00	40,000.00

Section 3 **Office of the Attorney General and the Solicitor General**

Programme Statement

The Attorney General is the Chief Advisor to the Government. He is assisted by the Solicitor General, who is also the Permanent Secretary of the Attorney General Chambers.

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

Table of Contents

PART A: FINANCIAL STATEMENT	1
3.1 Audit Opinion.....	1
3.2 Statement of Receipts and Expenditures	1
3.3 Appropriation Statement	2
PART B: AUDIT FINDINGS	3
3.4 Long Outstanding Items - Revolving Fund Account (RFA)	3
3.5 Trust monies kept under Revolving Fund Account (RFA).....	4
3.6 Expenditures Reflected Under Established Staff	5
3.7 Non Clearance of Trust Fund Balances	6
3.8 FPNF Reconciliation	6
3.9 Loss of Revenue	7
3.10 Transfer of Vehicles	8
3.11 Review of Copyright Act.....	9

PART A: FINANCIAL STATEMENT

3.1 Audit Opinion

The audit of the 2010 accounts of the Office of the Attorney General and the Solicitor General resulted in the issue of an unqualified audit report.

3.2 Statement of Receipts and Expenditures

The the Office of the Attorney General and the Solicitor General collected a revenue of \$356,264 and incurred a total expenditure of \$4,318,967 in 2010. Refer Table 3.1 for detail:

Table 3.1: Statement of Receipts and Expenditures For 2010

Description	2010 (\$)	2009 (\$)
RECEIPTS		
State Revenue		
Hotel License	170,080	128,079
Liquor License	0	1,333
Miscellaneous Fees	3,945	9,916
Other Revenue	169,858	12,458
Total State Revenue	343,883	151,786
Agency Revenue		
Miscellaneous	12,381	55,010
TOTAL REVENUE	356,264	206,796
EXPENDITURE		
Operating		
Established Staff	2,121,167	1,872,001
Unestablished Staff	133,824	129,812
Travel & Communication	105,468	108,016
Maintenance & Operations	174,253	165,678
Purchase of Goods & Services	368,039	1,374,200
Operating Grants & Transfers	602,424	601,353
Special Expenditure	637,486	910,570
Total Operating Expenditures	4,142,661	5,161,630
Capital Expenditure		
Capital Construction	0	0
Capital Purchases	0	0
Total Capital Expenditure	0	0
Value Added Tax	176,306	318,779
TOTAL EXPENDITURES	4,318,967	5,480,409

The total revenue increased by \$149,468 or 72% due to the increase in revenue received from hotel and gaming license.

The total expenditure decreased by \$1,161,442 or 21% in 2010 compared to 2009 due to a one-off allocation issued in 2009 for the set up of the Independent Legal Services Commission. This was not allocated in 2010.

3.3 Appropriation Statement

The Office of the Attorney General and Solicitor General incurred expenditures totalling \$4,318,967 in 2010 against the sum of \$5,225,201 resulting in a savings of \$936,234 or 18%.

Details of expenditures against the budget estimates are provided in Table 3.2.

Table 3.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,229,800	38,000	2,267,800	2,121,167	0	146,633
2	Unestablished Staff	101,500	42,600	144,100	133,824	0	10,276
3	Travel & Communication	107,600	0	107,600	105,468	0	2,132
4	Maintenance & Operations	176,500	18,000	194,500	174,253	0	20,247
5	Purchase of Goods & Services	1,362,700	(578,349)	784,351	368,039	0	416,312
6	Operating Grants & Transfers	605,400	0	605,400	602,424	0	2,976
7	Special Expenditure	1,208,000	(413,350)	794,650	637,486	0	157,164
	Total Operating Costs	5,791,500	(893,099)	4,898,401	4,142,661	0	755,740
13	Value Added Tax	356,800	0	356,800	176,306	0	180,494
	TOTAL EXPENDITURE	6,148,300	(893,099)	5,255,201	4,318,967	0	936,234

In 2010, Cabinet approved the re-deployment of \$893,099 from Office of the Attorney General and Solicitor General's budget to other Ministries or Departments.

PART B: AUDIT FINDINGS

3.4 Long Outstanding Items - Revolving Fund Account (RFA)

The Principal Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.¹

Our audit noted that the RFA reconciliation for the month of December contained items that had remained uncleared for a long period of time. Refer to the Table 3.3 below for examples.

Table 3.3: Long Outstanding Item's In RFA

Name of Officers	Date	Amount (\$)
Isireli Fa	26/05/89	149.18
Miscellaneous	31/11/08	(9,970.70)
Singh & Fatiaki	06/02/98	444.04
Short Lodgement	03/02/94	54.00
Vuetaki Qoro	02/12/05	160.00

Recommendation

Appropriate action should be taken to clear all long outstanding items reflected under RFA.

Office's Comments

The Office acknowledges that the highlighted accounts are dishonored cheques which have not been cleared by the payees. Where possible, the Office has written letters to the companies and individuals concerned to clear

¹ Office of the Attorney General Finance Manual 2005 – Section 18.1.3 – Accounting Records

these accounts failing that, the Office will apply for a write-off with the Ministry of Finance. Records for the year 1989 and 1995 are no longer available thus these items will be included in the write-off list.

The item 'Miscellaneous' that has been included in the list is in fact a Trust Account and the Audit had made a mistake in listing it under the Revolving Fund Account.

Further OAG Comments:

The long outstanding items referred in Table 3.3 above are extracted from the Office's Revolving Fund reconciliations.

3.5 Trust monies kept under Revolving Fund Account (RFA)

Each month, the Trust Account shall be balanced and reconciled with the Trust bank accounts. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.²

Review of the underline account records revealed that the Office was recording Main Trust Fund Account balances in Revolving Fund Account (1-03101-03101-849901). The account has a balance of \$274,883.03 as at 31/12/10. These were monies received for court cases that are awaiting litigation. Refer to the Table 3.4 for examples.

Table 3.4: Main Trust Fund Account Balances Recorded Under Revolving Fund Account

Date	Details	Amount (\$)
31/11/08	Miscellaneous	9,970.70
31/12/08	AG's Chamber	102,266.85
31/12/08	AG's Chamber	8,609.84
31/12/08	AG's Chamber	68,088.19
31/12/08	AG's Chamber	53,500.45
31/12/08	AG's Chamber	300.00
03/10/09	AG's Chamber	3,000.00
03/11/09	AG's Chamber	4,400.00
03/11/09	AG's Chamber	7,082.41
03/12/09	AG's Chamber	500.00
31/07/09	Adjustment of Revenue	5,570.22
28/02/10	Adjustment of Revenue	161.50
01/06/10	Adjustment of Revenue	23,566.90
23/07/10	Adjustment of Revenue	6,000.00
02/08/10	Adjustment of Revenue	50,000.00
21/07/10	UE Wages	14.72
03/11/10	Adjustment of Revenue	130,165.59

Recommendation

All Main Trust Fund Account balances that are recorded in the Revolving Fund Account should be adjusted to Main Trust Fund Account.

Office's Comments

The recommendation of the Audit team is noted. However, when the GL report is received at the end of each month, this account no. (1-03101-03101-849901) is usually grouped with the RFA by FMIS. This is why this

² Finance Instruction 2010 – Section 58 (3)

particular account has been included with the RFA accounts when the reconciliations are done at the end of the month so as the balance of the reconciliation ties up with the GL balances.

The large balance recorded in this account relates to cases that are ongoing in the Court system. Payment is only done once all issues have been settled. Although the court may have at times awarded damages in favour of outside parties, the holdup in payment of settlement amounts occurs when appeals are filed.

This issue has been answered in detail in the Audit report of the Accounts of the Office of the Attorney General already submitted to the Auditor General.

3.6 Expenditures Reflected Under Established Staff

The Principal Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents³

Review of the FMIS records revealed that some of the expenditures recorded in SEG 1 (Personal Emolument) does not relate to Attorney General's (AG) Office.

In 2009 Public Enterprise was under AG's Office and funds were provided from Program 2. It appears that part of 2010 personal emoluments expenses were recorded under AG's Office in programme 2 by Public Enterprise. However, the Principle Accounts Officer cannot confirm this therefore no adjustments could be made. Refer to Table 3.5 below for details.

Table 3.5: Expenses that Does not relate to Attorney General's Office

Allocation	Description	Amount (\$)
10320103201010101	PE-Salaries	9,091.92
10320103202010101	PE-Salaries	6,671.72
10320103203010101	PE-Salaries	1,784.54
10320103204010101	PE-Salaries	2,566.66
10320103201010303	Allowance-Acting	532.14
10320103202010303	Allowance-Acting	635.84
10320103203010303	Allowance-Acting	552.86
Total		21,835.68

As a result the overall expenditure for Attorney General's Office was overstated by \$21,835.68.

Recommendations

- **The Office should ensure that all account balances are verified and corrected before the closing of the account.**
- **The internal control procedures in the Accounts Section, particularly supervisory checks should be strengthened to avoid such discrepancies.**

Office's Comments

As noted by the audit team, verification of all account balances should be done, however, given the short time available from the closing of accounts to the date on which the Financial Statement is due with the Audit Department, there are bound to be some errors. The audit team had the opportunity to address this error by the raising of a journal to correct it by the department concerned. These figures did not appear at all in the monthly reports of the Office of the Attorney General's general ledger.

³ Office of the Attorney General Finance Manual 2005 – Section 18.1.3 – Accounting Records

This issue has been verified with the FMIS team and they have confirmed that the error occurred through posting done by the Salaries section of the Ministry of Finance. The charges in fact relates to the Public Enterprise department. Director FMIS has advised that either one of the two departments i.e Salaries Section of the Ministry of Finance or the Accounts Section of the Public Enterprise Department to raise the journal to regularize this error.

In terms of checks and control procedures, the Office of the Attorney General runs the Commitment and Expenditure reports (COMPST Reports) each month from which the internal report is prepared and circulated to all senior managers.

3.7 Non Clearance of Trust Fund Balances

Each month, the Trust Account shall be balanced and reconciled with the Trust bank accounts. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.⁴

The Operating Trust Fund Account had a balance of \$396,438 as at 31/12/10. Our audit noted that a significant portion or \$310,753 had been brought forward from previous years which have remained uncleared.

Recommendation

The Office should take appropriate actions to clear all long outstanding items reflected under Operating Trust Fund account.

Office's Comments

The Office of the Attorney General does not operate a separate bank account for Trust because it does not operate a true trust account. As mentioned in our previous answer, the Principal Accountant is conducting a thorough reconciliation of all the trust accounts to ascertain where non payments of trust monies occurred and to regularize these payments thus clear all outstanding.

3.8 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 Office to the Fund, the 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 \$27,796.13 between the total employer's contributions paid by the Office and FNPF contributions figures. Refer to Table 3.6 for details.

Table 3.6: Variance in FNPF Calculation – 2010

FNPF Contribution Paid by Office for 2010 (Employer contribution only)		Amount (\$)
SEG 1	FNPF contributions paid – Established Staff	134,174.14
SEG 2	FNPF contributions paid – Government Wage Earners	9,810.16
		143,984.3

⁴ Finance Instruction 2010 – Section 58 (3)

FNPF Contribution Paid by Office for 2010 (Employer contribution only)		Amount (\$)
	Add: December 2010 FNPF Contributions	10,458.24
		154,442.54
	Less: December 2009 FNPF Contributions	13,359.76
	Total Employers Contributions paid by the Department	141,082.78
Audit Calculation of FNPF for 2010 (Employer contribution only)		
SEG 1&2	Salaries & Wages as per FMIS	2,110,986.41
	FNPF Contribution (2,110,986.41x 0.08)	168,878.91
	Difference	(27,796.13)

There were no reconciliations carried out by the Office for FNPF. Accordingly, a variance of \$27,796.13 was noted.

Recommendation

The Office should reconcile FNPF contributions paid with general ledger and any variance arising should be promptly investigated and adjusted.

Office's Comments

This issue has been raised previously and again, all Accounts Sections of government departments and ministries adhere to standing procedures and processes. Reconciliation of the FNPF is done according to the standard template issued by the Ministry of Finance. Any deviation from this will require the endorsement of the Ministry of Finance.

3.9 Loss of Revenue

The fees charged per film for approval by the Censor of films for Hindustani, Chinese and other films (with New Zealand certificate submitted) is \$11.25. Other films with 16mm and 35mm are charged \$22.50 per film.⁵ Two non-government representatives censor the film for which they are paid a sitting allowance of \$15.00 each. However, as of 1/3/10, the Higher Salaries Commission has revised the allowance to \$20.00.⁶

Review of the revenue collected from film censorship revealed that fees charged for censoring films was far less than the sitting allowances paid to non government representatives. Refer to Table 3.7 for details.

Table 3.7: Revenue versus Cost per Film Censorship

Films	Censorship members	Revenue generated per movie (\$)	Allowance paid per movie (\$)	Losses incurred per movie (\$)
Other films	2 members @ \$20.00 each.	22.50	40.00	17.50
Hindi & Chinese and Other Films (with N.Z. certificate submitted)	2 members @ \$20.00 each.	11.25	40.00	28.75

Hence the censorship fees collected was not sufficient to cover the total expenses incurred for censoring a film.

⁵ Cinematographic Films Act, 271 – (Section 22)

⁶ Adopted from letter dated 24/02/10 from Higher Salaries Commission, their reference: C29/211/203-1

For the past 6 years the total revenue collected from film censorship was \$29,058.25 compared to total expenses of \$40,360.00 resulting in cumulative losses of \$11,301.75. Refer to Table 3.8 below for details.

Table 3.8: Revenue versus Cost – Film Censorship

Year	2005	2006	2007	2008	2009	2010	Total
Number of Films	224	221	201	206	212	226	1,290
Revenue (\$)	5,265.00	5,321.25	4,511.25	4,657.50	4,859.50	4,443.75	29,058.25
Total Cost (\$)	6,720.00	6,630.00	6,030.00	6,180.00	6,360.00	8,440.00	40,360.00
Loss (\$)	(1,455.00)	(1,308.75)	(1,518.75)	(1,522.50)	(1,500.50)	(3,996.25)	11,301.75

In 2010, the loss was more than double as compared to the previous years. This was mainly due to increase in sitting allowances for film censorship without any increase in film censorship fees.

The finding indicates that government is providing a non essential service at a loss.

Recommendation

The Attorney General's Office should reconsider revising censorship fees to at least cover the expenses incurred in censoring a film.

Office's Comments

Cinematographic Films Act, 271. A submission on the review of the film fee was submitted in 2007 to Ministry of Finance and 2009 to Cabinet.

3.10 Transfer of Vehicles

Before an asset is transferred, the Accounts Officer must ensure that there is a written agreement for transfer with the other agency.⁷

In 2006, one of the vehicles, GM997 registered under Attorney General's Office was given to Fiji Military Forces. Until the date of audit⁸, the vehicle has not been returned. The audit noted that there was no written agreement for transfer of the vehicle GM 997 to the RFMF.

In absence of transfer agreement, the vehicle still belongs to the Attorney General's Office which would be accountable for misuse or held liable for any liability arising from its improper use.

Recommendation

The transfer of the vehicle should be regularized by a written agreement between the two agencies.

⁷ Office Finance Manual 2005 – Section 11.5.11

⁸ Date of Audit – 10/03/11

Office's Comment

The vehicle was taken by the RFMF in 2006; since then it has not been returned. The only Memo received from Ministry of Finance as the Central Agency has shown the vehicle to be parked at Government Supplies and being transferred after boarding.

3.11 Review of Copyright Act

The proper management of expenditure is fundamental to ensuring value-for-money in delivering services to the community. As well, having cost effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.⁹

The Office was allocated \$100,000 specifically for the Review of the Copyright Act in its 2010 budget. A total sum of \$72,398.34 was utilized from this vote as at 31/12/10.

Review of the expenditure records noted that \$47,903.77 or 66% of the total expenses paid from the Review of Copy Right allocation were not related to review of Copy Right Act. All these expenses were paid in December 2010. Refer to Table 3.9 for examples.

Table 3.9: Expenditures paid from the Review of Copyright Act Allocation

Date	Cheque No.	Particulars	Amount (VEP) (\$)
16/12/10	19649	Payment for FEA charges for Suva Office for the month of November 2010 – FEA.	6,919.71
22/12/10	19696	Payment for shelving at Level 4 & the reassemble of work station on 11/11/10 – Interioz (Fiji) Ltd.	17,600.00
22/12/10	19699	Payment for purchase of Optiplex 980SF BASE – Office Products.	6,920.00
22/12/10	19702	Payment for telephone lines for the transfer of telephone lines & cabling for level 4 for the month of November 2010 – Telecom Fiji.	3,059.62
31/12/10	19759	Payment for Shelving at Level 4 Registry – R Prasad's Upholstery Work.	1,893.33
31/12/10	19764	Being payment for purchase of CCTV for level 4 Office – Office Products.	11,191.11
31/12/10	19764	Additional fee for the Security System.	320.00
Total			47,903.77

In addition, no approval was obtained from Ministry of Finance before diverting the funds to be used for purposes other than that approved in the budget.

Recommendations

- **The Attorney General's Office must ensure that funds are used for the purpose it has been approved for in the budget.**
- **The Attorney General's Office must ensure that any diversion of funds should be approved by Ministry of Finance.**

Office's Comments

Given Copyright is a new law and its effect, the review would be carried out as soon as feedback is received from the public or the stakeholders concerned. The Copyright Act does not give policing powers to this office, thus this issue may be considered for review. There is also an establishment of the new office being setup for the

⁹ Office of the Attorney General – Finance Manual 2005 – Part 2: Expenditure – Introduction Paragraph

Intellectual Property which will be known as the Fiji Intellectual Property Office. Cabinet has given its approval for the establishment of this office which would include Copyright, Trade Marks and Patents and the Traditional Knowledge and Culture from the Ministry of iTaukei Affairs.

The Review of Copyright Act was given a budgetary allocation of \$100,000 for the year 2010. However no review could be undertaken and the new office has an office space being allocated for its setup for which funds would be utilized.

With the transfer of the Native Lands Commission to other premises, Level 4 of the Suvavou House building became vacant thus the decision to relocate the Drafting and Law Reform units who were previously located on Level 6 to Level 4. This meant some major renovation on Level 4 to accommodate the new tenants. Level 6 would then be mainly comprised of the Legal Library and Boards and Committees thus necessitating the expansion of the shelving for both the Library and the Registry. The Office requested PSC for funding to facilitate these changes but was told by PSC to fund from within the existing budget. The Office identified funds available in the Review of Copyright Act to be used to accommodate these changes. As this was happening towards the end of the year, and in consideration of the time factor, virements were not sought as required. The Office now undertakes that this will not re-occur in future.

In conclusion, the Review of Copyright Act is being aggressively pursued in 2011 with the soon engagement of an expert expatriate to head the unit, and the merging of the Intellectual Property Unit of the iTaukei Ministry with the Copyright Act team of AG's Office. This new unit which will come under the SG's Office will be located at Level 3 of Suvavou House.

Section 4

Ministry of Finance

Role and Responsibilities

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

Table of Contents

PART A: FINANCIAL STATEMENT	2
4.1 Audit Opinion.....	2
4.1.1 Trading and Manufacturing Account (TMA).....	3
4.1.2 Expenditure	3
4.1.3 Revenue	3
4.1.4 Expenditure	3
4.1.5 Trading and Manufacturing Account (TMA).....	3
4.2 Head 4 - Statement of Receipts and Expenditure.....	4
4.3 Unallocable Receipts and Expenditure	5
4.4 Appropriation Statement	6
4.5 Statement of Losses	7
4.6 Manufacturing Account – Trading & Manufacturing Activity.....	7
4.7 Trading Account – Trading & Manufacturing Activity	7
4.8 Profit & Loss Statement – Trading & Manufacturing Activity.....	8
4.9 Balance Sheet – Trading & Manufacturing Activity.....	8
4.10 Trust Account Statement of Receipts and Payments.....	8
PART B: AUDIT FINDINGS AND RECOMMENDATIONS.....	9
MINISTRY OF FINANCE.....	9
4.11 Budget Allocation For 2010.....	9
4.12 Virement Accepted After Closing Date.....	9
4.13 Understating Payroll Expenditure - SEG 1 Expenditure Votes	10
4.14 Disbursement of Funds from Head 50 (Miscellaneous Expenditure) without Supporting Documents.....	11
4.15 Absence of Agreement between Government and Entity with fulfilment of Government Guarantee.....	12
4.16 Revenue Collection from Land Transport Authority	13
4.17 RFA-Miscellaneous – SAG 56 and 57	14
4.18 Arrears of Revenue	15
4.19 Release of Grant to Statutory Bodies.....	16
4.20 Weak Monitoring for Small Grants Scheme	17
4.21 Payment to Project Managers without Contract.....	21
4.22 Grant Payments without Audited Accounts	22
4.23 Discrepancies in Pensions Records.....	23
4.24 Non Submission of Life Certificates	24
4.25 Unresolved Audit Issues	25
FIJI PROCUREMENT OFFICE	26
4.26 Budget Allocation For 2010.....	26
4.27 Large Balances in the RFA-Miscellaneous	27

4.28 RFA – Advances, Dishonoured Cheque, Stock Adjustment & Surcharges	28
4.29 True Trust Fund Account	29
4.30 Arrears of revenue	30
TRADING AND MANUFACTURING ACCOUNT	31
4.31 Net Profit Ratio	31
4.32 TMA Cash Ceiling	32
4.33 Unsubstantiated Equity Balances	32
GOVERNMENT PRINTING & STATIONERY DEPARTMENT	33
4.34 Budget Allocation For 2010	33
4.35 Revenue Collection Overstated through Accounts Receivable Module	34
4.36 Variance in Revenue General Ledger balance and the Department Records	35
4.37 Operating Trust Fund Account	36
4.38 RFA – Dishonoured Cheques	36
TRADING AND MANUFACTURING ACCOUNT (TMA)	37
4.39 Net Profit Ratio	37
4.40 Inventory Turnover	38
4.41 TMA – Accounts Payable	39
4.42 Unsubstantiated Equity Balances	40
4.43 Key Performance Indicators and Work Programs of TMA Operators	40
4.44 TMA Cash Ceiling	41
4.45 Non-preparation of Reconciliation	42
4.46 Non-Performance of Contracted Officer	43
4.47 Bookshop Clearance Sale	44
4.48 Quick Book System Not Working	45
4.49 Discrepancy between Physical Stock and Stock Card Balances	45
4.50 Books stored in Container at Headquarters	46
4.51 Slow Moving & Excessive Stock at Headquarters	47
INFORMATION TECHNOLOGY AND COMPUTING SERVICES	48
4.52 Budget Allocation For 2010	48
4.53 Overstatement of Revenue through Accounts Receivable Module	50
4.54 Operating Trust Fund Account	50
4.55 Non-utilisation of paid Training Fees	52
APPENDICES	53
4.56 Appendix 4.1: Overseas pensioners who are yet to submit life certificates	53
4.57 Appendix 4.2: Unresolved Audit Issues	55
4.58 Appendix 4.3: Sample of tenders which have lapsed three months	57
4.59 Appendix 4.4: Fijian Readers Stored in Container	58

PART A: FINANCIAL STATEMENT

4.1 Audit Opinion

The audit of the 2010 accounts of the Ministry of Finance resulted in the issue of a qualified audit report. The qualifications are as follow:

4.1.1 Trading and Manufacturing Account (TMA)

- a) Records to substantiate the balances for TMA equity of \$179,359 and \$3,468 for Government Printing & Stationery Department (GPSD) and the Fiji Procurement Office (FPO) respectively included under “*TMA Surplus Capital returned to operating fund account*” were lacking.
- b) Records to support the adjustment of \$867,078 in the TMA Cash at Bank as reflected in the *TMA Balance Sheet* in Schedule 9 were not made available.

4.1.2 Expenditure

- c) Payroll expenditure of \$12.9 million paid to Ministries/Departments as reflected in Head 50 – *Statement of Receipts and Expenditure* in Schedule 2 was not redeployed in accordance with section 22 of the Financial Management Act 2004.

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

4.1.3 Revenue

- (i) The correctness of operating revenue receipted through the Accounts Receivable module totalling \$275,454 reflected in the *Statement of Receipts and Expenditure* could not be substantiated. This comprise of \$236,573 for Government Printing & Stationery Department and \$38,881 for Information Technology and Computing Services.
- (ii) Tax refunds of \$183 million include Income Tax and Value Added Tax which are expenditures of Government have been off-set against the State Operating Revenue in Schedule 1 to the *Statement of Receipts and Expenditure* resulting in the understatement of the revenue account.
- (iii) Variance in revenue collected totalling \$1.1 million between the Government Printing & Stationery Department (GPSD) general ledger balance (\$1.5 million) and the department balance (\$2.6 million) were unexplained in the *Statement of Receipts and Expenditure* in Schedule 1 and the *Trading & Manufacturing Account* in Schedule 8.

4.1.4 Expenditure

- (iv) There was an inclusion of \$3.75 million being committed expenditures in Head 50 for Special Expenditures and Capital Grants & Transfer allocation and in Head 4 for Capital Purchases allocations as disclosed in the *Statement of Receipts and Expenditure* in Schedule 2 and 1 respectively despite the financial statement being reported on cash basis of accounting.

4.1.5 Trading and Manufacturing Account (TMA)

- (v) The general ledger balance for the TMA – Accumulated Surplus and the balance reflected in the *TMA Profit and Loss Account* in Schedule 8 had a variance of \$2.65 million.
- (vi) Explanation for the debit balance of the Accounts Payable as reflected in the *TMA Balance Sheet* in Schedule 9 could not be furnished.
- (vii) TMA cash balance totalling \$2.9 million was held in excess of the TMA ceilings appropriated.

4.2 Head 4 - Statement of Receipts and Expenditure

The Ministry of Finance budget is appropriated as Head 4 in the 2010 Budget Appropriation Authority with Government Printing & Stationery Department (GPSD), Fiji Procurement Authority (FPO) and Information Technology and Computing Services (ITCS).

The Ministry collected consolidated revenue of \$1,932,297,523 and incurred consolidated expenditure of \$50,643,202 in 2010.

Table 4.1: Head 4 – Consolidated Statement of Receipts and Expenditure in 2010

Description	2010 (\$)	2009 (\$)
RECEIPTS		
State Revenue		
Operating Revenue	1,412,109,690	1,273,136,670
Investing Revenue	52,470,455	60,548,588
Borrowing Revenue	462,965,102	405,389,740
Total State Revenue	1,927,545,247	1,739,074,998
Agency Revenue		
Board Member	102,519	76,649
Miscellaneous Revenue	4,410,940	5,265,046
Sales of Publications	238,817	186,293
Total Agency Revenue	4,752,276	5,527,988
TOTAL REVENUE	1,932,297,523	1,744,602,986
EXPENDITURES		
Operating		
Established staff	6,704,479	10,510,610
Unestablished staff	892,313	1,352,410
Travel & communication	1,237,052	1,364,614
Maintenance & Operations	1,986,358	2,117,416
Purchase of goods & services	4,211,525	2,414,593
Operating grants & transfers	29,792,349	39,702,280
Special expenditures	758,088	3,054,919
Total Operating Costs	45,582,164	60,516,842
Capital Expenditure		
Capital Construction	1,480,497	2,652,192
Capital Purchases	1,901,574	2,796,880
Capital Grants & Transfers	---	9,923,636
Total Capital Expenditure	3,382,071	15,372,708
Value Added Tax	1,678,967	1,770,469
TOTAL EXPENDITURES	50,643,202	77,660,019

Total revenue increased by \$187,694,537 or 11% due to the increase in operating revenue by \$138,973,020 or 11% and borrowing revenue by \$57,575,362 or 14% in 2010 compared to year 2009.

Total expenditure declined by \$27,016,817 or 35% due to Fiji Bureau of Statistics and the National Planning Office forming a new Ministry with a separate budgetary provision appropriated under Head 17 in the 2010 national budget.

Also, the decline in total expenditure is attributed to the reduction in Fiji Revenue and Customs Authority (FRCA) operating grant by \$10 million as there was no capital grant disbursed to the Authority in 2010 compared to the year 2009.

4.3 Unallocable Receipts and Expenditure

The 2010 Appropriation Authority made unallocable appropriation in relation to Miscellaneous Services (Head 50) of \$85.6 million, Pensions, Gratuities & Compassionate Allowance (Head 51) of \$37.6 million and Finance charges on Public debt (Head 52) of \$507.9 million which is to be administered by the Ministry of Finance under the Financial Management Act 2004¹.

Detailed below in Table 4.2, 4.3 and 4.4 are the receipts and expenditure of the unallocable heads of appropriation for the year ended 2010.

Table 4.2: Head 50 - Statement of Receipts and Expenditure in 2010

Description	2010 (\$)	2009 (\$)
EXPENDITURE		
Operating Expenditure		
Established staff	14,643,000	13,533,243
Travel & communications	1,721,087	2,112,087
Purchase of goods & services	1,000,266	3,249,524
Operating grants & transfers	9,868,789	7,601,898
Special expenditures	9,261,843	11,122,066
Total Operating Costs	36,494,985	37,618,818
Capital Expenditure		
Capital Purchases	3,450,953	2,111,987
Capital Grants & Transfers	55,761,705	24,801,909
Total Capital Expenditure	59,212,658	26,913,896
Value Added Tax	2,359,823	1,428,812
TOTAL EXPENDITURES	98,067,466	65,961,526

Head 50 - Miscellaneous expenditure increased by \$32.1 million or 49% in 2010 compared to 2009 as a result of the \$35.5 million payout to the Fiji Sugar Corporation (FSC) as assistance provided by the Government.

Table 4.3: Head 51 - Statement of Receipts and Expenditure in 2010

Description	2010 (\$)	2009 (\$)
EXPENDITURE		
Operating Expenditure		
Pensions	23,425,283	24,567,219
Gratuities	792,483	2,206,740
Compassionate Allowance	8,920,787	9,320,019
Total Operating Costs	33,138,553	36,093,978
TOTAL EXPENDITURES	33,138,553	36,093,978

Head 51 – Pensions, gratuities and compassionate allowances expenditure decreased by \$2.96 million or 8% in 2010 compared to 2009.

¹ section 14 (2)

Table 4.4: Head 52 - Statement of Receipts and Expenditure in 2010

Description	2010 (\$)	2009 (\$)
EXPENDITURE		
Operating Expenditure		
Finance Charges on Public debt – Miscellaneous Payment	10,314,168	6,834,443
Finance Charges on Public debt – Overseas Loans	55,752,284	45,622,002
Finance Charges on Public debt – Domestic Loans	389,277,207	410,692,007
TOTAL EXPENDITURES	455,343,659	463,148,452

The finance charges on public debt decreased by \$7.8 million or 2% in 2010 compared to 2009.

Despite the overall decrease in the total public debt expenditure, finance charges on public debt for miscellaneous payment increased significantly by 51% in 2010 due to issuance of high cost (interest) treasury bills in 2009 that matured in 2010. Finance charges in overseas loans increased by \$10 million (22%) in 2010 as a result of the transfer of \$15 million into the JP Morgan overseas bank account for the global bonds issued in 2006.

4.4 Appropriation Statement

The Ministry incurred expenditures totalling \$50,642,315 in Head 4 in 2010 against the budget of \$58,954,923, resulting in a savings of \$8,312,609 or 14%. Refer to Table 4.5 for details:

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

Table 4.5: Appropriation Statement for 2010 – Head 4

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	6,824,898	84,896	6,909,794	6,704,479	205,315
2	Unestablished Staff	1,023,571	40,265	1,063,836	892,313	171,523
3	Travel & Communication	1,516,450	(233,041)	1,283,409	1,237,052	46,357
4	Maintenance & Operations	2,233,350	(192,306)	2,041,044	1,986,358	54,686
5	Purchase of Goods & Services	2,419,631	1,885,149	4,304,780	4,211,525	93,255
6	Operating Grants & Transfers	30,800,000	(1,000,000)	29,800,000	29,792,349	7,651
7	Special Expenditure	764,100	---	764,100	758,088	6,012
	Total Operating Costs	45,582,000	584,963	46,166,963	45,582,164	584,799
8	Capital Construction	1,115,000	365,496	1,480,496	1,480,497	---
9	Capital Purchases	10,050,000	(575,198)	9,474,802	1,901,574	7,573,228
10	Capital Grants and Transfers	---	---	---	---	---
	Total Capital Expenditure	11,165,000	(209,702)	10,955,298	3,382,071	7,573,228
13	Value Added Tax	1,324,700	507,962	1,832,662	1,678,967	153,695
	TOTAL EXPENDITURE	58,071,700	883,223	58,954,923	50,643,202	8,311,721

The Ministry approved the transfer of funds totalling \$2,000,545 (out) and \$2,883,768 (in) of Head 4.

4.5 Statement of Losses

The Ministry of Finance recorded no loss in 2010 however the annual Board of Survey wrote off various assets totalling \$152,171. Refer to Table 4.3 for details:

Table 4.6: Assets written off in 2010

Ministry/Department	BOS No.	Amount (\$)	Date Approved	Item
Ministry of Finance	Various	7,620	Various	Various
Fiji Procurement Office	Various	96,292	Various	Various
Information Technology and Computing Services	Various	7,236	Various	Various
Government Printing and Stationery Department	Various	41,023	Various	Various
Total		\$152,171		

4.6 Manufacturing Account – Trading & Manufacturing Activity

Description	31 December 2010 (\$)	31 December 2009 (\$)
Raw Materials (01/01/10)	911,406	1,085,150
Add: Purchases	2,974,740	2,059,267
	3,886,146	3,144,417
Less: Raw Materials (31/12/10)	1,001,481	911,406
Raw Materials Used	2,884,665	2,233,011
Add: Work in Progress (01/01/10)	---	---
Direct Costs	1,872,732	6,911,735
Direct Labour	398,032	81,307
Less: Work in Progress (31/12/10)	---	---
Cost of Manufactured Goods Transferred to Trading A/C	5,155,429	9,226,053

The Manufacturing Account is a consolidation of both Government Printing & Stationery department and Fiji Procurement Office accounts. The total production costs in 2010 amounted to \$5.2 million, of which \$2.9 million or 56% was for raw materials used during the year, \$1.9m or 36% for direct costs and \$0.4m or 8% for direct labour costs.

4.7 Trading Account – Trading & Manufacturing Activity

Description	31 December 2010 (\$)	31 December 2009 (\$)
Sales	3,442,464	12,362,448
Stock of Finished Goods (01/01/09)	6,038,963	6,614,363
Add: Cost of Manufactured Goods	5,155,429	9,226,054
	11,194,392	15,840,417
Less: Stock of Finished Goods (31/12/09)	2,895,345	6,038,963
Cost of Finished Goods Sold	8,299,047	9,801,453
Gross Profit Transferred to Profit/(Loss) Account	(4,856,583)	2,560,994

The Trading Account is a consolidation of both Government Printing & Stationery Department and Fiji Procurement Office accounts. The cost of goods sold amounted to \$8.3 million whilst sales income was only \$3.4 million, resulting in a gross loss of \$4.9 million.

4.8 Profit & Loss Statement – Trading & Manufacturing Activity

Description	31 December 2010 (\$)	31 December 2009 (\$)
Income		
Gross Profit (Loss) transferred from Trading Account	(4,856,583)	2,560,994
Expenses		
Travel & Communication	68,882	102,065
Maintenance & Operations	410,649	320,673
Other Expenses	65,107	47,478
Value Added Tax	---	(345,377)
Value Added Tax	345,803	608,112
Total Expenses	890,442	732,950
Net Profit/ (loss)	(5,747,024)	1,828,043

The Profit & Loss Statement shows a consolidated net loss of \$5.7 million for the Ministry, after accounting for expenses totalling \$0.89 million. The major components of expenses include Maintenance & Operations (46%) and Value Added Tax (39%). Other expenses amounted to 15% comprising of travel and communication (8%) and other expenses (7%).

4.9 Balance Sheet – Trading & Manufacturing Activity

Description	31 December 2010 (\$)	31 December 2009 (\$)
TOTAL LIABILITIES & EQUITY	15,907,594	17,786,567
Current Assets		
Bank	9,400,983	7,462,143
Raw Materials	1,001,481	911,406
Inventories	2,895,345	6,038,963
Accounts Receivable	2,609,785	3,374,054
NET ASSETS	15,907,594	17,786,566

The Consolidated Net Assets of the Ministry totalled \$15.9 million.

4.10 Trust Account Statement of Receipts and Payments

Description	31 December 2010 (\$)	31 December 2009 (\$)
Opening Balance 1 January	8,777,701	628,879
Receipts		
Receipts from Performance Bonds	337,951	1,908,186
Trust Receipts	---	8,000,000
Total Receipts	337,951	9,908,186
Payments		

Description	31 December 2010 (\$)	31 December 2009 (\$)
Payments of Performance Bonds	351,012	1,759,364
Total Payments	351,012	1,759,364
Closing Balance	8,764,640	8,777,701

The total trust fund for the Ministry declined by \$13,061 or 0.15% from \$8,777,701 in 2009 to \$8,764,640 in 2010 due to payments of performance bond during 2010.

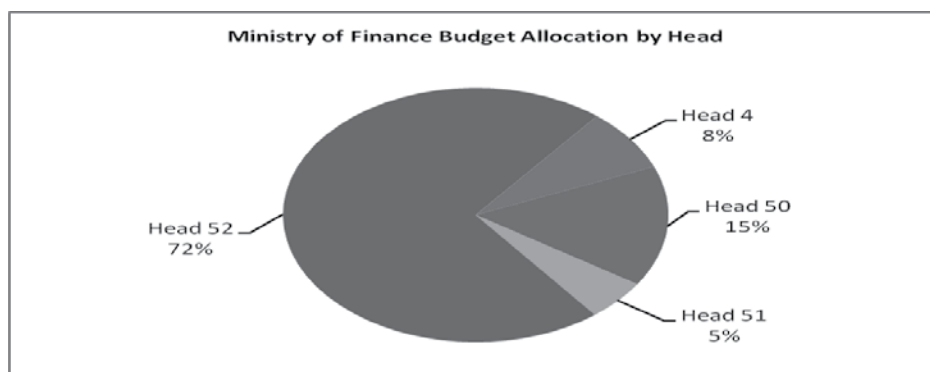
PART B: AUDIT FINDINGS AND RECOMMENDATIONS

MINISTRY OF FINANCE

4.11 Budget Allocation For 2010

The Ministry's revised budget in 2010 totalled \$709.6 million. The budget included Ministry of Finance (Head 4) of \$58.9 million, Miscellaneous Expenditure (Head 50) of \$105.1 million, Pension and Gratuities (Head 51) of \$37.6 million and Charges on Public Debt (Head 52) of \$508 million. The distribution of the Ministry's budget into the various Appropriation Head is shown in the graph 4.1 below:

Graph 4.1: Ministry of Finance Budgetary Allocation by Appropriation Head



4.12 Virement Accepted After Closing Date

Permanent Secretaries must ensure that all virement warrants are submitted to the Budget Division of the Ministry of Finance no later than 7th of January, 2011 for approval and then to FMIS by 14th of January, 2011 for processing. Virements will not be accepted at Budget and FMIS after those respective dates.²

Notwithstanding the clear instructions on the treatment of virement warrants, the Ministry continued to process and approve virements after 14th of January 2011. Refer to table 4.8 for details:

² Finance Circular 13/2010, on Closure of Accounts dated 15/10/2010

Table 4.8: Acceptance of Virements after Closing Date

Virement No.	Date of Virement	Chief Accountant Approval	Budget Section Approval	FMIS Approval	Permanent Secretary Approval	Amount (\$)
68/10	29/12/10	30/12/10	Not stated	Not stated	31/01/11	228,535
67/10	29/12/10	30/12/10	Not stated	Not stated	31/01/11	1,000
66/10	29/12/10	30/12/10	Not stated	Not stated	31/01/11	2,000
65/10	29/12/10	30/12/10	Not stated	Not stated	31/01/11	1,000
64/10	29/12/10	30/12/10	Not stated	Not stated	31/01/11	6,000
63/10	29/12/10	30/12/10	Not stated	Not stated	31/01/11	9,519
62/10	29/12/10	30/12/10	Not stated	Not stated	31/01/11	7,000
61/10	29/12/10	30/12/10	Not stated	Not stated	31/01/11	6,000
60/10	29/12/10	30/12/10	Not stated	Not stated	31/01/11	7,300
59/10	29/12/10	30/12/10	Not stated	Not stated	31/01/11	3,500
58/10	29/12/10	30/12/10	Not stated	Not stated	31/01/11	78,000
Total						\$349,854

In not following set time line, the Ministry of Finance could set bad precedent and send out signal to other Ministries and Departments that it will continue to accommodate late submission of virements and may defeat the purpose of its own circular instruction.

Moreover, the virements as mentioned above were not assessed by the Budget Section and FMIS before the final approval by the Permanent Secretary of Finance.

Recommendation

The Ministry should strictly adhere to the stipulated timeline and dates in the Finance Circular with regards to yearly closure of accounts.

Ministry's Comments

Noted. The decision to process virements after the set timeline was made to allow Ministries to offset over-spent allocations with savings from other allocations within their allocated budgets. Thus, avoid audit query on why available savings were not used to clear over-expenditure.

Further OAG Comments

The concern is not on the regularization of the over-expenditure, but rather the acceptance of the virement after the closure of the account period.

4.13 Understating Payroll Expenditure - SEG 1 Expenditure Votes

There are provisions provided in the Financial Management Act 2004 where funds can be transferred within Heads or across Heads through the use of virement as in Section 16 and deployment of funds across heads as in section 22 of the Financial Management Act 2004.

A total of \$12.9 million was utilized from the Head 50 – Miscellaneous expenditure to cover shortfall in payroll expenditure for certain Ministries /Departments. The audit noted that the Ministry of Finance credited payroll expenditure of these Ministries and Departments and debited Head 50-Miscellaneous Expenditure. This resulted in the understatement of the actual payroll expenditures for these Ministries/Departments.

Table 4.9: Amounts credited in respect of Ministries/departments for SEG 1 Expenditure vote for the year 2010

Ministry/ Department	Reference	Amount (\$)
Ministry of Public Enterprise, Tourism and Communication	Chq No. 400689	25,426
Department of Mineral Resources	Chq No. 400847	819,898
Office of President	JV 50/12/10	81,675
Prime Minister's Office	JV 50/12/10	247,200
Fiji Procurement Office	JV 50/12/10	545,169
Department of Immigration	JV 50/12/10	145,355
Prisons	JV 50/12/10	310,256
Ministry of Information	JV 50/12/10, JV 87/12/10	179,364
Ministry of Education	JV 50/12/10, JV 58/12/10	8,198,468
Office of the Auditor General	JV 50/12/10	279,752
Royal Fiji Military Forces	JV 50/12/10, JV 66/12/10	1,253,625
i-Taukei Affairs	JV 50/12/10	211,090
Ministry of Provincial Development	JV 63/12/11	587,545
Total		12,884,823

Recommendations

The Ministry should ensure that any regularization of over-expenditure is facilitated through the provisions provided under section 16 and 22 of the Finance Management Act 2004;

Ministry's Comments

Recommendation is noted. The concern relating to the understating of Ministries expenditure is adequately addressed in the new IPSAS reporting requirement (which is more transparent) and will require Ministries to disclose additional funding received in any financial year.

4.14 Disbursement of Funds from Head 50 (Miscellaneous Expenditure) without Supporting Documents

Cabinet in its memorandum of 04/01/2010 to the Permanent Secretary of Finance instructed the cessation of the payment of Ministers salaries from January 2010 due to Cabinet approval to alter the terms and conditions of engagement of all Ministers. The Prime Minister's office from 15/01/10 submitted invoices to Ministry of Finance for the payment of Ministers salaries through Aliz Pacific Limited.

A total of \$1.8 million has been expensed for the Minister's pay through budgetary allocation controlled by the Ministry of Finance – Miscellaneous expenditure – Head 50 without any supporting documents. Refer to the table 4.10 below for details of payments made without supporting document in 2010:

Table 4.10: Monthly Payments on the strength of invoices which was Inadequate

Month	Amount (\$)
January	101,314
February	149,775
March	150,628
April	150,628

Month	Amount (\$)
May	150,628
June	154,229
July	151,529
August	151,539
September	151,529
October	151,529
November	151,529
December	143,343
Total	1,758,200

Disbursement of payments in the absence of necessary documentation compromises the transparency of payments being made. Also, non-redeployment of funds to the Prime Minister's Office distorts the financial data in respect to the nature and operations of a Ministry/Department.

Recommendations

Payments of Ministers' salaries to Aliz Pacific Limited should be properly documented.

Ministry's Comments

The Ministry facilitated the request from the Prime Minister's Office following the Cabinet approval. Initially, the fund for each Ministers salary was provided in their ministry budget. The revised Budget for 2010 redeployed these funds from the various ministries to the Ministry of Finance Head 50 vote to which all payments were made. Further supporting documents may be sighted upon your request to the Prime Minister's Office.

4.15 Absence of Agreement between Government and Entity with fulfilment of Government Guarantee

Any sum payable by the Government in fulfilment of a guarantee is taken to be a loan to the entity whose financial liability has been guaranteed.³ In addition, loans of public money under Lending Fund must be evidenced by an instrument signed by the Minister.⁴

Government in honouring its guarantor obligation paid a total of \$17.6 million on behalf of Fiji Sports Council (FSC) and the Fiji Sugar Cane Growers Council (FSCGC) to its lenders, namely, the Fiji National Provident Fund (FNPF) and the Fiji Development Bank (FDB) accordingly. These payments were met from the charges on account of public debt. Details of the payments are tabulated at table 4.11 below:

Table 4.11: Payment of Government Guarantee over the 5 Year Period

Payee	Description	Amount Paid 2006 (\$)	Amount Paid 2007 (\$)	Amount Paid 2008 (\$)	Amount Paid 2009 (\$)	Amount Paid 2010 (\$)	Total to be Recovered (\$)
FNPF	Fiji Sports Council Loan	357,435	356,398	356,398	356,398	356,398	1,783,027
FDB	Sugar Cane Growers Fund Loan	1,437,030	1,437,030	4,459,455	4,320,226	4,172,805	15,826,546

³ Financial Management Act 2004, Section 62(5b)

⁴ Financial Management Act 2004 Section 61(3)

Payee	Description	Amount Paid 2006 (\$)	Amount Paid 2007 (\$)	Amount Paid 2008 (\$)	Amount Paid 2009 (\$)	Amount Paid 2010 (\$)	Total to be Recovered (\$)
Total		1,794,465	1,793,428	4,815,853	4,676,624	4,529,203	17,609,573

The audit noted that an agreement between the Government and the guaranteed entities is yet to be drawn up to legally bind the above entities to repay the loan repayments made by the Government on their behalf.

Recommendation

- **Loan agreements between Government and the guaranteed entities should be drawn up as required under the Financial Management Act 2004.**
- **The Government should be stringent in the processes of forecasting and monitoring the financial performances of guaranteed obligations to avoid or minimise such incidence where entities cannot meet its debt obligations due to financial instability.**

Ministry's Comments

The Ministry of Finance continues to pursue the formalisation of a loan agreement to bind Fiji Sports Council in repaying the total loan paid on its behalf by Government. The letter was issued by Permanent Secretary of Finance to CEO –Sports Council on 05/04/2011. We eagerly await response from the entity and underlying Ministry.

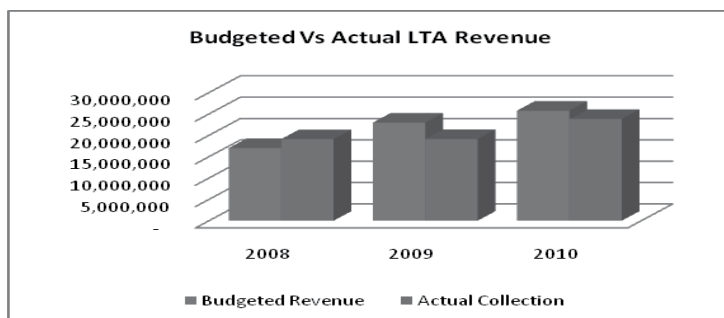
4.16 Revenue Collection from Land Transport Authority

All revenue earned by Land Transport Authority (LTA) is to be paid to Government (Consolidated Fund Account) from 2008.⁵

A total of \$23.8 million in Land Transport revenue was collected against a total budget of \$25.7 million in 2010. Refer to table 4.12 and the graphical representation for LTA revenue collected since year 2008.

Table 4.12: LTA Revenue Collection Over the 5 Year Period

Years	Budget (\$)	Actual Collection (\$)	% Collected
2008	17,000,000	19,081,741	112
2009	22,960,000	19,113,437	83
2010	25,746,600	23,822,412	93
Total	65,706,600	62,017,590	94



The Ministry of Finance did not carry out any reconciliation of the revenue receipted by the LTA into Consolidated Fund Account (CFA) to ensure that revenue received is correct. Refer to table 4.13 for

⁵ Cabinet Decision No.457 of 9 October 2007

examples of variance between the general ledger balance and LTA records for the years 2008 and 2009. The 2010 amounts were yet to be finalised by LTA during the time of this audit in July 2011.

Table 4.13: LTA Records Vs General Ledger (FMIS) Balance

Year	GL Balance (\$)	LTA Amount (\$)	Variance (\$)
2008	19,081,740	19,156,832	75,092
2009	19,113,437	17,047,618	2,065,819

Recommendations

The Ministry should regularly reconcile amounts received from LTA and the Ministry's general ledger balances. The Ministry should investigate any major variances and ascertain the reasons for it.

Ministry's Comments

The variance could be attributed to the difference in the basis of recording between Government (cash basis) and LTA (accrual accounting basis). Therefore some revenues that are deposited at the end of the month may be recorded in the following month for Government, while LTA records it for the current month. The accounts will need to be reconciled to verify the actual difference.

According to the Ministry records, a total of \$23.8m was deposited by the LTA into the CFA. The Ministry of Finance (MOF) produces monthly GL report of all accounts for the purpose that every ministry/department or agency who maintains such accounts is required to reconcile their records against this GL report. It is the responsibility of the agency as part of good internal controls that they prepare monthly reconciliations which is to be submitted to the MOF. Any variance between the agency record and the GL report should be verified and corrected by the agency. The same applies to LTA.

Perhaps the Ministry of Transport (who gives LTA their grant) should include in their grant agreement a condition that requires LTA to submit to them proper monthly reconciliations.

Further OAG Comments

While the proposal made of the Ministry is acknowledged, the Ministry should take the lead role for the monthly reconciliation of the General ledger balance to that of the records of the Land Transport Authority since these are revenues recorded in the Ministry Finance Agency Financial Statement for Receipts and Expenditure. The explanation for the variances as a result of difference in recording is to be substantiated for audit verification.

4.17 RFA-Miscellaneous – SAG 56 and 57

A ledger shall be maintained for advances, petty cash, accounts payable, revolving fund accounts, inter-departmental accounts, cash clearance accounts, expenditure and commitment accounts.⁶ The ledger reconciliation statement shall be forwarded to the Accountant. The Accountant must ensure that all balances are accurate and adequately supported and any misallocations or outstanding balances from previous month have been dealt with.⁷

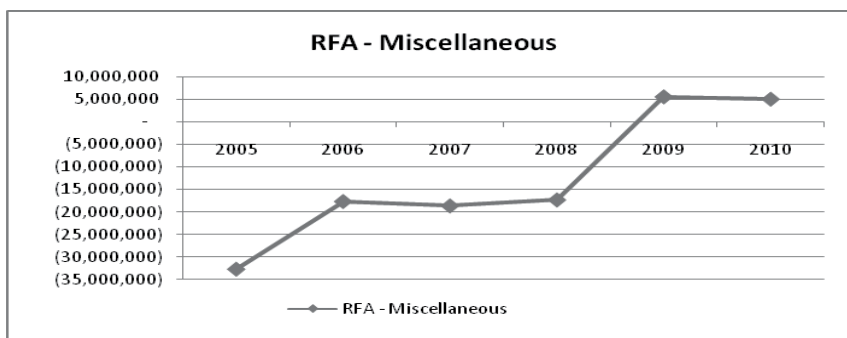
RFA – Miscellaneous consists of natural account, Standard Asset Group (SAG) 56 and 57 totalling \$5 million at the end of 2010, a decrease by 9% compared to 2009. Refer to table 4.14 for details:

⁶ Ministry of Finance - Finance Manual 2005, Section 16.3.1

⁷ Ministry of Finance - Finance Manual 2005, Section 16.3.6

Table 4.14: RFA Miscellaneous Over the 5 Year Period

Year	Amount (\$)	%age increase
2006	(17,681,282)	(46)
2007	(18,664,097)	6
2008	(17,336,158)	(7)
2009	5,553,724	(132)
2010	5,030,885	(9)



The balance comprised of prepaid expenses and advance totalling \$5million in SAG 57 while accounts receivable totalling \$147,187 and other balances totalling to \$146,231 in SAG 56.

The Ministry could not explain the prepaid expenses of \$5 million despite the account being utilized during 2010 by \$522,839. In addition, reconciliations for these accounts were not prepared.

Unexplained balances indicate that reconciliation has not been prepared to ascertain the correct balances and the lack of proper records to support these amounts in the accounts.

Recommendation

- The Ministry should ensure that the monthly reconciliations are prepared and proper records are maintained with proper supervision with regards to the review of these accounts.
- Disciplinary action should be taken against responsible officers for not preparing reconciliations to ensure that amounts are correctly stated.

Ministry's Comments

The amount in RFA is the result of adjustments for Bank Transfers done in 2006. While adjustments to all these figures were done in 2007 the amount in RFA remained since we were not aware that this amount was still in RFA. We are working with the audit office to adjust this in 2010.

Further OAG Comments

The adjustment proposed lacked documentation and the journal voucher was rejected for adjustment to be done in year 2011 with full support of documents.

4.18 Arrears of Revenue

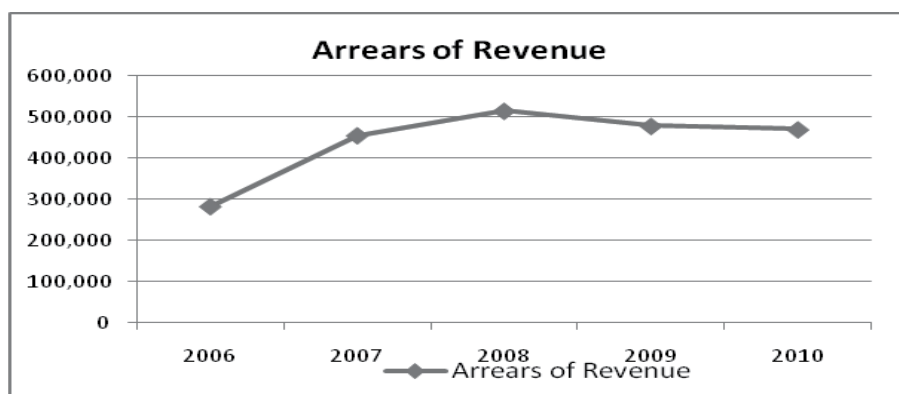
The Accounting Head shall prepare a quarterly report on the level of outstanding and overdue debts⁸.

A total of \$469,395 is owed to the Ministry of Finance in 2010 compared to \$477,635 in 2009. These are owed to the Ministry in form of surcharge imposed on public officers. Refer to table 4.15 and the graphical analysis over the five year period of debt owed:

⁸ Ministry of Finance, Finance Manual, Section 7.3.1

Table 4.15: Arrears of Revenue Over the 5 Year Period

Year	Balance (\$)	%age change
2006	283,084	-
2007	455,065	61
2008	514,423	13
2009	477,635	(7)
2010	469,395	(2)



A debt change of 2% indicates that not much was done to improve collections. Accumulation of arrears of revenue has a high risk of becoming irrecoverable increasing incidence where administrative and recovery action if necessary can become very costly.

Ministry's Comments

Comments noted. It has to be noted that the Surcharge unit was caught by surprise when the retirement age was reduced to 55 years in April 2009 thus amount listed as irrecoverable had increased significantly. The major challenge for the unit is to be able to locate officers who have retired to be able to resort to other avenues for recovery. Assistance sought from FNPF has proved futile due to limitations in their Act.

However action has been taken to see that other avenues are followed before requesting for write-off. Currently, Unit has reviewed and increased rate of surcharge in line with changes in the Financial Instruction 2010 under Section 65 (1) (2) in order to recover the amount in full before an officer retires from the service.

4.19 Release of Grant to Statutory Bodies

Where required under Finance Instruction 16-(8), the recipient shall prepare an acquittal report. The acquittal report shall provide the following information:

- i. details of grant money expended and unexpended;
- ii. grant objectives and targets achieved;
- iii. Financial statement (audited if practicable) for grants of \$20,000 or more.⁹

Acquittal reports must be obtained before the next monthly or quarterly grants are paid out.¹⁰

A total of \$29.8 million was released in grant payment in 2010 to the entities outlined in table 4.16 for which the audited accounts were not scrutinized for the need of the funds:

Table 4.16: Grant to Entities

Allocation	Entity	Amount (\$)
1-04101-00000-060000	Fiji Revenue & Customs Authority (FRCA)	24,000,000
1-04102-00000-060000	Fiji Ex- Servicemen Aftercare Fund	5,792,349
Total		29,792,349

⁹ Proforma Finance Manual 2011, Section 3.3.1

¹⁰ Finance Instructions 2010, Section 16 (8)

While the grant agreements with the grant receiving entities are silent on the accountability for submission of the annual audited accounts to the Minister of Finance, the receiving entities have provision in their governing legislation for the submission of the audited financial statements to the Minister of Finance.

As at 31/12/2010, grant recipient - FRCA had the following cash and investment balances that could have been utilized in its operation. These are un-utilized cash balances held by the entity at the end of the year 2009 and 2010. Refer to table 4.17 for the detailed analysis.

Table 4.17: Cash and Invested Cash Balances With FRCA

Year	2009			2010		
Entity	Cash at Bank (\$)	Investments – Short Term Deposits (\$)	Grant advance – un-utilized capital grant (\$)	Cash at Bank (\$)	Investments – Short Term Deposits (\$)	Grant advance – un-utilized capital grant (\$)
Fiji Revenue & Customs Authority (FRCA)	13,568,614	14,732,494	21,231,513	23,749,955	7,066,755	16,737,213
Percentage of Grant released by Government (\$24m)	57	61	88	99	29	70

As such, unnecessary cash is held in FIRCA burdening the government to borrow money at a higher cost to fund the entity's which is not utilizing the fund but holding it as investment or in its bank accounts.

Non-submission of the audited accounts and the non-examination of the entity audited financial statement before the release of grants has resulted in the grant entities holding a lot of cash balances and the un-utilized capital grants. It also indicated non-implementation of capital projects for which funds were released. Such funds could have been utilized in other income generating priority projects where the returns of earning would have been higher than the cost of borrowing for the Government.

Recommendations

The Ministry should ensure that:

- **Annual audited financial statement balances are examined for the release of the grants per quarter to ensure that excess cash is not held with the statutory bodies;**
- **Budget submission for the grants released are examined and ensure that it is reasonable with correct budget assumptions as lot of funds remained unutilised by the Statutory Authority and invested for higher returns.**

Ministry's Comments

The recommendation is noted. Budget Division is implementing these measures as part of the RIE requirements for the release of grants.

4.20 Weak Monitoring for Small Grants Scheme

For all donor funds released to Ministries and Departments, the Aid Unit is required to follow up to ensure appropriate acquittals are submitted. This ensures that funds have been expended for the Ministry of Finance

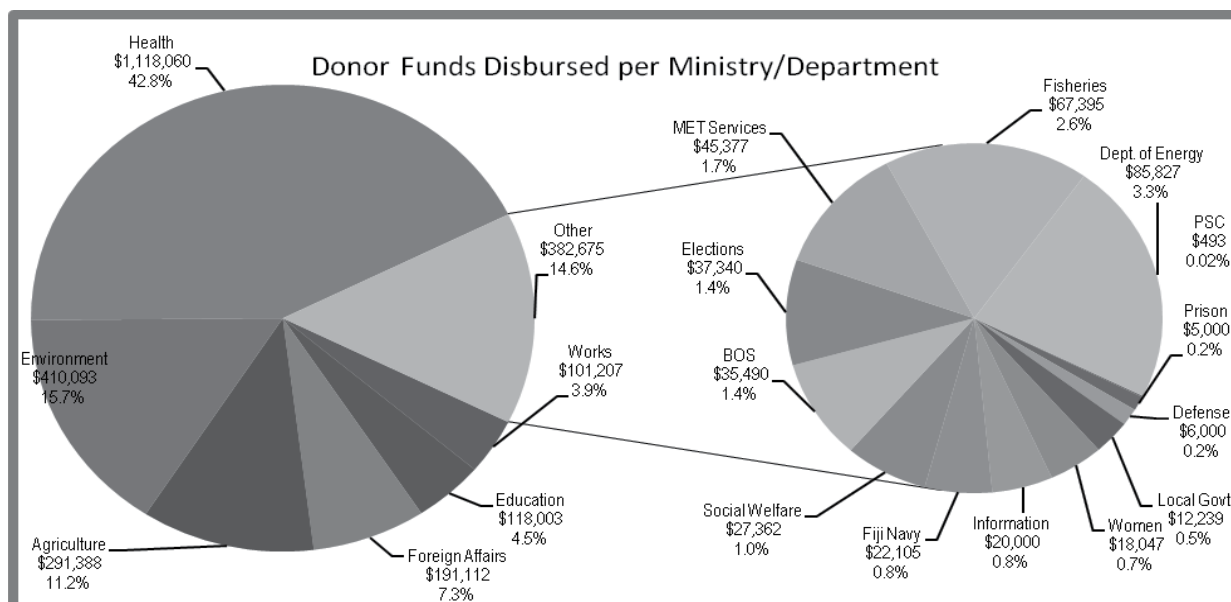
intended purpose by Ministries and Departments. The Small Grants Scheme is a provision under Head 50 where the release of donor funds is charged against.¹¹

When donor funds are disbursed to recipients, it is essential that funds are utilised for the intended purposes only. At the same time, it becomes necessary for the Ministry to strongly implement and maintain its role of monitoring the utilisation of funds disbursed.

The national budget yearly makes a provision totalling \$2 million for the small grant scheme. These are provisions for the disbursement of donor funds received on ad hoc basis through the consolidated fund account in respect of Ministries/Departments.

A total of \$8.83 million was received in 2010 as donor funds, of which \$2.65 million was disbursed to respective Ministries/Departments with the remaining balance receipted into the Consolidated Fund Account. Refer to the graphical representation at graph 4.3 for funds released per Ministry/department.

Graph 4.3: Composition of Funds to Ministries/Departments



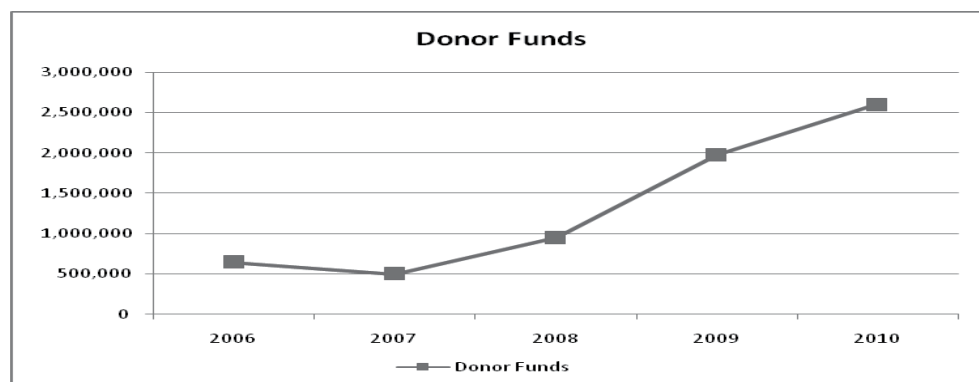
Over the five year period, a total of \$6.7 million has been disbursed to various Ministries/Departments as outlined in table 4.18.

Table 4.18: Donor Funds Over The Five Year Period

Year	Amount (\$)
2006	648,107

¹¹ Process of Channelling of Donor Funds to Government of Fiji Ministries & Departments dated August 2009

2007	500,000
2008	952,032
2009	1,978,502
2010	2,605,184



The following anomalies were noted in the disbursement of the funds by the Ministry of Finance to the recipient Ministries/Departments:

- Projects undertaken by Ministries/Departments were not inspected;
- There is no reporting guideline/templates prepared by the Ministry of Finance to ensure that the amounts are being acquitted correctly by the entity responsible for the utilization of funds;
- Absence of stipulated deadline for the submission of statement of acquittals to Ministry of Finance;
- Non-submission of statement of acquittals for the funds disbursed including a consolidated statement of acquittals from the inception of the projects – for those where funds are released in parts;
- There is no database for Ministries/Departments that have failed to submit acquittals;
- There is an unexplained variance of \$1.76 million recorded in the donor funds receipted in the general ledger (Natural Account SRG 27999) and the database maintained at the Ministry's AID Unit; and
- There is no proper record for name of donors in the general ledger. This is recorded as miscellaneous grant.

A variance of \$1,756,326 existed between the Ministry of Finance records and the FMIS general ledger:

Table 4.19: Variance Between MOF Records and The General Ledger

Donors	Amount (\$)	Amount (\$)
UNDP	129,425	
UNFPA	165,701	
ACIAR	81,913	
UNDP/GEF	281,495	
NZAID	216,867	
Miscellaneous Grant in AID	2,614,494	
Global Fund	3,583,164	
Total Balance as per MOF Database		7,073,058
Total Balance as per General Ledger (SRG 27999)		8,829,386
Variance		(1,756,328)

The audit also noted a variance of \$7,354 between the funds disbursed to recipient Ministries/Departments as per the Ministry of Finance database (excel spreadsheet) and the expenditure general ledger (Natural Account SEG 10 in Head 50).

Furthermore, the following Ministries/Departments have not submitted statement of acquittals.

Table 4.20: Non-Submission of Statement of Acquittals

Ministry/Department	Date Released	Project	Amount (\$)
Environment	22/02/10	Technical project to install alternatives; achieve compliance & phase out Methyl Bromide	10,421
		Terminal Phase out Management Plan	18,947
Ministry of Health	22/02/10	Consultation on family planning services	7,920
		Division W/shop for community nurses	7,920
		Sub-division w/shop for community nurses	7,920
		Purchase of measles & rubella equipment for Virology	4,700
Ministry of Health	25/01/10	National Dengue Awareness & Cleanup campaign	44,915
		Review of Tobacco Control Act 1998	15,084
		Training midwives & O&G in 4 division in Fiji	39,600
		Global Youth Tobacco Survey	10,230
		Training workshop on NCD steps survey	29,700
		Surveillance of Communicable disease	8,256
		Surveillance & outbreak investigation (H1N1)	2,000
Ministry of Works & Transport	11/02/10	Construction of new RKS chapel	101,207
Total			308,820

The records maintained by the Ministry were all kept in one file without any reference, details and remarks making record verification very difficult.

There was also no evidence of any agreement between the Ministry of Finance and the recipient Ministries/Departments on submission of acquittals and the monitoring of donated funds. Despite the issue being raised from 2006, little improvement was noted.

The above shows a gross violation in the management and reporting of donor funds thus could result in undetected wastage and abuse of donor funds.

Recommendation

The Ministry should ensure that:

- **recipient memorandum of understanding/agreements is strengthened for legislated reporting by the recipient and the disbursing ministry;**
- **periodic inspections to projects are undertaken for project completion to account for the benefit of the donor funds disbursed.**
- **record keeping is improved for accountability and transparency since the yearly donor funds received are substantial.**

Ministry's Comments

The findings of the audit and the anomalies highlighted are noted. The Ministry's comments are based on the following findings:

- *Non inspection of projects undertaken by the Ministries/Departments*

We have tried our best to strengthen this area and we have started coordinating with the Ministries to visit some projects that received funding under Head 50.

- *Reporting Templates*

Our unit has now prepared templates to be used to monitor projects under the small grants scheme and the aim is to use it to report on the projects.

- *Absence of deadlines and submission of acquittals*

The ODA unit will need to agree with the implementing ministries on the deadline for submission of acquittals based on the implementation period. In 2011 we have started coordinating with the Ministries to submit the acquittals for which we have received some and we are following up on the rest with the aim to acquit as much as possible. We will work towards keeping track and maintain a database of the Ministries and departments and the acquittals of their projects.

- *Recipient memorandum of understanding/agreements to be strengthened for legislated reporting by the recipient and the disbursing ministry*

In the new agreements we have tried to include for ministries and departments to submit reports to the Aid Coordination Unit on a quarterly basis depending on the reporting requirement by the donor agency. It was important for the Aid unit and the implementing ministries and departments to take ownership of the progress of the projects.

- *Inspection upon completion of the projects*

The Aid unit has started on this in coordination with the development partner for the Aid in Kind Projects, we intend to strengthen this area for the projects funded from Small Grants Scheme also.

- *Record keeping is improved for accountability and transparency*

We are committed to improve on this and properly keep records for the acquittals and reports submitted from the implementing ministries and departments so all the funds released from Small Grants Scheme can be tracked as and when it is required.

In view of the Paris Declaration principle on Aid effectiveness the recipient country must take ownership of the development projects that are funded by the development partners.

4.21 Payment to Project Managers without Contract

The Minister of Finance in November 2009 approved the following for the implementation of the Central Co-ordination Agency for Roads (CCAR):

- Appointed MHW as the project manager for CCAR with the waiver of tender process;
- Agreed to pay 20% to MHW as deposit upon issue of appointment letter;
- Draft contract to be finalized with the Solicitor General's office and
- Balance of the 20% to be paid upon signing of the contract.

The approved cost of the first stage of the project was NZD\$188,765 where the contractors required a 40% deposit. Out of this, \$54,232 (20%) was paid on 19/01/10 upon the acceptance letter from MHW NZ.

The audit noted that a total of \$285,724 was paid to MWH NZ, the Project Manager without any contract. Refer to table 4.21 for details of payments made:

Table 4.21: Details of payment to MWH NZ Without Agreement in 2010

Date	Payment ID	Amount (\$)
19/01/10	400048	54,232
24/03/10	400223	47,460
29/03/10	400240	59,619
13/07/10	400558	18,909
26/7/10	400593	47,189
10/09/10	400742	575
26/11/10	401080	57,740
Total		285,724

Absence of formal contractual document could put Government at risk should there be disagreements between affected parties during events of unsatisfactory performance.

Recommendations

The Ministry should ensure that formal contractual agreement are drawn up and institute disciplinary action against the responsible officer for approving payment without finalising a contract agreement for such engagement.

Ministry's Comments

Audit comments are noted. Waving of Tender was approved by Acting Minister of Finance (Hon Mr.Saiyad Khaiyum) on 19.11.2009 base on submission made at that time. In-line with this approval the Acting PSF Mr. John Prasad issued an appointment letter confirming to the Company that they had been selected to carry out this project.

Management will carry out its own investigation to determine the surcharge action to be taken.

4.22 Grant Payments without Audited Accounts

Where required under Finance Instruction 16-(8), the recipient shall prepare an acquittal report. The acquittal report shall provide the following information:

- i. details of grant money expended and unexpended;
- ii. grant objectives and targets achieved;
- iii. Financial statement (audited if practicable) for grants of \$20,000 or more.¹²

A total of \$326,250 was disbursed in grants to Fiji Exporters Club and the South Pacific Stock Exchange as outlined in table 4.22:

Table 4.22: Grant Payment to Entities

Account Code	Grant Recipient	Amount (\$)
1-50101-50999-060428	Fiji Exporters Club	26,250

¹² Proforma Finance Manual 2011, Section 3.3.1

Account Code	Grant Recipient	Amount (\$)
1-50101-50999-060499	South Pacific Stock Exchange	300,000
Total Grants Disbursed		326,250

The grants were disbursed on the quarterly reports submitted by the recipients. However; the recipient entities are not submitting any annual audited financial statements of the grant funds utilised.

Recommendation

The Ministry should request for the annual audited accounts outlining the use of grants before the release of grants for the following year.

Ministry's Comments

The recommendation is noted. Budget Division is implementing these measures as part of the RIE requirements for the release of grants.

4.23 Discrepancies in Pensions Records

The Accounting Head is responsible for the safekeeping and proper maintenance of all accounting records or documents.¹³

The following anomalies were noted in the maintenance of pension records:

- The records for pensioners residing overseas are not maintained in the Ministry of Finance pensions payroll system;
- Important documents such as birth certificate and marriage certificates are not filed in the pensioners' personnel files maintained by the pension's office; and
- The phone contacts of pensioners are not maintained, which would be the best resort to follow up on life certificates when due or to track deceased pensioners.

The above anomalies indicate that the Pension Section lacks commitment in maximizing the benefit from the pension's database system and as such limited value is gained from the pension's database.

Despite the issue being raised from 2007, the Ministry have yet to take remedial action.

Recommendations

The Ministry should ensure that:

- **On the next issue of the life certificates, certified copies of birth certificates and marriage certificates should also be requested.**
- **The missing fields to the pension's database are entered.**
- **Hardcopy of the documents called for are to be filed in the individual pension files. Overseas pensioners' database is created for enhanced user information and to be included in the same system with fields to identify or distinguish overseas and local pensioners.**

¹³ Proforma Finance Manual 2011, Section 18.1.3

Ministry's comments

Prior to an officer's retirement, his department would fill the relevant section of the award form. This would require verifying his age from their records (birth certificate) to ensure that he had reached the correct retiring age. This same file and award form is then sent to PSC who also do similar verification before it is finally sent to the Pension section to process pension payment. Prior to 2009, this award form was the basis to establish his date of birth. Thereafter, it is compulsory that a copy of the birth certificate and marriage certificate is provided.

- *Data entries have started for the DOB, phone # and other missing fields for pensioners on the local and overseas payroll*
- *Hard copies of M/C and B/C have been filed in pension files for those retirees from 2009 onwards. For those pensioners who retired prior to 2009, requests will be sent to each pensioner, for the submission of their documents. This will also be done for overseas pensioners*
- *The pension payroll is distinguished by the pension numbers, eg. Local – 4 digit no's [12345], Australia-alphabet "A" with 5 digit no's [A12345], NZ – alphabet "B" with 5 digit no's [B12345], Crown Agents – CA12345*
- *An important issue to note is that we are dealing with senior citizens who have done their part for the country and some of them are very old, senile and living in retirement or nursing homes. We should be more understanding when requesting for their birth and marriage certificates as they may find difficulty in moving around to locate these documents. As mentioned above, the award forms (vetted by the department and PSC and also the Pension section) should be sufficient for audit purposes for those who retired prior to 2009.*

4.24 Non Submission of Life Certificates

Each agency must have in place a cost effective system of internal controls which safeguards money and property against loss. The Accounting Head of an agency is responsible to the Permanent Secretary for the effective design and operation of internal controls across the agency.¹⁴

Life certificate is a form which confirms the legitimacy of each pensioner. On non-submission of life certificates, pensioner's pays are suspended. This is a very important declaration form for pensioners.¹⁵

Contrary to standing regulation, a total of \$662,341 was paid to pensioners who are yet to submit life certificates to the pension office. Refer to [Appendix 4.1](#) for details:

Payments to pensioners without submission of the life certificate indicate laxity by responsible officers in obtaining and keeping the document for the verification of pension payments.

Recommendations

The Ministry should ensure that payment of pension should be carried out on receipt of the Life Certificate. The Ministry should update its database for all submission of life certificate reports and any cessation of the pays are all documented and approved by the Permanent Secretary.

Ministry's comments

- *Copies of all Life Certificates are filed separately into the different banks and outlets (ANZ, BSP, Westpac, BOB, Australia, NZ, Crown Agents and Postmaster) and not in the individual pensioners file.*

¹⁴ Finance Instructions 2010, Section 59(1)(a) & (2)

¹⁵ Finance Manual 2005, Ministry of Finance, Part 19, section 19.10

We receive over 3,000 Life Certificates every 6 months and to put them in each pension file will require 6,000 additional photocopies per year, not to mention the space it will take up as each file becomes thicker over the years.

- *An updated list is printed for all pensioners in each of the files (mode of payment) mentioned above.*
- *Cessation of pensions will ONLY be done to those who haven't filled their forms and payment will be re-activated upon completion of the form.*
- *Life Certificate Forms are sent twice in a year for local pensioners and once in a year for overseas pensioners*
 - Local Pensioners – 1st 6 months form [Jan-June]: sent in December, close in February*
 - 2nd 6 months form [July-Dec]: sent in June, close in August*
 - AUST & NZ – sent once in a year, in January and closes in April*
 - Crown Agents – sent once in a year, in April, deletion in December*
- *The two pay grace period is due to the timing of the closing inputs of the next pay. On a compassionate note, we would like to treat our pensioners (senior citizens) with a little bit of grace in light of their contribution. They are not burdensome to government as you have mentioned above.*
- *With reference to appendix 4.1 attached, please refer to the same with our comments. Copies of the Life Certificates are also attached. For the overseas pensioners in the table who started in 2010, their Life Certificates will fall due in 2011.*

4.25 Unresolved Audit Issues

Each agency must have in place a cost effective system of internal controls which –

- (a) safeguards money and property against loss;
- (b) avoids or detects accounting errors; and
- (c) avoids unfavorable audit reports.¹⁶

The following internal control weaknesses that were highlighted during the 2009 audit have not been resolved and outstanding the Ministry. Refer to [Appendix 4.2](#) for details:

- Activation of surcharge cases;
- Pending motor vehicle surcharge cases with the Solicitor General's office totalling to \$2.2million;
- Delays in submission of motor vehicle accident report to Ministry of Finance by the concerned Ministries/departments; and
- Failure to receive responses from concerned ministries department's for the alleged misuse of Government vehicles.

Failure to take corrective actions for improvements to internal control can result in undetected leakages of the Ministry's resources and therefore have become pervasive due to the passive attitude of the Ministry staff.

Recommendations

The Ministry should ensure that:

- **it strictly adheres to the rules and guidelines set out in its Finance manual and the relevant financial governance regulations;**
- **Issues of weaknesses to internal control are addressed and officers disciplined for the non-action to improve controls and**

¹⁶ Finance Instruction 2010, Section 59(1)

- **The commitment made to audit for the improvement in its controls are honoured with discussions taken with other Ministry/department for the improvements that are dependent on other Ministry/department.**

Ministry's Comments

When Accident Reports are received and not in accordance to Part IV Instruction 18 (1) of the Transport Rules and Instructions which states that: When a Government Vehicles is involved in an accident the officer in charge of the vehicle will completed and submit a Government vehicle Accident Report Form (GP Form 28) in quadruplicate to his Head of Department unless authorized otherwise who will within 21 days of the accident forward –

- (i) Two copies to the Solicitor General*
- (ii) One copy to the Permanent Secretary for Finance*
- (iii) One copy to the Permanent for Works, Transport and Public Utilities*

A reminder will be sent to the concerned Ministry/Department to strictly adhere to the above Instruction.

Alleged misuse of government vehicles.

Reminders are sent to concern Ministries/Departments. After the 3rd reminder, and yet no actions are taken to resolve the issue, a copy is forward to the Prime Ministers Investigation team for their necessary action.

Activation of Surcharge.

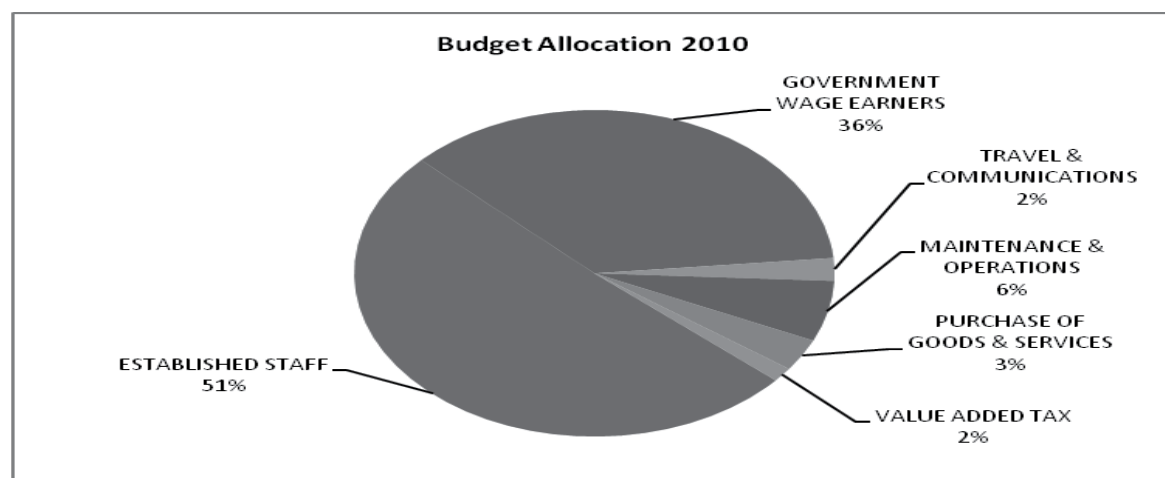
Surcharge will and can only be activated once Officer(s) responsible are properly identified in the report or by Ministry/dept concern. For the past reports, we cannot activate some surcharges as recommended in the report as our enquiries for Officer(s) names to be identified had come to a dead end even on our request to OAG office if they can be identified from working papers when Ministries/Dept are not responding.

FIJI PROCUREMENT OFFICE

4.26 Budget Allocation For 2010

The Department's revised budget of \$1.64 million in 2010 included payroll, non-payroll and VAT expenditure. The distribution of the Department's budget into the various Standard Expenditure Groups (SEGs) is shown in the graph 4.4:

Graph 4.4: Budgetary Allocation by Standard Expenditure Group



The Department's budget allocation was divided into operating expenditure of \$1.6 million and VAT expenditure of \$23,436. Refer to table 4.23 for details of budgeted expenditure to the actual expenditure incurred in year 2010:

Table 4.23: Budgeted Expenditure Vs Actual Expenditure

Expenditure	Budgeted Expenditure (\$)	Actual Expenditure (\$)	Savings (\$)	%age
Operating Expenditure	1,612,339	1,308,397	303,942	18.8%
Vat	23,436	20,366	3,070	13.1%
Total	1,635,775	1,328,763	307,012	18.8%

Savings of \$307,012 or 18.8% of the total budgeted expenditure could have been utilized in prioritised Government projects.

Department's Comments

The Budget was allocated to GSD based on the number of establishment that was with GSD in 2009 since GSD was under restructure to Fiji Procurement Office, Officers being transferred to various Ministries left with the unutilized substantial amount. The payment of redundancy packages were facilitated from TMA.

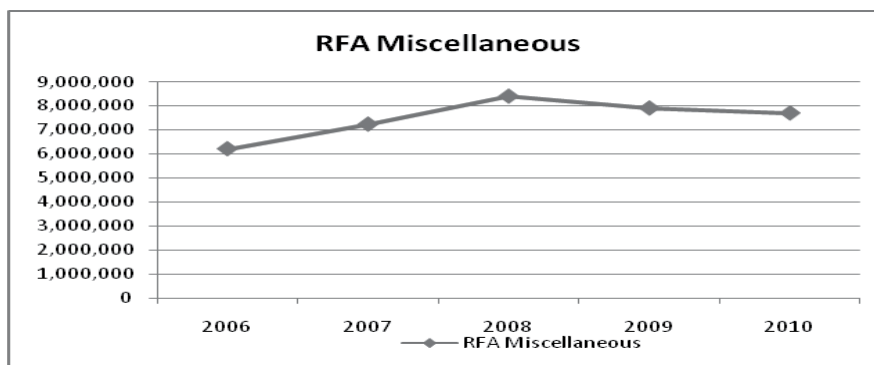
4.27 Large Balances in the RFA-Miscellaneous

A ledger shall be maintained for advances, petty cash, accounts payable, revolving fund accounts, inter-departmental accounts, cash clearance accounts, expenditure and commitment accounts.¹⁷ The ledger reconciliation statement shall be forwarded to the Accountant. The Accountant must ensure that all balances are accurate and adequately supported and any misallocations or outstanding balances from previous month have been dealt with.¹⁸

RFA – Miscellaneous has an outstanding balance of \$7,695,792 compared to a balance of \$7,902,146 in 2009; a decrease of 3%. Refer to table 4.24 for outstanding RFA – Miscellaneous balance over the 5 year period.

Table 4.24: RFA – Miscellaneous Over The 5 Year Period

Year	Amount (\$)	%age increase
2006	6,206,935	-
2007	7,232,359	17
2008	8,396,175	16
2009	7,902,146	6
2010	7,695,792	3



¹⁷ Ministry of Finance - Finance Manual 2005, Section 16.3.1

¹⁸ Ministry of Finance - Finance Manual 2005, Section 16.3.6

The movement in RFA miscellaneous by type is outlined in table 4.25 below:

Table 4.25: Movement in RFA – Miscellaneous Balance

		2010	2009	Percentage
Account Number	Description	\$	\$	Change
1-04301-65101-570301	Advances	2,303	2,603	(11.5)
1-04301-65101-570302	Dishonoured Cheque	23,203	23,154	0.2
1-04301-65101-570303	Stock Adjustment	7,571,065	7,777,169	(2.7)
1-04301-65101-570304	Surcharges	99,220	99,220	-
TOTAL		7,695,791	7,902,146	(2.6)

The Department has not taken any action to clear these outstanding balances. In addition, satisfactory explanation could not be provided for the balance of \$7.6 million in stock adjustments. Substantial accumulating balances if not cleared on time are susceptible to become irrecoverable.

Recommendation

The Department should ensure that outstanding balances are cleared on a monthly basis and the details of the major balances are dealt with and traced for its clearance.

Department's Comments

The recommendations proposed are noted. It is to be noted that the figure has accumulated from previous years due to non availability of funds from Ministry of Finance for write off.

4.28 RFA – Advances, Dishonoured Cheque, Stock Adjustment & Surcharges

Departments should forward monthly Revolving Fund Account (RFA) reconciliation statements to Treasury.¹⁹ The Ministry of Finance should review the reconciliations upon receipt and highlight any discrepancies.

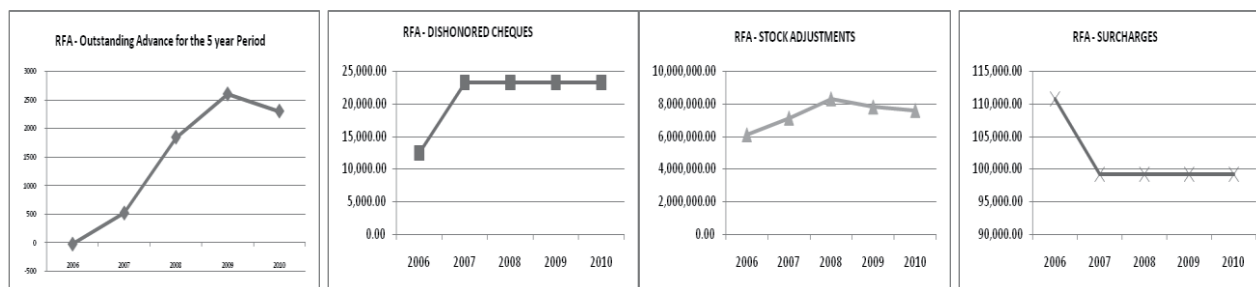
The recovery of advances, dishonoured cheques and surcharges over the 5 year period has not improved since 2006. Refer to table 4.26 and graph 4.5 below for trend analysis of these accounts:

Table 4.26: RFA – Miscellaneous By Type

Year	Advances (\$) 570301	Dishonoured Cheque (\$) 570302	Stock Adjustment (\$) 570303	Surcharge (\$) 570304
2006	(24)	12,461	6,083,818	110,680
2007	520	23,153	7,109,506	99,179
2008	1,846	23,153	8,271,996	99,179
2009	2,603	23,153	7,777,169	99,220
2010	2,303	23,203	7,571,065	99,220

Graphical representation of RFA balances per specific type: advances, dishonoured cheques, stock adjustment and surcharge are shown below:

¹⁹ Finance Circular No. 10 of 02 April, 1982

Graph 4.5: Trend in RFA – Miscellaneous By Type

The above graphs indicate that follow up and measures taken to reduce outstanding balances have not been vigorous and therefore, susceptible to becoming bad debts as a result of resignations or retirement of officers, migration, deaths, closure of companies or change in accounting personnel or management over the years.

Recommendation

The Department should ensure that:

- Outstanding balances in the RFA-Miscellaneous are cleared in a timely manner as prolonged delays could increase the risk of non-recovery.
- All RFA reconciliations are thoroughly scrutinised by the accounting head for regular clearance every month.
- Follow up with officers who owe debt to the Department and arrangement to be in place for any delay in repayments.
- Follow up with individuals or companies who have dishonoured cheques and follow up with them on the arrangement of repayment.

Department's Comments

The recommendations proposed are noted. Dishonoured Cheque - the officer involved has been surcharged.

4.29 True Trust Fund Account

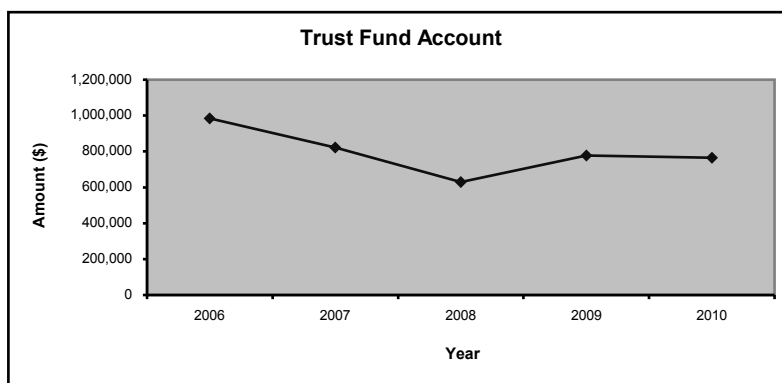
Trust money is money held by a budget sector agency on trust, other than public money²⁰.

A total of \$764,640 is held by the Department in form of performance bonds from contractors. Refer to table 4.27 for the trust balance over the five year period.

²⁰ Financial Management Act 2004, Section 2, Page 8.

Table 4.27: True Trust Fund Account Balance Over The 5 Year Period

Year	Amount (\$)
2006	984,365
2007	821,234
2008	628,879
2009	777,701
2010	764,640



The supporting cash at bank for the trust account held at Westpac Banking Corporation totalled \$805,526. The variance of \$40,886 has not been journalized in the general ledger to equate the true trust fund balance liability account.

Department's Comments

According to our records the Trust Account totalled to \$874,876.25 held with Westpac Banking Corporation and not \$805,526 as per attached bank statement.

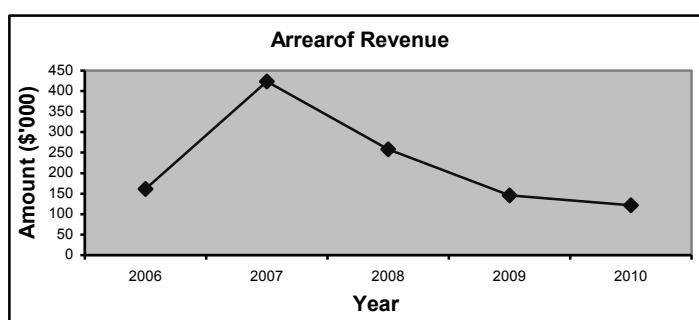
4.30 Arrears of revenue

An accounts receivable (or debtor) generally arises after a sale of goods or services where payment is not immediately received. It is important to have in place a stringent credit policy and debt recovery procedures to counter the risk of losses from irrecoverable debts.²¹

A total of \$121,730 is owed to the Department in debt compared to the \$145,857 in 2009, a decrease by \$24,127 or 17%. Refer to table 4.28 for details of balances over the 5 year period:

Table 4.28: Arrears of Revenue Over The 5 Year Period

Year	Balance (\$)
2006	161,784
2007	423,605
2008	258,428
2009	145,857
2010	121,730



Of the total arrears owed, \$113,549 or 93% are 2-5 years old which have been referred to Police and the Small claim tribunal for investigation and recovery.

²¹ Proforma Finance Manual 2011 – Part 9: Accounts Receivable

Non-collection of debt in a timely manner constraints the revenue collection for the government and could affect its cash flow for the daily operations. Also, cases prolonged could become statute barred in a court of law.

Recommendation

The Department should constantly follow-up on the arrears as substantial sums are owed to it.

The Department should consider using the credit bureau facility as a means of capturing debtors who are not making payments.

Department's Comments

It is to be noted that the former Government Supplies Department has closed its retail operations and all the arrears of revenue cases have been referred to Police and Solicitor General for further actions.

TRADING AND MANUFACTURING ACCOUNT

4.31 Net Profit Ratio

Trading and Manufacturing activities (TMA's) are operated on a semi-commercial basis to increase the returns that are realized from them and to provide goods, services or works more cost-effectively.²²

Net Loss of \$4.6 million has been recorded for 2010 compared to a net loss of \$244,772 in 2009. This could be attributed to the following:

- Incorrect preparation of the TMA accounts as the Fiji Procurement office do not manufacture, yet a manufacturing account is prepared identifying manufactured goods totalling to \$3.63 million.
- Increased direct labour costs of \$292,993, incorporating redundancy payment due to the closure of the Government Supplies Department compared to \$35,020 in 2009; and
- Significant decline in sales to \$2.21 million compared to \$9.25 million sales in 2009 as a result of stock being cleared at reduced prices.

Inefficient TMA performance could affect the viability of the Department's TMA operation and hence require commitment to be met from the operating fund account.

Recommendation

- **The Department should carry out an assessment of its TMA activity, performance and ensure that cost centers that are not profitable are identified and measures taken to ensure that they are not a burden to the Department.**
- **The Department should liaise with the Ministry of Finance and clear the balances accordingly from the manufacturing account.**

Department's Comments

The 2010 Trading and Manufacturing Account was prepared and submitted to Finance without the Manufacturing Account since Government Supplies Department was operating on Trading only. It is to be noted

²² Government Procurement Office – Finance Manual 2005 – Part 6

that the former Government Supplies Department was tasked by Cabinet to clear all stock including the write off items.

4.32 TMA Cash Ceiling

The Permanent Secretary may apply conditions like revenue sharing arrangements on Trading and Manufacturing Accounts (TMAs) and the amount will be negotiated between the agency and the Department of Finance.²³

Despite the ceiling being appropriated to the Department for the operation of the TMA account at \$6 million, the Department cash at bank as at 31/12/10 amounted to \$8.04 million. Table 4.29 outlines the TMA cash at bank balance held in excess of the appropriated ceiling:

Table 4.29: TMA Cash At Bank Balance

Description	Amount (\$)
TMA Cash at bank balance	8,041,168
Department TMA Cash Ceiling	6,000,000
Amount to be remitted to MoF	2,041,168
% in Excess of Ceiling	25%
% of Investing Revenue Forecast	109%

Recommendations

- The Department should remit TMA cash ceiling amount of \$2.04 million to Ministry of Finance, consolidated fund account and
- The Department should make arrangement with Ministry of Finance on the revenue sharing in accordance with Finance Instruction 2010, Section 30 (4).

Department's Comments

The recommendations proposed are noted. Fiji Procurement Office is in the process of closing its Trading and Manufacturing Account and the funds will be remitted to Ministry of Finance.

4.33 Unsubstantiated Equity Balances

Journal vouchers shall be used to correct accounting errors and make other required transfers between accounts. Journal vouchers must be numbered in sequential order. Supporting documents shall be attached to voucher.²⁴

An amount of \$3,468 has been journalised to TMA equity natural account (940365) as *TMA capital retuned to operating fund account* by the Ministry of Finance as its year-end process for constructing TMA balance sheets.

However, the transfer of the balance was not substantiated through any supporting documents but rather assumed that the difference of \$3,468 are TMA expenditures that have been financed from the operating fund account causing a difference in the balance sheet between equity and the total assets.

²³ Finance Instructions 2010, Section 30 (4)

²⁴ Government Procurement Office, Finance Manual, Part 16

Furthermore, audit noted that a loss of \$1.95 million has been transferred to equity account (940465) irrespective of the Department making a loss of \$4.6 million during 2010. The variance of \$2.65 million could not be substantiated.

In addition to this, an adjustment of \$867,078 to the TMA cash at bank and the equity could not be explained by the department and hence remained unsubstantiated.

Adjustment of accounting entries without justification indicates weak accounting procedures. Despite the issue being of concern over the years, efforts for improvement are yet to materialize.

Recommendation

The Department should draw monthly TMA accounts and trace the reason for the shortfall in equity and total assets balances on a monthly basis.

Justifications for the substantial adjustments with evidence are to be provided.

Department's Comments

Referred to AMU of the Ministry of Finance.

AMU of Ministry of Finance

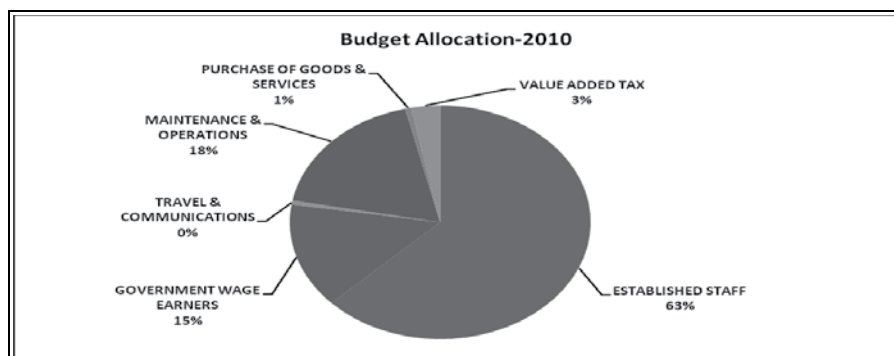
We undertake necessary balance day adjustments to transfer the net profit or loss position of each TMA to Equity. Furthermore upon drawing up a balance sheet we transferred the impact of change in equity to Fund 1. To this effect necessary journals were raised to transfer the net equity to Fund 1. However, we have continuously reiterated that all TMAs have been pulling funds from Fund 1 to cater for TMA Expenditure. We have not been able to confidently identify the portion of TMA expenses being funded by Operating budget and we will try to rectify this through the introduction of user profile for different funds and access to inter fund postings.

The funds used from Fund 1 by TMA should rightfully be remitted to Fund 4. A way forward is that the system should restrict the use of Fund 1 for TMA. In the case above, the possible scenario is the funds from Fund 1 were utilized but not reimbursed.

GOVERNMENT PRINTING & STATIONERY DEPARTMENT

4.34 Budget Allocation For 2010

The Department's revised budget in 2010 totalled \$2.063 million. The distribution of the Ministry's budget into the various Standard Expenditure Groups (SEGs) is represented in graph 4.6:

Graph 4.6: Budgetary Allocation By Standard Expenditure Group

The Department's budget allocation was divided into operating expenditure totalling \$1.99 million or 97% and VAT expenditure totalling to \$0.06 million or 3%. Refer to table 4.30 for details of budgeted expenditure to the actual expenditure incurred in 2010:

Table 4.30: Budgeted Expenditure Versus Actual Expenditure

Expenditure	Budgeted Expenditure (\$)	%age	Actual Expenditure (\$)	%age	Savings (\$)	%age
Operating Expenditure	1,998,554	97	1,978,169	98	20,385	43
Vat	64,100	3	37,595	2	26,505	57
Total	2,062,654	100	2,015,764	100	46,890	100

4.35 Revenue Collection Overstated through Accounts Receivable Module

When a customer is invoiced through the Accounts Receivable (AR) module, a sales journal is created²⁵, whereby a debtor is added and the respective revenue allocation, entered by the user, is affected in the general ledger. When receipting against an invoice²⁶, cash is debited and the relevant debtor credited.

The accounts affected when invoicing and receipting through the AR module is outlined in table 4.31:

Table 4.31: Accounting Entries Through the Accounts Receivable Module

Invoicing			Receipting		
GL Account	Dr	Cr	GL Account	Dr	Cr
AR companies (560202)	xx		Cash	xxx	
Revenue (VEP)		xx	AR companies		xxx
VAT		xx			

The audit noted that the department is utilising AR module when invoicing and receipting revenue. Revenue recorded for the year in the department's general ledger totalled to \$236,573 which include both accrued revenue actual cash revenue collected by the department.

²⁵ AR Test Plan - 19 September 2007

²⁶ AR Test Plan - 19 September 2007

In addition, the Financial Management Information System (FMIS) does not have provision/command for the extraction of revenue reports that could distinguish between cash and accrued revenue in the general ledger accounts.

Utilization of the AR module could overstate the cash revenue collected by the department which may have accrued revenue at year end contradicting the reporting of the Agency Financial Statement on cash basis of accounting. Thus, revenue collected of \$236,573 cannot be said to be all cash received during the year.

Recommendations

The department should ensure that AR module being reviewed and to be in line with the accounting policies being adopted which is the cash basis of accounting.

Department's Comments

Your comments are noted. This is also an issue with the department as the amount of \$236,573 cannot be said to be all cash revenue. There may be a need for FMIS to review the accounts affected during invoicing such that cash or revenue are only credited when it is actually received in accordance with the cash basis of accounting.

4.36 Variance in Revenue General Ledger balance and the Department Records

Each Accounting Head must ensure that revenue is recorded against the correct account as per the Chart of Accounts²⁷; the recording of revenue is reconciled monthly with the Ministry of Finance²⁸; the Ministry of Finance is advised of any errors or discrepancies within 10 working days after the end of each month²⁹.

A variance of \$1.13 million was noted for revenue in the general ledger (FMIS) and the records maintained by the department. Refer to table 4.32 for details:

Table 4.32: Variance Between Department Records and FMIS General Ledger

Description	Department balance (\$)	FMIS-General Ledger (\$)	Variance (\$)
Operating Revenue	490,328	237,106	253,222
TMA-Sales Revenue	2,108,314	1,234,404	873,910
Total	2,598,642	1,471,510	1,127,132

Satisfactory explanation could not be provided by the department for the variances.

Recommendation

The department should ensure that the monthly revenue reconciliations are prepared from its records to that of the balances in general ledger explaining the reason for any variances.

²⁷ Finance Instructions 2010, Section 21 (1) (a)

²⁸ Finance Instructions 2010, Section 21 (1) (c)

²⁹ Finance Instructions 2010, Section 21 (1) (d)

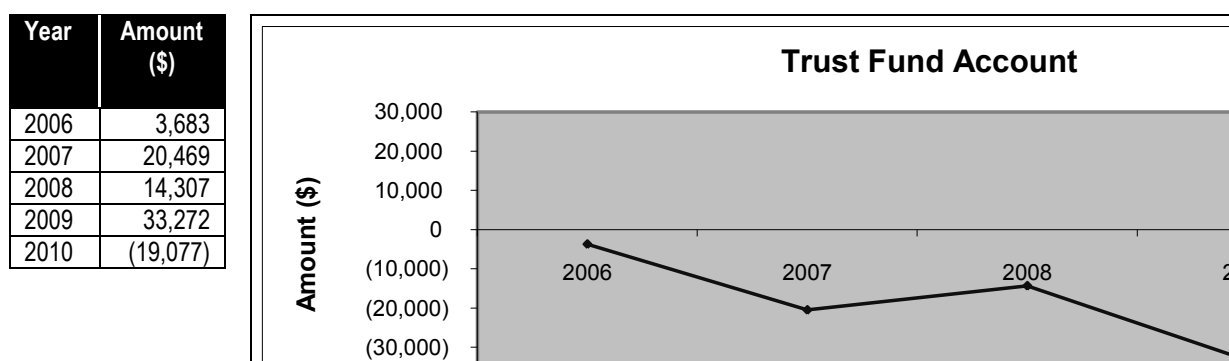
Department's Comments

The departmental record which is kept on an Excel spreadsheet shows total lodgements made into the bank during the year. The Accounts Officer has been advised to post departmental records from the revenue Collectors cash sheets in accordance with the Finance Manual and reconcile with the FMIS report each month. The variance as shown above could range from amounts credited to other accounts including vat revenue.

4.37 Operating Trust Fund Account

Trust money is money held by a budget sector agency on trust, other than public money³⁰.

The department's trust account has a balance of \$19,077 at the end of 2010 after a four year period of the trust being overdrawn. This comprises of balances of the employee deduction of FNPF and the vat charged on revenue pending remittance to FRCA. Refer to table 4.33 and graphical analysis for the trust fund balance over the five year period:

Table 4.33: Trust Fund Account Balance Over The 5 Year Period

The department's trust fund account for employee deduction of FNPF is overdrawn by \$26,270 while \$46,207 in VAT revenue is yet to be remitted to FRCA. Explanation for the overdrawn trust could not be obtained from the department while \$46,207 being VAT payable could affect the department's financial budget in 2011.

Department's Comments

The debit balance in the FNPF Trust account is due to misallocations made in previous years. The Accounting Head has been informed to clear all debit balances in the Trust Fund Account by June, 30th, 2011.

4.38 RFA – Dishonoured Cheques

Departments should forward monthly Revolving Fund Account (RFA) reconciliation statements to Treasury.³¹ The Ministry of Finance should review the reconciliations upon receipt and highlight any discrepancies.

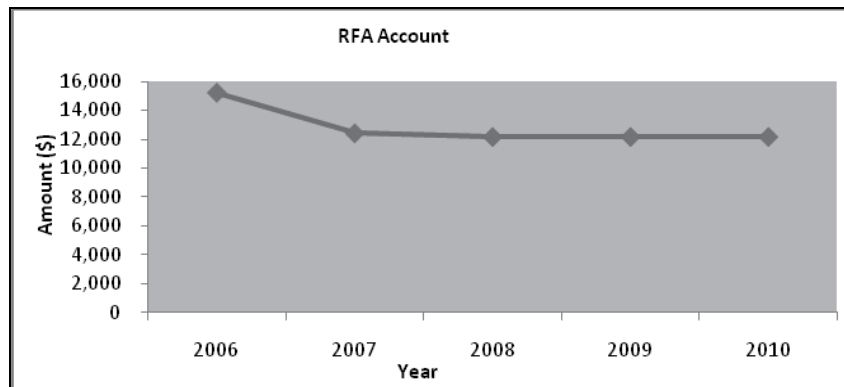
³⁰ Financial Management Act 2004, Section 2, Page 8.

³¹ Finance Circular No. 10 of 02 April, 1982

A total of \$12,133 has been appearing in the Revolving Fund Account (RFA) for dishonoured cheque with no movement recorded in the account since 2006. Refer to table 4.34 and the graphical representation below for RFA – dishonoured cheque over the 5 year period:

Table 4.34: RFA – Dishonoured Cheque Over The 5 Year Period

Year	Dishonoured Cheque 570302 (\$)
2006	15,191
2007	12,383
2008	12,133
2009	12,133
2010	12,133



The dormant nature of the account is due to the change in staffing and movement and relevant correspondence could not be located by the department.

Recommendation

The Department should review the dormant balances against the balances as recorded in FMIS and prepare necessary adjustment to clear them and correctly reflect the balances in the Agency Financial Statements.

Department's Comments

Reconciliation of debtors' records and relevant recovery action are being undertaken. It is noted that no recovery action had been instituted by the department in the previous years.

TRADING AND MANUFACTURING ACCOUNT (TMA)

4.39 Net Profit Ratio

Trading and Manufacturing activities (TMA's) are operated on a semi-commercial basis to increase the returns that are realized from them and to provide goods, services or works more cost-effectively.³²

A net loss of \$1.1 million was recorded in 2010 compared to a net profit of \$2.1 million in 2009. This could be attributed to the following:

Decrease in sales by \$1.9 million or by 60% compared to 2009;
Increased cost of labour by \$58,751 or by 127% compared to 2009; and
Accumulation of raw-materials purchases to the amount utilized –utilized raw materials totalled to only 59% and increased raw-materials by 66% remaining at year end.

Inefficient TMA performance could affect the viability of the departments TMA operation.

Recommendation

The department should ensure that increasing cost of the operations is minimized for the profitability of the TMA.

Department's Comments

The drastic reduction in sales could be primarily attributed to the reduction in stocks of fast selling goods due to the impending sale of the department whilst on the other hand the high volume of slow moving and obsolete stock resulted in the subdued sales. Low staff morale and other human resource issues are an integral component of the operations of the department giving rise to high production costs.

In addition, lost opportunities for print jobs was also experienced as well as high machine breakdowns which contributed to high production costs as some processes had to be outsourced. Marketing of products and services began in January, 2011; however, the slow implementation of the sale process will continue to affect operations.

4.40 Inventory Turnover

Inventory should be purchased in the most economical manner having regard for:

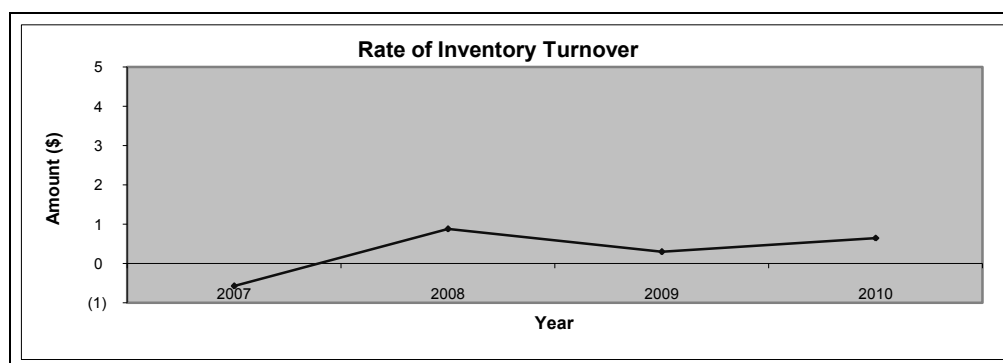
- (a) the expected level of usage;
- (b) lead times for delivery;
- (c) volume discounts;
- (d) holding costs;
- (e) the availability of secure storage; and the likelihood of deterioration.³³

The inventory turnover ratio is a relationship between the cost of goods sold during a particular period of time and the cost of average inventory during a particular period, expressed in number of times. It indicates the number of times inventory has been turned over during the period and evaluates the efficiency with which an entity is able to manage its inventory.

The inventory turnover of the department is 0.7 times in 2010 compared to 0.3 times in 2009. Refer to table 4.35 and the graphical representation below for the inventory turnover over the five year period:

Table 4.35: Inventory Turnover Over the 5 Year Period

Year	Inventory Turnover
2007	(0.6)
2008	0.9
2009	0.3
2010	0.7



³³ Finance Instructions 2010, Section 36 (1)

The ratio indicates accumulation of poor quality/obsolete and slow-moving goods. For illustration, during the year, the department purchased \$1.51 million worth of goods of which, only 59% of the materials was utilized at year end resulting in an excess buying of 41% of inventories in raw materials.

On the other hand, the department was manufacturing more goods than required as evident through the stock balance of finished goods at year end which totalled to \$2.9 million.

Unnecessary accumulation is becoming costly to the department in terms of its profitability and therefore raises the risk of obsolete inventory that could further increase the loss of the department's TMA operation through storage and deterioration of the inventory.

Recommendation

The department should ensure that sales and marketing strategies are strengthened to ensure non-accumulation of inventory balances and that purchase and manufacture of goods are pre-planned to realistic projected sales.

Department's Comments

A high level of obsolete and slow moving stock accumulated over the years. This has been caused by changes in technology as well as customer preferences. Approval has now been received to undertake public sales on such stock. A list is attached. As explained earlier, there has been a general cut back on stocking due to the impending sale of the department and the delay in finalizing the process continues to affect all operations. Marketing of goods and services started in January, 2011.

4.41 TMA – Accounts Payable

The TMA accounts officer must maintain up-to-date and accurate ledgers which record creditors and commitments.³⁴

TMA creditors for the department include VAT payable on the collection of TMA revenue. The balance for 2010 has increased significantly to \$426,768 compared to \$255,542 in 2009, an increase by \$171,226 or 67%.

Non-remittance of VAT payable in a timely manner could result in heavy penalties imposed by FRCA.

Recommendation

The department should ensure VAT payable to FRCA are cleared in a timely manner and reconciliation performed to detect correct payment to avoid unnecessary penalties.

Department's Comments

Your comments are noted. It is apparent that two different allocations were made to record and pay our VAT to FRCA. The Accounting Head has been informed to carry out relevant reconciliations and adjustments for VAT payments made in previous years to regularise the issue.

³⁴ Ministry of Finance, Finance Manual, Section 6.2.5

4.42 Unsubstantiated Equity Balances

Journal vouchers shall be used to correct accounting errors and make other required transfers between accounts. Journal vouchers must be numbered in sequential order. Supporting documents shall be attached to voucher.³⁵

A total of \$179,359 has been journalised to TMA equity (Natural Account, 940366) as TMA surplus capital returned to operating fund account by the Ministry of Finance as its year-end process for constructing TMA balance sheets.

However, the transfer of the balance was not supported with documents but rather assumed that the difference of \$179,359 are TMA expenditures financed from the operating fund account causing the difference in the balance sheet between the equity and the total assets.

Adjustment of accounting entries without evidence of assumption indicates weak accounting procedures being followed by the department and the Ministry and hence a blatant disregard of producing a balance sheet with evidential records for adjustments.

Despite the issue being of concern over the years, efforts for improvement are yet to materialize.

Recommendation

The Ministry of Finance and the department should draw monthly TMA accounts and trace the reason for the shortfall in equity and total assets balances on a monthly basis.

Department's Comments

The adjustments were carried out by the AMU division of the Ministry of Finance and they will be able to provide answers to the query.

AMU – MOF

We undertake necessary balance day adjustments to transfer the net profit or loss position of each TMA to Equity. Furthermore upon drawing up a balance sheet we transferred the impact of change in equity to Fund 1. To this effect necessary journals were raised to transfer the net equity to Fund 1.

However, we have continuously reiterated that all TMAs have been pulling funds from Fund 1 to cater for TMA Expenditure. We have not been able to confidently identify the portion of TMA expenses being funded by Operating budget and we will try to rectify this through the introduction of user profile for different funds and access to inter fund postings.

The funds used from Fund 1 by TMA should rightfully be remitted to Fund 4. A way forward is that the system should restrict the use of Fund 1 for TMA. In the case above, the possible scenario is the funds from Fund 1 were utilized but not reimbursed.

4.43 Key Performance Indicators and Work Programs of TMA Operators

Trading and Manufacturing activities (TMA's) are operated on a semi-commercial basis to increase the returns that are realized from them and to provide goods, services or works more cost-effectively. The policies and procedures in this assign particular responsibilities to:

- Government Printer;

³⁵ Government Procurement Office, Finance Manual, Part 16

- Assistant Government Printer Production;
- Assistant Accountant;
- Accountant;
- Stock Keeper;
- Credit Officer;
- Sales Officer.³⁶

The department does not have key performance indicators and work programs to measure the performance of the TMA operators and the decisions undertaken in regards to the TMA operation.

Such measures give indicators and commitment in the performance of the TMA and could take the concept of the quasi – commercial business venture in government to new heights setting the bench mark in the Printing and Bookshop industry.

Recommendation

The department should ensure that the Key Performance Indicators and TMA operators work programs are designed and assessed in accordance with Part 18, section 6.1.4 of the Government Printing and Stationery Department Finance Manual.

Department's Comments

The department's Finance manual is being reviewed and necessary adjustments to responsibilities and general accountabilities will be included. At the same time individual work plans are being prepared to reflect key responsibilities of relevant officers in the production and retail processes which are key outputs of the department.

4.44 TMA Cash Ceiling

The Permanent Secretary may apply conditions like revenue sharing arrangements on Trading and Manufacturing Accounts (TMAs) and the amount will be negotiated between the agency and the Ministry of Finance.³⁷

Despite the ceiling appropriated to the department for the operation of the TMA account at \$500,000, the department cash at bank as at 31/12/10 totalled \$1.4 million. Refer to table 4.36 for the TMA cash at bank held in excess of the appropriated ceiling:

Table 4.36: TMA Cash At Bank Balance

Description	Amount (\$)
TMA Cash at bank balance	1,359,727
Department TMA Cash Ceiling	500,000
Amount to be remitted to Ministry of Finance	859,727
%age in Excess of Ceiling	63%
%age of Investing Revenue Forecast	46%

³⁶ Finance Manual, Government Printing & Stationery Department, Part 6

³⁷ Finance Instructions 2010, Section 30 (4)

Absence of a revenue sharing arrangement could mean that ceiling appropriated on the operation of the TMA may have been not correctly set and also contrary to section 30(4) of the Finance Instruction 2010.

Recommendation

- The Department should remit the TMA cash ceiling amount of \$859,727 to Ministry of Finance Consolidated Fund Account and
- The Department should make arrangement with Ministry of Finance for the revenue sharing arrangement as it can provide a yardstick for assessment of its performance strictly adhering to the requirement of Finance Instruction 2010, Section 30 (4).

Department's Comment

The department's TMA operates on a ceiling of \$500,000. It does not only refer to cash holdings. As the ceiling has not been reviewed since it was established in 1980, it would be quite difficult for the TMA to continue to operate effectively if the payment was made into the consolidated fund. This is due to rising paper prices and other related costs which are expected to continue to increase in the near future.

Steps to re negotiate a revenue sharing arrangement with the Permanent Secretary for Finance on the TMA will be pursued if the decision to sell GPSD is shelved.

4.45 Non-preparation of Reconciliation

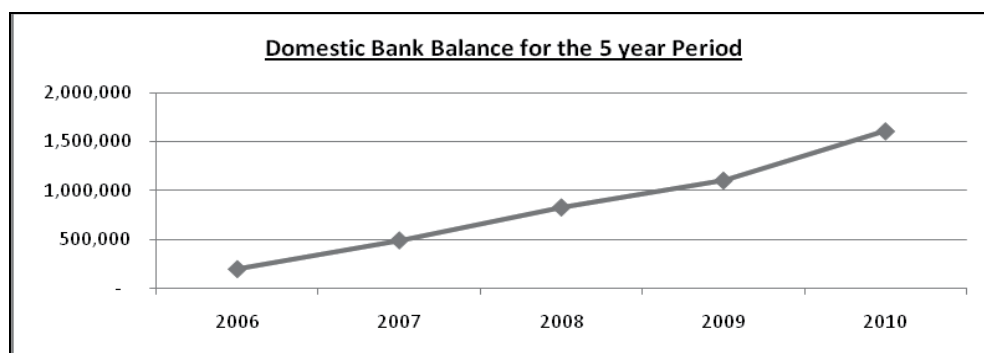
All bank accounts must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.³⁸

The reconciliation for domestic bank balance for the department, Standard Asset Group (SAG) 52, domestic bank, was not prepared by the department despite the accumulation of the balances over the years.

The domestic bank balance totalled to \$1.6 million, an account with transactions effected through the accounts receivable module. Refer to table 4.37 for domestic bank balances over the five year period:

Table 4.37: Domestic Bank Balance Over the 5 year Period

Year	Amount (\$)
2006	200,660
2007	494,929
2008	831,555
2009	1,106,238
2010	1,610,071



The above indicates the departments lacked commitment to reconcile general ledger balances and hence shows the laxity of the accounts officer in maintaining reconciliations.

³⁸ Finance Instructions 2010, Section 32 (6)

As such balances relating to SAG 52 of \$1.6m are unsubstantiated and there is a possibility of understating the Domestic Bank Balances.

Recommendation

The department should ensure that reconciliation is prepared for the natural account SAG 52 on a monthly basis.

Department's Comments

Reconciliation of SAG 52 is carried out by Treasury. The department is only informed of any required information relating to this.

4.46 Non-Performance of Contracted Officer

Any breach of discipline by public officers should be dealt with at the Ministerial level in accordance with the disciplinary procedures. Permanent Secretaries and Head of Departments should exercise all levels of discipline from counselling, issuance of warning letter and suspensions.³⁹

The usage of the Annual Confidential Report [ACR] does not apply to contracted employees, as their future promotion will be based on the assessment of their performance during the period of contract. Permanent Secretaries and Heads of Department are to ensure that the assessment of contracted staff is prudently undertaken, as this will form the basis of renewal or extension of contract, or otherwise at the end of the contract period.⁴⁰

The audit noted that Technical officer (Electrical), Mr. Arunesh Chandra EDP 90681 was contracted by the Department for a period of 3 years from 09/09/08. The Performance assessment conducted for the period 09/09/08 to 15/04/09 showed officer's performance was assessed to be below expectation.

The staff board unanimously agreed on 31/07/09 to revoke the officer's contract upon completion of one year based on the following:

- "Officer seems to be out of depth in his electrical skills despite having academic and technical qualification;
- Officer's lack of commitment and interest was evident through number of dysfunctional machines;
- Progress reports on allocated tasks not submitted, causing unnecessary downtime on production;
- Due to officer's lack of skills in troubleshooting the cause of machine breakdowns, the Department incurred high maintenance costs unnecessarily;
- Officer's performance, aptitude and attitude in first year of service do not merit the position; hence, a liability to the Department."⁴¹

Despite the above assessment, the Department failed to counsel the officer and issue any warning letters for poor performance and the Departments request to revoke the officer's contract was not accepted by PSC as proper disciplinary procedures were not followed and was contrary to PSC circular 45/2007 dated 22/11/07.

³⁹ PSC circular 45/2007 dated 22/11/07

⁴⁰ PSC circular 60/2009 dated 22/12/09

⁴¹ Staff board submission for revocation of employment contract-endorsed 30/07 & 31/07/10

The above is a clear indication of the management's failure to act in a timely manner and take proactive approach to provide an avenue for improvement in performance of the said employee.

Recommendations

The Ministry should ensure that regulation with regards to performance assessment and disciplinary actions to be pursued against non-performing officers are fully complied with as outlined in PSC circular 45/2007 dated 22/11/2007.

Department's Comments

Your comments on the issue are noted. Performance of officers is now being closely monitored and relevant training and counselling is being undertaken.

4.47 Bookshop Clearance Sale

The Executive Board meeting resolution of 20/07/10 stated the sale of all slow moving items to be at half price.⁴²

Despite the resolution on 20/7/2010, the Assistant Government Printer (Admin), Mr. Bisham Raj advised all items to be sold at half price instead of confining the sales to slow moving items without any written approvals from the Ministry of Finance. The audit could not determine the actual loss of revenue from the above decision as the Department had no records of the fast moving items that were incorrectly sold at half price.

Furthermore, on 06/05/10, a formal warning was issued to the Assistant Government Printer (Admin) from the Acting Government Printer for altering the Executive Board resolution of 14/04/2010.

Non-compliance to the rules and regulation of Ministry of Finance could lead to loss of revenue to Government on the sale of items below its costs.

Recommendations

The Department should:

- **ensure Ministry of Finance approval is sought prior to bookshop clearance sale;**
- **ensure that surcharge action is imposed for authorizing the sale of all items at half price.**

Department's Comments

Your comments are noted. It has been established that there was a misunderstanding between the Accounts Officer and the Acting Assistant Government Printer, Mr Bisham Raj on the matter. Approval has now been obtained from the Minister of Finance to sell obsolete and slow moving stock. Maintenance of proper inventory records is now being complied with.

Further OAG Comments

The mentioned approval is for the sale of the current slow-moving items dated 16/03/11.

⁴² Executive Board Meeting-20/7/10

4.48 Quick Book System Not Working

Inventories which are material in value must be recorded in an inventory system.⁴³

The Quick Book system purchased at \$17,050 was used by the Bookshop section to record the movement of inventories. However the audit noted that the system has not been in operation since November 2010.

The defective computer system and poor tally cards maintenance is a catalyst to stock theft and mismanagement of inventory.

Recommendations

- Proper inventory management practice should be employed by the Department in order to enhance the internal controls over the movement of the inventories and Officers not carrying out their responsible tasks of updating the tally cards should be disciplined.
- The Department should have a back up plan to support its Quick book system.

Department's Comments

A manual inventory management system is being used to ensure proper inventory control and relevant officers in the Bookshop have attended the Stock management course at TPAF early this year to enhance knowledge on the same. The Quick Book system that was purchased in 2006 was not fully installed and it is unlikely that it will be usable in the future.

4.49 Discrepancy between Physical Stock and Stock Card Balances

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

- dated and description of each item purchased;
- quantity purchased and cost price;
- quantity sold and at which price;
- quantity remaining and price.⁴⁴

Review of tally cards and physical inspection of a sample of items at the Bookshop revealed that stock quantity of most of the items did not match with the respective Tally Cards records.

Despite the issue being raised in previous years Draft Audit Memorandum, the Department failed to resolve these shortcomings. The variance between the physical stock counts to that of the stock tally cards are outlined below in table 4.38.

Table 4.38: Physical Stock Count Versus the Stock Tally Cards

Item	Stock Tally Card	Physical Count	Variance	Surplus /Deficit
Bookshop				
Spiral Notebook A4 120 Pages	520	760	240	Surplus

⁴³ Finance Instructions 2010, Section 37.

⁴⁴ Section 8.1.6 – Finance Manual 2005

Item	Stock Tally Card	Physical Count	Variance	Surplus /Deficit
Target 7	380	200	180	Deficit
Form 7 Mathematics – AM Shah	120	80	40	Deficit
Junior Accounting for Fiji Islanders	120	90	30	Deficit
Heidi	Nil	250	250	Surplus
The Cay	694	289	405	Deficit
Mental Arithmetic 5	500	470	30	Deficit
Binder Clips 2 inch Width - Medium	1200	1048	152	Deficit
Sprint Grip Ball Pen – Black	1700	1500	200	Deficit
Sprint Grip Ball Pen – Red	600	1550	950	Surplus
Stamp Pad Ink - Horse	840	180	660	Deficit
Key Tags	480	144	336	Deficit
Warehouse				
Casio Calculator	756	16	740	Deficit
Set Square T103 30/60	3415	17	3398	Deficit
Set Square T102 45/45	3415	10	3410	Deficit
Target 5	339	80	259	Deficit
Tape Dispenser	11	124	113	Surplus
Cartridge IMAS- T014	66	23	43	Deficit
Flute	200	5	195	Deficit
Business card binder	1	13	12	Surplus
Key Holder	0	81	81	Surplus
Island of Blue Dolphins	385	450	65	Surplus
Silent One	39	150	111	Surplus
Cellophane Wrapper	0	107	107	Surplus
Paper Clips	0	24	24	Surplus

When tally cards are not updated or maintained, management would not be in a position to determine the quantity of stock on hand at any point in time. The above is a catalyst for unauthorised sale, theft and misappropriation, subsequently resulting in a loss to government.

Recommendations

- The Department should ensure that the tally cards are regularly updated and verified against the physical stock.
- The Storekeeper should be surcharged for not implementing adequate controls measures for the storage of stock and appropriate disciplinary action under section 8.1.6 of the Finance Manual 2005.

Department's Comments

Your comments are noted. Regular update on tally cards is now a requirement and test checks will be made from time to time. As for the implementation of surcharge action, clearly, management had failed to put in place adequate control systems to be implemented by relevant officers when the Bookshop was established.

4.50 Books stored in Container at Headquarters

Storage of inventories shall be the responsibility of the storekeepers. The storekeeper must ensure that:

- storage facilities are properly secured;

- ii. quantity of stock is closely monitored to avoid excess holdings or shortages.⁴⁵

A physical examination on 1/12/10 of a container located within the premises in Vatuwaqa revealed cartons of Fijian Readers were piled on top of each other.

The cartons of Fijian Readers inside the container were there from past years and there had been no movement of stock ever since. Refer to **Appendix 4.4** for details on the Fijian readers discovered in the container.

Subsequent to inspecting the container, at the Government Bookshop on the 2/12/10, it was noted that some of the Fijian Readers were out of stock however these were available in the container inspected on the previous day.

It is apparent that there is no coordination between the bookshop and the Department's headquarters as to how Government can at least recover some costs of these unused books inside the container rather than the books losing its value when exposed to adverse weather conditions.

The store men have been negligent in their responsibility in carrying out their duties. The excess stock needs to be sold and revenue generated to recoup the expenses incurred in acquiring them.

Despite the issue being raised in previous years Draft Audit Memorandum, the Department failed to take any appropriate corrective action.

Recommendations

- **The Department should transfer the excess stock of Fijian readers from the container to the bookshop to be sold at reasonable prices subject to Ministry of Finance approval.**
- **The Department should investigate as to how such huge quantity of Fijian readers are kept in the container and those officers responsible for the procurement of these books.**

Department's Comments

Approval has been given for the sale of the Fijian readers referred to. Steps are being taken to implement the decision

4.51 Slow Moving & Excessive Stock at Headquarters

Storage of inventories shall be the responsibility of the storekeepers. The storekeeper must ensure that:

- iii. adequate storage space is available for incoming stock as and when required;
- iv. storage facilities are properly secured;
- v. stocks are kept in an orderly manner allowing for safe access;
- vi. stocks are handled with care and well stored so as to reduce the risk of damage;
- vii. quantity of stock is closely monitored to avoid excess holdings or shortages.⁴⁶

Examination of the Stores section at the Headquarters revealed a number of anomalies:

⁴⁵ Section 8.2.1 – Finance Manual 2005

⁴⁶ Section 8.2.1 – Finance Manual 2005

- The Department does not have a minimum and maximum inventory level to avoid overstocking and wastage.
- There is no proper planning undertaken to purchase stock that has resulted in the overstocking of inventory at the Stores Section.
- Large quantity of slow moving items identified in the stores, some items purchased over 10 years ago.
- There is risk that some of the inventory would lose their value or become obsolete and would also tend to become inferior in quality. Table 4.39 outlines examples of slow moving items below.

Table 4.39: Slow Moving Item Purchased at Headquarters

Stores Code	Purchase Date	Item Description	Quantity Received	Balance 18/11/10	Unit Price (\$)	Total
NCW402	16/04/01	White CF NCR	20,000	16,500	0.18	2,970
NCG502	12/09/00	Green CB NCR	15,287	13,000	0.25	3,250
NCP202	16/04/01	Pink CB NCR	15,000	13,846	0.25	3,462
NCW401	28/12/01	Giro White - CFB	25,500	23,102	0.28	6,469
BOG300	17/02/10	Green Bond	177,965	156,643	N/A	N/A
BOG400	02/11/06	Gold Bond	30,116	11,032	N/A	N/A
BOP200	05/03/09	Pink Bond	181,912	125,451	N/A	N/A
BOF500	18/06/09	Buff Bond	72,112	68,037	N/A	N/A
BOY600	17/05/10	Yellow Bond	61,873	57,939	N/A	N/A
BOB100	14/03/08	Blue Bond	11,771	7,917	0.31	2,454

Items which are slow moving tend to become obsolete thus cannot be sold or if sold would not fetch the correct market price resulting in the loss of revenue for government.

Recommendation

The Department should consider discussions with Ministry of Finance on the possibility of requesting all Ministries and Departments to purchase from Government Printing and Stationery Department the slow moving items so as to reduce the excess stock and those about to turn obsolete.

Department's Comments

Your comments are noted. Reasons for the high level of slow moving and obsolete stock are varied and include changes in technology amongst other things. Approval from the Minister of Finance for the sale of this stock has been received and relevant action to clear stock is underway.

INFORMATION TECHNOLOGY AND COMPUTING SERVICES

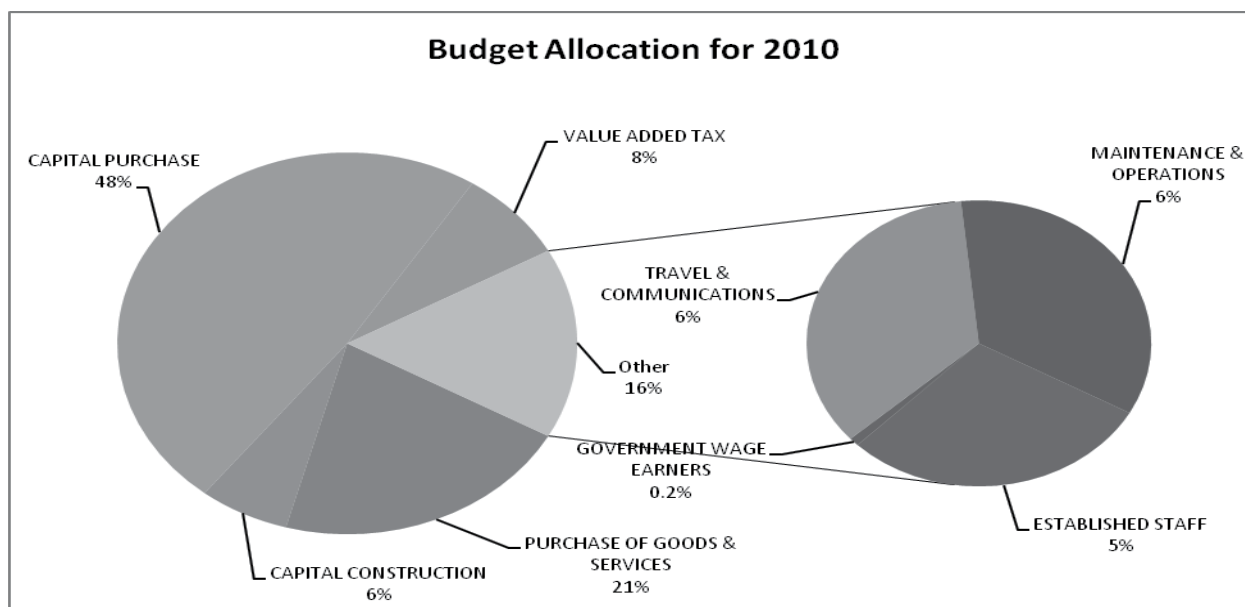
4.52 Budget Allocation For 2010

The proper management of expenditure is fundamental to ensuring value-for-money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and

payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.⁴⁷

The Department's budget was revised to \$19.3 million during the year. The distribution of the Department's budget into the various Standard Expenditure Groups (SEGs) is shown in the graph 4.7:

Graph 4.7: Budgetary Allocation By Standard Expenditure Group



The Department's budget allocation was divided into operating expenditure totalling to \$7.2 million or 37%, capital expenditure totalling to \$10.6 million or 55% and vat expenditure totalling to \$1.5 million or 8%. Refer to table 4.40 for details of budgeted expenditure to the actual expenditure incurred in 2010:

Table 4.40: Budgeted Expenditure Vs Actual Expenditure

Expenditure	Budgeted Expenditure (\$)	Actual Expenditure (\$)	Savings (\$)	%age
Operating Expenditure	7,215,632	7,160,083	55,667	0.77
Capital Expenditure	10,593,136	3,025,689	7,567,447	71.4
Vat	1,507,537	1,499,652	7,885	0.52
Total	19,316,305	11,685,424	7,630,882	39.5

A saving of \$7.623 million or 39.5% was noted in 2010.

Department's Comments

\$7.5m Seg 9 Item 3 is handled by Ministry of Finance. This is a soft loan provided by Exim bank under the E-GOV phase 1 capital project. Payment is handled by Ministry of Finance after consultation with the project manager on the progress report and acquittals. The unutilized fund was not used because the major work for phase 1 project was completed.

⁴⁷ Proforma Finance Manual 2011 – Part 2 Expenditure

4.53 Overstatement of Revenue through Accounts Receivable Module

When a customer is invoiced through the Accounts Receivable (AR) module, a sales journal is created⁴⁸, whereby a debtor is added and the respective revenue allocation, entered by the user, is affected in the general ledger. When receipting against an invoice⁴⁹, cash is debited and the relevant debtor credited.

The accounts affected when invoicing and receipting through the AR module is outlined in table 4.41:

Table 4.41: Accounting Entries Through the Accounts Receivable Module

Invoicing			Receipting		
GL Account	Dr	Cr	GL Account	Dr	Cr
AR companies (560202)	xxx		Cash	Xxx	
Revenue (VEP)		xx	AR companies		xxx
VAT		x			

The audit noted that the department is utilising AR module when invoicing and receipting revenue. Revenue recorded for the year in the department's general ledger totalled \$38,881 is inclusive of accrued revenue and cash received from the sales. The general ledger does not accurately show the cash revenue collected by the department as a result of the utilization of AR module.

In addition, the Financial Management Information System (FMIS) does not have provision to distinguish between the cash revenue and the accrued revenue in the general ledger accounts.

As a consequence, the Agency Financial Statement was overstated due to the accounting of accrued revenue which is not in accordance with the cash basis of accounting.

Recommendation

The Department should liaise with FMIS on how this accrued revenue can be adjusted to ensure that cash receipts are only recognized in accordance with the accounting policies in the agency financial statement.

Department's Comments

The Department is liaising with FMIS unit on how to separate receipts for ITC payroll data (fees revenue) and miscellaneous revenue.

4.54 Operating Trust Fund Account

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.⁵⁰

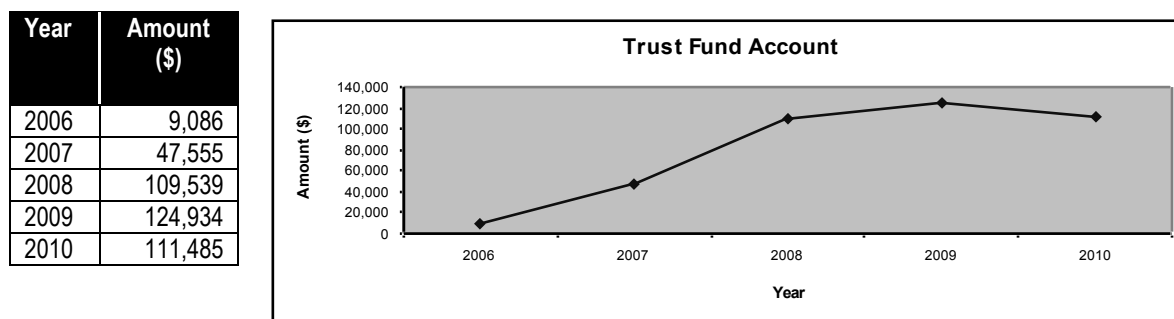
⁴⁸ AR Test Plan - 19 September 2007

⁴⁹ AR Test Plan - 19 September 2007

⁵⁰ Finance Instruction 2010 Part 9: Trust Money Section 58 (3)

The Trust Fund Account (TFA) had a balance of \$111,485 in 2010 compared to a balance of \$124,934 in 2009, a decrease by \$13,449 or 11% was noted. Refer to table 4.42 for the trust fund balances over the five year period:

Table 4.42: Operating Trust Fund Account Over The 5 Year Period



Despite the reduction in the trust fund account balance, the following trust fund account balances totalling \$104,969 was overdrawn dating to year 2008. Refer to table 4.43 for details of trust fund balances that were overdrawn as at 31/12/10.

Table 4.43: Overdrawn Trust Fund Account Balances

Account Number	Description	Amount (\$)
1-04501-67101-861202	241 PD CMLA	58
1-04501-67101-861204	244 PD-LICI	865
1-04502-67101-861306	263 PD Housing Authority	316
1-04501-67101-861511	301 PD FPS Credit Union	30
1-04501-67101-861901	201 PD Tax Arrears/PAYE	23,791
1-04501-67101-861921	502 PD Employers FNPF	79,869
1-04501-67101-861923	Payroll Deduction Agriculture	40
TOTAL		104,969

The Department did not reconcile general ledger balances which also contributed to the large balances over the years.

Recommendation

- The Department should be vigilant on the reconciliations that are prepared and ensure timely clearance of balances.
- Overdrawn balances are to be reviewed and surcharge action taken against responsible officer for not carrying out reconciliation and adjustments on a timely basis.

Department's Comments

2008 - 109,538.69
 2009 - 120,964.36
 2010 -

The increase in trust balance is because the trust accounts were not debited to offset the CR balances sitting in the trust allocations. The Department aims to improve its monitoring in 2011.

4.55 Non-utilisation of paid Training Fees

Prior approval of Secretary for the Public Service Commission should be obtained for all courses undertaken by any Officer which are considered of value to his/her work⁵¹.

Cancellation of any event with less than 3 weeks' notice prior to the event date carries a 100% liability⁵².

A total of \$5,139⁵³ was paid to Universal Network Intelligence (UNI) Strategic Pte Ltd in respect of officer, Ratinesh Kumar (EDP 90426) to attend a workshop in Dubai on *“Live Hacking & Counter Measures Master class”* from the 1st to the 3rd of March 2010. However he did not attend the workshop due to budget funding constraints.

Audit tried to obtain copy of any PSC approval but was not provided at time of audit and also towards the conclusion of the audit.

The department was subsequently given a credit voucher of the amount to be utilized for another course from the same training provider valid for a year commencing from 19/03/10 – 19/03/11. However, the department did not utilise the credit voucher which expired as at audit date⁵⁴ resulting in wastage of public funds.

The expenditure amounted to 26% of the training vote in the 2010 budget appropriation.

Recommendations

- **Proper financial planning should be undertaken before making confirmations of training to the training providers; and**
- **The Department should consider looking for other training provider due to the strict conditions of the company sales contract which may work against the Department if cancellation decision is required within 3 months to the event.**
- **The Department should ensure that there is value for money for all monies spent and surcharge action taken against the responsible officers.**

Department's Comments

1. *Prior approval was obtained from PSC before the training for Mr. Ratinesh was processed.*
2. *The credit card voucher was not cancelled, arrangement is still ongoing with UNI Strategic Pte, Ltd for an officer to use the credit voucher and we have both agreed on a training that will be held in July, 2011 for Mobile Payment Services Master class in Malaysia where this credit voucher will be used.*

Further OAG Comments

Copy of the PSC approval has not been facilitated to audit upon request.

⁵¹ General Order 900

⁵² Refer to condition set out in Sale Contract of Training Provider Application form

⁵³ Payment Voucher 6099 dated 9/3/2010

⁵⁴ 11/04/2011

APPENDICES**4.56 Appendix 4.1: Overseas pensioners who are yet to submit life certificates**

Pension No.	Name of Pensioner	Commencement Date of pension	Last life certificate received	Payments done without life certificate (\$)	Remarks
Local Pensioners					
13346	Namolevu Laitia	09/04/98	No Life Certificate in pensioners file	67,439	Since no life certificate is in the file, we assume that no life certificate has been received from the pensioner, thus we calculate the payments from 1998 when the 1 st life certificate was due from the pensioner, which was on 1/08/98, that is, from Pay 17/98.
13009	Atalifo Susau Fiu	01/01/95	No Life Certificate in pensioners file	266,370	Since no life certificate is in the file, we assume that no life certificate has been received from the pensioner, thus we calculate the payments from 1995 when the 1 st life certificate was due from the pensioner, which was on 1/08/95, that is, from Pay 17/95.
12656	Seruiratu Solomone	01/01/95	11/03/03	67,024	As the last life certificate has been received on 11/03/03, we calculate the payments from 2003, when the 2 nd life certificate of the year was due from the pensioner, which was on 1/08/03, that is, from Pay 17/03.
12007	Sahadeo Singh	01/01/95	No Life Certificate in pensioners file	187,461	Since no life certificate is in the file, we assume that no life certificate has been received from the pensioner, thus we calculate the payments from 1995 when the 1 st life certificate was due from the pensioner, which was on 1/08/95, that is, from Pay 17/95.
11185	Dharam Singh	01/01/95	15/05/09	10,118	As the last life certificate has been received on 15/05/09, we calculate the payments from 2009, when the 2 nd life certificate of the year was due from the pensioner, which was on 1/08/09, that is, from Pay 17/09.
10009	John Rao	01/01/95	06/02/08	49,078	As the last life certificate has been received on 06/02/08, we calculate the payments from 2008, when the 2 nd life certificate of the year was due from the pensioner, which was on 1/08/08, that is, from Pay 17/08.
Overseas Pensioners					
424999	BI C	01/06/2010	New Pension w/e June 2010 therefore no life certificate issued until April 2011.	99	No life certificate received in April 2011. Last payment was made in March 2011.

Pension No.	Name of Pensioner	Commencement Date of pension	Last life certificate received	Payments done without life certificate (\$)	Remarks
424999	BI C	01/06/2010	New Pension w/e June 2010 therefore no life certificate issued until April 2011.	261	No life certificate received in April 2011. Last payment was made in March 2011.
413542	Bing T	16/04/1998	Received 31/12/2010	549	No life certificate received in April 2011. Last payment was made in March 2011.
409504	Gounder RRL	01/05/1996	Received 02/06/2010	302	No life certificate received in April 2011. Last payment was made in March 2011.
425001	Khan RSF	01/06/2010	New Pension w/e June 2010 therefore no life certificate issued until April 2011.	592	No life certificate received in April 2011. Last payment was made in March 2011.
425001	Khan RSF	01/06/2010	New Pension w/e June 2010 therefore no life certificate issued until April 2011.	255	No life certificate received in April 2011. Last payment was made in March 2011.
031249	Pillay K	N/A	Deceased 26/06/2010	53	N/A
408836	Reddy JR	01/04/1997	Received 09/05/2010	312	No life certificate received in April 2011. Last payment was made in March 2011.
420164	Sadhu LW	01/12/2006	Received 17/05/2010	693	No life certificate received in April 2011. Last payment was made in March 2011.
409987	Sen CW	Pension suspended 01/01/2011	Not received – pensioner reminded.	126	No life certificate received. Last payment was made in December 2010.
409987	Sen CW	Pension suspended 01/01/2011	Not received – pensioner reminded.	198	No life certificate received. Last payment was made in December 2010.
400346	Singh SR	Pension suspended 01/01/2011	Not received – pensioner reminded.	1,119	No life certificate received. Last payment was made in December 2010.
102133	Prasad O	01/01/1990	Received 05/05/2010	292	No life certificate received in 2011. Last payment was made in March 2011.
Total				662,341	

4.57 Appendix 4.2: Unresolved Audit Issues

Issues	Recommendations	Ministry's Comments	Action Taken
Auditor General's Report 2009			
Pending Surcharge Cases			
Audit noted surcharge cases for 2003 to 2006 which were reflected in the previous Auditor General's Reports are still pending.	Stringent and immediate measures need to be applied by the surcharge authority in their follow up with Ministries/Departments to have these pending cases cleared	<p>Despite repeated requests, Ministries/Depts failed to provide the names of officer(s) involved therefore the surcharge unit wrote to the then Deputy Secretary for Finance requesting if action could be taken against Officer(s) to whom the reminders were addressed to but ruled that there was no authority to do so and that the Office of the Auditor- General should identify the officers to be surcharged.</p> <p>A memorandum was written to the OAG on 20/10/2009 and reminder sent on 22/02/2010 and to date no response has been received.</p> <p>Since Internal Audit will be decentralized by end of June to the four (4) big Ministries, they will be tasked to try and look into the issue and help identify people responsible.</p>	The backlog still continues.
Pending Accident Cases Still With Solicitor General's Office			
A large number of accident cases yet to be resolved since the Solicitor General's advice regarding such incidents were yet to be received. 1,123 cases pending from 2001 to 2009 amounting \$2,040,37	The Vehicle Control Unit should consistently follow up with the Solicitor General regarding its submissions to surcharge liable officers.	<p>When an Accident Report is received it is forwarded to the Solicitor General's office for an early advice so that the case is closed-off satisfactorily. Then a bring-up method is followed between the next three to six months. A follow-up memo is sent once again to SG's office requesting them for their early advice, copied to the Min/Dept concerned advising them to do the same follow-up. Having both the Ministry of Finance and the Min/Dept concerned following up with SG's office, we anticipate receiving an early advice.</p> <p>This office will also carry out its own follow-up with the Solicitor General's, requesting SG to be prompt in advising us to avoid statute Barred of Accidents cases.</p>	In the year 2010, the pending cases have increased to a total of 1,196 amounting \$2,196,609.
Delays in the Submission of Accident Report			
Audit noted that some vehicle accident reports were submitted late to Ministry of Finance. There are instances where the accident reports have been delayed by 7 months.	The Ministry should consider taking appropriate action such as levying penalties on persistent non-complying Ministries/Departments	Ministries and Departments are responsible for an early submission of accidents reports as in accordance with the regulations.	No action taken

Issues	Recommendations	Ministry's Comments	Action Taken
<i>Alleged Misuse of Government Vehicles</i>			
Audit noted Ministries and Departments that are yet to provide their explanations on complaints received in 2009 against their office for unofficial use of government vehicles. The investigating officers of the Ministry of Finance have failed to regularly follow-up on the above complaints.	<ul style="list-style-type: none"> The Ministry should formulate an effective follow up policy to ensure that Ministries/Departments promptly respond to complaints inquiries. Disciplinary action should be instigated against offenders (drivers/transport officers) found to be misusing government vehicles. 	When a complaint is received, the Min/Depts are advised to submit an explanation to this office no later then 7 days from the date of our memorandum. However, a reminder is sent to the Min/Depts.	Issue still exists as at 31/12/10

4.58 Appendix 4.3: Sample of tenders which have lapsed three months

Tender Number	Description	Date Called	Date Closed	Ministry/Department	Reason
P07/2010	Supply, delivery & installation of 1 only primary crusher for Lomolomo quarry.	12/12/09	14/01/10	DE Works West	Delay from the department.
P52/2010	Purchase of vegetable seeds, weedicides, fertiliser (Urea) kumala cutting & dalo suckers.	10/04/10	22/04/10	Agriculture	Delay from the department.
P53/2010	Purchase of veterinary drugs	10/04/10	22/04/10	Agriculture	Delay from the department.
P54/2010	Purchase of pasture seeds	10/04/10	22/04/10	Agriculture	Delay from the department.
P55/2010	Purchase of supplementary fees	10/04/10	22/04/10	Agriculture	No bidders.
P56/2010	Purchase of fencing materials	10/04/10	22/04/10	Agriculture	Delay from the department.
P91/2010	Purchase & delivery of 60 hose power out board engines for fisheries department	26/06/10	15/07/10	Fisheries Department	Delay from the department.
P99/2010	Supply of plumbing materials for CWM hospital	17/07/10	12/08/10	Ministry of Works	Delay from the department.
CTN103/10	Supply of operational equipment, weapons, spare parts, ammunition & explosive & accessories for RFMF	17/07/10	12/08/10	Fiji Military Forces	Delay from the department.
CTN104/2010	Supply of tyres, tubes, batteries & accessories for RFMF	17/07/10	12/08/10	Fiji Military Forces	Delay from the department.
P106/2010	Supply of building materials for Taveuni Jetty.	05/08/10	25/08/10	PWD	Delay from the department.
P107/2010	Supply of building materials for Vunisea Jetty.	05/08/10	25/08/10	PWD	Delay from the department.
P108/2010	Supply of building materials -Grades duplex quarters at Nabouwalu.	05/08/10	25/08/10	PWD	Delay from the department.
CTN122/2010	Hire of plant & equipment – Supplementary Contract.	02/09/10	29/09/10	Public Enterprise	Approved on 03/05/2011 in GTB Meeting 10/2011.
CTN125/2010	Review Consultancy – Fiji Metrological Services	13/09/10	13/10/10	Public Enterprise	No feedback has been received by FPO on the progress of the tender. A bid was received and the Ministry is yet to advice the bidder or FPO.
CTN135/2010	Contract for independent accountant for sale of FEA.	08/10/10	29/10/10	Public Enterprise	Withdrawn on 19/05/2011.

4.59 Appendix 4.4: Fijian Readers Stored in Container

Balance Date as per stock card	Item Description	Quantity Available 01/12/10	Unit Price (\$)	Total
28/11/07	A1 Vola Ni Vulavakaviti	4,502	N/A	N/A
28/11/07	Vakatiri Weli Dina	2,300	N/A	N/A
25/01/08	Noqu Senirosi Yalovou	200	N/A	N/A
31/12/06	Na Kato Kava Loaloa Kei Na Kavosi	3,800	2.95	11,210.00
28/11/07	Na Vuvale Kavoro	693	3.95	2,737.35
31/12/06	Na Kena Totola Ga Na Kana Vinaka	600	4.50	2,700.00
31/12/06	Kidacala = 87	700	6.00	4,200.00
31/12/06	Tukuni Mai Na Veivanua A Kava	1,750	4.20	7,350.00
04/09/07	Na Vakacacali Na Matai	3,400	4.20	14,280.00
04/09/07	Na Vakacacali Na Karua	4,100	4.20	17,220.00
31/12/06	Na Cagina	800	N/A	N/A
31/12/06	Na I Tukutuku Ni Mataivalu Ni Viti Ai Matai Malaya	16	8.85	141.60
28/11/07	Cabe Na Lotu	300	N/A	N/A
31/12/06	Na Vakatawa Ni Vuci	580	4.55	2,639.00
31/12/06	Na Vakatawa Ni Qele	600	4.55	2,730.00
31/12/06	Na Vakatawa Ni Tobu	400	4.55	1,820.00
31/12/06	Tayialolowai Nawadra	2,750	3.50	9,625.00
28/11/07	O Ra Manivusi	500	3.80	1,900.00
31/12/06	O Ra Kacau	500	N/A	N/A
31/12/06	O Bawa –Tevita R. Nawadra	3,150	N/A	N/A
31/12/06	Ki Lakeba Vataga Ni Kua	750	N/A	N/A
03/01/07	Sa Kavoro Na Mequ Bilo	400	N/A	N/A
31/12/06	Na Yavusa Manumanu	2,499	4.20	10,495.80
20/08/07	Na Tawa Vanua	2,300	N/A	N/A
31/12/06	Na Serekali kei Na Serevasi	900	N/A	N/A
31/12/06	Na Susu Raisi	800	N/A	N/A
18/07/07	Sivi Na Veikau Qai Kalu	2,100	N/A	N/A
18/07/07	Na Ovisa Kei Na Nona I Tavi	3,400	N/A	N/A
31/12/06	Na Cioloji Ni Ugavule Na I Bulibuli Ni Kalou	2,700	N/A	N/A
18/07/06	Ko Ruci	2,600	N/A	N/A
31/12/06	Na I Tukuni Ni Veikau Ai Karua	Nil	2.50	Nil
12/10/07	Na Liga Loloma	10,284	N/A	N/A
19/04/07	Na Salusalu	1,911	5.70	10,892.70
27/09/08	Na Noda Vuravura	1,600	N/A	N/A
31/12/06	Vinaka Vuniwai Doctor	1,000	2.45	2,450.00
18/07/07	Ko Nemani Kei Na Gone Yaleva Lailai	3,710	N/A	N/A
04/09/07	Ko Loti Na Uluilakeba	2,650	N/A	N/A
31/12/06	Na Leqa Ni Kadavulevu	3,200	4.50	14,400.00
27/09/08	Tukaqu Kei Buqu	100	N/A	N/A
31/12/06	Na Bure Kalou	2,994	N/A	N/A
31/12/06	Ko Ra Pusi Kei Ratu Lote	2,800	2.45	6,860.00
31/12/06	Na Noqui Tavoi	1,230	N/A	N/A
31/12/06	Na Buli Vula	493	N/A	N/A
31/12/06	O Ra Belo	800	N/A	N/A
27/09/08	Na Veitawcei Vakaciri	3,000	N/A	N/A
05/02/07	Na I Vosavosa Vakaviti	8,920	2.50	22,300.00
27/09/08	Ko Taniela Ena Qara Ni Laione	2,500	2.45	6,125.00
31/12/06	Nunu Ka Se Baci	2,521	8.50	21,428.50
27/09/08	Na Matavuvale Dravudravua	2,000	N/A	N/A

Balance Date as per stock card	Item Description	Quantity Available 01/12/10	Unit Price (\$)	Total
31/12/06	E Katakata	1,760	8.50	14,960.00
31/12/06	Marama Yalovinaka	800	2.45	1,960.00
28/11/07	Na Ga	804	8.50	6,834.00
28/11/07	Na Ga A5	700	N/A	N/A
31/12/06	Ora Vo A3	800	N/A	N/A
28/11/07	Na Ku-wa Ku-wa	640	2.45	1,568.00
31/12/06	Isa Buqu – A5	600	N/A	N/A
28/11/07	O Ra Belo	57	2.45	139.65
31/12/06	Ko Ra Quita	450	N/A	N/A

Section 5 Ministry of iTaukei Affairs

Role and Responsibilities

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

Table of Contents

PART A: FINANCIAL STATEMENT	1
5.1 Audit Opinion.....	1
5.2 Statement of Receipts and Expenditure.....	1
5.3 Appropriation Statement	2
PART B: AUDIT FINDINGS	3
5.4 Agency Financial Statement	3
5.5 Overdrawn Operating Trust Fund Account	4
5.6 Unexplained Account Balance	5
5.7 VAT Reconciliation	5
5.8 FNPf Reconciliation	6
5.9 Excessive Annual Leave	7
5.10 Retirement of Accountable Advance	8
5.11 Annual Reports	9
5.12 Grants to Provincial Councils through FAB	10
5.13 VAT Arrears for iTaukei Affairs Board	11
5.14 Formalisation of Grant Agreement	12
5.15 Lack of Monitoring and Review of Grants Provided	13
5.16 Recovery on Termination or Withdrawal of Scholarships	13
5.17 Non Monitoring of Students after Completion of Studies	14
5.18 Assessing New Awardees based on Parent's Income	15

PART A: FINANCIAL STATEMENT

5.1 Audit Opinion

The audit of the 2010 accounts of the Ministry of iTaukei Affairs resulted in the issue of a qualified audit report as the financial statements were not presented in accordance with the Financial Management Act.

5.2 Statement of Receipts and Expenditure

The Ministry of iTaukei Affairs collected revenue totalling \$16,149 and incurred a total expenditure of \$27,240,175 in 2010.

Table 5.1: Statement of Receipts and Expenditures for 2010

Description	2010 (\$)	2009 (\$)
RECEIPTS		
State Revenue	4,153	5,633
Agency Revenue	11,996	2
TOTAL REVENUE	16,149	5,635
EXPENDITURES		
Operating		
Established staff	1,796,822	1,747,891
Unestablished staff	78,840	87,445
Travel & communication	50,933	28,198
Maintenance & Operations	118,328	50,193
Purchase of goods & services	32,693	1,283,615
Operating grants & transfers	16,448,918	15,751,046
Special expenditures	2,239,841	555,371
Total Operating Expenditure	20,766,375	19,503,759
Capital Expenditures		
Capital Purchases	28,405	28,921
Capital Grants & Transfers	6,363,786	6,712,790
Total Capital Expenditure	6,392,191	6,741,711
Value Added Tax	81,609	77,274
TOTAL EXPENDITURES	27,240,175	26,322,744

The total expenditure increased by \$917,431 or 3.5% in 2010 compared to 2009. This increase is attributed to the increase in the NLTB leases refund and adjudicating Customary Titles Disputes.

5.3 Appropriation Statement

The Ministry of iTaukei Affairs incurred expenditures totalling \$27,240,175 against the budget of \$27,301,027 resulting in a savings of \$60,852 or 0.2%.

Details of expenditures against the budget estimates are provided in Table 5.2.

Table 5.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,781,858	19,000	1,800,858	1,796,822	0	4,036
2	Government Wage Earners	80,942	0	80,942	78,840	0	2,102
3	Travel & Communication	67,500	(1,500)	66,000	50,933	0	15,067
4	Maintenance & Operations	92,500	32,039	124,539	118,328	0	6,211
5	Purchase of Goods & Services	35,600	5,448	41,048	32,693	0	8,355
6	Operating Grants & Transfers	15,550,200	899,601	16,449,801	16,448,918	0	883
7	Special Expenditure	516,700	1,732,432	2,249,132	2,239,841	0	9,291
	Total Operating Costs	18,125,300	2,687,020	20,812,320	20,766,375	0	45,945

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
	Capital Expenditure						
8	Capital Construction	0	0	0	0	0	0
9	Capital Purchases	30,000	0	30,000	28,405	0	1,595
10	Capital Grants & Transfers	7,367,600	(1,001,693)	6,365,907	6,363,786	0	2,121
	Total Capital Expenditure	7,397,600	(1,001,693)	6,395,907	6,392,191	0	3,716
13	Value Added Tax	92,800	0	92,800	81,609	0	11,191
	TOTAL EXPENDITURE	25,615,700	1,685,327	27,301,027	27,240,175	0	60,852

In 2010, Cabinet approved the re-deployment of \$1,685,327 from other Ministries and Departments to the Ministry of iTaukei Affairs.

PART B: AUDIT FINDINGS

5.4 Agency Financial Statement

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

- A statement of receipts and expenditure;
- A profit and loss statement for each trading and manufacturing activity (where applicable);
- An appropriation statement;
- A statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- Notes to the statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- A statement of losses;
- A trust account statement of receipts and payments (where applicable).¹

The Ministry failed to submit the Statement of Losses with the agency financial statements for audit.

Recommendation

The Ministry should ensure that the requirements of Section 71 of the Finance Instructions are complied with in the preparation of the Agency Financial Statements.

Ministry's Comments

Recommendation noted. The Ministry did not provide any statement of losses because the Board of Survey done was not finalised by Ministry of Finance.

¹ Finance Instructions 2010 – Section 71 (1)

5.5 Overdrawn Operating Trust Fund Account

Each month, the Trust account shall be balanced and reconciled with the trust bank accounts. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Unreconciled items should be investigated and resolved promptly.²

The following eleven Operating Trust Fund Accounts of the Ministry had debit balances as at 31/12/10 indicating that the accounts had been overdrawn.

Table 5.3: Overdrawn Operating Trust Fund Account

Account	Description	Overdrawn Amount (\$)
1-05101-05101-861104	Rent H/A Un-established	582.93
1-05101-05101-861202	PD CMLA	167.21
1-05101-05101-861515	PD Credit Union	30.00
1-05101-05101-861532	PD Public Employee	10.00
1-05101-05101-861601	PD Maint. -Suva	210.00
1-05101-05101-861899	PD Fixed Rent	110.67
1-05101-05101-861909	PD Sundries	8.00
1-05101-05101-861910	PD Sundries	3,135.00
1-05101-05999-861910	PD Sundries	8,752.16
1-05101-05101-861913	RFA IDC Salaries	19,856.43
1-05101-05101-861915	PD Fines/ Treasury	25.00

The overdrawing of Trust Funds may have resulted from incorrect journal entries passed to these accounts or through mispostings.

The overdrawn trust funds more or less tantamount to unauthorised expenditures and indicates lack of adequate internal control, supervision and a disregard for procedures in the Finance Instructions.

Recommendations

- **The Ministry must ensure that Trust Funds are not overdrawn at any time.**
- **The Ministry must investigate these overdrawn Trust Funds and take appropriate action.**

Ministry's Comments

Auditors' recommendation noted. The monthly reconciliation of the Individual Accounts have been carried out since the year 2006 when the Ministry went live through FMIS. Therefore from then onwards, some individual accounts have not been reconciled hence the summary of the Trust Fund Account which have been verified, signed by various officers before submitting to Ministry of Finance.

Copies of these reconciliations are properly filed for ease of reference. Also note that thorough checks have now been carried out and being signed by the Permanent Secretary and Accounting Head. These have contributed to the strengthening of supervisory checks as recommended. Individual Account Reconciliation will be reviewed and carried out so that incorrect posting to be adjusted accordingly.

² Finance Instructions 2010 – Section 58 (3)

5.6 Unexplained Account Balance

The Senior Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.³

Verification of the Ministry's FMIS records noted that account allocation 9-050000-00000-91000 - *Accumulated surplus/deficits* had a debit balance of \$4,107,166.09 as at 31/12/10.

The Ministry failed to provide any details of this account balance as all posting into this account was done by Ministry of Finance and as a result, the correctness of the account could not be verified.

Recommendations

- The Ministry should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences.
- All records should be made available to audit for verification purposes.

Ministry's Comments

According to our 2010 Budget we were only given \$30,000.00 for Capital Purchase in our activity 2 [Native Lands and Fisheries Commission – maintenance and preservation of records].

Also according to the compost report that was printed in January 2011 the Ministry had a balance of \$1,727.00 for the year 2010 and not a debit balance of \$4,107,166.09 as quoted in your query.

5.7 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.⁴

A review of VAT Returns and supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$1,438,877.58 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer Table 5.4 below for details.

Table 5.4: Variance in Taxable Supplies

Details	Amount \$
Total expenditure/income as per Expenditure Statement	27,240,175.27
Less: Expenditure not subject to VAT – SEG 1, 2, 6 and 10	24,688,366.32
Total expenditure/income subject to VAT	2,551,808.95
Less: Total taxable supplies as per VAT Returns	1,112,931.37
Un-reconciled variance	1,438,877.58

In addition, a difference of \$42,049.62 was noted between the actual VAT payments for the year 2010 and the balance disclosed in the general ledger as reflected in Table 5.5 below.

³ Ministry's – Finance Manual 2005 – Part 18: Miscellaneous – Section 18.1.3

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

Table 5.5: Variance in VAT Paid and FMIS Balance

Details	Amount \$
VAT payments (VAT payments to FIRCA and VAT Input) as per Statement of Receipts and Expenditure	81,609.42
VAT payments (VAT payments to FIRCA and VAT Input) as per VAT Returns for 2010	123,659.04
Un-reconciled variance	42,049.62

No explanation was provided for the variance.

Recommendations

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

Ministry's Comments

The recommendation is acknowledged. Proper reconciliation will be effected immediately, but otherwise manual verification process has always been the practice with us whereby we compare the figures paid to FIRCA with the amount in the General Ledger System.

5.8 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 Ministry 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 \$12,033.94 between the total Employers Contributions paid by the Ministry and FNPF contributions figures. Refer to Table 5.6 for details.

Table 5.6: Variance in FNPF Calculation – 2010

FNPF Contribution Paid by Ministry for 2010 (Employer contribution only)		Amount \$
SEG 1	FNPF contributions paid – Established Staff	123,435.77
SEG 2	FNPF contributions paid – Unestablished staff	2,741.08
		126,176.85
	Add: December 2010 FNPF Contributions	13,401.52
		139,578.37
	Less: December 2009 FNPF Contributions	11,653.52
	Total Employers Contributions paid by the Ministry	127,924.85
Audit Calculation of FNPF for 2010 (Employer contribution only)		
SEG 1 & 2	Salaries & Wages as per FMIS	1,749,484.90
	FNPF Contribution (1,749,484.90 x 0.08)	139,958.79

FNPF Contribution Paid by Ministry for 2010 (Employer contribution only)		Amount \$
	Difference	(12,033.94)

The Ministry failed to prepare the FNPF reconciliations and as a result, a variance of \$12,033.94 was noted.

Recommendation

The Ministry should reconcile FNPF contributions paid with general ledger and any variance arising should be promptly investigated and adjusted.

Ministry's Comments

Recommendation is noted. Supervisory checks will be strictly monitored by Accounting Head and proper reconciliation of FNPF.

5.9 Excessive Annual Leave

The Permanent Secretary or Head of Department shall ensure scheduling of leave to avoid bulging of leave entitlements at any time of the year. Officers may be allowed to carry over up to a maximum of ten working days leave entitlement from one leave year to the next.⁵

There should be no reason or justification for the accumulation of leave beyond what is permissible, nor payment in lieu, if leave were properly administered.⁶ Due to Government's stringent control of funds, the compensation of accumulated leave will **NOT** be entertained and officers are encouraged to utilize their accumulated leave on a piece meal basis.⁷

Review of the leave records revealed that some officers' had leave balances in excess of 10 working days. Refer to Table 5.7 for examples.

Table 5.7: Excessive Annual Leave Carried Forward and due

Names of the Officer	EDP No.	Annual Salary (\$)	Annual Leave Earned	Annual Leave carried forward	Leave Taken	Total Leave Due as at 31/12/10	Leave Liability (\$)
Pita Tagicakirewa	60338	39,905	21	67.0	1.5	86.5	9,482.92
Elisapeci Tamanisau	64709	26,063	21	9.5	0.5	30.0	2,148.05
Isoa Nasedra	19390	35,466	21	12.5	8.5	25.0	2,435.85
Christopher Wara	49277	26,053	21	35.0	15.0	41.0	4,060.91
Pita Ravula	49301	20,336	21	19.5	13.0	27.5	1,536.37
Sekove Tagive	49329	20,336	18	30.0	20.0	28.0	1,564.31
Viliame Nasetava	60587	20,887	21	31.5	14.0	38.5	2,209.20
Lusiana Bokadi	46284	15,684	18	7.5	2.0	23.5	1,012.57
Ekari Buinimasi	49328	10,412	18	22.0	-	40.0	1,144.18
Epeli Tuiburotukula	59880	26,053	21	26.0	10.5	36.5	2,612.46
Josaia Wavolavola	64564	9,206	18	29.5	6.0	41.5	1,049.59
Misiwaini Qereqeretabua	42519	39,916	21	10.0	1.5	29.5	3,234.95
Sekove Bigitibau	42730	27,824	21	9.5	10.5	20.5	1,528.79

⁵ General Orders 705 (c)

⁶ PSC Circular 09/2003

⁷ PSC Circular No. 53/2009 – Effective Leave Administration dated 03/11/09

Names of the Officer	EDP No.	Annual Salary (\$)	Annual Leave Earned	Annual Leave carried forward	Leave Taken	Total Leave Due as at 31/12/10	Leave Liability (\$)
Sevanaia Ratunaceva	17211	35,452	21	27.0	1.5	46.5	4,528.90
Tomasi Volau	58134	27,660	21	13.0	5.5	28.5	2,165.69
Finau Niumataivalu	59814	22,799	21	35.5	11.0	45.5	2,849.87
Asinate Kurusiga	41041	24,636	21	9.0	-	30.0	2,030.44
Mere Rasolo	48496	17,503	21	15.0	6.0	30.0	1,442.55
Litia Verebasaga	53848	14,539	18	16.0	3.0	31.0	1,238.21
Waisale Soqo	48206	14,539	18	18.5	6.5	30.0	1,198.27
Peni Tikoca	63534	15,689	18	32.0	-	50.0	2,155.08

It was further noted that records for long service leave due to staffs were not provided for audit by the Ministry. As a result audit was unable to determine the long service leave days not utilized or calculate liability as at 31/12/10.

It is important that scheduling of leave is carried out on a regular basis as an internal control mechanism. The findings indicate that the Ministry lacks proper administration and management of leaves. This may result in Ministry compensating for unutilized leave days when Officers resigns or retire from the service.

Recommendations

- **The Ministry should ensure that officers utilise their leave when its due and only 10 annual leave days is carried forward to next leave year.**
- **The Administrative Officer should ensure that leave records are kept up to date including long service leaves.**

Ministry's Comments

Yes indeed, this is a matter needing redress by the Ministry. From the beginning of 2011 the Ministry has compiled all leave accumulated by staff and is currently working on scheduling officers to utilise leave due to them. An internal instruction has been issued by the PS on this aspect and the management is working towards its implementation on both annual and long service leave.

5.10 Retirement of Accountable Advance

All accountable advances should be cleared or accounted for within seven days of arrival from official duty and no advances 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 12 % interest should be recovered from the officer's salary.⁸

Where an advance has not been acquitted within seven days of travel, the SAO shall effect recovery through a salary deduction after having obtained the approval of the DSFA.⁹

The following Officers failed to retire their accountable advance after seven days of arrival from official duties. In addition, the Ministry failed to charge 12% interest on these outstanding accountable advances.

Refer to Table 5.8 for details late retirement of accountable advances.

⁸ Finance Circular 22/85

⁹ Ministry of iTaukei Affairs Finance Manual 2005 – Section 10.1.14

Table 5.8: Late Retirement of Accountable Advance

Date Advance Received	Details of Advance	Retirement Date	Amount \$
11/02/10	Pita Tagicakirewa –Northern tour	31/12/10	3,173.00
12/02/10	Salote Vinakadina-for Taveuni tour	31/12/10	1,017.25
22/02/10	Ulaiasi Davuke-Qelekuro tour from 24/02/10-26/02/10	31/12/10	2,232.00
26/02/10	Ekari Buinimasi	31/12/10	1,374.00
26/02/10	Asena Tawake	31/12/10	1,888.00
26/02/10	Alumita Saqasere	31/12/10	1,505.00
19/03/10	Kelera Turaga-USP church service for scholarship	31/12/10	500.00
25/03/10	Lanieta Degei	31/12/10	830.00
01/04/10	Taoba Ratu-Ra tour	10/09/10	1,555.00
20/05/10	Akanisi Senicevuga-Ra tour	10/09/10	1,395.00
27/05/10	Pita Ravula-Kadavu tour	02/07/10	3,999.00
27/05/10	Lanieta Degei-Ra tour	10/09/10	1,395.00
30/06/10	Setoki Qalubau-Ra tour	23/09/10	1,689.00
16/07/10	Ilaitia Senikuraciri-Ra tour	01/09/10	1,600.00
22/07/10	Inise Sanaki-Ra tour	01/09/10	1,440.00
29/07/10	Elina Rakuita-Ra tour (still to clear \$9)	05/10/10	1,550.00
22/09/10	Isoa Nasedra-Northern tour	19/11/10	1,791.90
15/10/10	Setoki Qalubau-Vanuatu tour on 17/10/10	31/12/10	3,000.00
Total			31,934.15

The practice of not retiring accountable advance on time resulted in uncleared accountable advance balances under the Ministry's Revolving Fund Account. Funds is also unnecessarily held up in these unaccounted advances.

Recommendations

- **The Ministry should take appropriate action to ensure that Officer clear their accountable advance within seven days after returning from official duty.**
- **The Ministry should impose interest on outstanding accountable advance.**

Ministry's Comments

The Ministry is working towards improving this matter right now. An internal instruction has been issued to all HODs reiterating the policy on retiring of accountable advance. The SAO has also been instructed to strictly adhere to the time limit of 7 days and to enforce deductions with 12% interests if officers fail to comply.

5.11 Annual Reports

Commencing from the 2005 financial year the annual report of the Ministry of iTaukei Affairs shall consist of a consolidation of the information in the monthly performance reports. The contents of the report are as follows:

- Review by CEO - summary of major issues during the year, overview of performance and activities, outlook of the future;
- iTaukei Affairs Overview – vision, mission and values, services, organizational structure;
- Report on Performance – strategic development plan of Ministry of iTaukei Affairs, service delivery performance compared with targets, outcome indicators;

- Management and Resources – senior executives and their responsibilities, human resources, infrastructure, procurement (members of iTaukei Affairs tender board, results of tenders, exemptions from competitive procurement, finances, audited financial statements (2006).¹⁰

The Ministry has not published its Annual Reports for the past 20 years. Details of last published Annual Report was not provided to audit. The Annual Reports from 1989 to 2009 were still in draft form.

As such, it was difficult for the audit to compare the actual results with the projected outcomes outlined in the Ministry's Annual Corporate Plan.

Recommendations

- The Ministry should ensure that annual reports are published as specified in Finance Instructions 2010.
- The results of Annual Report should be compared with the Annual Corporate Plan and any deviation should be addressed accordingly in order to enhance service delivery.

Ministry's Comments

No comments received.

5.12 Grants to Provincial Councils through FAB

An acquittal report shall be prepared by the recipient. The acquittal report shall provide information such as details of grant money expended and unexpended; grants objectives and targets achieved; and financial statement (audited if practicable) for grants of \$20,000 or more.¹¹

Every year Ministry of iTaukei Affairs provides grant of \$2,000,000 to iTaukei Affairs Board (FAB) to meet its operating expenses. In addition another \$1,400,000 is provided to FAB to fund all 14 Provincial Councils operating expenditures.

Audit noted that the last audited accounts for FAB were for the year 1996. The accounts for 1997 to 2000 were yet to be finalized.

In addition all Provincial Council's accounts were also not up to date and most the accounts were not submitted for audit since 2000 or 2001. Refer to Table 5.9 for details.

Table 5.9: Last Audited Provincial Councils Account

Provincial Council	Year Last Audited
Bua	2001
Ba	2000
Cakaudrove	2001
Kadavu	2000
Lau	2002
Lomaiviti	2001
Macuata	2001
Nadroga/Navosa	2001

¹⁰ Ministry's Finance Manual 2005 – Section 17.2.1 and 17.2.2

¹¹ Ministry's Finance Manual 2005 – Section 3.3.1

Provincial Council	Year Last Audited
Naitasiri	1999
Namosi	2000
Ra	1999
Rewa	2001
Serua	2000
Tailevu	2000

The Ministry continued to release funds to FAB for its operating expenses and for grants to be given to Provincial Councils despite the FAB and the Provincial Councils accounts were not up to date.

The Ministry also failed to inquire or enforce FAB to keep their accounts and Provincial Councils accounts up to date in order to validate the accuracy and reliability of the acquittal reports provided.

The acquittals provided by FAB to the Ministry cannot be relied upon as accounts have not been audited for years. There is also a high risk of fraud or mismanagement of funds in absence of proper books of accounts.

Recommendations

- **The Ministry should ensure that FAB prepares its financial statements for the years 1996 – 2009 and are audited.**
- **The Ministry should ensure that grant money provided to FAB is properly utilised and accounted for.**

Ministry's Comments

The Ministry acknowledged the issue rose. Further the Ministry has been working with the IAB on its backlogged financial accounts. To fast track this, the IAB has engaged the services of Chartered accountant to audit its outstanding financial statements. On the other hand the Ministry from 2011 will be working on issuance of MOU to IAB to ensure grant allocated are for official purposes and acquittals are submitted on time.

5.13 VAT Arrears for iTaukei Affairs Board

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over expenditures and corruption do not occur.¹²

The audit noted that a sum of \$1,685,327 was redeployed from other Ministries or Departments to Ministry of iTaukei Affairs to clear VAT arrears for the iTaukei Affairs Board.

An assessment by FIRCA dated 27/08/10 indicated that iTaukei Affairs Board owed FIRCA \$2,755,040.59 in VAT from 2004 to 2009. A sum of \$1,069,713 was still outstanding to FIRCA with the final assessment yet to be made. The amount owed also included late lodgment and late payment penalty of \$228,480.08 as at 21/02/07.

The large amount of VAT arrears were the result of long outstanding dispute between FIRCA and the iTaukei Affairs Board on whether VAT was to be paid for the grants the Board receives from the Ministry of iTaukei Affairs.

¹² Ministry's Finance Manual 2005 – Part 2: Introductory Statement

The fund redeployed to clear the VAT arrears of the Board could have been better utilized in other government agencies.

Recommendation

The Ministry and the Board should liaise with FIRCA to resolve the matter.

Ministry's Comments

The matter raised is acknowledged. The Ministry will formally reiterate the issue officially to the IAB Management expressing the outstanding VAT to be paid. Both the Ministry and the IAB will continue to discuss the matter with the FIRCA management on an amicable solution to the outstanding VAT.

5.14 Formalisation of Grant Agreement

For grants over \$5,000, a grant agreement must be prepared in accordance with Finance Instruction 3.8.1 and signed by the Permanent Secretary or Deputy Permanent Secretary and an authorised representative of the recipient before payment is made.¹³

The grant agreement shall outline terms and conditions under which the grant is given. Some of the information that should be provided in any agreement is the purpose of the grant and performance to be achieved; term of agreement; responsibility of recipients in keeping proper records; approved funding and payment conditions; condition for monitoring of grant; and acquittal reporting requirements.¹⁴

Review of the grants records revealed that the Ministry did not prepare and sign grant agreements with agencies which were provided grants by the Ministry. Refer to Table 5.10 for grant payments made in 2010.

Table 5.10: Grants paid in 2010

Grant Recipient	Amount (\$)
iTaukei Affairs Board -Implementation of Fijian Administration Reform	4,650,200.00
NLTB - Native Reserves Commission	321,700.00
NLTB - Committee on Better Utilization of Land	5,998,155.84
Total	10,970,055.84

The Ministry did not comply with Finance Instructions for payment of grants. Deviation from the established procedures may increase the risk of fraud and mismanagement of funds.

Recommendation

The Ministry should ensure that grant agreements are prepared and signed before grants are disbursed.

Ministry's Comments

The matter raised is acknowledged. The Ministry has come to realise this non compliance and will administer Grant Agreements to be signed by both parties where payments of grants are applicable.

¹³ Ministry's Finance Manual 2005 – Part 3: Administration of Grants – Section 3.1.5

¹⁴ Ministry's Finance Manual 2005 – Part 3: Administration of Grants – Section 3.1.6

5.15 Lack of Monitoring and Review of Grants Provided

Administering agencies must review each grant scheme each year to determine whether it is achieving its specified outcomes as efficiently and effectively as possible and, where it is not, must take action necessary to improve its efficiency and effectiveness.¹⁵

The audit noted that the Ministry only carried out an independent verification of the grants provided to Native Reserve Commission and noted the following anomalies:

- No control over the use of Vodafone;
- Variances in payee history for certain employees;
- Lack of documentation for motor vehicle runs, fuel bill payments, motor vehicle entitlements and allowance; and
- Poor maintenance of records and lack of authorization for payments made.

The Ministry did not monitor or review grants provided to iTaukei Affairs Board for Implementation of Fijian Administration Reform (\$4,650,200) and NLTB Committee on Better Utilization of Land (\$5,998,155.84).

Except for the acquittal reports submitted by the above two agencies, there was no other form of monitoring by the Ministry to ensure that funds were utilized for the purpose for which it was approved by the Cabinet.

Both the grant recipient and the Ministry should ensure that objective of the agencies are achieved through better utilisation of funds provided. In the absence of proper review and monitoring, funds may not be properly utilised for the purpose it was provided.

Recommendation

The Ministry should ensure that in addition to acquittals received from the grant recipients, periodic reviews are also carried out.

Ministry's Comments

The Ministry will put in place process to review of projects and monitor grants disbursed as indicated.

5.16 Recovery on Termination or Withdrawal of Scholarships

An award will be terminated if a student:-

- Abandon studies without the approval of the Committee;
- Is suspended or terminated whether on academic, disciplinary or any other grounds decided by the University/Institution;
- Changes his/her programme/major(s) without the approval of the Committee;
- Is proven to have produced false information and documents in order to obtain or retain a scholarship award; and
- Is required to repeat one semester or whole years work.¹⁶

¹⁵ Finance Instruction 2005 – Section 25 (6)

¹⁶ Policies and Management Guidelines of the Ministry of iTaukei Affairs Scholarship Scheme 2006 – Part 6.11.1 – 6.11.5

Every year, some students who are awarded scholarships through Ministry of iTaukei Affairs voluntarily discontinue studying without informing the Ministry. Audit noted that the Ministry did not maintain records of students who voluntarily discontinued their studies while on scholarships.

According to the Ministry it only maintained records of students whose scholarships were terminated on the grounds of student's inability to pass the minimum number of courses in their respective programme of studies.

Moreover, audit noted that the Ministry's scholarship policies did not address reimbursement of scholarship costs from students or their guarantors on termination of scholarships either by the Ministry or voluntarily by the students.

As a result the cost incurred by Ministry for the scholarships which were terminated or voluntarily withdrawn by the students was not recovered.

Recommendation

The Ministry should consider implementing policies to recover cost of scholarships from students on termination of scholarships.

Ministry's Comments

The Ministry is very much concerned on the matter raised. It has in 2011 strengthened its policies in view of students absconding or those dropping out prematurely and not completing their studies. The Ministry of iTaukei has already identified and advised absconding students etc to return and serve their bonds with copies sent to guarantors.

It has also taken drastic measures to release names to the Immigration Department watch list and the Solicitor General's Office advice has been sought on instituting legal actions to recover outstanding bonds from guarantors. This will be further strengthened.

5.17 Non Monitoring of Students after Completion of Studies

A bond is a legal undertaking between the student and the Ministry of iTaukei Affairs specifying the course, time and cost to undertake the programme. It requires the students to sign an undertaking to complete the course within the prescribed period, and to be employed in Fiji at the end of studies. Failure to fulfil the obligations specified in the bond will make the student liable for penalties imposed under the bond.¹⁷

The audit noted that the Ministry did not maintain any information on students who had completed their studies to ensure that they are employed in Fiji for the number of years as required under the scholarship agreement.

This information is vital in ensuring that students who have completed their studies on scholarships serve in Fiji for number of years as required under the scholarship bond. In absence of this information the Ministry may not be able to take appropriate action against those students who intend to leave Fiji without fulfilling the bond requirements.

¹⁷ Policies and Management Guidelines of the Ministry of Fijian Affairs Scholarship Scheme 2006 – Part 6.15.1

Recommendation

The Ministry should implement strategies to ensure that students comply with the requirements of the scholarship bond and submit the details of their employment status.

Ministry's Comments

This is being looked at now and the Ministry is working on strengthening the processes to monitor students who have completed their studies and are employed in Fiji.

5.18 Assessing New Awardees based on Parent's Income

This Affirmative Action policy is aimed at redressing the educational gap and imbalance between Fijians and Rotumans and other ethnic groups in the country. It does not discriminate on the basis of income or gender of applicants and has enabled many Fijians to compete at the highest levels of education and many have succeeded.¹⁸

Audit noted that the Ministry's scholarship does not take into account parent's income when assessing application for new awardees.

As a result some students whose parents cannot afford their tertiary studies may not be given a chance for further studies.

Recommendation

The Ministry may relook at its scholarship policies and consider parents income as one of the assessment criteria for new awardees to ensure students from poor families also get scholarships.

Ministry's Comments

The Ministry is administering its scholarship based purely on merit. The Ministry will consider the advice to relook at the granting of scholarships to students with consideration to parents income.

However, this will be considered after taking into consideration other aspects by the Scholarship Committee and endorsement of iTaukei Affairs Board if necessary.

¹⁸ Policies and Management Guidelines of the Ministry of Fijian Affairs Scholarship Scheme 2006 – Foreword Statement

Section 6 Ministry of Defence, National Security & Immigration

Role and Responsibilities

The Department of Defence is responsible for formulating and implementing policies in respect of defence, security and intelligence, law and order and immigration and the strategic coordination of Government's response to national crisis and emergency situations.

The Department of Immigration is responsible for the administration of immigration functions throughout the country. This includes the formulation and implementation of policies relating to visitor permits; work permits; investments; passports & citizenship. Maintaining services at the various ports of entry.

Table of Contents

PART A: FINANCIAL STATEMENTS	1
6.1 Audit Opinion	1
6.2 Statement of Receipts and Expenditures	2
6.3 Appropriation Statement	2
PART B: AUDIT FINDINGS	3
6.4 Late Submission of Agency Financial Statements	3
6.5 Incomplete Financial Statements	4
DEPARTMENT OF DEFENCE	6
6.6 Revolving Fund Account (RFA)	6
6.7 Unexplained Account Balance – Accumulated Surplus/Deficit	6
DEPARTMENT OF IMMIGRATION	7
6.8 Overdrawn Trust Fund Accounts	7
6.9 Overpayments of Salaries – Discharged/Suspended Officers	7
6.10 Excessive Leave Balances	8
6.11 Non Procurement of the IBMS Software Due to Delay in the Evaluation Process	9
6.12 Deportation of Destitute	10
6.13 Lost Camera	11
6.14 Unauthorized usage of Government Vehicles	12

PART A: FINANCIAL STATEMENTS

6.1 Audit Opinion

The audit of the 2010 accounts of Ministry of Defence, National Security & Immigration resulted in the issue of a qualified audit report. The issues qualified are as follows:

- The financial statements were not presented in accordance with the Financial Management Act. The Ministry of Defence and Immigration has not provided a Statement of Losses for audit contrary to Section 71 (1) of the Finance Instructions 2010.

- The Department of Immigration have not provided a Trust Account Statement of Receipts and Payments for the year ended 31 December 2010 contrary to Section 71 (1) of the Finance Instructions 2010.

6.2 Statement of Receipts and Expenditures

The Ministry collected total revenue of \$8,964,605 and incurred total expenditures amounting to \$3,612,665 in 2010. Refer to Table 6.1 for details.

Table 6.1: Statement of Receipts and Expenditures for 2010

Description	2010 (\$)	2009 (\$)
RECEIPTS		
State Revenue	8,894,387	8,068,297
Agency Revenue	70,218	144,595
TOTAL REVENUE	8,964,605	8,212,892
EXPENDITURE		
Operating		
Established Staff	2,047,381	2,426,601
Unestablished Staff	219,487	247,632
Travel and Communication	220,257	190,495
Maintenance and Operations	187,132	216,189
Purchase of Goods and Services	513,860	598,504
Operating Grants and Transfers	26,852	12,310
Special Expenditures	136,263	428,770
Total Operating Expenditure	3,351,232	4,120,501
Capital Expenditure		
Construction	121,259	0
Purchases	8,195	88,538
Capital Grants & Transfers	0	659,187
Total Capital Expenditure	129,454	747,725
Value Added Tax	131,979	131,504
TOTAL EXPENDITURE	3,612,665	4,999,730

Total revenue increased by \$751,713 or 9% in 2010 compared to 2009 due to increase in the demand and issue of passports.

Total expenditure decreased by 1,387,065 or 28% in 2010 compared to 2009. This was mainly due to the transfer of National Disaster Management Unit to Ministry of Provincial Development and Multi Ethnic Affairs and the redeployment of funds totalling \$1,687,500 to other government entities during the year.

6.3 Appropriation Statement

The Ministry incurred expenditures totalling \$3,612,665 against the budget of \$3,606,700 resulting in a deficit of \$5,965.

Details of expenditures against the budget estimates are provided in Table 6.2.

Table 6.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry-Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,015,281	(35,161)	1,980,120	2,047,381	0	(67,261)
2	Unestablished Staff	178,982	50,384	229,366	219,487	0	9,879
3	Travel & Communication	156,200	44,432	200,632	220,257	0	(19,625)
4	Maintenance & Operations	201,037	(2,213)	198,824	187,132	0	11,692
5	Purchase of Goods & Services	582,300	(4,389)	517,911	513,860	0	4,051
6	Operating Grants & Transfer	29,200	(2,300)	26,900	26,852	0	48
7	Special Expenditure	190,000	(38,793)	151,207	136,263	0	14,944
	Total Operating Costs	3,353,000	(48,040)	3,304,960	3,351,232	0	(46,272)
	Capital Expenditure						
8	Construction	100,000	34,790	134,790	0	0	134,790
9	Purchases	1,500,000	(1,486,750)	13,250	121,259	0	(108,009)
10	Capital Grants & Transfer	0	0	0	8,195	0	(8,195)
	Total Capital Expenditure	1,600,000	(1,451,960)	148,040	129,454	0	18,586
13	Value Added Tax	341,200	(187,500)	153,700	131,979	0	21,721
	TOTAL EXPENDITURE	5,294,200	1,687,500	3,606,700	3,612,665	0	(5,965)

In 2010, the Ministry of Finance redeployed \$7,833,641 from Office of the Prime Minister and Public Service Commission budget to other Ministries and Departments.

PART B: AUDIT FINDINGS

6.4 Late Submission of Agency Financial Statements

Each annual report must include financial statements which are prepared and signed in accordance with these instructions, audited by the Auditor General, and accompanied by the audit opinion provided by the Auditor General. The draft financial statements must be submitted to the Auditor General by 31 March in the following year or within such other time as agreed with the Auditor General¹

The Accounts Officer shall provide the necessary financial statements and reports for inclusion in the annual report as and when required by the Finance Instructions. The financial statements must be prepared in accordance with the format specified in Schedule 1 of the Finance Instructions and audited by the Auditor General. The financial statements shall include the Auditor General's opinion.²

The Ministry's consolidated Agency Financial Statement was submitted to this Office on 31/03/11 but was noted to be incorrect. It was returned to the Ministry for correction and was resubmitted for audit on 20/05/11.

The delay in submission of the Agency Financial Statement delayed the issue of audit opinion on the Ministry's financial statement by the Auditor General.

¹ Finance Instruction 2010 – Section 70 (2) & (3)

² Finance Manual 2005 – Section 17.2.2 & 17.2.3

Recommendation

The Ministry must ensure that the Agency Financial Statements are submitted to the Auditor General on time and is accurate and complete in all aspects.

Ministry's Comments

The Ministry has always complied with standing guidelines and financial instructions as per requirements of the Auditor General Office (AGO). The Ministry submitted its consolidated agency financial statement as at 31/03/2011 on the closing date.

We disclosed the statement of loss which is highlighted in the audit query below, however we were awaiting approval from MOF for attachment.

6.5 Incomplete Financial Statements

Each year the Assistant Accounts Officer shall prepare an annual trust receipts and payments statement within two weeks of the end of the year.³ Each agency must include a trust account statement of receipts and payments and a statement of losses in its annual financial statements⁴.

The Permanent Secretary must on each month write off losses which are considered not recoverable and which do not exceed the limits set below for the type of loss.

- Abandonment of Claims \$1,000
- Loss of Livestock \$1,000
- Loss of Assets \$500
- Loss of Money \$500

Write off losses in excess of this limits but less than \$50, 000 must be referred to the Permanent Secretary for Finance.⁵

Audit noted that the Department of Immigration submitted the December Trust Fund Receipts and Payments, however the Annual Trust Fund Statement of Receipts and Payments was not submitted with the relevant supporting documents for audit.

Furthermore audit established that the total loss of \$11,363 submitted by the Department of Immigration and Defence are yet to be approved by Ministry of Finance. Refer to Table 6.3 below for details.

Table 6.3: Details of Loss Report

Item	Quantity	Value (\$)
Department of Defence		
HP Laser Jet 3015	2	1,500.00
Four drawer steel cabinets	12	Not Stated
Air condition unit	1	500.00
Canon fax machine	1	100.00
Stand fan	1	50.00
IBM monitor	1	100.00

³ Finance Manual 2005 – Section 15.4.5

⁴ Finance Instructions 2010 – Section 71 (1) (g) & (f)

⁵ Finance Instruction 2010 – Section 57.1 & 57.2

Item	Quantity	Value (\$)
Wall clock	1	10.00
Total		2,260.00
Department of Immigration		
Electronic Type writer	2	700.00
Stand Fan	1	59.00
Stamps	2	100.00
Computer Set	1	1,100.00
HP Laser Jet Printer	1	2,000.00
Raincoat	1	20.00
Steel Ladder	1	50.00
HP Laser Jet 1200 series	1	1,000.00
Large stapler	1	195.00
Large Paper Punch	1	280.00
Digital Camera	1	300.00
Multimedia	1	1,800.00
Mobile Hand Set	1	190.00
Calculator	2	30.00
Stan Fan	1	59.00
Stamps		100.00
Computer	1	1,100.00
Citizen	1	20.00
Total		9,103.00
Total Loss		11,363.00

Significant risks arise when appropriate approvals are not sorted for item's disposal. This creates room for theft and abuse of public properties. Hence the accounts submitted for audit was not a full set of agency financial statements as required under the Finance Instruction.

Non compliance with Finance Instructions in the preparation of the financial statements has restricted the scope of the audit.

Recommendations

- **The Ministry should provide all statements as required in the Finance Instructions 2010 in the agency financial statements.**
- **The Ministry should obtain Ministry of Finance approval for all items deemed to be unserviceable and written off.**

Ministry's Comments

The Ministry has always complied with standing guidelines and financial instructions as per requirements of the Auditor General Office (AOG). The Board of Survey was completed but due to the fact to meet the requirement of the Fiji Procurement Office to have an outsider as the chair of the BOS and we are awaiting a reply from the Ministry of Finance.

DEPARTMENT OF DEFENCE

6.6 Revolving Fund Account (RFA)

A ledger shall be maintained for advances and revolving fund accounts⁶. Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the Accounts Officer shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement⁷.

Audit noted that the Department of Defence did not prepare reconciliations during the year for the revolving fund account allocation (1-06101-06999-570301 – Accountable Advances). As at 31/12/10, the RFA account had a balance of \$7,074.66 which consisted of outstanding accountable advance balances.

The finding shows laxity of the officer and the supervisors responsible for not reconciling the Department's records with the FMIS record.

Recommendation

The Department should ensure that the Revolving Fund Account balances are reconciled on a monthly basis.

Department's Comments

The Ministry had always prepared reconciliation statements on a monthly basis as required by the Financial Instructions. In the process of journalising of vouchers there was misposting of allocation through the FMIS System.

Whilst the balance of \$7074.66 is noted we will locate funds this year to journalise the accountable advances.

Further to this we had a change in the accounts head in the midst of the closing of accounts which has led to the amount not being journalised.

6.7 Unexplained Account Balance – Accumulated Surplus/Deficit

The Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁸

Verification of the FMIS records revealed that account allocation 1-06200-00000-910000 - *Accumulated surplus/deficits* had a credit balance of \$293,060.83. The Department was unable to provide any details about this account balance. Refer to Table 6.4 below for details of the account balance.

Table 6.4: Details of the Unexplained Account Balance 1-06101-00000-910000

Allocation Number	Description	Amount (\$)
1-06101-19999-910101	Surplus/Deficits –Prior Year	3,706,579.67
1-06101-19999-910102	Surplus/Deficits –Current Year	(3,413,518.84)

⁶ Finance Manual 2005 – Section 16.3.1

⁷ Finance Manual 2005 – Section 16.3.3

⁸ Finance Manual 2005 – Section 18.1.3

Allocation Number	Description	Amount (\$)
Total		293,060.83

As such, audit was unable to substantiate the balance for allocation 1-06101-00000-910000 - Accumulated surplus/deficits.

Recommendation

The Department should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidence and should be produced during audit.

Department's Comments

This allocation is not budgeted; however balances showing against this allocation are monitored for the purpose of summary report by the Ministry of Finance.

DEPARTMENT OF IMMIGRATION

6.8 Overdrawn Trust Fund Accounts

The Assistant Accounts Officer shall certify and date the reconciliation statement after ensuring that all balances in the statement are verified to supporting documents⁹.

The Departments Operating Trust Fund Account (1-16201-70999-861901 – Tax Arrears/PAYE) was overdrawn by \$56,107 as at 31/12/10.

The overdrawn Trust Fund Accounts were the result of incorrect journal entries passed to the accounts or through mispostings.

The overdrawn trust funds more or less are tantamount to unauthorised expenditures. It indicates lack of adequate internal control and supervision and a disregard for procedures in the Finance Instructions.

Recommendations

- **The Department must ensure that Trust Funds are not overdrawn at any time.**
- **The Department must investigate these overdrawn Trust Funds and take appropriate action.**
- **Internal Control Procedures such as supervisory checks in the Accounts Section should be strengthened to avoid such anomaly.**

Department's Comments

We agree to the audit query; however the amount of \$56,107 is for previous years which have been carried forward till 2010. We have requested MOF to provide us with a transaction listing to enable us to reconcile the amount.

6.9 Overpayments of Salaries – Discharged/Suspended Officers

⁹ Finance Manual 2005 – Section 15.4.3

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.¹⁰

Where it becomes necessary to hold, cease or reverse an employee's salary, the Head of Salaries must immediately advise the Ministry of Finance in writing.¹¹

Some discharged¹² and suspended Officers continued to receive salaries after the effective dates of their discharge. This may have been due to delays by the Department's Accounts Section in notifying Ministry of Finance to cease salaries. Refer to Table 6.5 below for details.

Table 6.5: Details of Salary Overpayments for 2010

EDP No.	Name	Date Discharged	Reason for Discharge	Date Salary Actually Ceased	Gross Amount Paid \$
48072	Sepitaia Lakepa	08/10/10	Retired on medical grounds	21/10/10	782.12
90261	Emele Matau	07/06/10	Deemed to have resigned	26/06/10	285.26
60117	Joketani Mainavukea	04/11/10	Suspended – Code of Conduct	18/11/10	1,440.29
45072	Marika Ravula	29/04/10	Suspended – Code of Conduct	06/05/10	499.83
19504	Aisea Volau	25/04/10	Suspended – Indefinite period	06/05/10	5,058.44
Total Gross Salaries Overpaid					7,765.94

As a result these Officers were overpaid their salaries which have not been recovered.

Recommendations

- **The Department must ensure that salaries of the Officers discharged are ceased with effect from the date of discharge or suspension.**
- **The Department should make appropriate arrangement to recover overpaid salaries.**

Department's Comments

No comments received

6.10 Excessive Leave Balances

Officers may be allowed to carry over up to a maximum of ten working days leave entitlement from one leave year to the next.¹³ Annual leave shall normally be taken when due. The Permanent Secretary or Head of Department shall ensure scheduling of leave to avoid bulging of leave entitlements at any time of the year.¹⁴

There should be no reason for or justification for the accumulation of annual leave beyond what is permissible, nor payment of compensation in lieu, if leave were properly administered. In exceptional cases where it is impractical to release an officer to take his/her leave and only after the six months extension, request for leave compensation may be made to the secretary for Public Service.¹⁵

¹⁰ Finance Instructions 2005 - Section 26 (1)

¹¹ 2005 Finance Manual 2005 – Section 4.10.1

¹² Resigned or retired from employment

¹³ General Order 705 (c)

¹⁴ General Order 705 (d)

¹⁵ PSC Circular No. 09/2003 – Effective Leave Administration, dated 14/03/03

Audit of leave records noted that several officers had accumulated annual leave balance in excess of 10 days. Refer to Table 6.6 below for details.

Table 6.6: Details of Excessive Leave Carried Forward

EDP No.	Employee Name	Daily Rate (\$)	Excessive Leave Balance (Days)	Annual Leave Amount (\$)
45073	Edward Brown	71.41	46	3,285
49143	Jeni Tuinasagalau	48.46	43	2,084
49627	Nanise Duguivalu	42.98	52	2,235
49631	Kalisi Sakiusa	55.71	23	1,281
53008	Yangtesh Permal	82.01	18	1,476
58529	Yogendra Kumar	55.71	92	5,126
59216	Jone Ledua	55.71	28	1,560
60003	Iferemi Dakunikuila	42.98	36	1,547
60226	Doris Elizabeth Koroi	42.98	14	602
64611	Lusiana Rakanace	28.53	12	342
64681	Deepak Karan	22.17	13	288
49624	Marama Lusiana	42.98	13	589
49637	Taraivini Savou	55.71	12	669
64567	Vani Torolevu	28.53	14	399
Total				21,483

In addition, the records for long service leave due to staffs were not provided for audit by the Department. As a result audit was unable to determine the long service leave days not utilized or calculate total leave liability as at 31/12/10.

It is important that scheduling of leave is carried out on a regular basis as an internal control mechanism. The findings indicate that the Department lacked proper administration and management of leaves. This may result in Department compensating for unutilized leaves days when Officers resign or retire from the service.

Recommendations

- The Department should ensure that officers utilise their leave when its due and only 10 annual leave days is carried forward to next leave year.
- The Administrative Officer should ensure that leave records are kept up to date including long service leaves.

Department's Comments

No comments received

6.11 Non Procurement of the IBMS Software Due to Delay in the Evaluation Process

The existing software system used by the Department and FRCA no longer meets the changing requirement of border management and control. For this reason, the Department decided to procure an Integrated Border Management System Software (IBMS) to improve and facilitate the movement of legitimate people and goods while maintaining secure borders and meeting national legal requirement.

The Department of Immigration was allocated \$1.5m in 2009 under requisition for purchase of Immigration Boarder Management System (IBMS) software. However, the Department did not purchase the IBMS software in 2009 even though it was approved by the Ministry of Finance. This was due to delay in submitting the project details to the Tender Board for its approval. As a result the \$1.5m provided in the budget was returned to Ministry of Finance at year end-31/12/09.

The Department was again allocated \$1.5 in 2010 for purchase of IBMS. Tenders were called for purchase of IBMS software and 3 companies namely Datec, Internet Fiji and TDG/Metrics were shortlisted out of 5 companies that submitted their bids.

The Tender Board via Tender no. CTN 105/2010 awarded the tender to Internet Fiji on 4/11/10 based on the submission made by the Department and advised that a proper contract to be made with Internet Fiji.

However, one of the 5 companies namely, Informatics later informed the Ministry of Finance that their local partner, Datec (Fiji) Limited had submitted another proposal for the above tender through their subsidiary company Internet Fiji without their knowledge.

This delayed the tender process further. As a result the funds remained unutilized as at 11/11/10 and Ministry of Finance identified these funds as savings and redeployed it to other priority commitment of Government for the year and as such the Department was again unable to purchase the IBMS software in 2010.

Lack of proper planning by the Department led to the delay in purchase of the IBMS Software. This has subsequently delayed the implementation of projects as stipulated in the Department's work program for 2009 and 2010.

Recommendation

The Department must ensure that all projects are properly planned to ensure timely Tender Board approval and its implementation.

Department's Comments

No comments received

6.12 Deportation of Destitute

The proper management of expenditure is fundamental to ensuring value-for-money in delivering services to the community. As well, having cost effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditure and corruption do not occur.¹⁶

The Minister may, if he thinks it fit, make a deportation order in such form as may be prescribe in respect of undesirable, convicted, destitute and prohibited immigrants.¹⁷ A "destitute person" means a person who is, or is likely to be, a charge upon public funds by reasons of mental or bodily health or insufficiency of means to support himself and his dependents. A "prohibited immigrant" means a person who has entered Fiji in breach of the provisions of any law relating to immigration.¹⁸

¹⁶ Finance Manual 2005 – Part 2 - Expenditure

¹⁷ Deportation Act (Cap 90) – Power to make Deportations Orders – Section 4

¹⁸ Deportation Act (Cap 90) – Interpretation – Section 2

Our audit noted instances where funds were used to purchase return airline tickets for visitors from various countries who did not have money or any other means to purchase a return air ticket.

Refer to the Table 6.7 for examples of payment made to Fulluck Trade and Company Limited regarding the procurement of airlines tickets.

Table 6.7: Details of Destitute Persons Deported

Date	Cheque No	Amount \$	Remarks
02/07/10	8941	3,000.00	Payments for the return airline tickets for Mr. Michael & Mrs. Cynthia Phalen. The above USA & Canadian national do not have any return airline tickets. It has been establish that they do not have any means to purchase tickets to go back to USA.
21/09/10	9186	478.00	Payments for the return airline tickets for Mr. Michael Ward. The above New Zealand national is a very old person who has been supported by his wife, a Fiji citizen. It has been establish that he does not have any means to purchase tickets back to New Zealand.
23/12/10	9458	3,740.00	Payments for the return airline tickets of the two Philippines national namely, Mr. Bagaduan Arthur Nabe & Mrs. Bagtela Jhermeellyn Waclin.
04/06/10	8833	442.70	Payments for the airline tickets for an Australian National namely, William Russell. It has been establish that he does not have any means to purchase a ticket back to go back to Australia.
Total		7,660.70	

Recommendations

- **The Department should ensure that all visitors are properly scrutinized and vetted before approving their visa applications to visit Fiji.**
- **The Department should ensure that all visitors have sufficient funds to cater for their return expenses.**

Department's Comments

No comments received

6.13 Lost Camera

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.¹⁹

All practical and cost effective efforts shall be made to recover losses which are recoverable and to avoid future losses occurring from the same cause.²⁰

Our audit noted that a camera issued to Investigation and Compliance section was lost. The Department neither prepared a losses report nor reported the matter to the Police.

¹⁹ Finance Manual 2005 – Section 14.1.3

²⁰ Finance Instructions 2005 – Section 67.1

However, the Department purchased a replacement camera on 04/06/10 for \$299 from Brij Lal & Company.

The finding indicates poor control over state property.

Recommendations

- **The Department must ensure that all assets are properly kept and safeguarded at all times.**
- **The Department must record the details of officers requesting the Camera for official use.**
- **The Department must ensure that a loss report is prepared.**

Department's Comments

No comments received

6.14 Unauthorized usage of Government Vehicles

The use of Government vehicles after hours is permitted only upon authorization and issuance of relevant permits by respective Permanent Secretaries and Heads of Departments. Such permits are to be considered and issued on a case by case basis and carried by the Driver of the vehicle on after hours use at all times for purposes of inspection by Police and relevant authorities²¹.

Audit noted that the Department vehicles GN214, GN939, GN508 and GM 727 were frequently used after hours without proper approval from Head of Department. As a result one of the Department's vehicle registration number GM727 was seized by Police at Lomolomo Police check point, in Lautoka on 05/03/10 for driving without a permit to drive after hours.

The above indicates that the Department has breached the directives of Public Service Commission Circular 50/10.

Recommendations

- **The Department should investigate the matter and take appropriate action.**
- **The Department must ensure that permits from Heads of Department are obtained for the usage of government vehicles for official purposes after hours.**

Department's Comments

No comments received

²¹ PSC Circular 50/10 – 15/09/2010

Section 7 Ministry of Labour, Industrial Relations and Employment

Role and Responsibilities

The Ministry's core responsibility is to pursue the attainment of decent work standards through; fair working conditions; stable and constructive labour relations; and an environment that encourages productivity, human resource development and employment growth. These responsibilities are achieved by focusing on developing an enabling environment supported by sound labour laws, policies and practices. These tasks are undertaken through the following budgeted activities.

General administration - Corporate Services

Labour Services - Industrial Relations Services, Labour Standards Service, Policy and Legal Services and Labour Administrative Services.

Occupational Health & Safety Services – Workman's Compensation Service, OHS and Strengthening OHS Delivery Capacity.

Table of Contents

PART A: FINANCIAL STATEMENT	1
7.1 Audit Opinion.....	1
7.2 Statement of Receipts and Expenditure.....	1
7.3 Appropriation Statement	2
PART B: AUDIT FINDINGS	3
7.4 Negative Expenditure Balances	3
7.5 Operating Trust Fund Account.....	4
7.6 Main Trust Fund Account.....	5
7.7 FPNF Reconciliation	6
7.8 Over Payment of Salary	7
7.9 Purchase of Office Equipments.....	8

PART A: FINANCIAL STATEMENT

7.1 Audit Opinion

The audit of the 2010 accounts of the Ministry of Labour, Industrial Relations and Employment resulted in the issue of an unqualified audit report.

7.2 Statement of Receipts and Expenditure

The Ministry of Labour, Industrial Relations and Employment collected revenue of \$207 and incurred a total expenditure of \$9,322,885 in 2010.

Table 7.1: Statement of Receipts and Expenditure for 2010

Descriptions	2010 (\$)	2009 (\$)
RECEIPTS		
State Revenue		
Commission	207	332
Total State Revenue	207	332
Agency Revenue		
Miscellaneous	0	7,214
Total Agency Revenue	0	7,214
TOTAL REVENUE	207	7,546
EXPENDITURE		
Operating Costs		
Established Staff	2,398,483	2,623,373
Government Wage Earners	166,313	178,784
Travel & Communication	167,648	111,885
Maintenance & Operations	185,463	126,311
Purchase of Goods & Services	182,725	202,207
Operating Grants & Transfers	31,916	14,825
Special Expenditure	5,498,459	3,982,561
Total Operating Costs	8,631,007	7,239,946
Value Added Tax	691,878	473,473
TOTAL EXPENDITURE	9,322,885	7,713,419

The total expenditure increased by \$1,609,466 or 21% in 2010 compared to 2009. The increase in expenditures for 2010 resulted from the following:

- Increase in Special Expenditures by \$1,515,898 or 38% due to the inclusion of the RFMF East cases, NEC, Government Workers Compensation and Apprentices fund payout and Employment Relation Promulgation (ERP).
- Increase in Travel and Communication by \$55,763 or 50% due to increase in hearing of Employment Relation Tribunal cases in the Central, Western and Northern divisions.
- Increase in Maintenance and Operations by \$59,152 or 47% due to increase in hearing of Employment Relation Tribunal cases in the Central, Western and Northern divisions.

7.3 Appropriation Statement

The Ministry of Labour, Industrial Relations and Employment incurred expenditures totalling \$9,322,885 in 2010 against the budget of \$10,219,528 resulting in a savings of \$896,643 or 9 %.

Details of expenditures against the budget estimates are provided in Table 7.2

Table 7.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,797,100	(58,825)	2,738,275	2,398,483	0	339,792
2	Government Wage Earners	145,200	41,199	186,399	166,313	0	20,086
3	Travel & Communication	150,000	30,845	180,845	167,648	0	13,197
4	Maintenance & Operations	165,800	36,701	202,501	185,463	0	17,038
5	Purchase of Goods & Services	171,000	0	171,000	182,725	0	(11,725)
6	Operating Grants & Transfers	35,000	0	35,000	31,916	0	3,084
7	Special Expenditure	6,245,000	(380,992)	5,864,008	5,498,459	0	365,549
	Total Operating Costs	9,709,100	(331,072)	9,378,028	8,631,007	0	747,021
13	Value Added Tax	841,500	0	841,500	691,878	0	149,622
	TOTAL EXPENDITURE	10,550,600	(331,072)	10,219,528	9,322,885	0	896,643

In 2010, Cabinet approved the re-deployment of \$331,072 from Ministry of Labour, Industrial Relations and Employment to other Ministries or Departments.

PART B: AUDIT FINDINGS

7.4 Negative Expenditure Balances

The proper management of the expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost effective internal control within purchasing and payments system plays an important part in ensuring that waste of funds, over expenditure and corruption do not occur.¹

Our audit of expenditure records noted that the following expenditure allocations had negative balances for the year ending 31/12/10. Refer to Table 7.3 below for details.

Table 7.3: Accounts Having Negative Expenditure Balances

Account Number	Account Name	Amount (\$)
1-07102-91011-010361	Allowance Minister Entertainment	(346.14)
1-07102-91011-010399	Other Allowance	(1,038.42)
1-07102-91011-010601	Relieving Staff	(9,499.88)
1-07101-07101-020401	Overtime	(9,806.00)
1-07101-07101-050301	Management Consultant Fees	(576.00)
1-07101-91011-070401	Manpower Training	(680.00)

Furthermore, it was noted that the Ministry had over-spent \$11,725.38 in SEG 5- *Purchases of Goods and Services* allocation when compared to the revised budget for the year ending 31/12/10. Refer to Table 7.4 below for details.

¹ Finance Manual 2005 – Part 2: Expenditure – Introduction Paragraph
Ministry of Labour, Industrial Relations & Employment

Table 7.4: Over-Spending of Actual Expenditure compared to Revised Budget

Allocation	Account Name	Revised Budget (\$)	Actual Expenditure (\$)	Over-Spent (\$)
1-07000-00000-050000	Purchases of Goods and Services	171,000.00	182,725.38	11,725.38

Negative expenditure balances indicated that the Ministry incurred over expenditure or mis-posted into those allocations during the year. The Ministry did not investigate the negative expenses to take corrective actions.

Recommendations

- **The Ministry should investigate and take corrective action for the negative account balances.**
- **The Ministry should ensure that virements are made for allocations having not enough funds to meet their expenditure commitments.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry's Comments

We acknowledge receipt of the recommendation made here and wish to inform that we actually made a total of 31 virements which was approved by Budget at the end of 2010 to rectify the over expenditures.

Changes in the FMIS figures came about when we already done all the virements at the closing date in 2010. We inform FMIS about this negative balances and recommendation given is to seek OAG approval for the regularization of this over expenditure by raising journal vouchers to make good this allocations during their audit.

7.5 Operating Trust Fund Account

Each month, the trust account must be balanced and reconciled with the trust back account. The names and balances of each account must be listed and the reconciliation must be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.² The Trust Fund Accounts should not at any time be overdrawn.³

The following Operating Trust Fund Account balances of the Ministry were overdrawn (had debit balances) as at 31/12/2010. Refer to Table 7.5 below for details.

Table 7.5: Overdrawn Operating Trust Fund Accounts

Account	Description	Amount (\$)
1-07101-07101-861201	Fiji Care Insurance Group	194.14
1-07101-07101-861202	CMLA	580.07
1-07101-07101-861204	LICI	383.10
1-07101-07101-861206	Marsh & McLennan	54.04
1-07101-07101-861306	Housing Authority	129.19
1-07101-07101-861501	Fiji Public Service Association	9.00
1-07101-07101-861521	Sacred Heart Credit Union	30.00
1-07101-07101-861525	Service Worker Credit Union	108.50

² Financial Instructions 2010 – Section 58 (3)

³ Finance Circular No. 4/98 of 30/03/98

Account	Description	Amount (\$)
1-07101-07101-861532	Public Employees Union	58.00
1-07101-07101-861533	Wesram Finance	238.21
1-07101-07101-861604	Maintenance - Tavua	110.00
1-07101-07101-861899	Fixed Rent	55.71
1-07101-07101-861901	Tax Arrears/ PAYE	45,350.29
1-07101-07101-861901	Tax Arrears/ PAYE	123.42
1-07101-07101-861907	Supp. Invest. Co-op Ltd	369.71
1-07101-07101-861920	Employee FNPF	7,350.70
1-07301-07999-861920	Employee FNPF	14,892.80
1-07201-07101-861599	PD Others	3.00
1-07101-07003-899908	Workmen's Compensation	133,151.86
1-07103-91011-899908	Workmen's Compensation	13,175.04
1-07101-07003-899998	Miscellaneous Fund v Open Item	3,038.88

The overdrawing of Operating Trust Funds Account may have resulted from incorrect journal entries passed to these accounts or through mispostings.

Recommendations

- **The Ministry must ensure that Trust Funds are not overdrawn at any time.**
- **The Ministry must investigate these overdrawn Trust Funds and take appropriate action.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry's Comments

Acknowledge receipt and noted the recommendation made that Trust Fund are not to be overdrawn. Reconciling of Trust account being strengthened and wrong posting of figures are being adjusted accordingly.

7.6 Main Trust Fund Account

Each month, the trust account must be balanced and reconciled with the trust back account. The names and balances of each account must be listed and the reconciliation must be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.⁴ The Trust Fund Accounts should not at any time be overdrawn.⁵

The following three Main Trust Fund Account balances of the Ministry were overdrawn (had debit balances) as at 31/12/10. Refer to Table 7.6 below for details.

Table 7.6: Overdrawn Main Trust Fund Account

Account	Description	Amount (\$)
9-07101-07004-895002	Workmen's Compensation	137.76
9-07101-07003-895003	Wages Dispute	4,039.85
9-07101-07005-895030	OHS Trust Fund	16,789.58

⁴ Financial Instructions 2010 – Section 58 (3)

⁵ Finance Circular No. 4/98 of 30/03/98

In addition, a variance of \$29,624.08 was noted in the Main Trust Fund account balance between the Ministry's record and general ledger (FMIS) balance. Refer to Table 7.7 below for details.

Table 7.7: Variance between Ministry's and FMIS Records

Records	2010 Closing Balance (\$)
Ministry	3,092,315.70
General Ledger (FMIS)	3,121,939.78
Variance	29,624.08

The overdrawing of Main Trust Funds Account may have resulted from incorrect journal entries passed to these accounts or through mispostings.

The overdrawn trust funds more or less are tantamount to unauthorised expenditures. It indicates lack of adequate internal control and supervision and a disregard for procedures in the Finance Instructions.

Recommendations

- **The Ministry must ensure that Trust Funds are not overdrawn at any time.**
- **The Ministry must investigate these overdrawn Trust Funds and take appropriate action.**
- **The Ministry should reconcile the Trust Fund account with FMIS.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**
- **The Ministry should ensure that monthly reconciliations are carried out properly and accurately.**

Ministry's Comments

Acknowledge and noted the recommendation made, the overdrawn was rectified and reconciled in 3rd February, 2011. This was reconciled and adjusted in February, 2011. PV # 026102 dated 03/02/2011, RR # 641746 of 03/02/11.

Further OAG comments

- *Overdrawn accounts were not rectified for the 2010 accounts. The receipt # 641746 also indicates that "Natural" account code 895004 (OHS consultancy) was credited with \$483,841 for 'funds used in NEC Rollout'. The accounts shown in Table 7.6 were not affected by the payment and trust fund receipt referred above by the Ministry.*
- *The adjustment referred also brought to light abuse of trust money used to finance NEC operations.*
- *Secondly, Finance Instruction 9(1)(a) has been violated where the Ministry had expended on the NEC prior to the approval of the Ministry of Finance. Spending on any allocation under RIE should commence only after the Permanent Secretary of Finance's approval for funds below \$1m. The Trust Fund would have been in serious deficit if the Ministry of Finance had not approved the RIE.*

7.7 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 Ministry 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 \$24,734.31 between the total Employers Contributions paid by the Ministry and FNPF contributions figures. Refer to Table 7.8 below for details.

Table 7.8: Variance in FNPF Calculation – 2010

FNPF Contribution Paid by Ministry for 2010 (Employer contribution only)		Amount (\$)
SEG 1	FNPF contributions paid – Established Staff	143,068.54
SEG 2	FNPF contributions paid – Unestablished staff	2,905.90
		145,974.44
	Add: December 2010 FNPF Contributions	22,797.02
		168,771.46
	Less: December 2009 FNPF Contributions	-
	Total Employers Contributions paid by the Ministry	168,771.46
Audit Calculation of FNPF for 2010 (Employer contribution only)		
SEG 1 & 2	Salaries & Wages as per FMIS	2,418,822.10
	FNPF Contribution (2,418,822.10 x 0.08)	193,505.77
	Difference	(24,734.31)

There was no reconciliation carried out by the Ministry for FNPF.

Recommendation

The Ministry should reconcile FNPF contributions paid with general ledger and any variance arising should be promptly investigated and adjusted.

Ministry's Comments

Payments of FNPF was done monthly and in accordance with the CS Report issued from Ministry of Finance – Salaries Section. Before payment is carried out proper reconciliation had to be carried out verifying the CS Report details against the Payroll for Established Staff and Government Wage Earners.

7.8 Over Payment of Salary

Salary advices must be submitted promptly to Ministry of Finance where there is any change to personal emoluments or deductions such as appointments, promotions, transfers, acting allowances, dismissals and resignations, income tax allowances, housing deductions, or other authorised charges or deductions.⁶

The audit of payroll records noted that a Senior Labour Officer, Mr. Inoke Dreudreu, of the Ministry had retired with effect from 09/07/10; however he continued to be paid until 12/08/10, resulting in salary overpayment of \$2,434.45.

Lack of coordination and communication between Administration Section and the Accounts Section has resulted in the above salary overpayment. Had the salary advice being submitted to the Ministry of Finance earlier, the overpayment would have been avoided.

⁶ Finance Instructions 2010 – Section 17 (1)

In addition, the absence of adequate supervisory checks on payroll is also a contributing factor to the overpayment of salary.

Recommendations

- **The Ministry should make a concerted effort to recover the salary overpayment of \$2,434.45 from the Officer Concerned. And where recovery is not possible, the Ministry should investigate the cause of the overpayment and surcharge responsible officers to recover the overpaid amount.**
- **The Ministry should address this shortcoming by communication and coordinate matters affecting payroll in a timely manner between the Administration and the Accounts Sections.**

Ministry's Comments

The Ministry has improved on the communication of matters affecting payroll involving Administration and Accounts Section. Responsible Officers will be liable for surcharge to recover the overpaid amount.

7.9 Purchase of Office Equipments

Each year the Appropriation Act and the Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency. 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 Cabinet.⁷

The Ministry paid \$385,488.63 to the Government Printing and Government Shipping during the year for Apprenticeship training.

The audit of expenditure records noted that \$12,022.57 of the total expenses paid from the Apprenticeship training allocation was not related to Apprenticeship training. All these expenses were paid in December 2010.

Furthermore, a sum of \$5,112.80 was also used from the Wages Council's vote to pay for the installation of network cabinet for levels 4 and 5 of the building the Ministry is occupying. Refer to Table 7.9 below for examples.

Table 7.9: Expenditures Paid from Other Votes

Date	Cheque No.	Particulars	Amount (\$)
07/12/10	25559	Payment to Office 2000 for purchase of toners	3,815.65
07/12/10	25560	Payment to Professional Stationeries for purchase of toners	183.00
07/12/10	25558	Payment to Bondwell Computers for purchase of toners	424.92
08/12/10	25565	Payment to Fiji Bandag for purchase of tyres	440.00
16/12/10	25678	Payment to Datec for purchase of desktop computers	5,397.00
21/12/10	25725	Payment to Telnet Solutions	1,762.00
04/02/10	22397	Payment to Infosys Fiji Ltd for installation of network cabinet	5,112.80

In addition, the Ministry failed to obtain the prior approval from the Ministry of Finance before diverting the funds to be used for purposes other than that approved in the budget.

⁷ Section 7 – Finance Instructions 2010

The above findings indicate the breach of standing regulations relating to the utilisation of approved budget.

Recommendations

- **The Ministry must ensure that funds are used for the purpose it has been approved for in the budget.**
- **The Ministry must ensure that for any diversion of funds, prior approval from Ministry of Finance is obtained.**
- **Section 7 of the Finance Instruction should be strictly complied with.**

Ministry's Comments

We acknowledge receipt of the recommendation made; actually we had made 31 virements in 2010 which was approved by Ministry of Finance. Wages Council Vote was used to pay for the installation of network cabinet in level 4 for the Wages Council Chairman thus there is no need to process virements.

Section 8

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

Role and Responsibilities

Foreign Affairs and International Cooperation

The role of the Ministry of Foreign Affairs and External Trade is to lead the formulation and conduct of Fiji's Foreign Policy, in general, and external trade relations, in particular. Major outputs are still being delivered in the conventional foreign relations activities of global intelligence gathering, especially through Fiji Missions abroad and the conduct of attendant analysis and guidance in such policy options that would maximize Fiji's national gains from strategic future directions.

Emerging dimensions in international relations have resulted in newer outputs through Summit Diplomacy, Group Diplomacy and the Information Technology media. In recent years, there has been an increasing range of outputs, including the communication of government policy choice and rationale to the international and domestic stakeholders for a stronger partnership in policy implementation. These stakeholders include other government departments, international agencies, the business sector, the media, and the academic and civil societies. This output class is expected to increase as greater civic responsibility generates interest and awareness in government's policy processes and implementation.

Civil Aviation

The Department is responsible for the regulation and control of Civil Aviation in Fiji and matters incidental thereto.

Its functions include the economic regulation, control and planning of Commercial air transport to and within Fiji, investigations of aircraft accident in Fiji, indirect provision of domestic airport services through Government grants to CAAF, the charter of aircraft for search and rescue within Fiji's Flight Information Region, representation on Civil Aviation Statutory Bodies and Committees and meeting obligations under the International Civil Aviation Convention 1944.

Table of Contents

PART A: FINANCIAL STATEMENT	2
8.1 Audit Opinion	2
8.2 Statement of Receipts and Expenditures	2
8.3 Appropriation Statement	3
PART B: AUDIT FINDINGS	4
8.4 Debit Revenue Balance	4
8.5 Negative or Unrealistic Expenditure Balances	4
8.6 Drawings Account	6
8.7 Operating Trust Fund Account	7
8.8 Unexplained Account Balances	8
8.9 Leave Liability	8
8.10 FNPF Reconciliation	9
FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION	10
8.11 Fiji Mission – Papua New Guinea	10
8.11.1 Accounting for Representation Allowance	10
8.12 Fiji Mission – New Zealand	12
8.12.1 General Maintenance of Fiji Embassy Properties	12

8.13 Fiji Mission - India.....	14
8.13.1 Expiry of Lease	14
8.14 Fiji Mission – United Kingdom	15
8.14.1 Disparity in Post Allowances.....	15
8.14.2 Repair and Upgrade to the Fiji Missions Properties	17
8.14.3 Property Insurance and Valuation	17
8.15 Fiji Mission – Sydney.....	18
8.15.1 Receipts and Lodgements	18
8.15.2 Cash Book	19
8.15.3 Inconsistent Application of Fees	19
8.15.4 Stale Cheques	20
8.15.5 Business Plans	21
8.15.6 Individual Work Plan	21
8.15.7 Monthly Reports.....	22
8.15.8 Inadequate Service Fee Charges	22
8.16 Fiji Mission – Beijing.....	23
8.16.1 Appointment of Third Secretary	23
APPENDICES 8.1.....	25

PART A: FINANCIAL STATEMENT

8.1 Audit Opinion

The audit of the 2010 accounts of the Ministry of Foreign Affairs, International Cooperation and Civil Aviation resulted in the issue of an unqualified audit report.

8.2 Statement of Receipts and Expenditures

The Ministry collected total revenue amounting to \$188,131 and incurred total expenditures of \$20,937,015 in 2010.

Table 8.1: Statement of Receipts and Expenditures for 2010

Description	2010 (\$)	2009 (\$)
RECEIPTS		
State Revenue		
Operating Revenue	91,505	20,794
Total State Revenue	91,505	20,794
Agency Revenue		
Miscellaneous Revenue	96,626	321
Total Agency Revenue	96,626	321
TOTAL REVENUE	188,131	21,115
EXPENDITURE		
Operating Costs		
Established Staff	6,211,914	5,908,713
Unestablished Staff	2,290,417	2,047,193
Travel & Communication	1,565,573	1,397,410

Description	2010 (\$)	2009 (\$)
Maintenance & Operations	5,460,847	4,109,034
Purchase of Goods & Services	300,691	244,168
Operating Grants & Transfers	2,681,793	1,961,441
Special Expenditure	374,139	1,761,325
Total Operating Costs	18,885,374	17,429,284
Capital Expenditure		
Capital Construction	536,731	629,623
Capital Purchase	24,354	378
Capital Grants & Transfers	475,000	3,451,275
Total Capital Expenditure	1,036,085	4,081,276
Value Added Tax	1,015,556	1,022,188
TOTAL EXPENDITURE	20,937,015	22,532,748

Total revenue increased by \$167,016 in 2010 compared to 2009 due to the increase in overpayment recoveries from staffs, clearance of stale cheques and exchange rate gain remitted from the Missions.

Total expenditure decreased by \$1,595,733 or 7% in 2010 compared to 2009. This was due to decrease in Capital Grants and Transfers by \$2,976,275. No grant was given for upgrade of Rotuma Airport and other rural airstrips.

8.3 Appropriation Statement

The Ministry incurred expenditures totalling \$20,937,015 in 2010 against the budget of \$23,346,952 resulting in a savings of \$2,409,937 or 10%.

Details of expenditures against the budget estimates are provided in Table 8.2.

Table 8.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	6,871,600	(523,170)	6,348,430	6,211,914	0	136,516
2	Unestablished Staff	1,290,200	1,167,864	2,458,064	2,290,417	0	167,647
3	Travel & Communication	1,730,000	205,000	1,935,000	1,565,573	0	369,427
4	Maintenance & Operations	7,165,400	(889,638)	6,275,762	5,460,847	0	814,915
5	Purchase of Goods & Services	575,800	11,644	587,444	300,691	0	286,753
6	Operating Grants & Transfers	2,692,700	70,413	2,763,113	2,681,793	0	81,320
7	Special Expenditure	745,900	(227,860)	518,040	374,139	0	143,901
	Total Operating Costs	21,071,600	(185,747)	20,885,853	18,885,374	0	2,000,479
	Capital Expenditure						
8	Capital Construction	608,000	(25,133)	582,867	536,731	0	46,136
9	Capital Purchase	0	25,133	25,133	24,354	0	779
10	Capital Grants and Transfers	4,800,000	(4,300,001)	499,999	475,000	0	24,999
	Total Capital Expenditure	5,408,000	(4,300,001)	1,107,999	1,036,085	0	71,914
13	Value Added Tax	1,353,100	0	1,353,100	1,015,556	0	337,544
	TOTAL EXPENDITURE	27,832,700	(4,485,748)	23,346,952	20,937,015	0	2,409,937

In 2010, The Ministry of Finance approved the redeployment of funds amounting to \$4,485,748 from the Ministry of Foreign Affairs, International Cooperation and Civil Aviation budget to other Ministries and Departments budget.

PART B: AUDIT FINDINGS**8.4 Debit Revenue Balance**

Each Accounting Head must ensure that:

- a) revenue is recorded against the correct account as per Chart of Accounts;
- b) the Ministry of Finance (FMIS) is consulted before collecting a totally new revenue type;
- c) the recording of revenue is reconciled monthly with the Ministry of Finance;
- d) the Ministry of Finance is advised of any errors or discrepancies within 10 working days after the end of each month; and
- e) VAT is correctly accounted for and remitted as required.¹

The audit of revenue records noted that revenue allocation 1-08101-08101-281201 (Refund Training Expenses) had debit balance of \$8,069.24 for the year ending 31/12/10.

The debit balance may have resulted from incorrect journal entries passed to this account. The Ministry did not investigate the debit balance to take corrective actions.

Recommendations

- **The Ministry should investigate and take corrective action for the debit revenue account balance.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry's Comments

No comments received

8.5 Negative or Unrealistic Expenditure Balances

The proper management of the expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.²

The review of expenditure records noted that the following expenditure allocations that had negative or unrealistic expenditure balances for the year ending 31/12/10:

Table 8.3: Negative Expenditure or Unrealistic Balances

Account Number	Account Name	Amount (\$)
1-08101-08102-010101	PE – Salaries	(0.06)
1-08101-08103-010101	PE - Salaries	0.43
1-08101-08104-010101	PE - Salaries	(0.19)
1-08103-80101-010101	PE - Salaries	0.02

¹ Finance Instructions 2010 – Section 21 (1)

² Ministry's Finance Manual 2005 – Part 2: Expenditure – Introduction Paragraph

Account Number	Account Name	Amount (\$)
1-08103-80201-010101	PE - Salaries	(0.29)
1-08103-80401-010101	PE - Salaries	(69,038.84)
1-08103-80501-010101	PE - Salaries	(0.16)
1-08103-80601-010101	PE - Salaries	0.41
1-08103-80801-010101	PE - Salaries	(0.10)
1-08103-81001-010101	PE - Salaries	(0.06)
1-08103-81101-010101	PE - Salaries	0.24
1-08103-81102-010101	PE - Salaries	0.06
1-08101-81001-010104	PE – Commission	(0.48)
1-08101-08102-010303	Allow - Acting	0.37
1-08101-08103-010303	Allow – Acting	0.09
1-08101-08104-010303	Allow - Acting	(0.36)
1-08101-08103-010305	Allow - Lodging	(0.28)
1-08101-08101-010306	Allow - Lodging	(0.18)
1-08103-80102-020101	Wages	0.40
1-08103-80201-020101	Wages	0.13
1-08103-80301-020101	Wages	0.33
1-08103-80501-020101	Wages	0.40
1-08103-80601-020101	Wages	0.31
1-08103-80701-020101	Wages	(0.33)
1-08103-80801-020101	Wages	0.07
1-08103-81001-020101	Wages	0.24
1-08103-81101-020101	Wages	(0.11)
1-08103-81102-020101	Wages	0.36
1-08101-08101-070102	Fiji Day Celebrations	(3,832.00)

In addition, three of the expenditure accounts had negative balances in the annual budget for the year ending 31/12/10. Refer to Table 8.4 below for details.

Table 8.4: Negative Budget Expenditure Account

Account ID	Description	Budget (\$)	Actual (\$)	Over-Expenditure (\$)
1-08103-80301-010301	Allow - Meal	(647,459.00)	0.00	(647,459.00)
1-08103-81001-040322	R & M Building	(17,600.00)	228,128.42	(245,728.42)
1-08103-81001-040622	L & R Building Operation	(637,694.00)	0.00	(637,694.00)
1-08101-08101-060616	Forum Secretariat	(41,035.00)	0.00	(41,035.00)

Negative expenditure balances indicates that the Ministry mis-posted into those allocations during the year. The Ministry did not investigate the negative and unrealistic expenses to take corrective actions.

Recommendations

- **The Ministry should investigate and take corrective action for the negative account balances.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Ministry's Comments

No comments received

8.6 Drawings Account

The accounts officer shall prepare bank reconciliation within 5 days of the end of the month. Details of unpresented cheques and other reconciling items should be attached to the reconciliation statement.³ All bank accounts must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.⁴

The Ministry on 31/12/10 had Overseas Missions bank balances of \$2,699,204. However, the Ministry failed to provide to audit the reconciliations for the Overseas Missions bank balances. Refer to Table 8.5 below for details.

Table 8.5: Overseas Missions Bank Balances

Missions	Amount (\$)
Beijing	592,794
Brussels	206,789
Kuala Lumpur	397,498
Papua New Guinea	83,092
Tokyo	68,321
Washington	248,241
Canberra	87,060
London	367,616
New Delhi	242,891
Wellington	96,722
New York	312,992
Fiji Consulate – Sydney	(2,785)
Fiji Trade Commission - Sydney	(2,027)
Total	2,699,204

Moreover, the Ministry's Drawings Account as per FMIS had a balance of \$969,051.29 as at 31/12/10. The accuracy of this account balance could not be substantiated as reconciliation for the month of October was not provided for audit.

As a result the audit was unable to substantiate the balance of the Overseas Missions bank and Ministry's Drawings account.

Recommendation

The Ministry should ensure that monthly reconciliations for the Overseas Mission's bank account and Ministry's Drawings account are carried out.

Ministry's Comments

No comments received

³ Ministry's Finance Manual 2005 - Section 7.4.7 and 7.4.8

⁴ Finance Instruction 2010 – Section 32 (6)

8.7 Operating Trust Fund Account

Each month, the trust account shall be balanced and reconciled with the trust bank accounts. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Unreconciled items should be investigated and resolved promptly.⁵

The following 20 Operating Trust Fund Accounts of the Ministry were overdrawn for the year ending 31/12/10:

Table 8.6: Overdrawn Operating Trust Fund Account

Account	Description	Overdrawn Amount (\$)
1-08101-08101-861102	OPR Previous Year	20.00
1-08101-08101-861202	CMLA	100.42
1-08101-08101-861204	LICI	95.30
1-08101-08101-861299	Pay Deduction Others	2,450.45
1-08101-08101-861309	388 PD PSC Scholarship	120.60
1-08101-08101-861501	Fiji Public Service Association	6.00
1-08101-08101-861532	Public Employee Union	10.00
1-08101-08101-861599	Pay Deduction Others	8,260.15
1-08101-08101-861912	Unique (Disp. Service)	350.00
1-08101-08101-861914	Court Bankruptcy Order	589.00
1-08101-08101-861915	Fines & Treasury	15.00
1-08103-80201-861920	Employees FNPF	204.47
1-08103-80301-861920	Employees FNPF	196.60
1-08103-80801-861920	Employees FNPF	89.84
1-08103-81001-861920	Employees FNPF	170.82
1-08103-80701-863101	Administration Contributions Foreign Missions	26,735.22
1-08201-08201-863201	VAT on Revenue	1,369.62
1-08101-08101-890111	AusAid Assistance ACAS	462.22
1-08101-08101-899988	Miscellaneous Fund Open Item	35,046.26
1-08103-80701-899988	Miscellaneous Fund v Open Item	12,082.02

Most of the overdrawn balances were brought forward from previous years.

The Ministry's Operating Trust Fund Account as per FMIS had a credit balance of \$2,796,297.28 as at 31/12/10. However, the accuracy of the Operating Trust Fund Account balance could not be substantiated as Trust Fund Reconciliations for the months of June and October were not provided for audit.

Moreover, verification of the Operating Trust Fund account record revealed a variance of \$1,529.22 between the Ministry's record and general ledger (FMIS). Refer to Table 8.7 below for details.

Table 8.7: Variance between Ministry's and FMIS Records

Records	2010 Closing Balance (\$)
Ministry	2,797,826.50

⁵ Finance Instructions 2010 – Section 58 (3)

Records	2010 Closing Balance (\$)
General Ledger (FMIS)	2,796,297.28
Total	1,529.22

The overdrawing of Operating Trust Funds may have resulted from incorrect journal entries passed to these accounts or through mispostings.

Recommendations

- **The Ministry must ensure that Trust Funds are not overdrawn at any time.**
- **The Ministry must investigate these overdrawn Trust Funds and take appropriate action.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**
- **The Ministry should ensure that monthly reconciliations are carried out properly and accurately.**

Ministry's Comments

No comments received

8.8 Unexplained Account Balances

The Senior Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁶

Verification of the records revealed that account allocation 1–08000–00000–910000 (Accumulated surplus/deficits) had a balance of \$3,378,415.83. Details or reconciliation of this account was not provided for audit.

As a result audit was unable to substantiate the balances for this allocation.

Recommendation

The Ministry should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences.

Ministry's Comments

No comments received

8.9 Leave Liability

Agencies must keep accurate and up to date records of all leave and other employee entitlements.⁷

⁶ Ministry's – Finance Manual 2005 – Part 18: Miscellaneous – Section 18.1.3

⁷ Finance Instruction 2010 – Section 54

The Ministry of Foreign Affairs, International Co-operation and Civil Aviation did not have proper records of leave entitlement and therefore we were unable to calculate total leave liability as at 31/12/10.

As a result the Ministry did not disclose total leave liability in the notes to the financial statements.

Recommendation

The Ministry should ensure that all leave and other employee entitlement should be properly maintained and kept up to date.

Ministry's Comments

No comments received

8.10 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 Ministry 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 \$172,415.45 between the total Employers Contributions paid by the Ministry and FNPF contributions figures. Refer to Table 8.8 below for details.

Table 8.8: Variance in FNPF Calculation – 2010

FNPF Contribution Paid by Ministry for 2010 (Employer contribution only)		Amount (\$)
SEG 1	FNPF contributions paid – Established Staff	220,503.46
SEG 2	FNPF contributions paid – Unestablished staff	32,194.89
		252,698.35
	Add: December 2010 FNPF Contributions	15,410.56
		268,108.91
	Less: December 2009 FNPF Contributions	15,523.12
	Total Employers Contributions paid by the Ministry	252,585.79
Audit Calculation of FNPF for 2010 (Employer contribution only)		
SEG 1 & 2	Salaries & Wages as per FMIS	8,249,633.10
	Less: Salaries and Wages not subject to FNPF	2,937,117.61
	Salaries and Wages subject to FNPF	5,312,515.49
	FNPF Contribution (5,312,515.49 x 0.08)	425,001.24
	Difference	(172,415.45)

Recommendation

The Ministry should reconcile FNPF contributions paid with general ledger and any variance arising should be promptly investigated and adjusted.

Ministry's Comments*No comments received***FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION****8.11 Fiji Mission – Papua New Guinea****8.11.1 Accounting for Representation Allowance**

Representation allowance is the costs to cover direct and necessary expenditures on official entertainment. Officers other than the Head of Mission must account for two third of their representative allowance.⁸

The audit of payroll records noted that following three continued to receive full representation allowance without producing supporting documents for the 2/3 of their representative allowances. Refer to Table 8.9 below for details.

Table 8.9: Overpayment of Representation Allowance

Name of Officers	Amount Paid (K)	Amount to be paid (K)	Overpaid Amount (K)	Overpayment in Fiji Dollars (\$)
Peceli Tulele	2,311.00	770.33	1,540.67	1,155.27
Vilitati Mataitini	4,774.00	1,591.33	3,182.67	2,386.53
Daniel Johnson	3,992.00	1,330.67	2,661.33	1,995.60
Total overpayment per year				5,537.40

The payment of full representative allowance without supporting documents was not justified.

Recommendation

The Ministry should ensure that supporting documents for the payment of 2/3 of representative allowance are obtained from the Officers concerned.

Ministry's Comments

Former SS, Dan Johnson, incumbent SS Vilitati Mataitini and TS, Peceli Tulele have been paid the full Representation Allowance.

The current high cost of living in PNG has compelled me to let this situation remain for the time being for current staff, with plans to request for a review of Allowances for the PNG Mission in the very near future.

Current cost of living in Port Moresby and PNG in general are unbelievable and is equated to costs in Brussels and Germany by Ambassador Dihm of the European Union. PNG recorded the highest inflation rate in the Pacific in 2010, at 6.8% and inflation forecast will increase to 8.5% for 2011. This is attributed to higher food and commodity prices and increasing domestic demand associated with the LNG project. Additionally, the prevailing security situation, add to costs and consequently result in unbelievably high prices on the supermarket shelves. Some examples of prices for basic food items are shown below.

⁸ Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 49

	Items	Costs in PNG (KINA)	FJD Equivalent	Remarks
<i>a</i>	<i>1 kg sugar</i>	<i>11.90</i>	<i>8.71</i>	<i>In the recent sugar shortage experienced there, sugar was going for K19 – K23.00 per Kilogram.</i>
<i>b</i>	<i>Axiom</i>	<i>4.88</i>	<i>3.57</i>	<i>The costs is almost double of those in our local markets</i>
<i>c</i>	<i>1 kg Flour</i>	<i>4.50</i>	<i>3.30</i>	<i>The costs is double of those in the local markets</i>
<i>d</i>	<i>Meadow Lea (1kg)</i>	<i>18.30</i>	<i>13.39</i>	<i>It is almost triple the cost at our local markets</i>
<i>e</i>	<i>Chicken # 12</i>	<i>26.00</i>	<i>19.02</i>	<i>It is doubled the costs of a # 12 Chicken in Fiji</i>
<i>f</i>	<i>Chicken pieces</i>	<i>15.00</i>	<i>10.97</i>	<i>The costs is double of those in the local markets</i>
<i>g</i>	<i>Toothpaste (150g)</i>	<i>6.05</i>	<i>4.42</i>	<i>The costs is almost double of those in our local markets</i>
<i>h</i>	<i>Tea Bags (100s)</i>	<i>7.90</i>	<i>5.78</i>	<i>The costs is almost double of those in our local markets</i>
<i>i</i>	<i>Cooking Oil</i>	<i>7.40</i>	<i>5.41</i>	<i>The costs is almost double of those in our local markets</i>
<i>j</i>	<i>Milk (1 ltr)</i>	<i>5.45</i>	<i>3.99</i>	<i>The costs is double of those in the local markets</i>
<i>k</i>	<i>Rice (1 kg)</i>	<i>5.55</i>	<i>4.06</i>	<i>The costs is triple of those in the local markets</i>
<i>l</i>	<i>Rice (10kg)</i>	<i>60.00</i>	<i>43.89</i>	<i>It is almost triple the costs of a 10 Kg rice in Fiji</i>
<i>m</i>	<i>Tin tuna (1 tin)</i>	<i>2.55</i>	<i>1.86</i>	<i>The costs is almost double of those in our local markets</i>
<i>n</i>	<i>Noodle (1 pkt)</i>	<i>1.30</i>	<i>0.95</i>	<i>The costs is double of those in the local markets</i>
<i>o</i>	<i>Egg (1 tray 12 small eggs)</i>	<i>12.05</i>	<i>8.81</i>	<i>The costs is double of those in the local markets</i>
<i>p</i>	<i>Mixed Vegetables (1 kg)</i>	<i>4.85</i>	<i>3.55</i>	<i>The costs is almost double of those in our local markets</i>
<i>q</i>	<i>Protex Soap (1 pkt)</i>	<i>2.20</i>	<i>1.60</i>	<i>The costs is almost double of those in our local markets</i>
<i>r</i>	<i>Bread (1 large slice)</i>	<i>5.60</i>	<i>4.10</i>	<i>The costs is double of those in the local markets</i>
	Rates	1.3670		

[To compare with Fiji prices, use conversion F\$1 = K1.367]

An indication of the rising costs in PNG is on the recent review of our rental rates at the Office at Defens Haus last December; which was increased from K16, 470-16 to K24, 550-44 per month (refer Appendix 6-6d).

The FOSR, dated 2005, under Section 53 also stipulates review of allowance every 4 years. The PNG Mission is one that badly requires review, given the comparative rates granted per Mission, in relation to the current cost of living in the respective countries in which our Missions are based (refer Appendix 7).

8.12 Fiji Mission – New Zealand

8.12.1 General Maintenance of Fiji Embassy Properties

The Government Tender Board is constituted with authority to approve all procurement of goods, services and works valued at \$30,001 and more.⁹ Any variation to the value of the initial contract must be approved by the Board.¹⁰ No tender for the supply of goods, services or works shall be called for, considered or accepted otherwise than in accordance with these regulations.¹¹

In 2010, Freear Philips Limited, a New Zealand owned company was awarded the tender by Public Works Tender Board (PWTB) for NZ\$339,278.30 to carry out general repair and maintenances work at the Fiji Embassy properties in Wellington. The following anomalies were noted.

- The Ministry failed to submit the projects monthly and quarterly progress Reports to the PWTB.
- The Ministry failed to provide a completion report with a completion certificate to the PWTB after the completion of the Project.
- The Ministry failed to submit a copy of the signed Contract Agreement between Freear Philip Limited and Fiji High Commission to the Secretary to the PWTB.
- Several variations totalling \$17,923.76 were approved and paid by the Mission without prior approval of PWTB. This resulted in the total contract price to exceed by NZ\$16,512.67. Refer to Table 8.10 below for examples.

Table 8.10: Variations Without PWTB Approval

Details	Company	NZ (\$)	Fiji (\$)
Cheque Number 504440 dated 23/11/10 –Variance of (\$3,558.97)			
Delete Garage, games room and lower service rooms.	FPL Painters	(3,544.27)	(4,917.13)
VO: 4185: Router drip zone to ext windows, repairs gib wall.	FPL Carpentry, install door stops	978.93	1,358.16
Total		(2,565.34)	(3,558.97)
Cheque Number 504442 dated 23/11/10 –Variance of \$20,099.58			
VO 3888: replace rotted front door cills & mullions, email 23/09: \$3,415.06.	FPL Joinery - reduced	3,180.00	4,411.76
VO: 3889: replace rotted exterior timbers, w'board, delete line 37.	FPL Carpentry	1,992.51	2,764.30
VO:3890: replaced downstairs switches, power points.	T Grigg Electrical	648.00	899.00
VO 3890: upgrade switchboard to meet safety regulations.	T Grigg Electrical	1,164.00	1,614.87
VO: 3891: replace viny1 to ensuite & upstairs bathroom.	Howard Flooring	1,681.00	2,332.13
VO: Install new pan and associated fittings delete prov. sum line 36.	Think Tanks Plumbing	725.26	1,006.19
VO 3893: Repair lighting circuit to Dining, B2 and B3, found 20/10 est \$400.	T Grigg Electrical	340.00	471.70
VO 3895: Remove WC and vanity and replace after viny1 installed	Think Tanks Plumbing	486.24	674.58
VO 4159: gable end missing roof tiles, est \$608, tiles, flashings et	FPL carpenter	1,602.77	2,223.60
VO 4175: Fill holes in Kitchen and install trim to laundry, est \$340.	FPL Carpentry	591.25	820.27

⁹ Procurement Regulations 2010 – Section 9 (2)

¹⁰ Procurement Regulations 2010 – Section 11 (2)

¹¹ Procurement Regulations 2010 – Section 21 (1)

Details	Company	NZ (\$)	Fiji (\$)
VO 4177: repair leaks to roof, install tiles, flashing, gib ceiling 11 hrs.	FPL Carpentry	718.23	996.43
VO 4178: trim selected doors after new carpet installed, 9 hrs.	FPL Carpentry	593.64	823.58
VO 4179: repaint doors after trimming after new carpet est \$650.	FPL Painters	292.00	405.11
VO 4180: repaint bathroom vanity, mirror surround & toe spaces.	FPL Painters	195.00	270.53
VO 4181: Replaced all blown light bulbs and replace heated towel rail brackets.	T Grigg Electrical	277.88	385.52
Total		14,487.78	20,099.57
Cheque Number 504499 dated 22/12/10 –Variance of \$1,383.16			
VO 3898: Remove linings and paint interior of Kitchen cabinets.	FPL Painters	956.93	1,327.59
VO 4188, replace damaged hollow core door.	FPL Carpenter	224.00	317.37
Delete prov. Sums Line 34 & 35 and insert actual costs.	T Grigg Electrical	(9,000.00)	(12,751.49)
VO 3896: 8.6KW heat pump, 7 econoheaters.	T Grigg Electrical	6,220.00	8,812.69
VO 3894: install carpet to dining room.	Howard Flooring Ltd	1,498.00	2,122.41
VO 3897: uplift and reinstate toilet pan for floor layer.	ThinkTanks Plumbing	440.00	623.41
VO Trim doors after carpet installed.	FPL Carpentry	390.42	553.16
VO 4351 Replace Bulbs, double power point, single pp.	T Grigg Electrical	266.81	378.02
Total		996.16	1,383.16

According to the Director - Building and Government Architects PWTB, the Ministry failed to liaise with them on the projects progress after the Secretary of the Board issued the Tender Award letter on 23/07/10. As a result, the Board was not able to supervise the additional work as stipulated in the variation orders.

Lack of project monitoring and follow up on its progress may have resulted in several variations and cost overrun.

Recommendations

- **The Ministry must ensure that proper procedures for capital works are followed in future.**
- **The Ministry should investigate on the capital construction work undertaken at the Mission and take appropriate action for not seeking PWTB approvals for several variations resulting in cost over expenditure.**
- **The Ministry should obtain completion certificate for the capital works completed.**

Ministry's Comments

The failure of the Mission to follow proper procedures for capital works, in particular progress reporting, is regretted. Whilst the refurbishment progress was reflected in our weekly activity reports to headquarters in 2010, we admit that the submission of more comprehensive reports was an oversight and very much regretted.

We are now taking measures to address such anomaly in the management of future projects by incorporating procedures into our Mission's standard Office Procedures Manual.

The Mission notes with regret its failure to seek the approval of the PWTB for several variations of work in the contract. This has not been deliberate but arisen out of a deemed misinterpretation by the Mission of the definition of "Principal" in the contract to mean the representative on site rather than the PWTB. Section C4 Clause 20 of the contract allows the Principal to "direct the Contractor to carry out variations", and the misreading of definition led to a misapplication of authority and this is indeed regretted.

The variation in works was unavoidable due to the Nature of work carried out.

Most of the variations occurred in the High Commissioner's residence in Karori which was also the first property to undergo maintenance. The more than sixty year old property had been vacant for almost two years and some of the structural damages were not known until preparation work for painting was carried out, hence the addition. The property also has old electrical fittings including the main switch board, power points and some wiring which according to the contractor was compromising the safety of the house. It was considered necessary to have these upgrading done as part of the project because of the issue of safety and also because they were structural damages which would deteriorate if left unfixed.

With the realization of a cost overrun on the works in Karori, the Mission saw it was necessary to review the scope of works on the remaining properties and reprioritize but with safety and structural repairs being important considerations. The variations in two of the three remaining properties enabled the Mission to reduce maintenance costs in these properties.

It is also noted that after the award and signing of the Contract on 6 September, 2010 the Goods & Service Tax (GST) increased from 12.5 % to 15% on 1 October, 2010. Because the contract value was based on the old GST rate of 12.5%, the new rate which applied to 80% of the cost incurred an additional \$6,037.89 to the original contracted project cost.

The Completion Statement from Freear Philip Limited the contractor that carried out the capital works is available.

8.13 Fiji Mission - India

8.13.1 Expiry of Lease

Where a property is leased on behalf of the government, the head of Mission or Officer in residence must not by any act or omission place the lessee in breach of the terms of the lease.¹²

The Agreement to Lease is made and executed at New Delhi on the 15th day of March 2008. In consideration of the rent hereby reserved and of the covenants and conditions hereunder contained and on the part of the Lessee to be observed and performed the Lessors agree to demise unto the Lessee, the premises being the entire and complete double Storeyed Bungalow bearing No. N-57, situated at Panchsheel Park, New Delhi – 110017, for use as the High Commissioner's personal residence during a fixed period of two years, commencing from 15th April 2008 and ending on 14th April 2010. The lease shall be terminated by serving three months prior notice in writing whereupon the lessee shall upon expiry of the notice period peacefully and quietly deliver unto the lessors the vacant possession of the demised premises together with all the fittings and fixtures in the same conditions.¹³

The Mission decided not to renew the lease agreements for High Commissioner's personal residence upon completion of two years lease tenure.

However, audit noted that the Mission instead of serving three months prior notice in writing gave only seven days notice on 07/04/10 of its intention not to renew the lease. The Mission failed to comply with the lease agreement.

As a result, the Mission paid three months rent totalling \$61,235.01 to the landlord as a penalty for giving short notice.

¹² Public Service (Diplomatic & Consular Services) Regulations 2005 – Section 66 (2)

¹³ Agreement to Lease between Mr. Suresh C. Kumar & His Excellency, clause 1 (d)

Recommendations

- **The Ministry should ensure that the Mission complies with the lease agreements at all times.**
- **The Ministry should investigate the penalty payment and take appropriate action.**

Ministry's Comments

A few points as per the letter issued by the High Commission to the lessor of property N-57 Panchsheel Park needs to be considered:

- *The letter clearly indicates as per para 2 sentence 2 quote “We hereby issue the required notice of three months to vacate the premises effective from the 7th of April, 2010;*
- *Though formally we had written as per above to vacate the premises, we had an agreement with the landlord that since the date of expiry of rental and the termination letter as issued on the 7th of April, 2010 was only 7 days apart we were to use the premises until the end of 6th of July, 2010 completing the 3 months notice period. Therefore, though we had issued the notice the rental was also due, thus we had occupied the office for the further three months which we had paid rental for while searching for new premises.*
- *It is also to be noticed that we had written to the landlord seeking that he deduct the rental from the security deposit which was paid to him during the beginning of the contract and is reimbursable to which he did not agree, therefore we had to make rental payments and also issue the notice of termination at the same period.*
- *As part of the agreement, rental of 6 months in advance was paid to the landlord in a normal scenario, but due to the rental and termination date falling around the same time the mission was required to make 3 months payments as the rental was due as well.*
- *Please note that the landlord could have charged the mission full 6 months rental regardless of our notice period as a penalty but instead a sum of 3 months was paid as to cover the three months notice period therefore we had ended up saving 3 months of rental by giving termination on the 7th of April, 2010. The payment of full 6 months would have meant a further delay of 3 more months of relocating to our new premises.*
- *Please note that since the date of notice issued from the 7th of April, 2010, the mission had operated from the same building N-57 Panchsheel Park for a further 3 months as we had paid rental.*
- *Please note that in this case the rental and notice period fell due at the same time. It is also to be noted that we continued occupying the office during the notice period as a number of maintenance work was required to be undertaken.*

8.14 Fiji Mission – United Kingdom

8.14.1 Disparity in Post Allowances

In addition to basic salaries, Head of Missions and officers serving in overseas missions are entitled to the following post allowance:

- location allowance;
- representation allowance;
- representation supplementary allowances, and
- child allowances.

Mercer a leading global provider of consulting, outsourcing and investment services undertakes world wide cost of living surveys annually. The entity is a premier provider of advice and market data on international and expatriate compensation management, and works with multinational companies and government worldwide. It remains one of the most comprehensive databases on international assignment policies, compensation practices and data on world wide cost of living, housing and hardship allowances. Mercer's Top 50 cities: Cost of living 2010 Reports is contained in Appendix 8 1 to this report.

Review of the post allowances paid to the Head of Mission and Officers serving at the Fiji Mission in London indicated significant disparity when compared to other Fiji Missions overseas and taking into account London's ranking in Mercer's Cost of Living Ranking 2010 Report.

London is ranked 17 as one of the most expensive city in the world in Mercer's report but the Fiji London Mission employees are being paid less allowances compared to some of the other Fiji Missions employees for which the cities they are based are not even listed on Mercer's report. Refer to Table 8.11 below for example on the disparity of allowances paid to the Head of Mission where his/her status is married.

Table 8.11: Allowances Paid to Mission Staff¹⁴

City	Post	Location Allowance F\$	Supplementary Allowance F\$	Represent Allowance F\$	Child Allowance F\$
London	HC	35,044	12,349	21,197	3,962
Washington/New York	HC	51,520	17,860	18,787	6,000
Wellington	HC	31,345	14,791	17,530	3,930
Tokyo	HC	140,888	60,789	50,048	16,282
New Delhi	HC	56,091	24,202	19,925	6,482
Beijing	HC	59,502	25,476	20,975	6,824
Brussels	HC	65,219	16,482	33,283	7,178
Sydney/Canberra	HC	37,606	18,251	21,034	4,716

Table 8.12 data indicates that some of the Head of Missions based in the cities not even listed in the Mercer's Top 50 cities: Cost of Living 2010 Report are being paid higher allowances than the Head of Mission in London. This includes Washington, New York, New Delhi and Brussels.

Even Sydney/Canberra which is ranked 24 is paid a higher rate compared to London. The Head of Mission in Beijing which is ranked 16 compared to London's ranking of 17 is paid a location allowance that is 41% higher than London.

The disparity in the allowances paid affects all staffs of the Mission and the basis used in calculating the rates of allowances could be incorrect taking into account the high cost of living in London.

Staffs of the Fiji Mission in London may be facing undue hardship in their posting, low staff moral and performance at work could be affected.

Recommendation

The Ministry should seriously consider reviewing the rate of allowances paid to staffs of the Fiji Mission in London to ensure that correct and appropriate allowances are paid to them.

¹⁴ Allowances has been converted using the rates for July 2011 approved by Ministry of Finance.

Ministry's Comments

The Ministry is currently working on the Review of rate on Post allowance for all our Fiji Missions abroad and is making a submission to the Public Service Commission on the need to review post allowance at all Fiji Missions. Another meeting is to be convened next week on the same as these are policy matters that needed consultations.

8.14.2 Repair and Upgrade to the Fiji Missions Properties

The issue about the repair of the Fiji Mission Properties in London was last raised in my audit report reference File: 790 of 5th December 2008.

Details of the repairs to be undertaken at the Mission are also contained in its Capital Expenditure Proposal for the year 2009-2011. The Mission properties are in an appalling condition and not suitable for entertaining guests as required in the diplomatic world.

At the date of audit¹⁵, very little has been done in term of repairs to the Mission properties. The Fiji chancellery needs new coats of paints, wall papers, furniture and also equipments such as computers and printers.

Recommendation

The Ministry should allocate appropriate funds for the repair and upgrade of the Mission properties in London.

Ministry's Comments

The Mission's staffs were informed by our Director Corporate Services earlier this year for the need for them to submit three quotations for all the repairs that needed to be carried out for the London Mission, since funds available for the repairs were under requisitions which will require the various tender boards approval before its release. And we are yet to receive submission upon which funds are now being diverted to other Mission's who have provided documentations but some portions were still available to cater for other repairs.

Our Mission's staff had assured us that they are in the process of finalizing respective quotations for property repairs.

8.14.3 Property Insurance and Valuation

Records held at the Mission indicated that the Fiji chancellery is currently insured at £2,408,525 based on the rebuilding cost of the property and not the market value which would be higher.

Rebuilding cost is used as a base because:

- market value indicates the cost of the land which is not required to be replaced; and
- rebuilding costs takes into effect costs such as demolition, site clearance, architect fees etc. which would be required in the event of destruction of the property.

In 2004 as the correct rebuilding cost could be determined, the Mission was advised to carry out valuation of its property so that such cost could be determined and adequacy of cover is maintained.

¹⁵ 14 June 2011

There is however on evidence of any valuation being undertaken on the chancellery after 2004 to determine the correct rebuilding cost and it appears that the property may be under insured.

There is a risk that in case of the chancellery being destroyed by fire, insurance will not be able to cover the cost of rebuilding a new building.

Recommendations

- **The Mission should commission a valuation of its properties in London so that the correct property rebuilding cost and insurance coverage can be determined.**
- **The Ministry should ensure that accurate insurance cover is maintained on the Mission properties at all times.**

Ministry's Comments

Comments have been noted and the Ministry is anticipating carrying out properties valuation after the completion of all major repair and upgrading works at the Fiji High Commission properties in the United Kingdom.

8.15 Fiji Mission – Sydney

8.15.1 Receipts and Lodgements

The revenue collector shall maintain a cashbook in which he/she shall enter on a daily basis the date of receiving, name of payer, receipt number, amount received and revenue account code¹⁶.

Scrutiny of revenue receipts and lodgements revealed that revenue has not been properly accounted for in the month it is received. Refer to the Table 8.12 below for examples.

Table 8.12: Accounting of Receipts

Month Received	Month Banked	Month Accounted	Amount (\$)
July 2010	Aug 2010	Aug 2010	836.00
Aug 2010	Sep 2010	Sep 2010	1112.00
Sep 2010	Oct 2010	Oct 2010	1197.00
Oct 2010	Nov 2010	Nov 2010	216.00

This practice is erroneous and results in misallocation of revenue.

Non compliance with the procedures results in the misallocation of revenues.

Recommendation

The Consulate should ensure that receipts are correctly recorded in the cashbook.

Ministry's Comments

No comments received

¹⁶ Proforma Finance Manual – Section 5.4.4

8.15.2 Cash Book

The revenue collector shall maintain a cashbook in which he/she shall enter on a daily basis the date of receiving, name of payer, receipt number, amount received and revenue account code¹⁷. The accounts officer must sign the cashbook after checking the details in the cashbook against the receipts issued and then bank the lodgements.

Scrutiny of the cashbook revealed that revenues were recorded into the cashbook at the end of the month rather upon receipt of the bank statement than from the daily receipts. Refer to Table 8.13 below for examples.

Table 8.13: Cashbook Entries

Date Lodged	Amount Lodged (\$)	Revenue Recorded (\$)	Date Recorded in Cashbook
14/06/11	1,659.00	1,659.00	30/06/11
24/06/11	8,562.60	8,562.60	30/06/11
11/05/11	2,781.00	2,781.00	30/05/11
03/09/10	1,275.00	1,275.00	30/09/10
10/09/10	873.00	873.00	30/09/10
22/09/10	2,022.19	2,022.19	30/09/10

This practice is erroneous and relies on the integrity of the banking records rather than maintaining independent records for reconciliation with the bank. Thus lodgements not credited or mispostings would not be detected under this practice.

Non compliance with the set procedures could result in the misplacement of government revenues.

Recommendation

The Consulate should ensure that receipts are adequately recorded in the cashbook for proper reconciliations with the bank records.

Ministry's Comments

No comments received

8.15.3 Inconsistent Application of Fees

The gazetted fee should be the fee levied for Certificate of Identity and Visa applications.

Scrutiny of the Certificate of Identity register as well as the Visa Application register revealed that the Consular has been charging different rates for the same revenue allocation. Refer to Table 8.14 and Table 8.15 below for examples.

¹⁷ Proforma Finance Manual – Section 5.5.1

Table 8.14: Certificate of Identity Fee

Date	Amount (\$)
14/04/2010	127
17/06/2010	99
01/09/2010	100
26/10/2010	96
23/11/2010	102
16/02/2011	104

Table 8.15: Visa Fee

Date	Amount (\$)
11/01/10	77
02/11/10	72
23/11/10	89
24/11/10	72
03/12/10	76
25/03/11	78

Non compliance with the gazetted fees would result in over payment or underpayment of the fees.

Recommendation

The Consulate should ensure that websites are updated and all records are amended to the gazetted fees.

Ministry's Comments

No comments received

8.15.4 Stale Cheques

Stale cheques must be reviewed each month to determine the need to replace them or clear it. If cheques continue to remain un-presented for a period of 12 months, action shall be taken to clear them.¹⁸

Scrutiny of the June 2011 bank reconciliations revealed that stale cheques have been carried forward for over a year without being regularised. Table 8.16 below show the examples.

Table 8.16: Stale Cheques Carried Forward

Bank Reconciliation	Cheque No.	Amount (\$)	Commentary
Mar 2010-Jun 2011	3256	1,995.00	Unpresented Chq
Dec 2009-Jun 2011-	2881	48.02	Unpresented Chq
Dec 2009-Jun 2011	1051	89.30	Adjustment to Chq
Dec 2009-Jun 2011	1058	(40.00)	Adjustment to Chq

¹⁸ Finance Instruction – Section 33 (3) (4)

Cheques remaining un-presented need to be reviewed on a monthly basis to determine whether to issue a replacement or to clear them from the books rather than carried forward indefinitely.

Recommendation

The Consulate should ensure that un-presented cheques are adequately accounted for.

Ministry's Comments

No comments received

8.15.5 Business Plans

The business plans of the Consulate General together with other embassies, missions and headquarters should be accumulated to form the Ministry of Foreign Affairs' Annual Corporate Plan.

Scrutiny of the Consulate General's business plans revealed that it is not synchronised with the Annual Corporate Plan for the Ministry with outputs, targets and KPIs not being aligned.

Furthermore, it is noted that the business plan does not have realistic measurable targets such as the proposed and converted foreign trade and investments dollars per business sector (tourism, agriculture, fisheries, forests, mining, garment etc.). Targets however, focus mainly on servicing the Consulate functions of hospitality, representations at diplomatic functions, international and political relations.

Non synchronization of the Ministry's plans with the Consulate's business plan reflects poor coordination between the two organisations. Furthermore, the non measurable performance indicators results in the reporting of monthly updates rather than highlighting achievements or shortfalls.

Recommendation

The Consulate plans should be factored into overall organisations Corporate Plan and that objective targets are set to include economic activities for the betterment of the nation.

Ministry's Comments

No comments received

8.15.6 Individual Work Plan

Individual Work Plans (IWP) should be drawn out from the Business Plan of the Consulate General to ensure that all tasks are allocated to each staff.

Scrutiny of the operations revealed that staffs did not have IWPs to prorate deliverables from the Business Plan to each staff.

Without IWPs, the Consulate's objectives may not be fulfilled and gaps in performance will not be properly identified and addressed.

Recommendation

The Consulate should ensure that IWPs are drawn out from the Business Plan and contain measurable targets for the achievement of the IWP and Business Plan key performance indicators.

Ministry's Comments

No comments received

8.15.7 Monthly Reports

Within 1 week of the end of each month, each Director shall submit to the Permanent Secretary a service delivery performance report comparing actual levels of service against the targets in their business plans or annual corporate plan.¹⁹

The monthly acquittal from the Consulate to the Ministry includes reports on achievements for the month rather than a report on budgets versus actual. Furthermore, the report contains performance for the month benchmarked against the previous month's performance without any reference to variance from projections.

The non alignment of the key performance indicators with the reporting mechanism will not give a fair indication to the Consulate of how well they are performing or in the areas they need to improve upon.

Recommendation

Monthly reports should be benchmarked against key performance indicators with actuals compared against budgets.

Ministry's Comments

No comments received

8.15.8 Inadequate Service Fee Charges

The Sydney Consular General charges a Consul Administration Fees of \$20.00 for any service they render which include processing of Visa applications, Damaged or Lost Passports, issuing Certificates of Identity, Marriages and Birth Certificates.

Review of records at the Consulate General's Office revealed that a submission to the Ministry of Foreign Affairs for an increase to Consul Administration fees was made, for all services rendered. The Consulate General Office had cited lower budgetary allocation and increasing cost as the primary reasons for the proposed fees increase.

In comparison, the Australian Immigration Services charges two hundred and forty Australian dollars (A\$240) for the renewal of Permanent Residence status on passports and one hundred Australian dollars (A\$100) for Certificate of Evidence of Residence Status.

¹⁹ Proforma Finance Manual

The consulates submission seeks to equate the fees they charge to a comparable level as that charged by their Australian counterparts and which will also ensure that the actual processing costs are adequately covered in the service fees.

Recommendation

The ‘user-pay’ concept advocated in the Consular General’s proposal has merits. A review of proposed fees should also consider the income levels Fiji citizens requiring services such as Certificate of Identity while on visit overseas. Different fee structures maybe be considered for Fiji residents and non-Fiji residents.

Ministry’s Comments

No comments received

8.16 Fiji Mission – Beijing

8.16.1 Appointment of Third Secretary

The Third Secretary post is equivalent to Executive Officer SSO4 level.²⁰ The following posts are approved for diplomats posting in Beijing, China:²¹

- Ambassador of grade US02;
- Counsellor of grade US04;
- First Secretary of grade SS01; and
- Second Secretary of grade SS02 (Senior Administration Officer).

Mr. Samuela Kanakatakata (EDP No. 62647) was appointed as a Third Secretary with effect from 29/01/09 at Beijing Mission in China. The Officer’s substantive position was a Clerical Officer, however at the time of the appointment as Third Secretary the officer was acting as an Executive Officer until 30/03/09. On completion of the Officer’s term of acting appointment on 30/03/09 no further extension was made.

Audit noted that even though the officer did not meet the Minimum Qualification Requirement (MQR) of a Third Secretary he was appointed to the position.

In addition, the new approved establishment of the Mission (approved in 2009 through 2009 Staff Establishment Register) did not have the position of Third Secretary. The Mission allowed the Officer to act as Second Secretary even though he did not meet the MQR for the position.

The findings indicate that appropriate person was not hired by the Mission for the position with required qualification and experience.

Recommendations

- **The Ministry should ensure that policies and guidelines for the engagement and appointments of Mission staffs are adhered to at all times.**
- **PSC should investigate this matter further and take appropriate actions.**

²⁰ PSC 2009 Staff Establishment Register, pg 102

²¹ PSC 2009 Staff Establishment Register, pg 102 % PSC 2010 Staff Establishment Register, pg 95

Ministry's Comments

The Mission is of the view that all appointment for Diplomatic postings is handled by HQ prior to departure of any Diplomat from Fiji. As, such, we feel that queries on the appointment of Third secretary or any other administrative matter should be best responded to by HQ.

In addition to the above, the Mission feels that it is unjust on Mr. Kanakatakata's part to be queried on his appointment as third secretary vis-à-vis his qualification. The oversight highlighted in the Audit Report is of no fault of his as the appointment was made by the Ministry and more importantly, he has been performing his duties at the Mission effectively and diligently over the years.

PSC posting letter dated 3rd December 2008 confirming his Missions Postings could be sighted.

APPENDICES 8.1

Mercer's Top 50 Cities: Cost of Living Ranking

Rank 2010	City	Country
1	Luanda	Angola
2	Tokyo	Japan
3	Ndjamena	Chad
4	Moscow	Russia
5	Geneva	Switzerland
6	Osaka	Japan
7	Libreville	Gabon
8	Zurich	Switzerland
10	Copenhagen	Denmark
11	Singapore	Singapore
11	Oslo	Norway
13	Victoria	Seychelles
14	Seoul	South Korea
15	Milan	Italy
16	Beijing	China
17	London	United Kingdom
17	Paris	France
19	Tel Aviv	Israel
19	Nagoya	Japan
21	Sao Paulo	Brazil
22	Bern	Switzerland
23	Niamey	Niger
24	Sydney	Australia
25	Shanghai	China
26	Rome	Italy
27	New York	United States
28	Vienna	Austria
29	Rio De Janeiro	Brazil
30	St. Petersburg	Russia
31	Helsinki	Finland
32	Dakar	Senegal
33	Bangui	Central African Republic
35	Amsterdam	Netherlands
36	Baku	Azerbaijan
37	Bratislava	Slovakia
38	Noumea	New Caledonia
38	Guangzhou	China
40	Athens	Greece
40	Douala	Cameroon
42	Shenzhen	China
42	Dublin	Ireland
44	Istanbul	Turkey
45	Havana	Cuba
47	Prague	Czech Republic
48	Brazzaville	Congo
49	Barcelona	Spain
50	Frankfurt	Germany
50	Abu Dhabi	United Arab Emirate

Section 9 Elections Office

Programme Statement

The Supervisor of Elections is responsible for the registration of voters and the conduct and supervision of the election members to the House of Representatives at the Local Government level. The supervisor is also responsible with providing its administrative support for the Constituency Boundaries Commission in the discharge of its duties. Responsibilities or Deliverables undertaken by the office as budgeted for are outlined as follows:

- Publication and the Revision of the National Electoral Rolls
- Conduct Local Government Elections
- Public Awareness and educational programs
- Constituency Boundaries Commission

Table of Contents

PART A: FINANCIAL STATEMENT	1
9.1 Audit Opinion.....	1
9.2 Statement of Receipts and Expenditures.....	1
9.3 Appropriation Statement	2
PART B: AUDIT FINDINGS	3
9.4 Overdrawn Operating Trust Fund Account	3
9.5 Revolving Fund Account	4
9.6 Engagement of Consultants	5

PART A: FINANCIAL STATEMENT

9.1 Audit Opinion

The audit of the 2010 accounts of the Office of the Supervisor of Elections resulted in the issue of an unqualified audit report.

9.2 Statement of Receipts and Expenditures

The Office collected total revenue amounting to \$11,289 and incurred a total expenditure of \$894,008 in 2010.

Table 9.1: Statement of Receipts and Expenditures for 2010

Description	2010 (\$)	2009 (\$)
RECEIPTS		
State Revenue	0	0
Agency Revenue	11,289	25,859
TOTAL REVENUE	11,289	25,859

Description	2010 (\$)	2009 (\$)
EXPENDITURES		
Operating		
Established Staff	262,553	258,735
Unestablished Staff	68,120	45,806
Travel & Communication	13,104	13,336
Maintenance & Operations	54,664	69,472
Purchase of Goods & Services	1,929	16,767
Special Expenditures	469,915	557,385
Total Operating Expenditures	870,285	961,501
Value Added Tax	23,723	77,425
TOTAL EXPENDITURES	894,008	1,038,926

Total expenditure decreased by \$144,918 or 14% in 2010 compared to 2009. This was due to reduction in costs for maintenance and operations by \$14,808 or 21%, purchase of goods and services by \$14,838 or 88% and special expenditure by \$87,470 or 16%.

9.3 Appropriation Statement

The Office incurred expenditures totalling \$894,008 in 2010 against a revised budget of \$992,994 resulting in a savings of \$98,986 or 10%.

Details of expenditures against the Budget Estimates are provided in the Appropriation Statement in Table 9.2.

Table 9.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	295,300	(25,737)	269,563	262,553	0	7,010
2	Unestablished Staff	43,700	25,737	69,437	68,120	0	1,317
3	Travel & Communication	16,600	0	16,600	13,104	0	3,496
4	Maintenance & Operations	72,000	0	72,000	54,664	0	17,336
5	Purchase of Goods & Services	25,300	0	25,300	1,929	0	23,371
6	Special Expenditures	800,000	(323,806)	476,194	469,915	0	6,279
	Total Operating Costs	1,252,900	323,806	929,094	870,285	0	58,809
13	Value Added Tax	114,200	(50,300)	63,900	23,723	0	40,177
	TOTAL EXPENDITURE	1,367,100	(374,106)	992,994	894,008	0	98,986

Ministry of Finance redeployed a total of \$374,106 from the Office of the Supervisor of Elections budget to other Ministries and Departments.

PART B: AUDIT FINDINGS**9.4 Overdrawn Operating Trust Fund Account**

Each month, the trust account shall be balanced and reconciled with the trust bank accounts. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Unreconciled items should be investigated and resolved promptly.¹

The Office's Operating Trust Fund Accounts was overdrawn and had a debit balance of \$519,156.06 as at 31/12/10. Refer to Table 9.3 below for details.

Table 9.3: Overdrawn Operating Trust Fund Account

Account	Description	Overdrawn Amount \$
1-10101-10999-861101	OPR Current Year	10.00
1-10101-10999-861105	Public Rental Board	69.00
1-10101-10999-861201	Fiji Care Insurance	(789.83)
1-10101-10999-861202	CMLA	(29.56)
1-10101-10999-861204	LICI	165.25
1-10101-10999-861601	Maintenance – Suva	(12.50)
1-10101-10999-861901	Tax Arrears/PAYE	400,484.24
1-10101-10999-861902	Dep A/c Recoverable	(6,373.56)
1-10101-10999-861920	Employees FNPF	120,213.82
1-10101-10999-861921	Employers FNPF	5,419.20
TOTAL		519,156.06

In addition, \$398,858 of this balance was carried forward from previous years which were not cleared by the Office. The overdrawn of Trust Funds may have resulted from incorrect journal entries or mispostings.

The overdrawn trust funds more or less are tantamount to unauthorised expenditures. It indicates lack of adequate internal control and supervision and a disregard for procedures in the Finance Instructions.

Recommendations

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

Office Comments

The summary of opening and closing balances for the list of Trust Fund Accounts as at December 2010 is below.

<u>Trust Fund</u>	<u>Allocation No</u>	<u>Open Bal from 2006-8</u>	<u>Closing Bal Dec 2010</u>	<u>Diff</u>
<i>Withholding Tax Payable</i>	<i>11010110999840602</i>	<i>(84.00)</i>	<i>(84.00)</i>	<i>0.00</i>
<i>202 PD OPR Current year</i>	<i>11010110999861101</i>	<i>10.00</i>	<i>10.00</i>	<i>0.00</i>

¹ Finance Instructions 2010 – Section 58 (3)

<u>Trust Fund</u>	<u>Allocation No</u>	<u>Open Bal from 2006-8</u>	<u>Closing Bal Dec 2010</u>	<u>Diff</u>
267 Rent Public Rental Board	'11010110999861105	69.00	69.00	0.00
390 PD GOV Water Rates Chrgs	'11010110999861106	0.00		0.00
240 PD Fiji Care Insurance	'11010110999861201	(789.83)	(789.83)	0.00
241 PD CMLA	'11010110999861202	(29.56)	(29.56)	0.00
240 PD LICI	'11010110999861204	165.25	165.25	0.00
PD FPS Credit Union	'11010110999861511	0.00		0.00
Wesram Finance	'11010110999861533	0.00		0.00
341 PD Maint Suva	'11010110999861601	(12.50)	(12.50)	0.00
355 PD Maint-Suva Domestic	'11010110999861614	0.00		0.00
201 PD Tax Arrears/PAYE	'11010110999861901	400,484.24	400,484.24	0.00
204 PD Depst A/C Recoverable	'11010110999861902	(6,373.56)	(6,373.56)	0.00
387 PD RFA IDC Salaries	'11010110999861913			0.00
501 PD Employees FNPF	'11010110999861920	120,323.42	120,213.82	109.60
502 PD Employers FNPF	'11010110999861921	5,419.20	5,419.20	0.00
Total		\$519,181.66	\$519,072.06	\$109.60

As shown the total overdrawn balance of \$519,072.06 in 2010 was a result of balance of \$519,181.66 carried forward from 2005 to 2008 and \$109.60 in 2010. This comprises of a difference of \$2,784.48 (December 2008 FNPF) paid in January 2009 and \$2,894.08 (December 2010 FNPF) paid in January 2011.

The overdrawn balances highlighted above were a result of non-reconciliations done from 2006 to 2008.

Various correspondences had been submitted to Ministry of Finance for their Budget department and Treasury department to clear this. This has been declined by Treasury department advising to seek assistance from FMIS department for further clarification on write off.

Currently, the Trust Funds are being reconciled on a monthly basis to ensure that no overdrawn of these Trust Fund accounts in future.

9.5 Revolving Fund Account

The Senior Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.²

The Revolving Fund Account of the Office had a balance of \$64,815 as at 31/12/10. A review of the Revolving Fund Account records noted that most of the balances (\$64,899) under this account had been carried forward since 2006. Refer to Table 9.4 below for details.

Table 9.4: Revolving Fund Account

Account Number	Particulars	Amount (\$)	Remarks
1-10101-10999-560302	GL Employee Advances Open Item	50,294.78	Debit balance of \$50,294.78 carried forward from 2006
1-10101-10999-570101	AP Prepaid Expenses	1,730.00	Debit balance of \$1,730 carried forward

² Office's Finance Manual 2005 – Part 2: Expenditure – Introduction Paragraph

Account Number	Particulars	Amount (\$)	Remarks
			from 2006
1-10101-10999-570301	Advances	12,874.50	Debit balance of \$12,874.50 carried forward from 2006
1-10101-10999-840602	Withholding Tax Payable	(84.00)	Carried forward from previous year

Discussion with the Assistant Accounts Officer revealed that most of these balances had been carried forward since 2006 and that proper records were not maintained by the previous Accounts Officer.

Recommendation

The Office must investigate these long outstanding balances and take appropriate action.

Office Comments

The total balance of \$64,899.28 in 2010 was a result of balances carried forward from 2005 to 2008.

As mentioned various correspondences (Non-approval and Request to write off balances of overdrawn Revolving and Trust Fund) had been submitted to Ministry of Finance for their Budget department and Treasury department to clear this. This has been declined by Treasury department advising to seek assistance from FMIS department for further clarification on write off.

Currently, the Revolving Funds are being reconciled on a monthly basis to ensure that no overdrawn of these Revolving Fund accounts in future.

9.6 Engagement of Consultants

While it is recognized that the use of consultants is often implicit in the approval of projects, it is nevertheless required that specific approval of the Public Service Commission be obtained in all cases.³

The review of the expenditure records revealed that the Office paid \$184,548.94 to various consultants for providing consultancy services in 2009. The Office did not obtain approval from PSC for engaging these consultants. Refer to Table 9.5 below for details.

Table 9.5: Consultancy Services Provided in 2009

Payment Date	Cheque No.	Particulars	Amount (\$)
29/03/10	45308	Payment for consultancy services provided by Ms. Waller for the period from 01/01/09 to 30/04/09.	51,380.00
25/05/10	46326	Payments made to ERIS Consultants and Dr. Afari Gyan for undertaking a feasibility study on the proposed Electronic Registration and Voting System planned for Fiji for the period 17/03/09 to 03/04/09.	2,427.36
22/06/10	46287	Payments made to ERIS Consultants; Michael Yard and Robert Jordan for undertaking a feasibility study on the proposed Electronic Registration and Voting System planned for Fiji for the period 17/3/09 to 3/4/09.	86,887.30
22/06/10	46288	Payment made to Laiemau Oketeki of Samoa for briefing Fijian stakeholders on the Electronic Bio-Metric Voter Registration System from 29/3/09 to 31/3/09.	2,405.00
22/06/10	46289	Payment made to Professor Richard Herr for co heading the two days workshop from 1/3/09 to 4/3/09.	3,191.34

³ PSC Circular 23/2001

Payment Date	Cheque No.	Particulars	Amount (\$)
22/06/10	46291	Payment made to Dr. Afari Gyan; a Consultant of ERIS, to undertake the capacity building study and international strategy review of the Office and to evaluate the proposed Proportional List System and its relevance to Fiji from 25/02/09 – 07/03/09.	27,099.86
22/06/10	46290	Payment made to Professor David Nicolson for the preparation and formulation of a Media Strategy.	11,158.08
TOTAL			184,548.94

Furthermore, it was also noted that except for Michael Yard and Robert Jordon, the other consultancy reports were not made available for audit hence the work carried out by the Consultants and the payments made could not be substantiated.

Deviation from the established procedures while engaging consultants may increase the risk of mismanagement of public funds.

Recommendation

The Office should ensure that approval from its line Minister is obtained and competitive selection and tender process is abided for hiring consultants⁴.

Office Comments

We acknowledge and appreciate the comments of the Office of the Auditor General regarding the issue.

The Office of the Supervisor of Elections is a constitutional office and not like other ordinary department or ministry and it is therefore important to understand the jurisdiction it has by law in a nation.

The only role the Minister plays to this independent office is on Section 79 (6) of the 1997 Constitution where it stipulates that:

“The Minister must ensure that all Bills or proposed subordinate legislation relating to electoral matters are referred to the Supervisor of Elections and the Electoral Commission for comment before their introduction in the House of Representatives or their making, as the case may be”.

Therefore legally, the authority of approvals such as the engagement of the Consultants rests entirely with the Electoral Commission and the Supervisor of Elections in consultation with the Public Service Commission and Ministry of Finance and not the line Minister.

This is purposely done to protect the independence of the Elections Office from any political interference.

⁴ PSC Circular 30/2011

Section 10 Judiciary

Role and Responsibilities

The Judiciary Department is responsible for enhancing the quality of justice in the community by ensuring an effective and accessible Court System and as the cornerstone of Justice; the Court System will uphold the principles of equality, fairness and access while protecting the dignity and rights of all members of the community.

Table of Contents

PART A - FINANCIAL STATEMENT	1
10.1 Audit Opinion	1
10.2 Statement of Receipts and Expenditures	1
10.3 Appropriation Statement	2
10.4 Trust Account Statement of Receipts & Payments	3
PART B: AUDIT FINDINGS	4
10.5 Arrears in Revenue	4
10.6 Operating Trust Fund Account	5
10.7 Main Trust Fund Account	5
10.8 Unexplained Account Balance	6
10.9 Stale Cheque	7
10.10 FNPF Reconciliation	7
10.11 Revenue Collection - Nasinu Magistrates Court	8
10.12 Outstanding Balances - Revolving Fund Account (RFA)	9
10.13 Court Exhibit - Nausori Magistrate Court	12

PART A: FINANCIAL STATEMENT

10.1 Audit Opinion

The audit of the 2010 accounts of the Judicial Department resulted in the issue of an unqualified audit report.

10.2 Statement of Receipts and Expenditures

The Department collected total revenue of \$3,724,005 and incurred a total expenditure of \$10,536,444 in 2010.

Table 10.1: Statement of Receipts and Expenditures for 2010

Description	2010 (\$)	2009 (\$)
RECEIPTS		
State Revenue		
Court Fines	2,371,203	1,862,289
Court Fees	1,235,709	990,880
Others	117,093	18,728
Total State Revenue	3,724,005	2,871,897
Agency Revenue		
Miscellaneous	159,615	94,273
Revenue from Surveys	28,528	25,061
Total State Revenue	188,143	119,334
TOTAL REVENUE	3,912,148	2,991,231
EXPENDITURE		
Operating Costs		
Established Staff	7,525,981	7,359,969
Unestablished Staff	366,717	393,899
Travel & Communication	494,810	416,274
Maintenance & Operations	549,399	387,311
Purchase of Goods & Services	278,216	132,131
Special Expenditure	608,570	616,918
Total Operating Costs	9,823,693	9,306,502
Capital Expenditure		
Capital Construction	307,740	52,658
Capital Purchases	161,786	0
Total Capital Expenditure	469,526	52,658
Value Added Tax	243,225	150,907
TOTAL EXPENDITURE	10,536,444	9,510,067

The Department's revenue increased by \$920,917 or 31% from \$2,991,231 in 2009 to \$3,912,148 in 2010 due to increase in the revenue collection of court fines and fees by the newly established Fine Enforcement Unit.

The total expenditure increased by \$1,026,377 or 11% in 2010 compared to 2009 due to increases in purchase of goods & services by \$146,085 or 110% and total capital expenditure by \$416,868 or 792%.

10.3 Appropriation Statement

The Department incurred expenditures totalling \$10,536,444 in 2010 against the revised budget of \$11,474,400, resulting in a savings of \$937,956 or 8%.

Details of expenditures against the budget estimates are provided in Table 10.2.

Table 10.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	7,917,500	(38,920)	7,878,580	7,525,981	0	352,599
2	Unestablished Staff	357,000	38,920	395,920	366,717	0	29,203
3	Travel & Communication	624,100	(88,000)	536,100	494,810	0	41,290
4	Maintenance & Operations	456,100	103,500	559,600	549,399	0	10,201
5	Purchase of Goods & Services	241,200	44,118	285,318	278,216	0	7,102
6	Operating Grants & Transfers	3,400	0	3,400	0	0	3,400
7	Special Expenditure	1,120,000	(184,759)	935,241	608,570	0	326,671
	Total Operating Costs	10,719,300	(125,141)	10,594,159	9,823,693	0	770,466
	Capital Expenditure						
8	Capital Construction	400,000	(36,649)	363,351	307,740	0	55,611
9	Capital Purchases	0	161,790	161,790	161,786	0	4
	Total Capital Expenditure	400,00	125,141	525,141	469,526	0	55,615
13	Value Added Tax	355,100	0	355,100	243,225	0	111,875
	TOTAL EXPENDITURE	11,474,400	0	11,474,400	10,536,444	0	937,956

10.4 Trust Account Statement of Receipts & Payments

The Department's total receipts declined by \$4,900,430 or 24% in 2010 due to decreases in Judiciary Fund Trust Account and Suitors receipts. The total payments declined by \$7,709,532 or 40% due to decline in suitors and sundry payments.

Table 10.3: Trust Account Statement of Receipts & Payments for 2010

Description	2010 (\$)	2009 (\$)
RECEIPTS		
Judiciary Fund Trust Account	1,067,363	89,784
Suitors	9,028,178	12,737,689
Maintenance	3,637,000	4,777,474
Sundries	2,036,442	3,064,466
Total Receipts	15,768,983	20,669,413
PAYMENTS		
Judiciary Fund Trust Account	1,813	0
Suitors	6,574,469	11,703,245
Maintenance	3,583,506	4,666,838
Sundries	1,504,465	3,003,702
Total Payments	11,664,253	19,373,785
Net Surplus	4,104,730	1,295,628
Balance as at 1 January	11,116,358	9,820,730
CLOSING BALANCE	15,221,088	11,116,358

PART B: AUDIT FINDINGS**10.5 Arrears in Revenue**

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

- A demand notice for payment shall be sent to the debtor after his/her debt has been overdue for more than one month;
- If the account still remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within fourteen days.¹

If a final notice had been issued to one of the debtors listed, the Accounting Head may approve that the case be referred to the Solicitor General or Small Clams Tribunal, after considering the cost implications and the probability of recovery.²

The audit noted that the Department had substantial amount of arrears of revenue as at 31/12/10. Refer to Table 10.4 below for the balances of arrears of revenue for the past five years.

Table 10.4: Arrears of Revenue for last five years

Year	Amount \$
2006	9,093,128
2007	9,487,238
2008	10,574,640
2009	10,828,342
2010	10,970,177

The arrears of revenue comprise of Court fees, fines and cost to state. The Department established a Fine Enforcement Unit to manage arrears of revenue however it was noted that arrears of revenue for the Department have continued to increase over the past 5 years.

Delay in collecting the outstanding revenue increases the risk of revenues not likely to be collected and which may require writing off.

Recommendations

- A thorough review of the arrears should be undertaken and irrecoverable arrears should be considered for write-offs.
- The Department should take appropriate action to collect arrears of revenue.

Department's Comments

No comments received.

¹ Department's Finance Manual 2006 – Section 9.2.1

² Department's Finance Manual 2006 – Section 9.2.3

10.6 Operating Trust Fund Account

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation must be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.³ The Trust Fund Accounts should not at any time be overdrawn.⁴

The following Operating Trust Fund Account balances were overdrawn (debit balances) for the year ending 31/12/2010. Refer to Table 10.5 below for details.

Table 10.5: Overdrawn Operating Trust Fund Account

Account	Description	Amount (\$)
1-11101-11999-864101	Maintenance	508,448.52
1-11102-92011-864102	Sundries	632,172.88

The Department's overall Operating Trust Fund Account as per FMIS had a credit balance of \$986,988.13 as at 31/12/10. However, the accuracy of the Operating Trust Fund Account balance could not be substantiated as Trust Fund reconciliations for the months of May and June were not provided for audit.

The overdrawing of Operating Trust Funds Account may have resulted from incorrect journal entries passed to these accounts or through mispostings.

Recommendations

- **The Department must ensure that Trust Funds are not overdrawn at any time.**
- **The Department must investigate these overdrawn Trust Funds and take appropriate action.**
- **The Department should on a monthly basis reconcile the Trust Fund account with the FMIS balance, and any variances noted should be adjusted accordingly.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Department's Comments

No comments received.

10.7 Main Trust Fund Account

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation must be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.⁵ The Trust Fund Accounts should not at any time be overdrawn.⁶

The following Main Trust Fund Account balances for the Department were overdrawn for the year ending 31/12/10. Refer to Table 10.6 below for details.

³ Financial Instructions 2010 – Section 58 (3)

⁴ Finance Circular No. 4/98 of 30/03/98

⁵ Financial Instructions 2010 – Section 58 (3)

⁶ Finance Circular No. 4/98 of 30/03/98

Table 10.6: Overdrawn Main Trust Fund Account

Account	Description	Amount \$
9-11101-11058-861608	Sundries Sigatoka	440.00
9-11101-11059-861607	Sundries Nadi	1,470.62
9-11101-11061-864102	Sundries Ba	3,187.15
9-11101-11063-861611	Sundries Savusavu	276.75
9-11101-11064-861612	Sundries Taveuni	983.75

The Department's overall Main Trust Fund Account as per FMIS had a credit balance of \$15,221,089.68 as at 31/12/10. However, the accuracy of the Main Trust Fund Account balance could not be substantiated as Trust Fund reconciliations for the months of May and June were not provided for audit.

The overdrawing of Main Trust Funds Account may have resulted from incorrect journal entries passed to these accounts or through mispostings.

Recommendations

- The Department must ensure that Trust Funds are not overdrawn at any time.
- The Department must investigate these overdrawn Trust Funds and take appropriate action.
- The Department should on a monthly basis reconcile the Trust Fund account with the FMIS balance, and any variances noted should be adjusted accordingly.
- The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.

Department's Comments

No comments received.

10.8 Unexplained Account Balance

The Principal Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁷

Verification of the records revealed that account allocation 1-11000-00000-91000 and 9-11000-91000 (Accumulated surplus/deficits) had balances of (\$915,561.52) and \$776,142.28 respectively. However, the details or reconciliation of these accounts were not provided for audit.

As a result, audit was unable to substantiate to the balances for these allocations.

Recommendation

The Department should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences.

Department's Comments

No comments received.

⁷ Department's – Finance Manual 2006 – Part 18: Miscellaneous – Section 18.1.3
Judicial Department

10.9 Stale Cheque

The Accounting Head must make all attempts to issue stop notices for all cheques that have remained un-presented for more than 6 months. Stale Cheques (those which are at least 6 months old) must be reviewed each month to determine the need for a replacement cheque. Where a replacement cheque is not required, action should be taken to clear it.⁸

Audit of Drawings account records noted that Stale Cheque amounting to \$12,029.05 remained uncleared as at 31/12/10 for Main and Operating Trust accounts. Refer to Table 10.7 below for details.

Table 10.7: Uncleared Stale Cheques – Main Trust And operating Trust Drawings Accounts

Months	Trust Funds	
	Main (\$)	Operating (\$)
February	-	35.00
March	1,593.90	113.85
April	1,741.30	155.00
May	4,628.20	40.00
June	3,620.40	101.4
Total	11,583.80	445.25

Furthermore, it was noted that the Department's December reconciliation had an entry as 'Extra Debit' and 'Extra Credit' of \$1,954.45 and \$389.69 respectively. However, the audit was unable to verify these amounts as no details were provided by the Department.

Recommendations

- The Department must ensure that all stale cheques are cleared in accordance with Finance Instructions 2010.
- The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.

Department's Comments

No comments received.

10.10 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 Department to the Fund, audit recalculated 8% of the actual expenditure recorded under SEG's 1, 2 and 7 in the FMIS in comparison to the actual amount paid to the Fund. The exercise noted a difference of \$44,944.53 between the total Employers Contributions paid by the Department and FNPF contributions figures. Refer to Table 10.8 for details.

⁸ Finance Instruction 2010 – Section 33 (2) & (3)
Judicial Department

Table 10.8: Variance in FNPf Calculation – 2010

FNPf Contribution Paid by Department for 2010 (Employer contribution only)		Amount (\$)
SEG 1	FNPf contributions paid – Established Staff	366,482.32
SEG 2	FNPf contributions paid – Unestablished staff	24,530.00
SEG 7	FNPf contribution paid – Project Staff	23,090.42
		414,102.74
	Add: December 2010 FNPf Contributions	35,185.20
		449,287.94
	Less: December 2009 FNPf Contributions	39,307.04
	Total Employers Contributions paid by the Department	409,980.90
Audit Calculation of FNPf for 2010 (Employer contribution only)		
SEG 1, 2 & 7	Salaries & Wages as per FMIS	7,767,159.57
	Less: Salaries & Wages not subject to FNPf	2,080,591.72
		5,686,567.85
	FNPf Contribution (5,686,567.85x 0.08)	454,925.43
	Difference	(44,944.53)

No FNPf reconciliations were carried out by the Department.

Recommendation

The Department should reconcile FNPf contributions paid with general ledger and any variance arising should be promptly investigated and adjusted.

Department's Comments

No comments received.

10.11 Revenue Collection - Nasinu Magistrates Court

Responsible cash management practices reduce the risk of losses through theft and fraud and also Government's borrowing costs.⁹ All cash, cheques and documents of value shall be kept in a safe or strong room.¹⁰

The audit noted that the revenue collector at the Nasinu Magistrate Court was sitting away from the reception desk and does not have direct access to people coming in to pay fees and charges or to collect maintenance money.

The Assistant Court Officer (ACO) receives cash from the people at the counter and hands it over to the Revenue Collector for issue of official receipts or collects maintenance money from the Revenue Collector to be given to the people collecting maintenance money.

Furthermore, the Revenue Collector does not have a separate cubicle for safe keeping of official receipt books and cash as she was sitting in an open place surrounded by Court files and documents. Hence the Court Clerk's make frequent visit to the Revenue Collectors sitting place for files and other Court documents. Refer to picture below.

⁹ Department Finance Manual 2005 – Part 7 – Cash Management – Introduction Paragraph

¹⁰ Department Finance Manual 2005 – Safe Custody of Cash – Section 7.1.1



Revenue Collector's desk located at the back

There is a high risk of theft of money or loss of revenue receipt books and maintenance records in absence of secured place for safe keeping of cash and other records.

Recommendation

The Department should ensure that the Revenue Collector is directly accessible to public and have a secured place for safe keeping of cash and cash records.

Department's Comments

It is sad that the staff from the Auditor General's office failed to notice how congested and cramped the Nasinu Magistrate's Court Complex is. The building belongs to Housing Authority and no renovation/constructions can be effected by the Judicial Department. The Judicial Department had been holding continuous discussions for the 5 years with no positive result. The Judicial Department had corresponded in writing but there was no constructive effort by the Housing authority. The relevant communications can be inspected from the files our Director maintains and keeps in his custody.

Despite the above, it is pertinent to note that to date there has been no incident of misappropriation of money at the Nasinu Magistrate's Court. The Department has done its maximum effort to secure the money. The rest is up to the authorities concerned and is beyond our control.

It is my personal opinion that the entire complex (or the floor) should be closed down due to OHS non compliance. Since the Landlord is not improving the standards of the office, this matter has been referred by me to the Public Service Commission who is responsible for the arrangement of office accommodation since then Judicial Department cannot do anything else.

10.12 Outstanding Balances - Revolving Fund Account (RFA)

The Principal Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.¹¹

The RFA reconciliation for the month of December 2010 contained items that remained uncleared for a long period of time. The Department failed to take necessary action to clear the outstanding balances despite this anomaly reported in the previous year's audit reports. Refer to Table 10.9 below for examples.

¹¹ Judicial Department Finance Manual 2005 – Section 18.1.3 – Accounting Records
Judicial Department

Table 10.9: Outstanding Items not cleared in RFA

Name/Details	Allocation	Amount (\$)	Remarks
Surcharge – Domestic Court	1-11103-11999-570304	14,323.36	Includes: <ul style="list-style-type: none"> Overpayment of maintenance amount and surcharge for personal calls amounting to \$3,744.45 from 1997 - 1998.
Court Officer - Ba	1-11103-92031-570304	85.04	Includes: <ul style="list-style-type: none"> Personal Telephone Calls of \$85.04.
Court Officer - Lautoka	1-11103-92011-570304	5,589.94	Includes <ul style="list-style-type: none"> Overpayment maintenance case no: 25/76 of \$48.00. Short lodgement of \$2,133 from 1999-2001. Extra lodgement of \$30.13 from 2001 – 2008. Surcharge J. Waqata for Private calls in Sept 2004 amounting to \$370.94. Imprest money of \$2,831 stolen on Sept 2004. Under Police investigation.
Court Officer - Nadi	1-11103-92021-570304	(24.94)	Includes <ul style="list-style-type: none"> Personal Telephone Calls of \$0.36 for 1997. Overpayment maintenance sum totalling \$75.00 in 1997.
Court Officer - Sigatoka	1-11103-92051-570304	2,825.40	Includes <ul style="list-style-type: none"> Personal Telephone Calls of \$ 79.20 from 1996 – 1997. Short lodgement of \$10.30 in 2003.
Court Officer - Nausori	1-11103-91021-570304	1,240.46	Includes: <ul style="list-style-type: none"> Balance brought forward from 1996 amounting to \$2.44; Personal Telephone Calls – V. Sharma Personal Telephone Calls of \$5.58 in 1997. Court broken into on Sept 2004 amounting to \$1267.00; under police investigation. Court Officer Under police investigation amounting to \$35.00.
Court Officer - Labasa	1-11103-93011-570304	59.00	Includes: <ul style="list-style-type: none"> Overpayment maintenance sum amounting to \$43.00 in March 2008. Short lodgement of \$6.00 in June 2008.
Court Officer - Taveuni	1-11103-93061-570304	1,418.75	Includes: <ul style="list-style-type: none"> Magistrate court destroyed by fire, under police investigation, Dec 1998 amounting to \$700.50. Court destroyed on 17/09/04; under police investigation amounting to \$700.00. Short lodgement on 18/08/04 amounting to \$10.00. Short lodgement on 12/09/06 amounting to \$10.00.

Name/Details	Allocation	Amount (\$)	Remarks
Advance Prison - Suva	1-11101-11999-560303	203.50	• Credit was not received for \$202.00 dated 28/07/98.
Balance brought forward	1-11101-11999-560302	337.05	• Balance carried forward from 1996.
Isikeli Tabua - Personal Telephone Calls	1-11101-11999-560302	97.02	• Officer terminated.
Court Officer - Levuka	1-11103-94011-570304	7.95	• Balance carried forward from 1996.

The audit also noted that dishonoured cheques and miscellaneous items were appearing in the Revolving Fund Account since 1994 but no action has been taken by the Department to clear these items. Refer to Table 10.10 below for details.

Table 10.10: Uncleared Dishonoured Cheques

Date	Payee	Details	Amount (\$)
May 1994	Domestic Court	Dishonoured Cheque – Matawalu & Co.	800.00
Feb 1997	Magistrate Court – Lautoka	Dishonoured Cheque – Armoguard Fiji Ltd	15.00
Sept 1997	High Court – Suva	Dishonoured Cheque – Country Real Estate	220.00
June 1998	Magistrate Court – Suva	Dishonoured Cheque – P. Computer System	(2.50)
June 1998	Magistrate Court – Suva	Dishonoured Cheque – Formscaff Fiji Ltd	147.50
Oct 2001	Magistrate Court – Labasa, JV 11/10	Dishonoured Cheque – Maqbool & Co.	41.50
Jan 2004	Magistrate Court – Nadi	Dishonoured Cheque – Opulent Investment Ltd	(1,325.74)
Jan 2004	Magistrate Court – Suva	Dishonoured Cheque Fee	10.00
July 2004	High Court – Suva	Dishonoured Cheque – Fa & Co.	(145.00)
Jan 2006	Magistrate Court – Sigatoka	Dishonoured Cheque – Maraiwai & Co.	(60.63)
May 2006	Magistrate Court – Lautoka	Dishonoured Cheque – G.P. Shankar & Co.	63.13
June 2007	Small Claims Tribunal – Suva	Dishonoured Cheque – PS Lands	(23.00)
Nov 2008	Domestic Court – Suva	Dishonoured Cheque – Chadwick Sports Club	360.00
Dec 2008	Family Court - Nausori	Dishonoured Cheque Fee	10.00
Dec 2008	Domestic Court – Suva	Dishonoured Cheque – Tugi Enterprise Co.	10.00
May 2009	High Court Civil – Suva	Dishonoured Cheque – Fa & Co.	(122.50)
Oct 2009	Magistrate Court - Nausori	Dishonoured Cheque – Maraiwai Co.	32.51
Augt 2010	High Court Civil – Suva	Dishonoured Cheque – Nawaikula ES.	88.75
Augt 2010	High Court Civil – Suva	Dishonoured Cheque – Natasha Khan & Ass.	32.50
Augt 2010	High Court Civil – Suva	Dishonoured Cheque – D. Kumar & Co.	122.50
Augt 2010	High Court – Lautoka	Dishonoured Cheque – O' Driscoll & Co.	66.25
Oct 2010	High Court – Suva	Dishonoured Cheque – Nacolawa & Daveta Law	201.25
Nov 2010	High Court – Suva	Dishonoured Cheque – Vuataki Law	122.50
Dec 2010	High Court – Lautoka	Dishonoured Cheque – Qoro Legal	105.65
Dec 2010	High Court - Lautoka	Dishonoured Cheque – Vuataki Low	66.25

The finding indicates that the Department did not investigate and take appropriate actions to resolve the long outstanding items appearing in its monthly reconciliations.

Recommendation

The Department should take immediate actions to clear all outstanding items reflected under RFA.

Department's Comments

It is true that there are outstanding items not cleared in RFA for a long period of time. In most cases the officers who were involved in thefts and making personal calls have either resigned or retired. Had these been actioned at that point in time, then it wouldn't have accumulated to such a large amount. In some cases, the officers have been charged and sent to prison thus the monies couldn't be recovered.

However, as recommended by audit, the Judicial Department will try and have funds or savings within our budget. A request will be made to Ministry of Finance if they can provide funds to have these amounts written off.

As for uncleared / dishonoured cheques, since most of the companies are no longer in operation, recovery is not possible. Neither are the Officers-in-charge in employment and therefore their salary cannot be deducted to recover the dishonoured amounts. In such cases, the department will be writing to Ministry of Finance to have them written off.

The dishonoured cheques amounts for 2010 if not recovered from the companies, will be deducted from the respective Officers-in Charge salaries in order to have it cleared.

10.13 Court Exhibit - Nausori Magistrate Court

The Officer in Charge of an Exhibit should be responsible for the correct maintenance of the Register for Court Exhibits. Upon receiving the exhibits, the particulars of the exhibits should be entered into the Exhibits Register before they are stored in the Exhibit Room.

The employer shall identify any confined space associated with the performance of work and any foreseeable hazard associated with working in the confined space.¹²

Review of Court exhibit records and physical inspection of exhibits maintained at the Nausori Magistrates Court revealed the following irregularities in maintaining the Court exhibits.

- The exhibits could not be verified as they were not properly stored in any specific manner such as by case number.
- Some exhibits which were quite old did not have tags on them to identify cases they belonged to.
- Exhibits which were electrical in nature were not properly recorded in the exhibit register. Important details such as serial numbers were not recorded.
- Annual checks were not conducted by the Department to ensure existence of exhibits for all open cases.
- Highly flammable items such as fuel and petrol were stored in the same room with other exhibits.
- The Officer in Charge of Court exhibits was not provided with protective clothing and safety equipments when handling exhibit which includes items such as marijuana leaves, objects and clothing with blood stains etc.

Exhibits are maintained to be used as evidence in Court proceedings. Poor recording and maintenance of these exhibits may have serious implications on the outcome of these cases.

¹² Health and Safety at Work (General Workplace Conditions) Regulations 2003, Section 22 (1)

Recommendations

- **Department must ensure that all exhibits are properly recorded in the exhibit register and are properly stored in the exhibit room.**
- **The Department must ensure that flammable items are kept separately from other exhibits.**
- **The Department should ensure that the Officer responsible for Court exhibits is supplied with protective clothing and equipment for proper handling of the exhibits.**

Department's Comments

The court complex in Nausori is no different from that of Nasinu. Hence at least we have managed to keep all the exhibits in one room.

However, most of the exhibits that are not tagged have been the inheritance from the old Nausori Court which had been forwarded to Suva, then to Nasinu and the back to the present Nausori Court. This has been the first ever inspection of the exhibits in Nausori Court.

Since most of the exhibits do not belong to any of the active cases, after verification, the Judicial Department will take appropriate steps to dispose the same. There is proper record of the active exhibits in Nausori Magistrate's court.

Section 11 **Legislature Department**

Role and Responsibilities

The Constitution vests the Parliament of the Republic of the Fiji Islands with the legislative power to enact laws. The Parliament consists of His Excellency the President, the House of Representatives and the Senate. The core business of the Legislature is the Administration of the Parliament of the Fiji Islands, its committees and all formal proceedings of the two Houses, in the effective coordination of the role of the Houses of Parliament culminating in the presentation of Bills to His Excellency the President for his assent. The functions of the Legislature Department are programmed as follows:

General Administration

- Provide briefings, procedural advice, administrative, research services and information to presiding officers and Members of Parliament.
- Strengthen and maintain relations at all levels with regional and international parliamentary organisations and associations and provide the necessary secretariat and hospitality services.
- Support services to the Government members.
- Coordinate Parliamentary ceremonial events and provide necessary protocol services.
- Organise induction and other procedural seminars for Members of Parliament.
- Strengthen human resources capacity.
- Promote public awareness and public relations with the community and the media on the process and proceedings of parliament.

House of Representatives

- Support services to the House of Representatives members.
- Allocate annual contributions to Parliamentary organisations and associations to which Fiji is affiliated.

Senate

- Provide support services to the Senators.

Opposition Office

- Provide support services to the Opposition members.

Table of Contents

PART A: FINANCIAL STATEMENT	2
11.1 Audit Opinion.....	2
11.2 Statement of Receipts and Expenditures	2
11.3 Appropriation Statement	3
11.4 Statement of Losses	3
PART B: AUDIT FINDINGS	3
11.5 Non-Submission of Statement of Losses in AFS	3
11.6 Payment of Salary to Non-Department Employee EDP # 42526	4
11.7 Overdrawn Operating Trust Fund Accounts.....	5
11.8 Long Outstanding - Revolving Fund Account.....	6
11.9 Drawings Account	7

PART A: FINANCIAL STATEMENT

11.1 Audit Opinion

The audit of the 2010 accounts of the Legislature Department resulted in the issue of a qualified audit report. The basis of qualification is as follows:

- The financial statements were not presented in accordance with the Financial Management Act. The Legislature department did not provide for audit a Statement of Losses contrary to Section 71 (1) of the Finance Instructions 2010.

11.2 Statement of Receipts and Expenditures

The Legislature Department collected revenue of \$1,531 and incurred total expenditure of \$925,690 in 2010.

Table 11.1: Statement of Receipts and Expenditures for 2010

Description	2010 (\$)	2009 (\$)
RECEIPTS		
State Revenue	128	158
Agency Revenue	1,403	517
TOTAL REVENUE	1,531	675
EXPENDITURE		
Operating Costs		
Established Staff	286,717	823,473
Government Wage Earners	167,437	186,227
Travel & Communications	46,704	41,320
Maintenance & Operations	69,495	95,477
Purchase of Goods & Services	21,454	24,321
Special Expenditure	281,692	0
Total Operating Cost	873,499	1,170,818
Capital Expenditure		
Capital Purchase	3,520	0
Total Capital Expenditure	3,520	0
Value Added Tax	48,671	25,464
TOTAL EXPENDITURE	925,690	1,196,282

Total expenditure decreased by \$270,592 or 23% in 2010 compared to 2009. This was mainly due to redeployment and transfer of some of the staffs to other Ministries and Departments and reduction in maintenance works, vehicle runs and electricity bills.

11.3 Appropriation Statement

The Department incurred expenditures totalling \$925,690 in 2010 against the budget of \$1,063,200 resulting in a saving of \$137,510 or 13%.

Details of expenditures against the budget estimates are provided in Table 11.2.

Table 11.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	260,600	23,760	284,360	286,717	0	(2,357)
2	Unestablished Staff	112,100	56,500	168,600	167,437	0	1,163
3	Travel & Communication	64,700	0	64,700	46,704	0	17,996
4	Maintenance & Operations	164,100	(27,280)	136,820	69,495	0	67,325
5	Purchase of Goods & Services	35,000	0	35,000	21,454	0	13,546
7	Special Expenditure	350,000	(56,500)	293,500	281,692	0	11,808
	Total Operating Costs	986,500	(3,520)	982,980	873,499	0	109,481
	Capital Expenditure						
8	Capital Construction	0	0	0	0	0	0
9	Capital Purchase	0	3,520	3,520	3,520	0	0
10	Capital Grants & Transfers	0	0	0	0	0	0
	Total Capital Expenditure	0	3,520	3,520	3,520	0	0
13	Value Added Tax	76,700	0	76,700	48,671	0	28,029
	TOTAL EXPENDITURE	1,063,200	0	1,063,200	925,690	0	137,510

11.4 Statement of Losses

The department did not provide a statement of losses.

PART B: AUDIT FINDINGS

11.5 Non-Submission of Statement of Losses in AFS

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

- A statement of receipts and expenditure;
- A profit and loss statement for each trading and manufacturing activity (where applicable);
- An appropriation statement;
- A statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- Notes to the statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- A statement of losses;
- A trust account statement of receipts and payments (where applicable).¹

¹ Finance Instructions 2010 – Section 71 (1)

The Department failed to submit with Agency Financial Statement a Statement of Losses for the year ending 31 December 2010. It was noted that no Board of Survey was conducted by the Department for the year 2010.

As a result full set of agency financial statement was not submitted for audit by the Department.

Recommendation

The Department should ensure that the requirements of Section 71 (1) of Finance Instructions 2010 are complied with in the preparation of the Agency Financial Statements.

Department's Comments

The department did not conduct a Board of Survey in 2010 hence no statement of losses was submitted with the 2010 Agency Financial Statement. However, the department is in the process of conducting its Board of Survey in 2011.

11.6 Payment of Salary to Non-Department Employee EDP # 42526

Salary advices 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 authorised charges or deductions.²

The Accounting Head must ensure that payroll reconciliations are carried out fortnightly for salaries and wages and copies sent to the Ministry of Finance.³

Our audit noted that a government employee (EDP: 42526) was paid from the Department's vote despite not being an employee of the Department. The Officer had been paid a total sum of \$38,758.48 as at pay 5 of 2010. Refer to Table 11.3 below for details.

Table 11.3: Pay details as at Pay 05/10

Pay No.	Gross Pay (\$)	PAYE (\$)	FNPF (\$)	Other Deductions (\$)	Net Pay (\$)
10/09	2,039.92	471.97	163.12	70.39	1,334.44
11/09	2,039.92	471.97	163.12	70.39	1,334.44
15/09	2,039.92	471.97	163.12	70.39	1,334.44
16/09	2,039.92	471.97	163.12	70.39	1,334.44
17/09	2,039.92	471.97	163.12	70.39	1,334.44
18/09	2,039.92	471.97	163.12	70.39	1,334.44
19/09	2,039.92	471.97	163.12	70.39	1,334.44
20/09	2,039.92	471.97	163.12	70.39	1,334.44
21/09	2,039.92	471.97	163.12	70.39	1,334.44
22/09	2,039.92	471.97	163.12	69.66	1,334.44
23/09	2,039.92	471.97	163.12	69.66	1,334.44
24/09	2,039.92	471.97	163.12	69.66	1,334.44
25/09	2,039.92	471.97	163.12	69.66	1,334.44
26/09	2,039.92	471.97	163.12	69.66	1,334.44

² Finance Instructions 2010 – Section 17 (1)

³ Finance Instructions 2010 – Section 17 (7)

Pay No.	Gross Pay (\$)	PAYE (\$)	FNPF (\$)	Other Deductions (\$)	Net Pay (\$)
Total 2009	28,558.88	6,607.58	2,283.68	981.81	18,685.81
01/10	2,039.92	471.97	163.12	69.66	1,335.17
02/10	2,039.92	471.97	163.12	69.66	1,335.17
03/10	2,039.92	452.12	163.12	69.66	1,355.02
04/10	2,039.92	452.12	163.12	69.66	1,355.02
05/10	2,039.92	452.12	163.12	69.66	1,355.02
Total 2010	10,199.60	2,300.30	815.60	348.30	6,735.40
Grand Total	38,758.48	8,907.88	3,099.28	1,330.11	25,421.21

The Officers salary was terminated from pay 6 of 2010. The Assistant Editor confirmed to audit that employee No. 42526 was not an employee of the Department.

The above findings indicate lack of supervisory checks carried out in the Accounts Section and contributed to the overspending of the original budget (SEG 1) for which a virement of \$23,760 had to be made to regularise the over-spending.

Recommendations

- **The Department should investigate the above payments and take appropriate actions.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Department's Comments

The Department did not receive any official request or directive that Ms Alefina Vuki's salary to be met from SEG 1 of its 2009 and 2010 budgetary allocation. The only time it got to know about the situation was when her salary was already deducted and appeared in the department's cost centre. The department tried to get written response from the Office of the Prime Minister but was unsuccessful.

However, there was an email correspondence between Kenneth Brown [Finance] and Anurag Shandil [Legislature] in regards to employee No. 42526's salary transfer? According to Ms Shandil, when she checked the edit for Pay 10/2009, the employee's salary was transferred to the department's payroll. When she checked with Salary section, MOF she was told the transfer was done by Ministry of Tourism. She spoke to Finau of Tourism who informed Ms Shandil, Mr Vincent. R of PSC had verbally instructed her to transfer employee No.42526's salary to the Legislature payroll.

11.7 Overdrawn Operating Trust Fund Accounts

Trust Fund Accounts compromise monies, which are not the property of the state and not utilized for the purpose of government. In addition, Trust money is to be accounted for separately from public money and other money,⁴ and by convention should always have credit balances. Thus, the trust fund accounts should not at any time be overdrawn.⁵

Each month, the trust account shall be balanced and reconciled with the trust bank accounts. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Unreconciled items should be investigated and resolved promptly.⁶

⁴ Section 25 (1) of the Financial Management Act 2004

⁵ Finance Circular No. 4/98 of 30/03/98

⁶ Finance Instructions 2010 – Section 58 (3)

We noted that the following ten trust fund accounts had overdrawn balances totalling \$110,663.63 as at 31/12/10:

Table 11.4: Overdrawn Trust Fund Accounts

Allocation	Description	Amount (\$)
1-12101-12101-861104	208 PD Rent H/A Unestablished	77.59
1-12101-12101-861105	267 PD Rent Public Rental Board	166.19
1-12101-12101-861202	241 PD CMLA	97.36
1-12101-12101-861206	246 PD Marsh & McLennan	29.16
1-12101-12101-861299	PD Others	3,701.06
1-12101-12101-861306	263 PD Housing Authority	1,935.14
1-12101-12101-861532	PD Public Employee Union	20.00
1-12101-12101-861599	PD Others	507.74
1-12101-12101-861601	341 PD Maint - Suva	100.00
1-12101-12101-861920	501 PD Employees FNPF	104,029.39
Total		110,663.63

Most of the overdrawn balances were brought forward from previous years. The overdrawing of Operating Trust Funds Account may have resulted from incorrect journal entries passed to these accounts or through mispostings.

The overdrawn trust funds more or less are tantamount to unauthorised expenditures. It indicates lack of adequate internal control and supervision and a disregard for procedures in the Finance Instructions.

Recommendations

- The Department should ensure that the trust account is not overdrawn at any point in time in accordance with Finance Circular 4/98.
- The Department must investigate these overdrawn (debit) trust fund accounts and take appropriate action.
- The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.

Department's Comments

The balances showing in the accounts have been carried forward from 2006 and early 2007. At this point in time it is quite difficult to reconcile the figures as past reconciliation records are not available. Please also note that some payments made from the miscellaneous fund open item were under Police investigations. However, the department has verbally requested FMIS to advise the department on ways and means to rectify these outstanding figures.

11.8 Long Outstanding - Revolving Fund Account

The Senior Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁷

The Department's Revolving Fund Account had balance of \$42,520.72 as at 31/12/10. However, the following two accounts remained dormant for a number of years:

⁷ Section 18.1.3 – Department's Finance Manual 2005

Table 11.5: Dormant Revolving Fund Account

Account	Description	Amount (\$)	Remark
1-12101-12101-560203	Account Receivable Individuals	3,290.86	Remain unchanged since 2008
1-12101-12101-570301	Advances	38,068.46	Remain unchanged since 2004

These account balances are unnecessarily overstating the RFA balances.

Recommendation

The Department should take immediate actions to clear all long outstanding items reflected under RFA.

Department's Comments

The department is currently trying to ascertain claims by some of the officers who claimed they had cleared outstanding accountable advance in cash but there's no record of receipts issued to this effect. However, the department will issue letters of un-cleared advances to officers who are still in the service and take action when they respond.

11.9 Drawings Account

The Accounting Head must make all attempts to issue stop notices for all cheques that have remained un-presented for more than 6 months. Stale Cheques (those which are at least 6 months old) must be reviewed each month to determine the need for a replacement cheque. Where a replacement cheque is not required, action should be taken to clear it.⁸

All bank accounts must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.⁹

The audit of the Drawings account records noted that Stale Cheques amounting to \$503.98 remained uncleared as at 31/12/10. Refer to Table 11.6 below for details.

Table 11.6: Uncleared Stale Cheques – Drawings Accounts

Date	Cheque No.	Amount (\$)
18/11/09	15921	256.48
31/12/09	16140	247.50
Total		503.98

Furthermore, cheque number 17733 already presented to the bank on 21/12/10 was recorded as un-presented cheque for the month of December 2010.

Moreover, it was noted that some cheques that remained un-presented as at 31/12/10 were not appearing in the un-presented cheque list prepared by the Department. Refer to Table 11.7 below for examples.

⁸ Finance Instructions 2010 – Section 33 (2) & (3)

⁹ Finance Instructions 2010 – Section 33 (6)

Table 11.7: Unpresented Cheque not appearing in the Unpresented Cheque List

Date	Cheque No.	Particulars	Amount (\$)
24/12/10	17822	FNPF	644.16
29/12/10	17826	FNPF	680.24
29/12/10	17832	FNPF	467.88
31/12/10	17841	VAT Section	162.94
31/12/10	17846	Lemeki Senibale	277.90
31/12/10	17849	Government Printer	90.00

In addition, instances were noted where cheques that have been presented to the bank were not recorded in the cash book. Refer to Table 11.8 below for examples.

Table 11.8: Presented Cheques not entered in the Cashbook

Date	Cheque No.	Amount (\$)
20/12/10	17781	323.40
23/12/10	17819	331.15

The above finding indicates lack of supervisory checks performed on the Bank Reconciliation prepared by the junior staffs of the Department.

Recommendations

- The Department must ensure that all stale cheques are cleared in accordance with Section 33 of the Finance Instructions 2010.
- The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.

Department's Comments

The department is reviewing the 2010 drawings reconciliations to ascertain why the presented/un-presented cheques are still appearing/ not appearing in the un-presented cheque lists.

Also, the department is in the process of writing-off the 2009 stale cheques and will provide documentary evidence as soon as practicable.

Section 12**Office of Accountability and Transparency****Role and Responsibilities**

The Office of Accountability and Transparency is a multi-faceted Office that will deal with freedom of information, code of conduct issues for public officials and other areas of law concerned with accountability, transparency and responsibility for public officials and institutions.

Table of Contents

PART A: FINANCIAL STATEMENTS.....	1
12.1 Audit Opinion.....	1
12.2 Statement of Receipts and Expenditure.....	1
12.3 Appropriation Statement	2
PART B: AUDIT FINDINGS	2
12.4 Board of Survey	2
12.5 Revolving Fund Account	3

PART A: FINANCIAL STATEMENTS**12.1 Audit Opinion**

The audit of the 2010 accounts of the Office of Accountability and Transparency resulted in the issue of an unqualified audit report.

12.2 Statement of Receipts and Expenditure

The Office incurred a total expenditure of \$610,494 in 2010. Refer to Table 12.1 for details.

Table 12.1: Statement of Receipts and Expenditure for 2010

Description	2010 (\$)	2009 (\$)
EXPENDITURE		
Operating Expenditure		
Established Staff	135,991	177,287
Unestablished Staff	29,574	23,869
Travel & Communication	9,093	9,238
Maintenance & Operations	17,022	22,223
Purchase of Goods & Services	724	5,259
Operating Grants & Transfers	415,000	802,500
Total Operating Expenditure	607,404	1,040,376

Description	2010 (\$)	2009 (\$)
Value Added Tax	3,090	3,919
TOTAL EXPENDITURE	610,494	1,044,295

Total expenditure declined by \$433,801 or 41.5% compared to 2009 as a result of the following:

- A decrease in Established Staff by \$41,287 or 23% due to staffs being transferred to other Ministries and Departments;
- Decrease in Maintenance and Operations by \$5,201 or 23% and Purchase of goods and Services by \$4,535 or 86%. This was due to the Office not being fully operational in 2010; and
- Decrease in Operating Grants and Transfers by \$387,500 or 48% was due to a decrease in grant given to the Office in 2010 especially for the Fiji Human Rights Commission.

12.3 Appropriation Statement

The Office incurred expenditures totalling \$610,494 against the budget of \$652,100 resulting in a saving of \$41,606 or 6.4%.

Details of expenditures against the budget estimates are provided in Table 12.2.

Table 12.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
	Operating Expenditure						
1	Established Staff	89,000	51,375	140,375	135,991	0	4,384
2	Unestablished Staff	30,900	0	30,900	29,574	0	1,326
3	Travel & Communication	22,800	(4,431)	18,369	9,093	0	9,276
4	Maintenance & Operations	44,600	(10,944)	33,656	17,022	0	16,634
5	Purchase of Goods & Services	36,800	(36,000)	800	724	0	76
6	Operating Grants & Transfers	780,000	(365,000)	415,000	415,000	0	0
	Total Operating Costs	1,004,100	(365,000)	639,100	607,404	0	31,696
13	Value Added Tax	13,000	0	13,000	3,090	0	9,910
	TOTAL EXPENDITURE	1,017,100	(365,000)	652,100	610,494	0	41,606

PART B: AUDIT FINDINGS

12.4 Board of Survey

The Chief Executive Officer shall appoint a Board of Survey to conduct a physical stock take of all cash on hand and other stocks held in safes at least once a year. Any discrepancies are to be accounted for and brought to the attention of the Chief Executive Officer through the Board of Survey Report.¹

¹ Section 38 – Financial Instructions 2005

The Office failed to conduct a Board of survey for 2010. Without a board of survey report, the Statement of Losses (other than money) cannot be substantiated.

Recommendation

A board of survey should be carried out annually in accordance with Finance Manual 2005.

Office Comments

Since the Office is not officially opened thus no Board of Survey was done for the year 2010. The closure of the Office in April, 2009, since then Accounts and Admin Section has been operating from the Prime Minister's Office and no Board of Survey was conducted for 2010.

12.5 Revolving Fund Account

A ledger shall be maintained for advances and revolving fund accounts. Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the Accounts Supervisor shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.²

The Office had two RFA accounts (comprising of accountable advances) with a total balance of \$15,283.61 which has been carried forward from 2004 and 2005. No further detail was provided to audit relating to these balances.

Refer to Table 12.3 for details.

Table 12.3: RFA Accounts Balance Not Cleared

Account Number	Ending Balance
1-13101-13999-560302	15,012.21
1-13101-13999-560302	271.40
Total	15,283.61

Public funds are unnecessarily held up when accountable advance are not cleared within the specified time. It also indicates the laxity in collecting outstanding accountable advance.

Recommendation

The Office should take appropriate action to clear the long outstanding RFA balance.

Office Comments

The RFA balance is from the year 2004 and 2005 when the accounting system moved from manual to online. We'll put up a submission to MOF.

² Section 16 – Finance Manual 2005

Section 13 Office of the Director of Public Prosecutions

Role and Responsibilities

The Office of the Director of Public Prosecutions is responsible for prosecuting appeals before the Fiji Court of Appeal and the Supreme Court. In addition, all High Court trials are prosecuted by State Counsels who also handle appeals to the High Courts at Suva, Lautoka and Labasa.

Cases of special difficulty or of public interest in the Magistrates Court are handled by the Director of Public Prosecutions Office. Other significant works of the department includes the determination of complaints against police and prison officers, the provision of written advice to the Commissioner of Police, the Director C.I.D and to other government departments and statutory organisations.

The Director also considers written representations concerning criminal cases from aggrieved persons, defendants or from their counsels.

Table of Contents

PART A: FINANCIAL STATEMENT	1
13.1 Audit Opinion.....	1
13.2 Statement of Receipts and Expenditure.....	2
13.3 Appropriation Statement	2
13.4 Agency Financial Statement	3
13.5 Operating Trust Fund Account	4
13.6 Negative and Over - Expenditure Balances	4
13.7 FNPF Reconciliation	5
PART B: AUDIT FINDINGS	6
13.8 Leave Compensation	6
13.9 Overpayment of Salary	7
13.10 Breach of Procurement Procedures	8
13.11 Overseas Training Reports not Submitted	9
13.12 Witnesses Allowance	10

PART A: FINANCIAL STATEMENT

13.1 Audit Opinion

The audit of the 2010 accounts of the Office of the Director of Public Prosecutions resulted in the issue of a qualified audit report. The basis of qualifications is as follows:

- The financial statements were not presented in accordance with the Financial Management Act. The Office of the Director of Public Prosecutions did not provide for audit a Statement of Losses and the Trust Fund Statement of Receipts and Payments contrary to Section 71 (1) of the Finance Instructions 2010.

13.2 Statement of Receipts and Expenditure

The Office of the Director of Public Prosecutions collected revenue totalling \$7,847 and incurred a total expenditure of \$3,790,173 in 2010.

Table 13.1: Statement of Receipts and Expenditures for 2010

Description	2010 \$	2009 \$
RECEIPTS		
State Revenue	7,630	3,913
Agency Revenue	217	1,370
TOTAL REVENUE	7,847	5,283
EXPENDITURE		
Operating		
Established Staff	2,627,702	2,851,674
Unestablished Staff	95,237	61,613
Travel & Communication	182,955	201,734
Maintenance & Operations	217,353	249,282
Purchase of Goods & Services	393,968	229,965
Special Expenditure	92,212	114,249
Total Operating Expenditure	3,609,427	3,708,517
Capital Expenditure		
Capital Construction	0	0
Capital Purchases	76,982	72,281
Capital Grants & Transfers	0	0
Total Capital Expenditure	76,982	72,281
Value Added Tax	103,764	124,220
TOTAL EXPENDITURES	3,790,173	3,905,018

The total expenditure decreased by \$114,845 or 3% in 2010 compared to 2009 due to the declined in established staff salaries.

13.3 Appropriation Statement

The Office incurred expenditures totalling \$3,790,173 in 2010 against the budget of \$3,602,200 resulting in over expenditure of \$187,973 or 5%.

Details of expenditures against the budget estimates are provided in Table 13.2.

Table 13.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	2,421,380	0	2,421,380	2,627,702	0	(206,322)
2	Unestablished Staff	46,730	48,507	95,237	95,237	0	0
3	Travel & Communication	197,400	(5,839)	191,561	182,955	0	8,606

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
4	Maintenance & Operations	182,700	42,067	224,767	217,353	0	7,414
5	Purchase of Goods & Services	442,990	(30,471)	412,519	393,968	0	18,551
6	Operating Grants & Transfers	0	0	0	0	0	0
7	Special Expenditure	100,000	(7,788)	92,212	92,212	0	0
	Total Operating Costs	3,391,200	46,476	3,437,676	3,609,427	0	(171,751)
	Capital Expenditure						
8	Capital Construction	0	0	0	0	0	0
9	Purchases	85,000	(8,018)	76,982	76,982	0	0
10	Capital Grants & Transfers	0	0	0	0	0	0
	Total Capital Expenditure	85,000	(8,018)	76,982	76,982	0	0
13	Value Added Tax	126,000	(38,458)	87,542	103,764	0	(16,222)
	TOTAL EXPENDITURE	3,602,200	0	3,602,200	3,790,173	0	(187,973)

13.4 Agency Financial Statement

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

- A statement of receipts and expenditure;
- A profit and loss statement for each trading and manufacturing activity (where applicable);
- An appropriation statement;
- A statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- Notes to the statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- A statement of losses; and
- A trust account statement of receipts and payments (where applicable).¹

The Statement of Losses and Main Trust Account Statement of Receipts and Payments were not submitted by the Office for audit. As a result full set of agency financial statement was not submitted for audit by the Office.

Recommendation

The Office should ensure that the requirements of the Finance Instructions are complied with in the preparation of the Agency Financial Statements.

Management Comments

The Office of the Director of Public Prosecutions respects the provisions stipulated in the Financial Instructions 2005 section 82 and will adhered to the requirements as stated. The Board of Survey for 2009 was carries out and we determine that no losses incurred but of no proper training were made for staff because of the resignation of our Acting Accountant on third quarter of 2010 without a proper handing over.

¹ Finance Instructions 2010 – Section 71 (1)

13.5 Operating Trust Fund Account

Each month, the trust account shall be balanced and reconciled with the trust bank accounts. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Unreconciled items should be investigated and resolved promptly.²

Our audit noted that the following Operating Trust Fund Accounts of the Office were overdrawn (debit balance) as at 31/12/10. Refer to Table 13.3 below for details.

Table 13.3: Overdrawn Operating Trust Fund Account

Account	Description	Overdrawn Amount \$
1-14101-14999-861101	OPR Current Year	(5.28)
1-14101-91011-861106	Govt Water Rates Charges	(250.00)
1-14101-14999-861202	CMLA	42.45
1-14101-14999-861204	LICI	34.70
1-14101-14999-861206	Marsh & McLennan	4.53
1-14101-14999-861209	Marsh & McLennan	(41.78)
1-14101-91011-861309	PSC Scholarship Loan	(656.00)
1-14101-14999-861816	Rent Grade VI	7.55
1-14101-14999-861901	Tax Arrears/PAYE	32,025.20
1-14101-91011-861911	Sports & Social	(1,789.20)
1-14101-14999-861920	Employees FNPF	(22,341.09)
1-14101-14999-861921	Employers FNPF	(103.12)
TOTAL		6,927.96

The overdrawing of Trust Funds may have resulted from incorrect journal entries passed to these accounts or through mispostings.

The overdrawn trust funds more or less are tantamount to unauthorised expenditures. It indicates lack of adequate internal control and supervision and a disregard for procedures in the Finance Instructions.

Recommendations

- The Office must ensure that Trust Funds are not overdrawn at any time.
- The Office must investigate these overdrawn Trust Funds and take appropriate action.

Management Comments

The Office of the Director of Public Prosecutions respect and note the findings to the fact that the Office overdrawn the Trust Fund accounts. Proper reconciliation will be done to rectify any mispostings so the overdrawn account could offset these figures.

13.6 Negative and Over - Expenditure Balances

The proper management of the expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost effective internal control within purchasing and

² Finance Instructions 2010 – Section 58 (3)

payments system plays an important part in ensuring that waste of funds, over expenditure and corruption do not occur.³

The audit of expenditure records noted that account allocation 1-14101-14999-050301 – *Management Consultant Fees* had negative expenditure balances of \$311.11 for the year ending 31/12/10.

In addition, the Office over-spent \$206,321 in SEG 1- Established Staff and \$16,222 in SEG 13 Value Added Tax allocations for the year ending 31/12/10. Refer to Table 13.4 below for details.

Table 13.4: Over-spending of Actual Expenditure compared to Revised Budget

Allocation	Account Name	Revised Budget \$	Actual Expenditure \$	Over-Spent \$
1-14000-00000-010000	Established Staff	2,421,380	2,627,701	206,321
1-14000-00000-130000	Value Added Tax	87,542	103,764	16,222

The Office did not investigate the negative expenditure and over expenditure to take corrective actions.

Recommendation

The Office should ensure that expenses incurred are within the approved budgetary allocations.

Management Comments

The audit recommendations are noted. The virement was approved to regularise the overspent and negative balances but the update of this approval should be done by FMIS.

13.7 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 Office 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 \$25,668.43 between the total Employers Contributions paid by the Office and FNPF contributions figures. Refer to Table 13.5 for details.

Table 13.5: Variance in FNPF Calculation – 2010

FNPF Contribution Paid by Office for 2010 (Employer contribution only)		Amount \$
SEG 1	FNPF contributions paid – Established Staff	162,193.20
SEG 2	FNPF contributions paid – Unestablished staff	0
		162,193.20
	Add: December 2010 FNPF Contributions	22,588.48
		184,781.68
	Less: December 2009 FNPF Contributions	(15,640.96)
	Total Employers Contributions paid by the Office	169,140.72

³ DPP Finance Manual 2005 – Part 2: Expenditure – Introduction Paragraph
Office of the Director of Public Prosecutions

FNPF Contribution Paid by Office for 2010 (Employer contribution only)		Amount \$
Audit Calculation of FNPF for 2010 (Employer contribution only)		
SEG 1&2	Salaries & Wages as per FMIS	2,560,744.94
	Less: Salaries & Wages not subject to FNPF	(125,630.54)
	Salaries, Wages & Allowance subject to FNPF	2,435,114.40
	FNPF Contribution (2,435,114.40 x 0.08)	194,809.15
	Difference	(25,668.43)

In addition, FNPF for Government Wage Earners were not entered into the FMIS despite regular payments were made to the FNPF.

There were no reconciliations carried out by the Office for FNPF.

Recommendation

The Office should reconcile FNPF contributions paid with general ledger and any variance arising should be promptly investigated and adjusted.

Management Comments

The Office of Director Public Prosecutions noted the recommendations and the FNPF reconciliation will be done accordingly. Monthly amount paid to FNPF contributions was derived from the CS Report from Ministry of Finance – Salaries Section, which has details of employees' fortnightly contributions. This was properly reconciled against the Departments Payroll before payment is done. Any manual payment contribution could be derived from the FMIS – (AP711) which uphold all payments that are due to be paid.

PART B: AUDIT FINDINGS

13.8 Leave Compensation

Annual Leave shall normally be taken when due. The Permanent Secretary or Head of Department shall ensure scheduling of leave to avoid bulging of leave entitlements at any time of the year.⁴

Due to Government's stringent control of funds, the compensation of accumulated leave will not be entertained and officers are encouraged to utilize their accumulated leave on a piece meal basis.⁵

Audit noted that some Officers were not taking their leaves when due and had leave balances exceeding 10 working days. Consequently, the following Officers were paid leave compensation upon their termination or resignation. Refer to Table 13.6 below for examples:

Table 13.6: Payment of Leave Compensation

Date	Name	EDP#	Chq#	Particulars	Amount \$
6/1/10	Nancy Tikoisuva	64215	14563	Compensated for 16 days annual leave upon resignation.	2,671.62
10/12/10	Anaseini Tuiketeti	90196	16016	Compensated for 12 days annual leave upon termination.	1,030.78
23/11/10	Jojiana Tiutece	64657	15930	Compensated for 59 days annual leave upon resignation.	5,068.10

⁴ General Order, 1993 Edition, 705(d)

⁵ PSC Circular No. 53/2009-Effective Leave Administration, dated 03/11/09

Date	Name	EDP#	Chq#	Particulars	Amount \$
10/12/10	David Toganivalu	63336	16012	Compensated for 19 days annual leave upon termination.	3,068.87
26/1/10	Heilala Tabete	64570	14564	Compensated for 15 days annual leave upon termination.	1,803.87
6/1/10	Navineshwar Nand	63051	14562	Compensated for 74 days annual leave upon termination.	15,096.86
1/2/10	Tevita Muloilagi	90360	14661	Compensated for 15 days annual leave upon termination.	1,803.90
3/1/10	John Rabuku	61365	14458	Compensated for 9.5 days annual leave upon termination.	3,191.14

The Office's inability to schedule leave for staffs has resulted in the accumulating of leave balances and the payment of excessive amounts as leave compensation upon their resignation or termination.

Such payments have a huge financial implication on the Office budgetary provisions.

Recommendations

- **The Office should ensure that Officers take their leave when due in order to avoid accumulation of leave balances.**
- **General Order 705 should be strictly adhered to and appropriate action taken against those Officer(s) who do not comply with it.**

Management Comments

Due to the critical functions of the ODPP, the legal officers daily committed to court matters in all courts. Their attendance is required as they are officers in carriage. However they are aware about their leave and utilise it on piece meal basis. General Order 705 will be strictly adhered.

13.9 Overpayment of Salary

An Officer who is deemed to have resigned or terminated under the provisions of Regulations 34 (2) of PSC (Constitution) Regulations 1990 shall forfeit all the rights and privileges of his office from the date decided by the Commission.⁶

Review of payroll records noted that the following officers were overpaid salary upon their resignation or termination. Table 13.7 below provides examples.

Table 13.7: Overpayment of Salaries

Pay	Name	EDP#	Particulars	Amount \$
25/2010	Anaseini Tuiketeti	90196	Terminated w.e.f. 05/12/10. Salary ceased on 18/12/10 i.e. Salary overpaid for 12 days	1,030.78
25/2010	David Toganivalu	63336	Terminated w.e.f.05/12/10. Salary ceased on 18/12/10 i.e. Salary overpaid for 11 days	1,776.71
25/2010	Vinita Singh	90249	Resigned w.e.f. 18/08/10. Salary ceased on pay 31/12/10.	1,584.77

Lack of proper coordination between the Administration Section and the Accounts Section has resulted in the salary overpayments to the above Officers.

⁶ General Order 222 (c)

Recommendations

- The Office should ensure that proper coordination exists between the Administration Section and the Accounts Section in order to avoid overpayment of salaries on resignation, termination or on promotions.
- If such practice continues then appropriate actions should be taken against the Officers responsible for the overpayments.

Management Comments

The recommendation has been noted, short of staff in our Accounts section was the main reason of the oversight of the above and the turnover rate was quite high during that period even with the absent of our A/AO who had also migrated without proper handing over. For Vinita (A/AO) she left without the effective date of her resignation and even an approval for her resignation was not signed so when everything was sorted and we managed to calculate her over payment and recover about \$4,000 and she was informed through email of the balance and she called our office and confirmed that she will pay when she will come over. The Office managed to get a copy of her email regarding her balance.

13.10 Breach of Procurement Procedures

The procurement of any goods, services or work required by Ministries or Departments must be initiated either by the issue of a purchase order for any purchases of goods, services or works made locally or by the issue of an indent for any purchase of goods from overseas.⁷

The audit noted that the Office failed to issue local purchase orders (LPO) for the following procurements in 2010. Refer to Table 13.8 below for examples.

Table 13.8: Anomalies in Procurement Procedures

Date	Payee	Cheque No.	Amount \$	Particulars	Comments
09/02/10	Sea View Shipping Services Ltd	14712	320.62	Being payment for sea passage for 3 witnesses.	▪ No LPO was raised.
19/02/10	Holiday Inn	14752	2,749.00	Being payment for venue for the training and meals from 23-24/2/10.	▪ No LPO was raised.
08/03/10	International Courier Network	14826	1,800.00	Being payment for cartage of household items from BA to Labasa for Livai Sovou.	▪ No LPO was raised.
09/06/10	Kriz Signs (Fiji) Ltd	15254	1,200.00	Being payment for printing digital printouts.	▪ No LPO was raised. ▪ No quotations sighted.
30/11/10	Patterson Brothers Shipping Co. Ltd	15971	232.00	Being payment for return passage from Suva – Labasa – Suva.	▪ No LPO was raised.
14/05/10	First Light Inn	15131	350.00	Being payment for accommodation for Viliame Sogari from 16/5/10 – 21/5/10.	▪ No LPO was raised.
22/01/10	International Courier Network	14646	3,400.00	Being payment for the cartage of personal effects for Mr. M. Korovou from Labasa to Lautoka.	▪ No LPO was raised.

⁷ Section 21 (3) – Procurement Regulations 2010

Circumventing internal control procedures increases the risk of fraud and mismanagement of public funds.

Recommendation

The Office should ensure that procurement of goods and services are made in accordance with Section 21 of the Procurement Regulations 2010.

Management Comments

For the payments that are being highlighted above the main reason for the non issue of LPO is that the companies are not accepting it and issue the pro-forma invoice instead of quotations and companies that accept LPO are more expensive and what is required by the requesting officer and is done by the above companies. Also for shipping services they are mostly operating on pay cash/cheque basis so we do not have authority to change their procedures but they just provide us with pro-forma invoice.

13.11 Overseas Training Reports not Submitted

An officer who undertakes a course of instruction, attachment or visit shall submit a report in duplicate to the Secretary for the Public Service through his Head of Department.⁸

Permanent Secretaries and Heads of Departments should examine the recommendations in the report and, wherever possible, take appropriate action and advise the secretary for the Service accordingly.⁹

The following Officers attended overseas training in 2010 but failed to submit the training reports to Public Service Commission:

Table 13.9: Training Reports not Submitted

Nomination	Date	Training	Training Report
Seini Puamau	05/09/10 – 12/09/10	28 th International Symposium on Economic Crime held in UK.	Not submitted
Anaseini Tuiketei	23/08/10 – 27/08/10	APG Assessor Training held in Singapore.	Not submitted
David Toganivalu	17/05/10 – 21/05/10	Regional Training for Drug Law Enforcement Officers held in Singapore.	Not submitted
S. Vodokisolomone	31/05/10 – 02/06/10	DPP's Pacific Island Meeting held in Samoa	Not submitted

Lack of overseas training reports limits the sharing of valuable knowledge and experiences of training participants to the department and government as a whole.

Recommendation

The Office should ensure that all Officers sent overseas on training should strictly comply with General Orders 902 (a) and (b).

⁸ General Orders 902 (a)

⁹ General Orders 902 (b)

Management Comments

Officers have been reminded to submit training reports upon their return from overseas training with two (2) weeks of their arrival in the country. They do presentations to all the legal officers and share valuable knowledge and experiences of training. General Orders 902 (a) and (b) will be implemented.

13.12 Witnesses Allowance

At its meeting on 28/4/10, the Public Service Commission noted the agreement reached between the Director of Public Prosecutions and the Commissioner of Police to disestablish the National Prosecution Services (NPS) from DPP's Office.¹⁰

Witnesses attending trials or enquiries before a Magistrate's Court or the High Court on summons to any court exercising appellate jurisdiction and assessors attending trials at the High Court maybe granted such allowances as compensation for their attendance and such sums for expenses not exceeding the respective amounts specified in the second column of the Schedule to these Rules.¹¹ The Criminal Procedure Code (Allowances to Witnesses and Assessors) Rules 1997 are hereby revoked.¹²

Our audit noted the following observations for payment of witnesses' allowance:

- The form used to record the witnesses details of attendance and other allowances failed to reflect the current Criminal Procedure Decree. It still uses the old form (1997).
- The Office is billed monthly by Post Fiji Ltd for allowances paid out to the witnesses who are engaged by the Office and the Police prosecutors.
- Despite NPS's disestablishment from DPP's Office w.e.f. 31/12/10, the above payment is made by the Office.
- Attempts made by the Office to separate their billing from Police prosecutors witnesses remains futile as Post Fiji Ltd remains adamant in compiling with the initial agreement between them and the DPP's Office.
- On the other hand, the Police Department has been allocated funds for Witnesses and Interpretation Expenses which should be used to cater for the Police prosecutors' witnesses.

The Office budgetary provisions are being used to meet the expense of witnesses engaged by other Departments.

Recommendations

- **The Office should liaise with the Police Department and Post Fiji Ltd to separate their bills in order to reflect correct billing to individual Departments.**
- **A new agreement should be made and signed by all parties concerned for the above arrangement.**

Management Comments

The ODPP office noted the findings of the Audit and already in the process of discussion with Post Fiji and the Police Dept and also managed to differentiate the charges between Police & ODPP through the using of different stamps which was effective last month. Management of the ODPP is also on the process of changing the Witness Allowance form to be in line with the current Criminal Procedure Code.

¹⁰ Adopted from PSC letter dated 29/4/10, Reference: 29/299/45, *Abolishment of the National Prosecution Services*

¹¹ Criminal Procedure Decree No. 43 of 2009, Section 2.

¹² Criminal Procedure Decree No. 43 of 2009, Section 3.

Section 14 Ministry of Justice

Roles and Responsibilities

Department of Justice

The Department of Justice is responsible for the efficient and effective delivery of services relating to all the Registries. Justice Department will be the point of contact for all those requiring registration of properties, stamp duty, and Company registration.

Department of Prisons and Corrections

The Fiji Prisons Service is responsible for the safe, secure and humane treatment of persons in custody by providing opportunities to correct offending behavior, develop work and life skills and perform community service. Under the framework of the Fiji Prisons Act and Public Service Administration Guidelines, the Fiji Prisons Service works enhancing the quality of custodial responsibilities, improve inmate rehabilitation programmes, developing human resources, effective use of resources and modernizing the service.

Table of Content

DEPARTMENT OF JUSTICE.....	2
PART A:FINANCIAL STATEMENTS.....	2
14.1 Audit Opinion.....	2
14.2 Statement of Receipts and Expenditure.....	2
14.3 Appropriation Statement	3
14.4 Statement of Losses	3
PART B:AUDIT FINDINGS	3
14.5 Revolving Fund Account (RFA).....	4
14.6 Vacant Post of the Administrator General	4
14.7 Anomalies in the Appointment of Commissioner of Stamp Duties	5
14.8 Travel and Communication Vote Used for Capital Purchase	7
14.9 Non Renewal of Money Lending Licence.....	8
PRISONS AND CORRECTIONS DEPARTMENT	9
PART A:FINANCIAL STATEMENTS.....	9
14.10 Audit Opinion.....	9
14.11 Statement of Receipts and Expenditure.....	9
14.12 Appropriation Statement	10
14.13 Statement of Losses	11
14.14 Statement of Trust Receipts and Payments.....	11
PART B:AUDIT FINDINGS	11
14.15 Incomplete Financial Statements	11
14.16 Records Not Produced for Audit Verification	12
14.17 Provision for Annual Leave	12
14.18 Unexplained Account Balance	13
14.19 Trust Money not recorded in FMIS.....	13
14.20 VAT Reconciliation	14
14.21 FNPf Reconciliation	15
14.22 Salary Overpayments for Discharge Officers	15
14.23 Officers Occupying Quarters and Receiving Lodging Allowance	17
14.24 Non-Deduction of Rent by Quarters Occupants.....	18
14.25 Unserviceable Vehicles	19

14.26 Vehicle Accidents and Surcharge Action not effected	20
Appendix 14.1: Trust Account Statement of Receipts and Payments	22

DEPARTMENT OF JUSTICE

PART A: FINANCIAL STATEMENTS

14.1 Audit Opinion

The audit of the 2010 accounts of the Department of Justice resulted in the issue of an unqualified audit report.

14.2 Statement of Receipts and Expenditure

The Department collected total revenue of \$20,537,179 and incurred expenditures amounting to \$2,118,014 in 2010. Refer to Table 14.1 for details.

Table 14.1: Statement of Receipts and Expenditures for 2010

Description	2010 \$	2009 \$
RECEIPTS		
State Revenue	20,536,046	15,405,921
Agency Revenue	1,133	1,334
TOTAL REVENUE	20,537,179	15,407,255
EXPENDITURE		
Operating		
Established Staff	1,250,579	1,344,054
Unestablished Staff	68,992	71,078
Travel and Communication	62,470	76,480
Maintenance and Operations	253,488	252,464
Purchase of Goods and Services	31,545	36,490
Operating Grants and Transfers	10,570	5,000
Special Expenditures	57,155	329,933
Total Operating Expenditure	1,734,799	2,115,499
Capital Expenditure		
Purchases	300,582	0
Total Capital Expenditure		
Value Added Tax	82,633	138,209
TOTAL EXPENDITURE	2,118,014	2,253,708

The total revenue increased by \$5,129,924 or 33% in 2010 due to increases in receipt of dutiable documents and registration of new companies, business, new birth, death, marriages and other documents filed with the Titles Office.

The decrease in total expenditures by \$135,694 or 6% in 2010 compared to 2009 resulted from the following:

- Decrease in Established staff by \$93,475 or 7% due to the reduction in staff establishment and also because of the Permanent Secretary post being vacant for sometime;
- Decrease in Special Expenditure by \$272,778 or 83% due to the reduction in refund of stamp duties.

14.3 Appropriation Statement

The Department incurred expenditures totaling \$2,118,014 against the budget of \$2,395,200 resulting in a savings of \$277,186 or 12%.

Details of expenditures against the budget estimates are provided in Table 14.2.

Table 14.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry-Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,438,000	(33,825)	1,404,175	1,250,579	0	153,596
2	Unestablished Staff	37,000	33,825	70,825	68,992	0	1,833
3	Travel & Communication	63,800	(810)	63,000	62,470	0	530
4	Maintenance & Operations	249,800	5,164	254,954	253,488	0	1,466
5	Purchase of Goods & Services	34,100	(2,307)	31,793	31,545	0	248
6	Operating Grants & Transfer	11,500	(886)	10,614	10,570	0	44
7	Special Expenditure	60,000	(1,161)	58,839	57,155	0	1,684
	Total Operating Costs	1,894,200	0	1,894,200	1,734,799	0	159,401
	Capital Expenditure						
8	Construction	0	0	0	0	0	0
9	Purchases	400,000	0	400,000	300,582	0	99,418
10	Capital Grants & Transfers	0	0	0	0	0	0
	Total Capital Expenditure	400,000	0	400,000	300,582	0	99,418
13	Value Added Tax	101,000	0	101,000	82,633	0	18,367
	TOTAL EXPENDITURE	2,395,200	0	2,395,200	2,118,014	0	277,186

14.4 Statement of Losses

The Department of Justice did not report any loss of money or fixed assets during the financial year ending 31/12/10. An amount of \$60 of revenue collected in December was not deposited to the bank.

PART B: AUDIT FINDINGS

14.5 Revolving Fund Account (RFA)

The Department of Justice had an outstanding balance of \$207,801.97 in the Revolving Fund Account (RFA) as at 31 December 2010. The RFA balance comprised of payments for personal calls, salary deduction for unauthorised leaves, overpayment recovery. The details are shown in Table 14.3.

Table 14.3: Details of Revolving Fund Account

Account	Amount \$
Accounts Receivable	(4,027.72)
Prepayments & Accrued Income	211,829.69
Total	207,801.97

Audit also noted that significant portion of RFA balance (\$220,847) has been carried forward from previous years.

The non clearance of the RFA balance will result in further accumulation of balances.

Recommendation

The Department should ensure that outstanding balances in the Revolving Fund Account are cleared.

Management Comments

Large portion of the RFA balance was for mapping error by the Ministry of Finance when implementing the new computerized accounting system (\$ 151,928.41) in 2005, the new interpretation of trust fund account in 2006 whereby the Ministry of Finance passed a debit of \$ 8,267.71 and took the credits and the legal costs of Registrar of Titles negligence in 2006 for transferring a title under caveat (\$ 44,647.60). The initial total of the three items was \$240,203.61 but after clearances every year the total have reduced to \$ 204,843.72 (i.e. reduced by \$ 35,359.89).

The Ministry of Finance had advised in 2009 to clear the above items from surplus funds in the budget (i.e. SEG 3, 4, 5 & 7). We followed this instruction and it could be noted that the overall balance of the above items had been reduced at the end of 2010.

We are closely monitoring the outstanding balances of the RFA and ensuring that they are cleared.

14.6 Vacant Post of the Administrator General

The post of Administrator General is required to be filled by persons with qualifications preferably in law and is based at LG01 grade in terms of salary.¹ The Administrator General is responsible for three sections of the Department, namely Registrar of Companies, Official Receiver's Office and the Public Trustees Office.

The Public Service Commission approved that Administrative Officer, Mr. Abhi Ram Chandra (EDP 45075) to act as Administrator General with effect from 01/08/08 and to be remunerated 2/3rd of the acting allowance on the LG01 grade. This was due to the corporatization of Public Trustee's Office in 2007 which meant that the responsibilities assigned to the Administrator General were reduced by 1/3rd.

¹ Letter from CEO Justice to CEO PSC on 13/04/2006

However, our audit noted the following anomalies:

- The remaining 1/3rd of the total acting allowance of \$21,151.70 backdated to September 2008 was paid on pay 26/2010 to the current acting Administrator General – Mr. Abhi Ram Chandra. Hence the full acting allowance was paid contrary to the Public Service Commission approval which clearly state that only 2/3rd of the total acting allowance should be paid to the Officer.
- Mr. Abhi Ram Chandra – the acting Administrator General does not have a legal qualification.
- The Department failed to produce the exact date on which the post became vacant and the date the vacant post was advertised.
- As at the date of audit² the Department is yet to appoint a substantive Administrator General with the required qualification to take up the post and engaged Mr. Abhi Ram Chandra on an acting basis concurrently for more than 3 years.

The above findings indicate that the Department breached the directives given by the Public Service Commission and continued to pay the full acting allowance to the Officer.

Failure to adhere to proper procedures could lead to discrimination and favouritism and also the best candidate with necessary qualifications may be overlooked for this position.

Recommendations

- **The Department should provide explanation why PSC's prior approval was not obtained before making payment and backdating the full acting allowance.**
- **The Department should review and advertise the position of the Administrator General so that the most suitable candidate is selected.**
- **The Department should consider recovering the 1/3rd acting allowance from the Officer concerned.**

Management Comments

- *The position of Administrator General was subsequently filled by Mr. Elisa Burenivalu Tuiloma on 11/6/2008. Upon his resignation on 31/8/2008 Mr. Abhi Ram Charan was appointed the Acting Administrator General (LG01) grade with effect from 1/9/2008.*
- *Since this is an LG post, it falls within the jurisdiction of the Permanent Secretary for Justice/Solicitor General (Legal Notice No.92 of 2002 section 2). As such, the PS for Justice/Solicitor General has the power to decide on the existing pay of the Acting Administrator General (including approval of full acting allowance and backdating of the same.) therefore PSC approval is not warranted.*
- *The Administrator Generals position is currently under review together with the Companies Act and once it is finalized the position will be advertised and appointment will be done through competitive selection process.*

14.7 Anomalies in the Appointment of Commissioner of Stamp Duties

The Commission has agreed and re-confirmed that all new intakes and promotions in the Public Service are to be on contract. This is in accordance with Part 6, Section 16 of the State Services

² 24 May 2011

Decree 2209 No. 6 dated 14 April 2009. All appointments on promotion backdated to a date prior to the 10 of April 2009 is to be referred to the Secretary of the Public Service Commission for approval.³

The post of Commissioner of Stamp Duties was advertised on 31/08/09 and the advertisement closed on 14/09/09. The Staff Board Committee members⁴ recommended that the Administration Officer and acting Administrator General, Mr. Abhi Ram to be promoted to the post of Commissioner of Stamp Duties in the SS02 grade.

However, our audit noted the following anomalies:

- Whilst acting Administrator General, on 8 February 2010, Mr. Abhi Ram was promoted to the post of Commissioner Stamp Duties in the SS02 grade which was backdated to 1 September 2008. The backdating of promotion to 1 September 2008 was not referred to Public Service Commission for approval.
- With regards to the above regularization, whilst Mr. Abhi Ram was the substantive post holder of the Commissioner of Stamp Duties and acting as Administrator General, Ms Fipe Mataitini was also confirmed as Commissioner of Stamp Duty with effect from 1 April 2011. As a result, the two Officers were paid salary of the Commissioner of Stamp Duty post. Moreover, the Department failed to inform PSC that Mr. Abhi Ram Chandra was the substantive Commissioner of Stamp Duty.
- The Public Service Commission on 25 March 2011 approved to transfer the Office of the Commissioner of Stamp Duty to the Fiji Revenue Customs Authority and the Department regularized the positions of all the Officers who were acting and on temporary appointment before they are transferred to FRCA.

The above finding indicates that the Department failed to follow proper procedures for the above appointments which have resulted in two base grade Officers getting paid as the Commissioner of Stamp Duties resulting in duplication of payments.

Recommendations

- **The Department should ensure that prior PSC approvals are obtained for backdating of promotions and Officer(s) responsible for recommending the backdating of appointment without PSC approvals should be surcharged.**
- **The Department should refer the case back to the Public Service Commission and ensure that recoveries are made for any salary overpayments.**

Management Comments

- *The position of the Commissioner of the Stamp Duties was advertised on 31/8/2009 and the advertisement closed on 14/9/2009. Mr. Abhi Ram was confirmed in his appointment with effect from 1/9/2008 in accordance to PSC Circular No. 37/2009 paragraph 4.0 which states the following:*
 - *In order to give the proper prospective effect to section 16 of the*
 - *States Services Decree 2009, the Commission has decided that any*
 - *employee who:*
 - *was acting in a higher position prior to 10th April 2009; and*
 - *has continued to act since then in that higher position (without any break in the acting appointment); and*
 - *has applied or applies in the higher position (whether the advertisement was before or after 10th April 2009); and*

³ PSC Circular 33/2009 of 25th June 2009

⁴ Staff Board Paper 5/2009 -MOJ

- has been successfully selected as a promotee, after a competitive selection process including interviews and proper assessment by the respective staff board, shall be appointed/confirmed by the respective appointing authority (under section 12(2) and (3) of the States Services Decree 2009) on a permanent basis and not on the contractual basis; and shall be back-dated in accordance with General Order No. 404.
- This circular by the PSC provides the authority to back-date Mr. Abhi Ram's appointed with effect from 1/9/2008 and does not require prior approval from PSC as recommended by the auditing officer.
- The transfer of the Stamp Duties Office to FRCA was a cabinet decision. To ensure that there was a smooth transition of the move a working committee was formed which included the following:

Name of Officer	Ministry /Department
Mr. Jeremaia Namuaira	Ministry of Justice
Fipe Mataitini	Ministry of Justice (A/CSD)
Arieta Dimuri	Fiji Revenue Customs Authority
Laite Waseiyaroi	PSC (MID)
Mosese Nasaubuta	PSC (Office Accommodation)

The committee after deliberation made submission to PSC and approval was given for regularization of appointment of all the officers acting and on temporary appointment (Enclosed). This decision by the PSC resulted in Fipe Mataitini being appointed Commissioner of Stamp Duties.

The Department under its statutory requirement needs to continue with the service of Mr. Abhi Ram Charan as acting Administrator General hence resulting in two base grade officers on the same post.

The Department could have rectified this problem if our vacant Senior Administrative position in the administration section had not disestablished during the 10% reduction of operating cost exercise where Mr. Abhi Ram could have been held against.

The appointment of the two officers is unavoidable considering the circumstance and the only option left for the Department is to regularize Mr. Abhi Ram Charan's appointment by creating a Senior Administrative Officer (SS02) position as the Department does not have any other vacant position on SS02 grade.

14.8 Travel and Communication Vote Used for Capital Purchase

The Senior Accounts Officer or Accounts Officer must not certify a payment as correct unless they are satisfied that:⁵

- sufficient uncommitted funds are available for payment of the account;
- the expenditure account it is charged to is correct.

On 31/12/10 the Department paid \$20,000 to Salen Prasad Construction Company for the renovations of Level 1 of the Civic Tower Building. The payment was made from Travel and Communication allocation.

In addition, acting allowance of \$393.26 was paid to Lagilagi Bulamaibau on 14/05/10 from the above allocation. This was not rectified or posted to its correct allocations under Payroll.

This implies that the Department was utilizing the savings from the Travel and Communications vote to meet other expenditure.

Recommendations

⁵ Justice Finance Manual – Section 2.8.3 (iii) & (v)
Ministry of Justice (Justice and Prisons)

- **The Department should ensure that expenditures are charged to its correct allocations.**
- **Section 2.8 of the Finance Manual should be complied with.**

Management Comments

The payment of \$ 20,000 was made from the travel vote to pay the contractor who had completed the renovation work at Civic Towers Building for the Titles Office and Stamp Duties Office to occupy. The reasons for taking such action are as follow:

- *The occupation of the Civic Towers for the two offices was the directive of the Prime Minister. There was an urgent need to complete the work to minimize disruption to the public.*
- *There was a signed contract between the Department and the contractor approved by the Permanent Secretary. This action was taken because of the availability of the contractor, the timeframe of occupation of the Civic Towers, the threat of damage to Suvavou House because of extra weight problem at Titles office and Stamp Duties office.*
- *There was a contractual obligation. The cost for breaching the contract would have meant the possibility of court action.*
- *The rejection of our RIE application by Ministry of Finance on 31/12/10 gave us no other option but to meet payment from surplus funds in the operating expenditure budget.*
- *The presence of the two offices at Suvavou House has caused extra weight problem to the building because the high volumes of registers and the iron safes for keeping wills they kept. There was an urgent need for the two offices to move to Civic Towers.*

The payment of acting allowance of \$ 393.26 paid to Lagilagi from SEG 3 was an incorrect posting. Please note we had funds in SEG 1 to meet the payment.

14.9 Non Renewal of Money Lending Licence

Every money lender, whether carrying on business alone or as a partner in a firm, shall take out annually in respect of every address at which he carries on his business as such a moneylender's licence which shall expire on the 31st of December in every year.⁶

Audit noted that the following money lenders are yet to renew their licence as at the date of audit.⁷

Refer to Table 14.4 below for details:

Table 14.4: Examples of Licences not renewed

Licence Number	Date	Name
12231	26/05/10	Alifereti Cokanasiga Malo
12240	13/05/10	Aliko Julie Ratusau
12175	09/02/10	Fane Senicaucau Salaba
12189	05/02/10	Finau Kotoilakeba Bogitolu
12212	13/04/10	Nanise Dabala Vuatalevu
11153	17/01/08	Narain Prasad f/n Ram Kissun
12246	25/06/10	Nuku Filipe Mataivugalei

⁶ Moneylenders Act, Cap 234 – Section 5 (1)

⁷ 9 June 2011

Licence Number	Date	Name
12249	28/06/10	Ratu Buli Niko

Without renewed licences, the moneylenders would be deemed to be operating illegally and might not be in compliance with the Moneylenders Act.

Recommendations

- **The Department should monitor the money lenders on their licence renewal.**
- **The Department should also ensure that site visits are made to moneylenders to ensure that they operate in accordance with the Moneylenders Act.**

Management Comments

The license of those moneylenders who failed to renew their licence was terminated immediately.

The site visit was not done because of lack of manpower. In our 2012 budget proposal, we had requested additional three clerical offices post to handle the moneylender's registration and including site visit. We hope that PSC and Ministry of Finance will grant approval to our budget proposal.

Please note that Stamp Duties office who was handling the money lenders responsibilities had come under FRCA with effect from 01/04/11 and all staff had transferred across. The Registrar of Companies is now carrying out the responsibilities with the same number of manpower and therefore monitoring of license renewal and site visit will not be carried for a moment until the three new clerical officers post is approved in 2012 budget.

PRISONS AND CORRECTIONS DEPARTMENT

PART A: FINANCIAL STATEMENTS

14.10 Audit Opinion

The audit of the 2010 accounts of the Prisons and Corrections Department resulted in the issue of a qualified audit report. The financial statements were not presented in accordance with the Financial Management Act which resulted in the issue of the following qualification.

The Prisons and Corrections Department did not provide the following contrary to Finance Instructions 71 (1):

- Statement of Losses;
- Statement of Profit and Loss for each trading and manufacturing activity; and
- Statement of Assets and Liabilities for each trading and manufacturing activity.

14.11 Statement of Receipts and Expenditure

The Department collected total revenue of \$99,539 and incurred total expenditures amounting to \$15,458,273 in 2010. Refer to Table 14.5 for details.

Table 14.5: Statement of Receipts and Expenditures for 2010

Description	2010 \$	2009 \$
RECEIPTS		
State Revenue	98,340	96,327
Agency Revenue	1,199	5,725
TOTAL REVENUE	99,539	102,052
EXPENDITURE		
Operating		
Established Staff	9,856,667	8,744,247
Unestablished Staff	84,949	465,362
Travel and Communication	300,737	339,616
Maintenance and Operations	857,872	857,089
Purchase of Goods and Services	1,732,313	1,583,128
Operating Grants and Transfers	12,295	11,968
Special Expenditures	196,035	680,417
Total Operating Expenditure	13,040,868	12,681,827
Capital Expenditure		
Construction	1,618,183	1,924,690
Purchases	149,704	163,773
Total Capital Expenditure	1,767,887	2,088,463
Value Added Tax	649,518	601,474
TOTAL EXPENDITURE	15,458,273	15,371,764

The increase in total expenditures by \$86,509 or 1% compared to 2009 was due to the payment for Phase 5 of the Job Evaluation Exercise and increase in purchase of goods and services.

14.12 Appropriation Statement

The Department incurred expenditures totaling \$14,458,273 against the budget of \$14,734,400 resulting in a deficit of \$723,873.

Details of expenditures against the budget estimates are provided in Table 14.6.

Table 14.6: Appropriation Statement for 2010

SEG	Item	Budget Estimate \$	Change \$	Revised Estimate (\$)	Actual Expenditure (\$)	Carry- Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	8,841,496	81,430	8,922,926	9,856,667	0	(933,741)
2	Unestablished Staff	177,700	(81,430)	96,270	84,949	0	11,321
3	Travel & Communication	312,200	0	312,200	300,737	0	11,463
4	Maintenance & Operations	874,004	24,551	898,555	857,872	0	40,683
5	Purchase of Goods & Services	1,732,200	(24,551)	1,707,649	1,732,313	0	(24,664)
6	Operating Grants & Transfer	13,400	0	13,400	12,295	0	1,105
7	Special Expenditure	200,000	0	200,000	196,035	0	3,965
	Total Operating Costs	12,151,000	0	12,151,000	13,040,868	0	(889,868)
	Capital Expenditure						

SEG	Item	Budget Estimate \$	Change \$	Revised Estimate (\$)	Actual Expenditure (\$)	Carry-Over (\$)	Lapsed Appropriation (\$)
8	Construction	1,800,000	(26,392)	1,773,608	1,618,183	0	155,425
9	Purchases	150,000	0	150,000	149,704	0	296
	Total Capital Expenditure	1,950,000	(26,392)	1,923,608	1,767,887	0	155,721
13	Value Added Tax	633,400	26,392	659,792	649,518	0	10,274
	TOTAL EXPENDITURE	14,734,400	0	14,734,400	15,458,273	0	(723,873)

14.13 Statement of Losses

The Prisons and Corrections Department did not provide a Statement of Losses for audit.

14.14 Statement of Trust Receipts and Payments

The Prison and Correction Department had a Trust account balance of \$11,675 as at 31/12/10. The Department recorded total receipts of \$17,082 and total payments of \$8,666 in the Trust account during the year. Refer to *Appendix 14.1* for details.

PART B: AUDIT FINDINGS

14.15 Incomplete Financial Statements

Each agency must include the following statements in its annual financial statements⁸ -

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

The Department of Prisons failed to submit the Statement of assets and liabilities, Statement of profit and loss for each trading and manufacturing activity, and a statement of losses contrary to the requirement of the Finance Instructions.

As a result a full set of agency financial statement was not submitted for audit.

Recommendation

The Department should ensure that the requirements of Section 71 of the Finance Instructions are complied with in the preparation of the Agency Financial Statements.

Management Comments

⁸ Section 71 (1) – Finance Instructions 2010
Ministry of Justice (Justice and Prisons)

No Comments received

14.16 Records Not Produced for Audit Verification

The Accounting Head is responsible for the safekeeping and proper maintenance of all accounting records or documents of the agency.⁹ The Accounting Head shall certify all financial reports that must be submitted to the Ministry of Finance. These reports include quarterly overdue debt reports and quarterly write-off reports.¹⁰

The Department of Prison failed to submit Arrears of Revenue Quarterly Reports for the year 2010.

As such, the audit could not verify the accuracy of the Arrears of Revenue balances of the Department with Ministry of Finance record.

Recommendation

The Department should ensure that Arrears of Revenue Reports are sent to Ministry of Finance every quarter.

Management Comments

No Comments received

14.17 Provision for Annual Leave

Agencies must keep accurate and up to date records of all leave and other employee entitlements.¹¹ Total leave liability should be calculated and disclosed in the notes to the agency financial statements.

The Department of Prison did not have proper records of leave entitlement and therefore was not able to calculate total leave liability for the year ended 31 December 2010.

As a result the Department did not disclose total leave liability in the notes to the agency financial statements.

Recommendations

- **The Department should ensure that all leave and other employee entitlement are maintained and kept up to date.**
- **The Department should calculate and disclose in the notes to agency financial statement the total leave liability.**

Management Comments

No Comments received

⁹ Section 18.1.3 – Finance Manual 2005

¹⁰ Section 17.3.1 – Finance Manual 2005

¹¹ Section 54 – Finance Instruction 2010

14.18 Unexplained Account Balance

The Senior Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.¹²

Verification of the Ministry's FMIS records revealed that account allocation 1–15200–00000–910101 - Accumulated surplus/deficits had a debit balance of \$582,858.41. The Department failed to provide any detail about this account balance.

As a consequence we were unable to substantiate the balance for allocation 1–15200–00000–910000 - Accumulated surplus/deficits.

Recommendation

The Department should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences and should be produced during audit.

Management Comments

No Comments received

14.19 Trust Money not recorded in FMIS

All local purchase orders, indents and other commitments of funds are to be recorded in the financial management information systems or a commitment ledger immediately after they have been approved.¹³

Personal belongings of prisoners such as cash are kept by the Department. Cash is receipted and deposited in the Prisoners Trust Account maintained at Westpac Banking Corporation. The cash is paid back to the prisoners when they are discharged on completion of their term.

The Department of Prisons had a Trust account balance of \$11,675 as at 31/12/10. The Department recorded total receipts of \$17,082 and total payments of \$8,666 in the Trust account during the year.

However the Department's FMIS records revealed that Prisons Consolidated Trust account (9–15201–71084–895006) had a nil balance. Audit noted that the Department did not record receipts and payment from the Trust account in the FMIS since 2008.

Failure to record the Trust account receipts and payment in FMIS will understate the Department's Trust account balance which would understate the whole of Government Trust account balance.

Recommendation

The Department should ensure that all Trust account transactions are recorded in the FMIS on a timely basis.

¹² Section 18.1.3 – Finance Manual 2005

¹³ Section 18 – Finance Instruction 2005

Management Comments*No Comments received***14.20 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.¹⁴

Review of VAT Returns and supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$1,386,283 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer to Table 14.7 below for details.

Table 14.7: Details of Variance in Taxable Supplies

Details	Amount \$
Total expenditure as per Expenditure Statement	14,905,193
Less: Expenditure not subject to VAT – SEG 1, 2, 6 and 10	9,953,911
Total expenditure/income subject to VAT	4,951,282
Less: Total taxable supplies as per VAT Returns	6,337,565
Un-reconciled variance	(1,386,283)

In addition, a difference of \$110,663 was noted between the actual VAT payments for the year 2010 and the balance disclosed in the general ledger as reflected in Table 14.8 below.

Table 14.8: Variance in VAT Paid and FMIS Balance

Details	Amount \$
VAT payments (VAT payments to FIRCA and VAT Input) as per Statement of Receipts and Expenditure	649,518
VAT payments (VAT payments to FIRCA and VAT Input) as per VAT Returns for 2010	538,855
Un-reconciled variance	110,663

No explanation was provided for the variance.

Recommendations

- **The Department should review its VAT records and reconciliations and provide explanations for the variances.**

¹⁴ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – Section 15 (1)

- **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 Comments received

14.21 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 Department to the Fund, the 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 \$29,796 between the total Employers Contributions paid by the Department and FNPf contributions figures. Refer to Table 14.9 for details.

Table 14.9: Variance in FNPf Calculation – 2010

FNPf Contribution Paid by Department for 2010 (Employer contribution only)		Amount \$
SEG 1	FNPf contributions paid – Established & Unestablished Staff	954,204
	Less: December 2009 FNPf Contributions	239,452
	Total Employers Contributions paid by the Department	714,752
Audit Calculation of FNPf for 2010 (Employer contribution only)		
SEG 1 & 2	Salaries & Wages as per FMIS	9,306,851
	FNPf Contribution (9,306,851x 0.08)	744,548
	Difference	(29,796)

There were no reconciliations carried out by the Department for FNPf hence the variance.

Recommendation

The Department should reconcile FNPf contributions paid with general ledger and any variance arising should be promptly investigated and adjusted.

Management Comments

No Comments received

14.22 Salary Overpayments for Discharge Officers

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.¹⁵

Where it becomes necessary to hold, cease or reverse an employee's salary, the Head of Salaries must immediately advise the Ministry of Finance in writing.¹⁶

In 2010, a total of 43 officers were discharged from the Prisons Department. The audit noted that some of these officers continued to receive salaries after the effective dates of discharge due to delays in notifying Ministry of Finance to cease salaries. Refer to the Table 14.10 below for examples.

Table 14.10: Details of Salary Overpayments for 2010

EDP No.	Name	Date Discharged	Reason for Discharge	Date Salary Actually Ceased	Gross Amount Paid \$
71234	Setefano Cakau	18/08/10	Resigned	05/11/10	2,781.53
71207	Mosese Ratulalevu	27/09/10	Resigned	18/11/10	2,177.80
70564	Epineri Tuapati	20/10/10	Retired	30/12/10	3,627.25
Total Gross Salaries Overpaid					8,586.58

As a result these officers were overpaid their salaries and was not recovered.

Recommendations

- The Department must take appropriate action to ensure that salaries of the officers discharged are ceased with effect from the date of discharge.
- The Department should make appropriate arrangement to recover salaries overpaid, where possible, from the officers who were overpaid.
- The Department should investigate and take appropriate action against officers involved in processing salaries to recover the amount overpaid.

Management Comments

1. 71234 Setefano Cakau – a letter dated 18/12/10 was issued to the officer to refund the overpayment but has not paid to date. The Department has written a second letter to the officer dispatched to his wife. Also the Department is in the process of seeking assistance from other legal avenues to recover the loss public funds.
2. 71207 Mosese Ratubalavu – a letter dated 18/12/10 was issued to the officer to refund the overpayment but has not paid to date. The officer is currently in New Zealand. He arrived into the country in March this year and made arrangement to send the refund when he returns to NZ. Up till now the department is still waiting for a response from the officer. The Department has written another letter dated 29/04/2011 to be dispatched to his wife. If there is no positive response from the officer then we will seek other legal avenues to recover the outstanding amount.
3. 70564 Epineri Tuapati – Accounts did not receive retirement letter from the Admin section.

Management has now streamlined its operation to ensure that salaries of officers discharged are ceased from the date of discharge. In all cases, the Department has made arrangements to recover all overpaid salaries from these overpaid officers. Letters have been written to them for recovery. It is our intention to lodge our claims through the Small Claims Tribunal to expedite the recovery process.

Investigations will be taken against offices involved in processing the overpayment of salaries and appropriate action taken against them.

¹⁶ Section 4.10.1 – Finance Manual 2005

14.23 Officers Occupying Quarters and Receiving Lodging Allowance

An Officer shall occupy such quarters as may be allocated to him and shall vacate them at any time he is required to during and at the termination of his services.¹⁷ Where quarters are not allocated to subordinate Officers they may be paid rental allowance in lieu, in accordance with the authorized scale.¹⁸

The audit noted that a number of Officers were paid lodging allowances even though these Officers were occupying quarters during the year 2010. Refer to the Table 14.11 below for details.

Table 14.11: Details of Allowance Received for Quarters Occupants

EDP No.	Name	Period	2010 Allowance Received \$
71000	Taniela Ravubale	01/01/10 – 31/12/10	2,498.60
71203	Atumai Logologo	01/01/10 – 31/12/10	2,264.08
71280	Jasa Kadivuka	01/01/10 – 31/12/10	2,264.08
71221	Samisoni Lebaivalu	01/01/10 – 31/12/10	2,264.08
Total			9,290.84

The finding demonstrates breach of the Prison Standing Orders by the Officers. Public funds were also misused by paying lodging allowances to Officers who were not entitled.

Recommendations

- The Department must ensure that the payment of lodging allowances to Officers occupying quarters is ceased immediately.
- The Department must ensure that overpaid lodging allowances are recovered from the relevant Officers.
- The Department should take appropriate action against Officer's who were occupying quarters and also collected lodging allowances but did not inform the Management about the irregularity.

Management Comments

A check was made on payments of lodging allowance and we noticed that a number of officers occupying quarters also receive lodging allowance. A stop payment minute was forwarded to the Accounts Officer on 21 Feb 11 and she has been informed of the starting date for recovery of the allowance paid. Recoveries for lodging allowances will be done for officers from the dates indicated.

1. 71000 Taniela Ravubale - 05/08/10
2. 71203 Atumai Logologo - 18/01/10
3. 71280 Jasa Kadivuka - 24/05/10
4. 71221 Samisoni Lebaivalu - 23/01/09 – moved to Levuka on this date.

All payment of lodging allowances for officers occupying quarters has been ceased. All officers ascertained to have received lodging allowances while staying in Government quarters are being processed for automatic deduction from their salaries for recovery of their lodging allowance. Letters of warning will be issued to all officers who were occupying quarters but continued to receive lodging allowance.

¹⁷ Section 92 (1) – Prison Standing Orders

¹⁸ Section 92 (4) – Prison Standing Orders

14.24 Non-Deduction of Rent by Quarters Occupants

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 (8%) of basic salary.¹⁹

All practical and cost-effective efforts shall be made to recover losses which are recoverable and to avoid future losses occurring from the same cause.²⁰

Review of pool quarter's records revealed that Staff Officer Administration, Mr. Jona Nawaqavou (EDP No. 71342) was not paying rent for the government quarters he was occupying. The Officer was occupying pool quarters number 39 at Naboro Prison Complex since 05/10/09.

Refer to Table 14.12 below for details of arrears of rent owed by the Officer.

Table 14.12: Details of Rent Owed to Government

Year	Period	Rent per Month \$	Amount Due \$
2009	October – December	76.92	230.76
2010	January – December	76.92	923.04
2011	January – February	178.48	356.96
Total			1,510.76

The Department was not aware of this anomaly and did not take any action to recover the outstanding amounts.

The above anomaly indicates poor monitoring of staff quarters and collection of rent from Officers occupying quarters by the Department which resulted in loss of government revenue.

Recommendations

- **The Department should immediately effect rent deductions from Mr. Jona Nawaqavou's salary for the quarters he is occupying.**
- **The Department should recover the outstanding quarters rent from Mr. Jona Nawaqavou.**
- **The Department should take appropriate action against Mr. Jona Nawaqavou for not informing the Management about the irregularity.**

Management Comments

According to occupation of quarters slip No: 44515 of April 2011 obtained from the quarter's clerk, the officer occupied Quarters 47 – Grade IV at the Naboro Prison Complex on 01/10/09. Recovery of quarters rent should be effected from that date. The Accounts Officer has been notified to start the recovery.

Rent deductions have been implemented on Mr Jona Nawaqavou's (EDP 71342) rental arrears for Quarters 39 at Naboro Corrections Complex. Recovery processes on his rental arrears of \$1,510.76 has started from his salary. An investigation has been started on the failure of the system to pick up, the non-deduction of rent.

By the same token, an investigation is also been done on whether he was paid lodging allowance during this period. Confirmation of this will result in appropriate action taken.

¹⁹ General Order 607 – Rates of Rent

²⁰ Section 67 (1) – Finance Instruction 2005

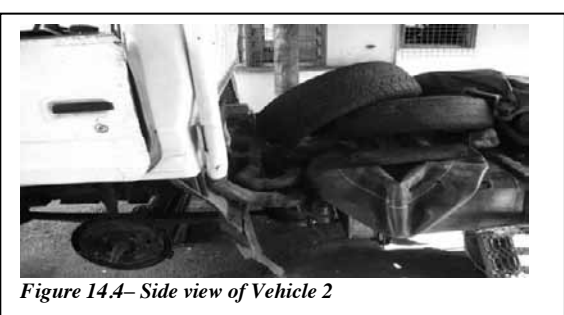
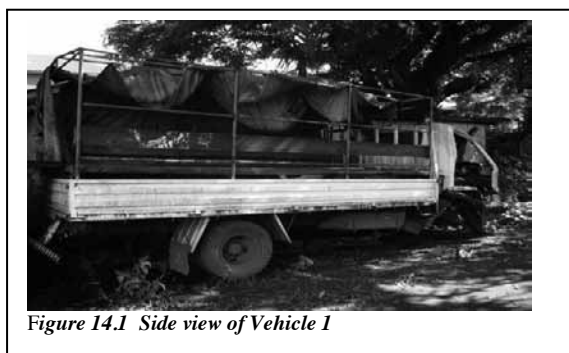
14.25 Unserviceable Vehicles

If a vehicle undergoing servicing or a 'Road Worthiness Test' is found to be unroad-worthy and uneconomic to repair, it may be disposed of through trade-in. The supervisor of transport shall prepare a report on the unserviceable vehicle outlining the history of the vehicle use, maintenance costs, results of the test or servicing and the estimated costs of replacing the vehicle.²¹

Approval from Ministry of Finance is required before disposing of any state assets. The sale of assets must be carried out in transparent and competitive way to ensure that maximum value for money is obtained.²²

The audit noted 2 unserviceable vehicles that have not been used since 2008 garaged at Transport Pool. Furthermore, no report outlining the history of vehicle use, maintenance costs, results of the test or servicing and the estimated costs of replacing the vehicle were produced for the vehicles.

The Department has also yet to make any decision whether to repair or dispose the vehicles. Refer to the following images for details.



The vehicles have deteriorated significantly over the years and will not be economical to repair.

Recommendation

Appropriate action should be taken to dispose the vehicle.

Management Comments

²¹ Section 12.5.4 & 12.5.5 – Finance Manual 2005

²² Section 59 (1,2,3) – Finance Instruction 2005

The two vehicles sighted in the Audit reports and the comments on these are noted. However, for Vehicle 1, the total repairs required would cost up to \$35,000 to bring the vehicle back on the road. It would be a lot cheaper to buy a new vehicle and a report on this is being prepared for the Ministry of Finance. The second vehicle however, is still undergoing on-going repairs and is not in a state of disrepair. The recommendation though is noted and we will make every endeavor to comply with this in future.

14.26 Vehicle Accidents and Surcharge Action not effected

A driver involved in an accident may be surcharged if the surcharging authority believes the driver was at fault.²³ If the surcharge is imposed, the driver shall be informed in writing. The Solicitor General shall also be notified of the surcharge action.²⁴

The Commissioner of Prison shall authorize an Officer to drive government vehicles under the care of the Fiji Prison Service by issuing them a letter of authority. The Commissioner of Prison shall notify the supervisor of transport of the names and designations of all such drivers. The supervisor of transport shall keep these authorizations in a file.²⁵

Several vehicles belonging to the Prison's Department were involved in accidents in 2009. A Board of Inquiry (BOI) was set up to investigate these accidents. It was found that all accident resulted due to the driver's fault. The BOI recommended that the drivers to be surcharged.

However, audit noted that none of the Officers was surcharged by the Department. Refer to Table 14.13 below for details.

Table 14.13: Details of Vehicles Accident Reports

EDP No	Name	Vehicle No.	Cost of Damage \$	Recommendation after BOI	Remarks
71377	M. Lalakomacoi	GN751	1,200.00	Driver liable for damages	Surcharge not effected & no authority to drive
71382	R. Tagivetaua	GN791	3,614.97	Driver liable for damages.	Surcharge not effected
71287	E. Nadruku	GN645	2,623.00	Driver liable for damages	Surcharge not effected
71108	M. Bolatolu	GM927	2,800.00	Driver liable for damages	Surcharge not effected
71208	S. Ciwanayabaki	GM912	2,000.00	Driver liable for damages	Surcharge not effected
70839	L. Naicoi	FM927	8,694.53	Driver liable for damages	Surcharge not effected & no authority to drive
71372	I. Rawaico	GN751	1,730.00	Driver liable for damages	Surcharge not effected & no authority to drive

Furthermore, it was noted that none of the officers involved in the accident had authority to drive at the time of the accident. The absence of redress by the Department indicates lack of commitment in safeguarding public property and recovering losses to Government.

Recommendations

- **The Department must seek advice from Solicitor General's Office on surcharge actions against the drivers and where appropriate the drivers should be surcharged to recover the cost of damages.**

²³ Section 12.6.7 – Finance Manual 2005

²⁴ Section 12.6.9 – Finance Manual 2005

²⁵ Section 12.2.1 – Finance Manual 2005

- **The Department should ensure that only authorized drivers are allowed to drive government vehicles.**

Management Comments

We acknowledge the Audit Team's findings on vehicle accidents. While the Board of Inquiry had found that the drivers were at fault in all of the accidents, the surcharge authority had to be provided by the Solicitor General's office. Changes in our Transport Supervisor did not allow for a free flow of information on each accident between the two officers hence the delay. We will ensure that the surcharge actions are carried out this year.

We will keep tight control on our vehicles to ensure that only authorized drivers will be allowed to drive our vehicles. Further, all our drivers can only drive on the written authority of the Commissioner. This should be place in their Personal File and a copy with the Transport Supervisor.

Our state of affairs is no indication of any lack of commitment on the subject of state property. All reports will be recorded in full. We will in future ensure that the SG's Office is advised on all the proposed surcharge and on approval, action to be taken from salary deduction. We will ensure that only authorized drivers are to drive government vehicles.

Appendix 14.1: Trust Account Statement of Receipts and Payments

Trust Fund Account	2010 \$	2009 \$
Receipts		
Prisoners Cash	17,082	12,785
Total Receipts	17,082	12,785
Payments		
Prisoners Cash	8,666	3,285
Total Payments	8,666	3,285
Balance as at 1 January 2010	3,259	(26)
CLOSING BALANCE	11,675	3,259

Section 15 Ministry of Information, National Archives and Library Services

Programme Statement

Information and Media Relations

The Ministry is responsible for disseminating information in Fiji and the government's plans, policies and progress to promote development through a well informed and enlightened society. Through its programme, it aims to create positive attitudes to community and national development, stimulate and mobilize support for government policies and programmes. It aims to increase public awareness of their social, economic and political environment and to better inform them about major national development issues. As government's information agency, the Department also provides the link between Government and media and through the latter with people.

The Ministry will be responsible for developing and introducing new media legislation to develop a more vibrant media industry. It will seek to promote and encourage industry initiatives in areas such as human resource development and training, professional development and networking in the media. Its development policies on the mass media signify the critical role of this sector in the national development by placing special considerations on the people's needs and aspirations.

National Archives

The National Archives of Fiji is responsible for the appraisal, acquisition, safe custody, and the proper conservation and maintenance of the permanent records of the government. This includes control of access of these records, the provisions of reference and information service to Ministries and Departments, students and members of the public, as well as the promotion of the scholarly research among the records held by it. The Department also advises and assists Government Offices in their record management. Further improvements are essential for the existing facilities to ensure the safety and proper preservation of public records. Emphasis will be given to repairing damaged records and the restoration of micro filming of old and fragile documents. The Reference Library and Research Section will continue to encourage compliance on the Fiji "legal deposit" requirements.

Table of Contents

PART A: FINANCIAL STATEMENT	2
15.1 Audit Opinion.....	2
15.2 Statement of Receipts and Expenditure.....	2
15.3 Appropriation Statement	3
15.4 Statement of Losses	3
PART B:AUDIT FINDINGS	3
15.5 Overdrawn Operating Trust Fund Account	3
15.6 Revolving Fund Account (RFA) Reconciliation	4
15.7 Unexplained Account Balance	5
15.8 Leave Liability	5
15.9 Sale of Production of Films	6

PART A: FINANCIAL STATEMENT

15.1 Audit Opinion

The audit of the 2010 accounts of the Ministry of Information, national Archives and Library Services has resulted in the issue of a qualified audit report. The basis of qualification is as follows:

- The financial statements were not presented in accordance with the Finance Management Act 2004. The Ministry of Information, National Archives & Library Services did not provide for audit a Statement of Losses contrary to Section 71 (1) of the Financial Instructions 2010.

15.2 Statement of Receipts and Expenditure

The Ministry of Information, National Archives & Library Services collected total revenue of \$40,258 and incurred total expenditure of \$3,405,559 in 2010.

Table 15.1: Statement of Receipts and Expenditure for 2010

Description	2010 \$	2009 \$
RECEIPTS		
State Revenue		
License Fees - Telecom & TV	1,901	1,917
Total State Revenue	1,901	1,917
Agency Revenue		
Revenue from Sale of Production Film	2,574	3,713
Miscellaneous	35,783	36,053
Total Agency Revenue	38,357	39,766
TOTAL REVENUE	40,258	41,683
EXPENDITURE		
Operating Costs		
Established Staff	1,487,077	1,082,287
Unestablished Staff	183,702	185,620
Travel & Communication	151,278	159,897
Maintenance & Operations	207,405	197,769
Purchase of Goods & Services	962,972	606,742
Operating Grants & Transfers	16,626	1,164,442
Special Expenditure	205,680	387,529
Total Operating Expenditure	3,214,740	3,784,286
Capital Expenditure		
Capital Construction	0	25,000
Capital Purchase	0	0
Capital Grants and Transfers	0	0
Total Capital Expenditure	0	25,000
Value Added Tax	190,819	168,582
TOTAL EXPENDITURE	3,405,559	3,977,868

Total expenditure declined by \$572,309 or 14% in 2010 compared to 2009. This was mainly due to the removal of Monitoring Public Service Broadcast and Television activity from Ministries vote and no capital activity was budgeted for the year.

15.3 Appropriation Statement

The Department incurred expenditures totalling \$3,405,559 in 2010 against the budget of \$3,490,896 resulting in a surplus of \$85,337 or 2%.

Details of expenditures against the budget estimates are provided in Table 15.2.

Table 15.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry-Over \$	Lapsed Appropriation \$
1	Established Staff	1,472,163	5,000	1,477,163	1,487,077	0	(9,914)
2	Unestablished Staff	196,500	20,500	217,000	183,702	0	32,298
3	Travel & Communication	165,700	(3,500)	162,200	151,278	0	10,922
4	Maintenance & Operations	211,600	8,000	219,600	207,405	0	12,195
5	Purchase of Goods & Services	1,001,935	(13,000)	988,935	962,972	0	25,963
6	Operating Grants & Transfers	18,700	(1,540)	17,160	16,626	0	534
7	Special Expenditure	223,800	(15,460)	208,340	205,680	0	2,660
	Total Operating Costs	3,290,398	0	3,290,398	3,214,740	0	75,658
	Capital Expenditure						
8	Capital Construction	0	0	0	0	0	0
	Capital Purchase	0	0	0	0	0	0
	Capital Grants & Transfers	0	0	0	0	0	0
	Total Capital Expenditure	0	0	0	0	0	0
13	Value Added Tax	200,502	(4)	200,498	190,819	0	9,679
	Total Expenditure	3,490,900	(4)	3,490,896	3,405,559	0	85,337

15.4 Statement of Losses

The Statement of Losses was not submitted by the Ministry for the year 2010.

PART B: AUDIT FINDINGS

15.5 Overdrawn Operating Trust Fund Account

Each month, the trust account shall be balanced and reconciled with the trust bank accounts. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Unreconciled items should be investigated and resolved promptly.¹

¹ Finance Instructions 2010 – Section 58 (3)

The following eight Operating Trust Fund Accounts of the Ministry were overdrawn (debit balances) as at 31/12/10. Refer to Table 15.3 for details.

Table 15.3: Overdrawn Operating Trust Fund Accounts

Account	Description	Overdrawn Amount \$
1-16101-16999-861299	PD Others	521.29
1-16301-16999-861299	PD Others	13.53
1-16101-16999-861309	PD PSC Scholarship	65.87
1-16101-16999-861501	PD Fiji Public Service	66.00
1-16301-16999-861501	PD Fiji Public Service	12.00
1-16301-16999-861525	PD Service Worker Credit Union	92.50
1-16101-16101-861901	PD Tax Arrears/PAYE	2,131.35
1-16301-16999-861920	PD Employees FNPF	62.16

The Ministry's overall Operating Trust Fund Account had a credit balance of \$15,295.38 as at 31/12/10 as per FMIS record. However, the accuracy of the Operating Trust Fund Account balance could not be substantiated as Trust Fund reconciliations for the months of May, June, July, August and September were not provided for audit.

The overdrawing of Trust Funds may have resulted from incorrect journal entries passed to these accounts or through mispostings.

Recommendations

- **The Ministry must ensure that Trust Funds are not overdrawn at any time.**
- **The Ministry must investigate these overdrawn Trust Funds and take appropriate action.**
- **The Ministry should reconcile the Trust Fund account with FMIS.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Management Comments

No comments received

15.6 Revolving Fund Account (RFA) Reconciliation

The Senior Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.²

As per FMIS, the Ministry had Revolving Fund Account balance of \$1,530.34 as at 31/12/10. However, the accuracy of the Revolving Fund Account balance could not be substantiated as reconciliations for the months of April, May, June, July, August and September were not provided for audit.

Reconciliation is one of the important internal controls and absence of reconciliations may result in the Ministry failing to detect possible irregularities in the Revolving Fund Account records.

² Finance Manual 2005 – section 18.1.3

Recommendations

- **The Ministry should prepare RFA reconciliations on a monthly basis.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Management Comments

No comments received

15.7 Unexplained Account Balance

The Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.³

Verification of the FMIS records revealed that account allocation 1–16000–00000–910000 - *Accumulated surplus/deficits* had a debit balance of \$251,648.64. The Ministry was not able to provide any details about this account balance.

As such, the audit was unable to substantiate the balance for allocation 1–16000–00000–910000 - *Accumulated surplus/deficits*.

Recommendation

The Ministry should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences.

Management Comments

No comments received

15.8 Leave Liability

Agencies must keep accurate and up to date records of all leave and other employee entitlements.⁴

As at balance date, the Ministry had annual leave liability of approximately \$38,854. Records for long service leave due to staffs were not provided for audit by the Ministry. As a result audit was unable to determine the long service leave not utilized or calculate leave liability including long service leave as at 31/12/10.

It is important that scheduling of leave is carried out on a regular basis as an internal control mechanism. The findings indicate that the Ministry lacks proper administration and management of leaves. This may result in Ministry compensating for unutilized leaves days when Officers resigns or retire from the service.

Recommendations

³ Finance Manual 2005 – Section 18.1.3

⁴ Finance Instruction 2010 – Section 54

- **The Ministry should ensure that officers utilize their leave when its due and only 10 annual leave days is carried forward to next leave year.**
- **The Administrative Officer should ensure that leave records are kept up to date including long service leaves.**

Management Comments

No comments received

15.9 Sale of Production of Films

The Ministry of Information, National Archives and Library Services receive revenue from the sale of production of films. The Film and TV unit sells each DVD for \$20 to public.

For the past five years, the Ministry's revenue from sale of production has been decreasing significantly. Refer to Table 15.4 below for examples.

Table 15.4: Decline in the Sale of Production of Films

Year	Amount \$
2006	28,140
2007	18,143
2008	9,487
2009	3,713
2010	2,574

Discussion with the staff in the Unit revealed that there is no means to control the reproduction of their copyrighted discs by the public or local video libraries. This has contributed towards the decline in sales for the past five years.

Ministry officials are aware of dubbing controlled machine that are available in the market but stated that acquisition of the machine is hindered by financial constraints. As a result, Government is deprived of its potential revenue.

Recommendations

- **The Ministry should consider other avenues such as creating more awareness to public about its products in order to increase its sales volume.**
- **The Ministry should put stringent policies in controlling reproduction of its DVDs.**

Management Comments

No comments received

Section 16

Ministry of Strategic Planning, National Development and Statistics

Programme Statement

The Ministry comprises of National Planning Office (NPO) and the Fiji Bureau of Statistics (FBOS). The National Planning Office co-ordinates and monitors all development efforts and formulates and monitors the implementation of the National Development Plan and Strategies. It provides policy advice on macroeconomic, sectoral and human resource issues, undertakes economic aggregate forecasting, formulates the Public Sector Investment Programmes, coordinates Government reform agenda, coordinates manpower planning particularly in the identification of priority areas, chairs and provides secretariat service to the Development Sub Committee and other government committees.

The major roles of FBOS are to collect, compile, abstract and publish statistical information relating to the commercial, industrial, agricultural, social, economic and general activities and conditions of the people of Fiji in a timely and coherent manner. The Department organises a coordinated scheme of the social and economic statistics relating to Fiji, and conduct a Census of the population of Fiji and Household surveys as required. FBOS collaborates with government departments and other agencies in the collection, abstraction, analysis and publication of statistical records.

Table of Contents

PART A: FINANCIAL STATEMENTS	2
16.1 Audit Opinion	2
16.2 Statement of Receipts and Expenditure	2
16.3 Appropriation Statement	3
PART B: AUDIT FINDINGS	3
NATIONAL PLANNING OFFICE	3
16.4 Non Payroll Expenditure	3
16.4.1 Irregularity in Payments Process	3
16.4.2 Over-Expenditure	5
16.4.3 Extravagant spending towards year end	6
16.4.4 Non-submission of Statement of Losses	7
16.5 Intergrated Human Resource Development Programme (IHRDP)	7
FIJI BUREAU OF STATISTICS	10
16.6 Excessive Leave of Officers	10
16.7 Outstanding Accountable Advances	11
APPENDICES	12
Appendix 16.1: Examples Of Purchases Without Permanent Secretary Authority	12
Appendix 16.2: Project Costs For The Tailevu South Pilot Prject (Tspp)	13
Appendix 16.3: Examples Of Outstanding Accountable Advance With Credit Balances	15

PART A: FINANCIAL STATEMENTS

16.1 Audit Opinion

The audit of the 2010 accounts of the Ministry of Strategic Planning, National Development and Statistics resulted in the issue of a qualified audit report. The qualification is as follow:

The financial statements were not presented in accordance with Financial Management Act. The Ministry did not provide for audit, the Statement of Losses contrary to section 71(1) of the Financial Instructions 2010.

16.2 Statement of Receipts and Expenditure

The Ministry incurred a total expenditure of \$6,633,930 in 2010. In 2009, the accounts of the Ministry were under the Ministry of Finance Head 4.

Table 16.1: Statement of Receipts and Expenditure in 2010

Description	2010 (\$)	2009 (\$)
RECEIPTS		
State Revenue		
Operating Revenue	22,312	266
Investing Revenue	86	---
Total State Revenue	22,398	266
Agency Revenue		
Board Member	25,634	---
Miscellaneous Revenue	6,338	1,541
Sales of Publications	2,647	2,552
Total Agency Revenue	34,619	4,093
TOTAL REVENUE	57,017	4,359
EXPENDITURES		
Operating		
Established staff	2,378,328	2,525,242
Government Wage Earners	101,379	93,088
Travel & communication	193,716	160,011
Maintenance & Operations	253,187	243,755
Purchase of goods & services	132,171	91,096
Operating grants & transfers	10,048	10,281
Special expenditures	2,226,796	2,348,427
Total Operating Costs	5,295,625	5,471,900
Capital Expenditure		
Capital Grants & Transfers	980,200	---
Total Capital Expenditure	980,200	---
Value Added Tax	358,105	390,025

Description	2010 (\$)	2009 (\$)
TOTAL EXPENDITURES	6,633,930	5,861,925

16.3 Appropriation Statement

The Ministry incurred expenditures totalling \$6,633,930 in 2010 against the budget of \$7,403,936 resulting in a savings of \$770,006 or 10%.

Details of expenditures against the budget estimates are provided in Table 16.2.

Table 16.2: Appropriation Statement for 2010 – Head 4

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,557,900	(6,500)	2,551,400	2,378,328	---	173,072
2	Unestablished Staff	103,500	6,500	110,000	101,379	---	8,621
3	Travel & Communication	188,900	(1,490)	187,410	193,716	---	(6,306)
4	Maintenance & Operations	268,800	14,660	283,460	253,187	---	30,273
5	Purchase of Goods & Services	115,600	(13,170)	102,430	132,171	---	(29,741)
6	Operating Grants & Transfers	20,000	---	20,000	10,048	---	9,952
7	Special Expenditure	3,265,800	(596,464)	2,669,336	2,226,796	---	442,540
	Total Operating Costs	6,520,500	(596,464)	5,924,036	5,295,625	---	628,411
	Capital Expenditure						
10	Capital Grants and Transfers	3,000,000	(2,000,000)	1,000,000	980,200	---	19,800
	Total Capital Expenditure	3,000,000	(2,000,000)	1,000,000	980,200	---	19,800
13	Value Added Tax	479,900	---	479,900	358,105	---	121,795
	TOTAL EXPENDITURE	10,000,400	(2,596,464)	7,403,936	6,633,930	---	770,006

An amount totalling \$2,596,464 from an initial budget of \$10,000,400 was redeployed to other Ministries and Departments in 2010.

PART B: AUDIT FINDINGS

NATIONAL PLANNING OFFICE

16.4 Non Payroll Expenditure

16.4.1 Irregularity in Payments Process

A local purchase shall be issued when procuring any goods, services or works from an organisation within Fiji, unless a contract or agreement has been entered to.¹ Any issue of Purchase Orders after

¹ 2.5.1 of Profoma Finance Manual 2011

the 03/12/2010 should be approved by the Permanent Secretary of the Agency and confined to essential goods and services only such as fuel and oil, rations, emergency hospital requirements, hiring of boats and vessels in exceptional circumstances, etc.² Payments are to be processed using invoices only and not through Pro-forma invoices or a statement.³

A surcharge must be imposed on an officer who is directly or indirectly responsible for expenditure which has not been authorised in accordance with the law.⁴

Our audit noted that various purchases were made during 30th and 31st December without the issuance of the local purchase order after issuance of LPOs had been closed. Tabulated below are some examples.

Table 16.3: Irregular Payments

Date	Cheques No.	Amount (\$)	Particulars
30/12/2010	17791	9,495	Payment to Datec Fiji for the purchase of 5 HP 6000 PRO Notebook PC.
30/12/2010	17800	3,960	Payment to Top Energy for electrical wiring & installation of new conference room
31/12/2010	17830	2,100	Payment to Jacks of Fiji for Fijian artefacts to beautify the conference room.
31/12/2010	17851	2,900	Payment to HOMELCO for supplying a 42 inch flat screen TV for the conference room
31/12/2010	17802	700	Payment to Brij Lal for a S1600 Finepix Digital camera.
31/12/2010	17848	9,495	Payment to Datec Fiji for the purchase of 5 HP 6000 PRO Notebook PC for staffs to replace slow machines.

The following anomalies were noted:

- There was no Need Analysis report prepared to support the purchases of the desktop computers. During the audit, two of the ten desktop computers that were bought were still packed in cartons kept with the IT officers at the FMIS office.
- Payment were not authorised by the Permanent Secretary but made on directives given on flying minutes by the Acting Principal Administration officer where the Assistant Accountant was requested to issue the cheques. Moreover, these payments were made on Pro-forma invoices. Refer to Appendix 16.1 for examples.
- There have been over expenditure incurred for *SEG 5 - Purchases of Goods and Services* for the expenditure allocations that was charged for these purchases.

This indicates a total disregard of directives from the Finance Manual and the Finance Circulars which were issued for safeguarding and minimising wastage and loss of government funds. In addition, it reflects the weak internal control procedures and supervisory role governing the authorising of the payments process at the National Planning Office.

Recommendation

- **The Ministry should adhere to standing financial regulations covering procurements and practice prudent finance management and control.**

² 7.1.3 Finance Circular 13/2010 2010 Closing of Accounts Procedures

³ 2.0 Finance Circular No. 15/2010

⁴ Part 11 s63(1)(a) Finance Instruction 2010.

- **Surcharge actions should be taken against responsible officers.**

Ministry's comments

No comment

16.4.2 Over-Expenditure

Each year the Appropriation Act and the Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency. 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 Cabinet.⁵ Agencies must ensure that there is no over-expenditure and that the accounts are paid and charged correctly to allocations within the 2010 financial year.⁶

A surcharge must be imposed on an officer who is directly or indirectly responsible for expenditure which has not been authorised in accordance with the law.⁷

The National Planning Office overspent the allocated budget for Standard Expenditure Group (SEG) 3 (Travel and Communications) and 4 (Maintenance & Operations and 5 Purchase of Goods and Services).

Table 16.4: Over-spending by SEGs

SEG	Revised Budget Amount (\$)	Actual Expenditure (\$)	Overspending (\$)
3. Travel & Communications	69,110	92,407	(23,297)
4. Maintenance & Operation	77,060	82,336	(5,276)
5. Purchase of Goods & Services	29,930	79,879	(49,949)

Our audit noted that SEG 7 - Special Expenditure allocation was used to facilitate payments towards the end of the year and charges were later transferred to Purchase of Goods and Services allocation resulting in over spending on the allocations as tabulated above.

The Acting Principal Administration Officer stated that payments with regards to the conference room was approved by the Permanent Secretary and therefore had to be sourced from within SEG 7, however no written approval was provided to substantiate this claim.

This is a result of poor financial planning and abuse of procurement process.

Recommendation:

- **Directives issued by the Permanent Secretary of Finance through the Finance Circulars should be adhered to.**
- **The Office should utilise the virement authority to move funds to other allocations and not use funds as reported in this case.**

⁵ Part 3 Division 1 s7 Finance Instruction 2010.

⁶ 7.1.2 Finance Circular 13/2010 2010 Closing of Accounts Procedures

⁷ Part 11 s63(1)(a) Finance Instruction 2010.

Ministry's Comments*No comment***16.4.3 Extravagant spending towards year end**

Any issue of Purchase Orders after the 03/12/2010 should be approved by the Permanent Secretary of the Agency and confined to essential goods and services only such as fuel and oil, rations, emergency hospital requirements, hiring of boats and vessels in exceptional circumstances, etc.⁸

Our audit noted that in December of 2010, the National Planning Office spent a total of \$638,933. In the last week alone, from the 27th – 31st, the agency spending totalled \$326,416.29 or 51% of the total spent in December.

Table 16.5: Total spending in December

Cheque Date	Total Cheques Issued	Cheques No.	Total Amount Paid (\$)	Cheque Date	Total Cheques Issued	Cheque No.	Total Amount Paid (\$)
2/12/10	6	17602 – 17607	9,544.00	17/12/10	6	17696 - 17701	5,392.14
3/12/10	11	17608 – 17618	6,005.55	20/12/10	8	17702 - 17709	7,367.95
6/12/10	13	17619 - 17631	8,432.65	21/12/10	12	17710 - 17721	29,406.45
7/10/10	4	17632 - 17635	1,086.00	22/12/10	6	17722 - 17729	63,329.90
8/12/10	9	17636 - 17644	6,160.55	23/12/10	17	17730 - 17746	27,389.12
9/12/10	12	17645 - 17656	8,819.41	24/12/10	8	17747 - 17754	1,785.46
10/12/10	3	17657 - 17659	768.02	26/12/10	2	17755 - 17756	28,433.72
13/12/10	4	17660 - 17663	412.20	27/12/10	4	17757 - 17760	24,777.00
14/12/10	11	17664 - 17674	20,758.71	28/12/10	3	17761 - 17763	1,855.53
15/12/10	7	17675 - 17681	29,661.11	29/12/10	16	17764 - 17779	56,863.51
16/12/10	14	17682 - 17695	57,763.94	30/12/10	21	17780 - 17801	61,111.79
				31/12/10	48	17802 - 17895	181,808.46
Total					245		638,933.07

It was also noted that at year-end that the un-presented cheques for the National Planning Office totalled \$274,722. This confirms the observation raised above that spending is still concentrated towards the end of the year which contributes to a strain in the following year's cash flow when cheques are presented.

Despite stern reminders issued through the Finance Circulars, excessive spending at year end continued.

This implies poor financial planning and the year end rush to procure goods and services just to use up surplus funds and results in uneconomical purchases, overstocking of goods and abuse of procurement procedures.

Recommendation:

- **Directives issued by the Permanent Secretary of Finance through the Finance Circulars should be adhered to.**

⁸ 7.1.3 Finance Circular 13/2010 2010 Closing of Accounts Procedures

- **Part 11 section 63(1)(a) of the Finance Instruction 2010 should be adhered to.**

Ministry's comments

No comment

16.4.4 Non-submission of Statement of Losses

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

- (a) a statement of receipts and expenditure;
- (b) a profit and loss statement for each trading and manufacturing activity (where applicable);
- (c) an appropriation statement;
- (f) a statement of losses;⁹

All Permanent Secretaries shall appoint a Board of Survey annually to determine whether government plant, equipment and inventories under his or her control are (a) in working condition or serviceable; (b) unserviceable or obsolete; or (c) surplus to the requirements of that agency. Upon submission and for consideration of the recommendations of the Board of Survey Report, the Permanent Secretary for Finance may authorise the disposal of inventories by destruction in such a manner as the Permanent Secretary for Finance may direct.¹⁰

The Board of Survey for the Ministry has not been conducted for 2010 and audit could not determine the status of the equipment and inventories during the year.

As a result, the Statement of Losses to be prepared by the Ministry as required under Finance Instruction 2010 under section 71(f) was not prepared.

The Ministry's failure in conducting Board of Surveys in a timely manner and the disposal of the unserviceable items which is to be shown in the Statement of Losses is an omission and constitute non compliance of the Agency's Financial Statement.

Recommendation

- **The Ministry should ensure that the Statement of Losses are disclosed in the Agency Financial Statements as required under Section 71(f) of Finance Instruction 2010.**
- **The Ministry should undertake Annual Board of Survey.**

Ministry's Comments

16.5 Intergrated Human Resource Development Programme (IHRDP)

One of the outputs of the Ministry of National Planning is the coordination and monitoring of the Integrated Human Resource Development Programme (IHRDP) implementation.¹¹

⁹ s71(1) Finance Instructions 2010:

¹⁰ s52: 2 (d) Procurement Regulations 2010,

¹¹ Ministry of National Planning, Annual Corporate Plan 2010, output 5, page 16

The programme is designed to address the whole issue of ‘unemployment’ in a holistic way by combining efforts of the public, private and civil society sectors.¹² Refer to table for criteria of the assistance under the IHRDP programme.

Table 16.6: Criteria for IHRDP Programme

No.	Criteria	Qualification
1.	Socio Economic Situation in Target Area	<ul style="list-style-type: none"> • Minimum 20% Unemployment in area • Less than \$80 Income per person/week in area
2.	Objective of the Project	<ul style="list-style-type: none"> • Employment/ Income Generation • Minimum 10 jobs created (Direct + Indirect) • Achievement of minimum wage for all those directly involved within 12 months
3.	Local Ownership & Drive either communally or individually	<ul style="list-style-type: none"> • Local/traditional institutional support • Community/Individual Investment in Project
4.	Commercial Sustainability	<ul style="list-style-type: none"> • Business Plan • Feasibility Study • Positive cash flow within 6 months of operation • Partnerships – Public, Private and Civil Society sectors
5.	Time line for construction/development	<ul style="list-style-type: none"> • Maximum 6 months for construction
6.	Management & HR Capacity	<ul style="list-style-type: none"> • Local Management Team Identified • Business Competency / Mentoring available
7.	Available Training & Back-up Support	<ul style="list-style-type: none"> • Training Plan in Place
8.	Government Assistance History	<ul style="list-style-type: none"> • Record of any previous assistance from Government over the last three years
9.	Compliance with Environment Law	<ul style="list-style-type: none"> • Environment Impact Assessment/ Environment Management Act.
10.	Monitoring Mechanism	<ul style="list-style-type: none"> • To be put in place – IHRDP to take lead role and work with Ministry of National Planning to provide reports to relevant stakeholders.
11.	Funding Limits	<ul style="list-style-type: none"> • Projects will be funded as per merit and in accordance with the need on the ground. IHRDP will fund a maximum of 75% of the total project cost with the rest to be determined whether it comes in the form of cash or kind from the recipients.
12.	Distribution of Projects	<ul style="list-style-type: none"> • There will be equal intervention in all divisions subject to funds available and the need for projects.

The Ministry has spent almost \$2.6 million over the three year period since 2008. Refer to the table 16.7 for details.

Table 16.7: Expenditure on IHRDP

Year	Revised Budget (\$)	Actual Expenditure (\$)
2010	1,165,436	870,213
2009	1,227,327	838,550
2008	1,109,645	887,964
Total	\$3,502,408	\$2,596,727

¹² IHRDP Annual Work Programme - 2010, page 1

Our audit noted that the projects funded under the programme from 2008 failed to sustain their operations and continued to rely on funding from the Ministry itself.

A report by the Cooperative Department for their site visit noted the following observations:

“The Nausori bakery, the Nadali piggery and the Namono farm, in September 2010 showed that these projects were facing difficulties in their business venture operation. For example, in the Nausori bakery, there were no baking ingredients and equipments were lying idle. For the Nadali piggery, of the 47 pigs supplied under the programme, 19 pigs died and materials provided for the fences were still locked away. As for the Namono farm, the land provided by the programme was still lying idle while all other farming equipments have been distributed to the youths which could not be verified.”

Value for money may have not been obtained for funds totalling \$26,713 used for 5 projects as detailed in Appendix 17.2.

In addition, the Bouma mini-van project, which was granted \$35,000 from IHRDP in 2009, received an additional \$3,236 in the form of loan repayment for their arrears with ANZ bank.

The audit also noted that there was a lack of documentary evidence of project costs incurred under the programme and proper filing of documents in the respective project files as requests made for total actual project costs as at 31 December 2010 were futile.

Furthermore, the Ministry did not take any initiative to assess the financial performance of these business ventures as the monitoring and evaluation carried out did not focus on the financial viability of the projects.

As such the Ministry could not determine whether the programme has been effective in terms of meeting the objectives and goals of the IHRDP whereby for these ventures to be self reliant in operation.

Recommendation

The Ministry should ensure that:

- **a project register containing information such as date of initiating a project, costs, resources contributed and its operational status is opened;**
- **Regular monitoring is undertaken for all projects; and**
- **review mechanisms which have not been effective are to be streamlined and improved to ensure that the objectives of IHRDP are being met.**

Ministry's Comments

A register has been opened whereby all projects such as date of initiation, costs resources contributed etc. are shown. We're streamlining the IHRDP Projects with the respective Commissioners (Eastern Central/ Western and Northern) under the Integrated Rural Development Framework. This means that projects under IHRDP will be prioritised with the approval of the respective commissioners to ensure that funds under IHRDP are fully utilized.

FIJI BUREAU OF STATISTICS

16.6 Excessive Leave of Officers

There should be no reason or justification for the accumulation of annual leave beyond what is permissible, nor payment of compensation in lieu, if leave were properly administered. Under no circumstances should officers be required to carry over more than ten working days of leave entitlement from one leave year to the next.¹³

Heads of Department are urgently requested to ensure that all officers utilise their annual leave when due and that proper planning of utilisation of annual leave is undertaken and maintained.¹⁴

Our review noted that most officers have excessive annual leave which are due to them and indicates that leave have not been properly administered. Refer below for examples for Officers have excessive annual leave contrary to the PSC Circular 48/2008.

Table 16.8: Excessive annual leave due to officers

EDP #	Name of Officer	Designation	Annual Leave days due	Annual Salary (\$)	Monetary Value (\$)
61859	Ashneil Bobby Karan	Acting Admin Officer	32.5 days	20,335	1,810.65
44345	Epeli Waqavonovono	Chief Statistician	59.5 days	48,354	7,882.36
19953	Lemeki Takalaivuna	Accounts Officer	31.25 days	22,799	1,951.97
63502	Mitieli Cama	Statistical Officer	33.5 days	10,412	955.62
64773	Nitesh Chand	Statistical Officer	30 days	15,689	1,289.51
47592	Peni Waqawai	Assistant Statistician	75 days	19,003	3,904.73
63513	Rajnesh Narayan	Statistical Officer	39.5 days	10,412	2,820.52
48860	A.Toga Raikoti	Principal Statistician	50 days	35,466	4,858.36
19635	Chand Prakash	Assistant Statistician	35 days	19,003	1,822.21
58452	Elenoa Kikau	Assistant Statistician	24 days	15,689	1,031.61
62626	Kiran Naidu	Statistical Officer	37.5 days	10,412	1,069.73
41249	Lice Ratatagia	Assistant Statistician	34.5 days	15,001	1,417.90
62624	Navilini Singh	Assistant Statistician	35 days	20,335	1,949.93
63501	Nileshni Narayan	Assistant Statistician	38.5 days	15,689	2,144.92
62954	Sera Bose	Assistant Statistician	35.5 days	15,689	1,525.92

Accumulation of leave increases liability to the Department and may become a financial burden should circumstance arise when Officer do leave the service.

Recommendations:

The Department should ensure that officers do take their annual leave and not to be accumulated contrary PSC Circular 48/2008 with minimal disruption to the work plan.

Ministry's Comments

We admit that some of the officers have accumulated more than ten working days. Officers will be informed to utilize their excessive annual leave.

¹³ 4.0 PSC Circular 48/2008 dated 04/11/08 Effective Leave Administration

¹⁴ 5.0 PSC Circular 48/2008 dated 04/11/08 Effective Leave Administration

16.7 Outstanding Accountable Advances

Travelling advances must be recouped within 7 days of the completion of travel by the submission of a voucher with documents to support the claim.¹⁵ Where a travelling advance has not been fully expended, it must be repaid to the agency within 7 days of the completion of the travel.¹⁶ Where a travelling advance is not cleared within 7 working days of the completion of the travel, recovery must be made from the concerned officer's salary within 6 fortnights.¹⁷

Scrutiny of the departments Revolving Fund Account reconciliation revealed outstanding advances from 2000 to 2009 with a credit balance of \$3,798.24. This is tabulated in Appendix 16.3.

The Department has failed to follow up with its staff to retire their advances when due. According to the officer in charge, supporting documents for these advances need to be reviewed so that necessary adjustments can be made.

Funds that could be effectively utilized by the Department in other areas are unnecessarily held up in these advance accounts when they are not promptly cleared.

Recommendation:

The department should review these accounts and advise officers who have outstanding amounts on the status of their advances.

Ministry's Comments

Detail review of the all accounts and necessary adjustment to be carried out as recommended.

¹⁵ Finance Instructions section 44 (3)

¹⁶ Finance Instructions section 44 (4)

¹⁷ Finance Instructions section 44 (5)

APPENDICES**Appendix 16.1: Examples Of Purchases Without Permanent Secretary Authority**

Date	Chq No	Amount (\$)	Particulars
30/12/2010	17785	3,199	PO No – N/A Voucher No – 2288 Invoice No – IN00002798 [Pro-Forma Invoice] Minute written by the A/PAO on the 30/12/2010 to AAO. No PS or DPS approval obtained for the purchase of a laptop from DATEC.
30/12/2010	17791	9,495	PO No – N/A Voucher No – 2287 Invoice No – IN00002799 [Pro-Forma Invoice] Minute written by the A/PAO on the 30/12/2010 to AAO. No PS or DPS approval obtained for the purchase of 5 personal computers from DATEC.
30/12/2010	17800	3,960	PO No – N/A Voucher No – 2308 Invoice No – Minute dated 30/12 Minute written by the A/PAO on the 30/12/2010 to AAO. No PS or DPS approval obtained for the payment to Top Energy for electrical works carried out in the conference room.
30/12/2010	17801	7,564.78	PO No – N/A Voucher No – 2305 Invoice No – Minute dated 30/12/10 [Pro Forma invoice] Minute written by the A/PAO on the 30/12/2010 to AAO. No PS or DPS approval obtained for the payment to XEROX centre for intensive maintenance.
30/12/2010	17807	27,991.13	PO No – N/A Voucher No – 2314 Invoice No – Minute dated 30/12/10 [Pro Forma invoice] Minute written by the A/PAO on the 30/12/2010 to AAO. No PS or DPS approval obtained for the payment to Professional Electronics for conference type set up sound system.
31/12/10	17830	2,100	PO No – N/A Voucher No – 2347 Invoice No – Minute dated 31/12/10 [Pro Forma invoice attached] Minute written by the A/PAO on the 31/12/2010 to AAO. No PS or DPS approval obtained for the payment to Jacks of Fiji for Fijian artifacts to beautify the conference room.
31/12/10	17848	9,495	PO No – N/A Voucher No – 2536 Invoice No – Minute dated 31/12/10 Approval by A/PAO for the purchase of another 5 personal computers on the 31/12/2010 on minute from System analyst
31/12/10	17851	2,900	PO No – N/A Voucher No – 2537 Invoice No – Minute dated 31/12/10 Minute written by the A/PAO on the 31/12/2010 to AAO. No PS or DPS approval obtained for the payment to Homelco LTD for supplying a Philips 42 inch LCD Flat Screen television for the conference room at level 2.

Appendix 16.2: Project Costs For The Tailevu South Pilot Project (Tspp)

Date	Payee	Details	Amount (\$)
<i>Vunimono Industrial Kitchen</i>			
30/08/10	RB Patel	Purchase of Supplies for Vunimono Kitchen	81
24/09/10	Shop N Save	Purchase of Ingredients-Vunimono Kitchen	1,341
08/10/10	RB Patel	Purchase of Kitchen Appliances-Vunimono Kitchen	1,386
24/09/10	Vunimono Kitchen	A/Advance	418
19/10/10	Blue Gas	Purchase of Gas Cylinder for Nausori Bakery	340
	Water Solution	Purchase of Water Tank-Vunimono Kitchen	590
26/10/10	Morris Hedstrom	Ingredients-Vunimono Kitchen	321
27/10/10	Shop N Save	Ingredients-Vunimono Kitchen	2,502
	Fiji Gas	Refill Gas Tank-Vunimono	179
08/11/10	Brijlal & Co Ltd	Purchase of Cash Register for Vunimono and Nausori Bakery	650
18/11/10	Vinod Patel	Purchase of items for Vunimono and Nausori Bakery	341
24/11/10	Delta Timbers	Renovation of Vunimono Kitchen	995
Total cost for the Vunimono Kitchen			9,144
<i>Nausori Village Bakery</i>			
04/10/10	RB Patel	Ingredients-Nausori Bakery	200
19/10/10	Blue Gas	Purchase of Gas Cylinder for Nausori Bakery	340
02/11/10	Morris Hedstrom	Purchase of Ingredients-Nausori Bakery	399
08/11/10	Rewa Dairy	Ingredients for Nausori Bakery	1,099
08/11/10	Flour Mills of Fiji	Purchase of Flour for Nausori Bakery	1,771
08/11/10	Brijlal & Co Ltd	Purchase of Cash Register for Vunimono and Nausori Bakery	650
18/11/10	Vinod Patel	Purchase of items for Vunimono and Nausori Bakery	236
24/11/10	Nahari Electric	Purchase of Hot Water Urn	538
03/12/10	Narsey Plastic Industries	Purchase of Plastic Bags for Nausori Bakery	143
03/12/10	Shop N Save	Purchase of ingredients-Nausori Bakery	795
09/12/10	Morris Hedstrom	Purchase of ingredients for Nausori Bakery	160
21/12/10	Flour Mills of Fiji	Purchase of Ingredients-Nausori Bakery	1,044
Total cost for the Nausori Village Bakery			7,375
<i>Nadali Village Piggery Project</i>			
18/10/10	Pacific Feeds	Purchase of Feed-Nadali Piggery	720
08/11/10	Pacific Feeds	Purchase of Feed-Namono& Nadali	730
09/12/10	Pacific Feeds	Purchase of Pig Feeds for Koroibici and Nadali Farms	1,440
Total cost for the Nadali Piggery Project			2,890
<i>Naluwai Chicken Farming Project</i>			
5/5/2010	RC Manubhai	Materials-Naluwai Chicken Farm	1,255
2/6/2010	Pacific Feeds	Purchase of broiler and layer birds-Naluwai	3,907
18/10/10	Pacific Feeds	Purchase of Feed-Naluwai	875

Date	Payee	Details	Amount (\$)
18/10/10	Pacific Feeds	Purchase of Egg Trays	70
21/10/10	Water Solution	Water Tank-Naluwai	295
Total Project cost for the Naluwai Chicken Farming Project			6,402
<i>Namono Farming Project</i>			
26/08/10	Vinod Patel	Purchase of Fencing Material-Namono Fish Pond	642
08/11/10	Pacific Feeds	Payment/Purchase of Feed-Namono& Nadali	260
Total cost for the Namono Farming Project			902
Grand Total of the Projects			26,713

Appendix 16.3: Examples Of Outstanding Accountable Advance With Credit Balances

Date	Particulars	Amount (\$)	Remarks
31/03/05	Advance for Rakanace	8710.00	Advance given
31/12/05	Clearance for advance for Rakanace	(7975.10)	Refer advance for \$8710.00
31/12/05	Clearance for Rakanace (Double Posting)	(7975.10)	Refer advance for \$8710.00
31/12/05	Reimbursement for Suva (Rakanace)	333.00	9737.80
31/12/05	Reimbursement for Suva	694.80	
31/12/05	Clearance of advance for Serevi	(2311.75)	Double Posting
30/07/05	Advance for Nadi s/r 4	4497.50	
30/07/05	Advance clearance for Nadi s/r/4 (GS)	(605.00)	
30/07/05	Advance clearance for Nadi s/r/4 (GS)	(3992.50)	
30/07/05	Advance for Samuela	7915.00	
31/12/05	Clearance for Samuela	(9395.00)	Refer advance for \$7915.00
31/10/05	Advance clearance for Luisa	(450.00)	
31/10/05	Advance clearance d/posting for Luisa	(450.00)	
31/10/05	Advance clearance for Suji (Reimbursement)	(15434.75)	
31/10/05	Advance clearance for Suji (d/posting)	(15434.75)	
31/10/05	Advance clearance for Serevi	(314.30)	
31/10/05	Advance clearance for Serevi (d/posting)	(314.30)	
31/10/05	Advance clearance for Semi	(60.00)	
31/10/05	Advance clearance for Semi (d/posting)	(60.00)	
31/10/05	Advance clearance for Alipate	(15.00)	
31/10/05	Advance clearance for Alipate (d/posting)	(15.00)	
31/10/05	Advance clearance for Sosiveta	(52.50)	
31/10/05	Advance clearance for Sosiveta (d/posting)	(52.50)	
31/03/08	Clearance of Advance-Sera Bose	(127.50)	Inv 0259
31/03/08	Clearance of Advance-Sera Bose	(107.41)	Inv 0259
30/12/06	Advance for Nilima (ticket)	3300.62	
31/12/08	Clearance of A/advance for 2006	(3505.52)	JV#80/12(rr#756491)Nilima reimburse air fare
30/09/08	Clearance for Sujit Kumar-sub rnd 2	(2961.96)	Rr 756970
31/12/08	Being clearance of a/advance iro Sujit Kumar for S/R 2 HIES	2961.76	JV 5/12
20/03/01	Revenue lodged on 20/03/01 was \$32.52 but Finance posted \$32	(0.30)	
31/12/02	Revenue for December wrongly posted by MOF	(38.13)	
31/08/05	Advance for Suva s/r/4	3675.00	
31/12/05	Clearance for Rakanace	(2889.00)	
31/12/05	Clearance for Suva	(20.00)	Rr#756159 of 02/11/09(Clearance labour force/Suv-S/R4 Lot 6-71
31/08/05	Advance clearance for Sio and Rakanace	(855.00)	
31/10/05	Advance clearance for Litia (d/posting)	(2514.29)	
31/12/00	Advance clearance	(1304.30)	
31/12/00	Finance Posting	31.20	
31/12/00	Finance Posting	64.20	
31/10/01	A/advance – S Narayan	120.00	
31/12/01	Adjustment	10.00	
31/12/02	A/advance S Ratavola	0.50	
31/01/02	A/advance P Naimila	32.00	
31/05/02	Clearance of A/advance S Bose	(130.00)	
30/06/02	A/advance L Vakadewabuka	307.26	

Date	Particulars	Amount (\$)	Remarks
30/06/02	A/advance P Waqawai	(50.00)	
31/12/02	A/advance S Bose	(120.00)	
04/03/02	A debit posting by MOF	33.42	
30/01/02	Bank adjustment refer to Jan Bank stmt of 30/01/02	0.50	
31/07/02	Amount on cheque no 5730 was \$6993.73, it should read \$6993.70	(0.03)	
31/03/03	A/advance to S Ratavola	7.50	
31/07/03	A/advance – T Bainimarama	15.39	Still to clear
30/11/03	A/advance	148.00	
30/11/03	A/advance S Baleidrokadroka	150.00	
31/11/03	Wrong Posting	(70.00)	
31/12/03	HIES –Reimbursement – Jone Senibici	72.50	
31/12/03	HIES –Reimbursement – L Senikau	105.00	
31/12/03	A/advance S/R2 Suva	854.04	
31/12/03	A/advance S/R2 Labasa	157.00	
31/12/03	Posting by MOF	10.00	
31/12/03	Clearance – HIES recovery	(257.85)	
31/12/03	Clearance – HIES recovery	(491.85)	
31/12/03	Clearance – HIES recovery	(274.85)	
31/12/03	Clearance – HIES recovery	(270.53)	
31/12/03	Reimbursement - Jone Senibici	(7.50)	
31/01/04	HIES A/advance 4th s/round – Druma Mar	(541.01)	Original advance was \$17,455.00
31/01/04	HIES A/advance 4th s/round – Sera Bose	5.00	
31/01/04	HIES A/advance 4th s/round – Samuela R	30.00	
31/01/04	A/advance Miliika Salacakau	15.00	Paid \$7.50 on 09/02/04
31/01/04	Clearance of advance Mohammed S Hakim	(17.00)	
31/01/04	Clearance of HIES a/advance – other HIES Staff – Suva	(253.45)	
31/01/04	Clearance if HIES advance – Taniela	(4.36)	
31/03/04	A/advance Peniasi Nasilivata	(59.11)	Pay 15/04
31/03/04	A/advance Peniasi Nasilivata	(177.33)	Refer d/posting for pay 14,15,16,17/04
31/05/04	A/advance HIES Suva S/R/4	638.51	
31/05/04	Reimbursement of expenses – Lemeki	64.00	
31/05/04	Reimbursement of expenses – Mitieli Cama	82.50	
30/06/04	Recovery from Rajesh Lal for HIES S/R/4	(20.00)	Refer VR 1264 of June
30/07/04	Recovery from Rajesh Lal for HIES S/R/4	(20.00)	Refer VR 1287 Of July
30/07/04	Recovery from Rajesh Lal for HIES S/R/4	(20.00)	Refer to VR 1321 OF July
30/07/04	Recovery from Rajesh Lal for HIES S/R/4	(20.00)	Refer to VR 1350
31/07/04	Recovery from Rajesh Lal for HIES S/R/4	(30.00)	Refer to VR 1385 Of July
31/08/04	Recovery Rajesh Lal	(20.00)	
31/08/04	Recovery Rajesh Lal	(37.50)	
31/08/04	Recovery Rajesh Lal	(17.50)	
31/08/04	Acct Advance Serevi B	0.50	
31/08/04	L/force Sub round 1 Suva	108.80	Refer to JV 85/12 & 86/12
31/08/04	L/force-Labasa	(107.50)	Refer to JV 66/12- to be reimbursed
31/08/04	L/force-Nadi	294.00	Paid by RR 755818 of 17/01/05
31/08/04	L/force-Ba	(15.00)	To be reimbursed-refer JV 64/12
31/08/04	L/force sub round 1 Ba	30.00	To be recovered from Joseva Cakobau
31/08/04	Acct advance S Narayan	(0.90)	Refer April JV
31/09/04	Acct Advance Timoci B	1017.73	
31/10/04	Double posting for Rajjeli	(68.86)	Pay 14,15/04

Date	Particulars	Amount (\$)	Remarks
31/10/04	Double posting for Peni W	(43.52)	Pay 14,15/04
31/10/04	Double posting for Toga R	(85.14)	Pay 14,15/04
31/10/04	Double posting for Asaeli	(33.64)	Pay 14,15/04
31/10/04	Double posting for Shyam	(67.02)	Pay 14,15/04
31/10/04	Double posting for Samuela (Nadi)	(96.50)	Pay 16,17/04
31/10/04	Double posting for Rakanace	(550.00)	Pay 16,17/04
31/10/04	A/advance for Litia D	300.00	Exp \$240.88, clearance \$60.48 (JV#03/01/05)
31/11/04	A/advance for Druma Mar	(0.04)	
31/12/04	Allocation adjustment	5.50	
31/12/04	Reversal of double posting	515.17	
31/12/04	Reversal of double posting	360.43	
31/01/05	A/advance for Peni Waqawai	127.50	Cleared by JV 05/01/05
31/01/05	A/advance for Asaeli R	127.50	Cleared by JV 04/01/05
31/01/05	A/advance for Sashee Nath	378.00	
31/01/05	A/advance for Sera Bose (labour force s/r 2)	(599.50)	Refer to JV 16/07 - \$2890.00 paid
31/01/05	A/advance for Samuela Ratavola	2.00	JV 19/7 (\$1819.50 paid)
31/01/05	A/advance for Sujit Kumar (labour force for s/r 2)	85.10	Refer JV 18/07 (\$2171.85 paid)
31/01/05	Reimbursement for Sera Bose	37.50	
28/02/05	A/advance	85.00	
28/02/05	A/advance clearance for Sashee Nath	(69.75)	
28/02/05	A/advance clearance for L/force s/r 1	(25.00)	
31/03/05	A/advance for Vasemaca Lewai	1665.56	
30/04/05	A/advance for Peniasi N	127.50	
13/05/05	A/Advance for L Vakadewabuka T/adv \$8452.50	15.00	Recover from Pelasio and Eremodo
30/06/05	Recovery of advance Isimeli Bose	(7.50)	
30/06/05	Clearance of advance for Lanieta	(107.50)	
30/06/05	Advance for S Ratavola	212.24	
30/06/05	Advance for Sera Bose	217.50	
30/06/05	Advance for Sera Bose	8100.00	\$870 paid
30/06/05	A/advance Suva s/r 4	2387.70	
31/12/05	Clearance for Rakanace	(2978.60)	JV 14/12/05
30/07/05	Advance clearance for Sio	(817.50)	
30/06/05	Advance for Sujit	6147.05	981.45 paid (Bal to clear)
30/06/05	Clearance of advance for Rajnesh	(2485.00)	RR#755989 of 22/06/05
30/06/05	Clearance of advance for Peniasi	(2485.00)	RR#756000 of 29/06/06
30/07/05	Advance for Ateca	50.00	Cleared by JV 02/08/05
30/07/05	Advance for Luisa	590.00	
30/07/05	Advance adjustment	136.50	
30/07/05	Clearance of advance for Lanieta	(29.00)	
30/07/05	Clearance of advance for Samuela	(545.00)	
31/08/05	Advance for Subra Mani	50.00	Exp \$59.50, reimb \$9.50 (vr 3330 of 11/08/05)
31/08/05	Advance for Lanieta	289.65	Refer \$31,532.50
31/08/05	Advance for T Bainimarama	100.00	
31/08/05	Clearance of advance for Keasi	(50.00)	
31/08/05	Clearance of advance for Keasi	(50.00)	
31/08/05	Clearance of advance for Keasi	(50.00)	
31/08/05	Clearance of advance for Keasi	(50.00)	
31/08/05	Clearance of advance for Keasi	(71.50)	
31/08/05	Clearance of advance for Keasi	(50.00)	
31/08/05	Advance clearance for Lanieta	(1607.83)	
31/08/05	Advance clearance for Sera Bose	(1105.00)	
31/08/05	Advance clearance for Sera Bose	(10.00)	

Date	Particulars	Amount (\$)	Remarks
31/09/05	Advance for Subra Mani	300.00	Cleared by JV 14/08/05
31/09/05	Advance for Esava	70.00	
31/09/05	Advance recovery for Keasi	(25.00)	
31/10/05	Adjustment	386.93	
31/12/05	Over clearance for Lanieta for advance	55.99	
31/12/05	Advance for Lanieta	6092.50	
31/12/05	Advance for Peniasi	2665.00	
31/12/05	Reimbursement for Suva	542.00	
31/12/05	Reimbursement for Labasa	85.00	
31/12/05	Recovery on advance	(260.60)	
31/12/05	Recovery on advance for Kelera	(217.50)	
31/12/05	Clearance for Sujit	(5412.10)	Jv 17/12/05
31/12/05	Clearance for Sera	(7970.00)	Jv 18/12/05
31/12/05	Clearance for Suva	(502.00)	Rr#756157 of 02/11/09-clearance for L/force
31/12/05	Clearance for Samuela	(295.00)	
31/12/05	Clearance for Litia	(59.12)	
31/07/06	Misallocation adjustment	114.00	
31/07/06	Adjustment of airfare for Nilima	(77.30)	(\$2574.68)
31/12/06	Clearance for Nilima	(207.68)	Bangkok trip
31/12/06	Adjustment for refund for Lanieta	6000.00	
	Advance for Nilima 2006	2253.00	
28/02/07	Advance recovery for Boundary Revision	(253.75)	
28/02/07	Advance recovery for Boundary Revision	(172.25)	(\$204.90)
28/02/07	Advance recovery for Boundary Revision	(139.75)	
30/10/07	Misallocation adjustment	114.00	
31/12/07	Advance clearance for Roko Gau Filimoni B	(1580.00)	
31/07/08	AR misallocation	(1.00)	Inv 309
30/11/08	Being clearance of trust fund jv #02/11	(50.00)	Recovery for Keasi
30/11/08	Advance for J Ranuku chq#15345	(152.88)	
31/12/08	Clearance for a/advance for 2006	(19.50)	Jv#80/12(RR#756232)Nilima's clearance
31/12/08	Clearance for a/advance for 2006	(117.50)	Jv#81/12(RR#756204)Lanieta's clearance EVC
31/12/08	Clearance for a/advance for 2006	(34.95)	Jv#81/12(RR#756205) Lanieta's clearance
31/12/08	Clearance for a/advance for 2006	(2547.31)	JV#82/12(RR#756314) Lanieta's clearance
31/01/09	Advance for Peniasi chq#15772	375.32	
31/05/09	Advance for Peni W chq#16231	952.17	
30/06/09	Advance for Rakanace chq#16388	3194.21	
30/11/09	Clearance of A/advance for Peni W	(102.89)	Jv# 10/10
30/11/09	Clearance of A/advance for Peni W	(102.89)	Jv# 10/10
30/11/09	Clearance of A/advance for Peni W	(308.67)	JV#04//11
30/11/09	Advance for Navilini Singh chq#17095	3990.00	
31/12/09	Clearance of A/advance for Peni W-salary deduction	(102.89)	Pay 23/09
31/12/09	Clearance of A/advance for Peni W-salary deduction	(102.89)	Pay 24/09
31/12/09	Advance for Navilini Singh chq#17131	193.50	
	Total	(3,798.24)	

Section 17 Ministry of Provincial Development, Disaster Management and Multi Ethnic Affairs

Role and Responsibilities

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

The Ministry is also responsible for Disaster Risk Management which is guided by the National Disaster Management Act. In addition, it also facilitates the preservation of different cultures in Fiji and also administers a scholarship program for Fiji's non-indigenous citizens.

Table of Contents

PART A: FINANCIAL STATEMENTS.....	2
17.1 Audit Opinion.....	2
17.2 Statement of Receipts and Expenditure.....	2
17.3 Appropriation Statement	3
PART B - AUDIT FINDINGS	4
MINISTRY OF PROVINCIAL DEVELOPMENT	4
17.4 Arrears of Revenue	4
17.5 Main Trust Fund Account	5
17.6 Unexplained Account Balances	6
17.7 Revolving Fund Account	6
17.8 Excess Annual Leave.....	7
17.9 Over Payment of Salaries	8
17.10 Accounting of Trust Funds as Revenue	9
17.11 Negative Expenditure Balance	9
17.12 Overdrawn Trust Fund Accounts	10
17.13 Motor Vehicle Quarterly Returns	12
17.14 Maintenance of Fixed Asset & Expandable Register	13
17.15 Main Trust Account – Uncleared Trust Funds.....	14
17.15.1 Unclaimed Wages	14
17.15.2 Community Contributions	14
17.16 Sugar Unit – Poor Record Keeping.....	16
17.17 Building Grant – Standard Operating Procedures.....	16
17.18 Rural Housing Unit – Poor Record Keeping.....	17
17.19 General – Acquittal Reports	19
DEPARTMENT OF MULTI - ETHNIC AFFAIRS.....	20
17.20 Agency Financial Statements.....	20
17.21 Over Expenditure	21
17.22 Overdrawn Operating Trust Fund Account	22
17.23 Excessive Leave Outstanding.....	23
17.24 Cultural Grants – Non Submission of Nausori Cultural Centre File.....	24
17.25 Cultural Grants – Suva Cultural Centre.....	24
17.26 Capital Projects – Tuvarara Road Upgrading Project	25
17.27 Scholarship – Payment of Top-Up Allowance	26
17.28 Recovery on Termination/Withdrawal	27

PART A: FINANCIAL STATEMENTS

17.1 Audit Opinion

The audit of the 2010 accounts of the Ministry of Provincial Development, Indigenous and Multi-Ethnic Affairs resulted in the issue of a qualified audit report.

The qualifications are as follows:

- The Financial statements were not presented in accordance with the Finance Management Act 2004. The Ministry of Provincial Development, Disaster Management and Multi Ethnic Affairs have not provided Statement of Losses for Department of Multi Ethnic Affairs contrary to Section 71 (1) of the Finance Instructions 2010.
- Trust Account Statement of Receipts and Payments reflects a variance of \$566,605.09 between (FMIS) general ledger and the Ministry's record.
- Account balances for the Department of Multi Ethnic Affairs could not be substantiated as records were not made available for audit.

17.2 Statement of Receipts and Expenditure

The Ministry of Provincial Development, Disaster Management and Multi-Ethnic Affairs collected revenue totalling \$1,779,034 and incurred a total expenditure of \$43,131,635 in 2010.

Table 17.1: Statement of Receipts and Expenditures for 2010

Description	2010 \$	2009 \$
RECEIPTS		
State Revenue		
License Arms	1,136	108,919
License Liquor	1,057,773	955,845
License Trading	225,961	194,886
Other State Revenue	484,379	401,542
Total State Revenue	1,769,249	1,661,192
Agency revenue		
Miscellaneous	9,785	123,768
TOTAL REVENUE	1,779,034	1,784,960
EXPENDITURES		
Operating		
Established staff	3,385,595	3,658,022
Unestablished staff	942,651	1,036,659
Travel & communication	249,052	227,337

Description	2010 \$	2009 \$
Maintenance & Operations	466,447	427,694
Purchase of goods & services	318,246	259,977
Operating grants & transfers	5,854,596	5,155,297
Special expenditures	648,463	290,528
Total Operating Expenditure	11,865,050	11,055,514
Capital Expenditures		
Capital Construction	3,597,231	3,685,446
Capital Purchases	214,129	22,884
Capital Grants & Transfers	26,756,617	9,526,244
Total Capital Expenditure	30,567,977	13,234,574
Value Added Tax	698,608	621,219
TOTAL EXPENDITURES	43,131,635	24,911,307

The total expenditure increased by \$18,220,328 or 73% in 2010 compared to 2009. The increase in expenditures for 2010 resulted from the following:

- Increase in Operating Grants and transfers by \$699,299 due to the transfer of the Sugar Unit from the Prime Ministers Office to the Ministry.
- Increase in Special Expenditure by \$357,935 due to the budget provision for Disaster Management Services in 2010.
- Increase in Capital Expenditure by \$191,245 due to budget provision for Emergency Communication Equipment in 2010.
- Increase in Capital Grants & Transfers by \$17,230,373 due to transfer of Education Building grant for Non Government Schools from the Ministry of Education to the Ministry of Provincial Development.

17.3 Appropriation Statement

The Ministry of Provincial Development, Disaster Management and Multi-Ethnic Affairs incurred expenditures totalling \$43,131,635 against the budget of \$47,296,679 resulting in a savings of \$4,165,044 or 9%.

Details of expenditures against the budget estimates are provided in Table 17.2.

Table 17.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry/ Over \$	Lapsed Appropriation \$
1	Established Staff	3,423,700	0	3,423,700	3,385,595	0	38,105
2	Government Wage Earners	953,000	6,838	959,838	942,651	0	17,187
3	Travel & Communication	306,600	0	306,600	249,052	0	57,548
4	Maintenance & Operations	512,500	0	512,500	466,447	0	46,053
5	Purchase of Goods & Services	386,000	0	386,000	318,246	0	67,754
6	Operating Grants & Transfers	7,090,900	(315,538)	6,775,362	5,854,596	0	920,766
7	Special Expenditure	765,400	(100,000)	665,400	648,463	0	16,937
	Total Operating Costs	13,438,100	(408,700)	13,029,400	11,865,050	0	1,164,350
	Capital Expenditure						

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry/Over \$	Lapsed Appropriation \$
8	Capital Construction	3,600,000	0	3,600,000	3,597,231	0	2,769
9	Capital Purchases	400,000	(155,930)	244,070	214,129	0	29,941
10	Capital Grants & Transfers	30,150,000	(472,991)	29,677,009	26,756,617	0	2,920,392
	Total Capital Expenditure	34,150,000	(628,921)	33,521,079	30,567,977	0	2,953,102
13	Value Added Tax	746,200	0	746,200	698,608	0	47,592
	TOTAL EXPENDITURE	48,334,300	(1,037,621)	47,296,679	43,131,635	0	4,165,044

In 2010, Cabinet approved the re-deployment of \$1,037,621 from Ministry of Provincial Development, Disasters Management and Multi Ethnic Affairs to other Ministries or Departments.

PART B - AUDIT FINDINGS

MINISTRY OF PROVINCIAL DEVELOPMENT

17.4 Arrears of Revenue

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

- A demand notice for payment shall be sent to the debtor after his/her debt has been overdue for more than one month;
- If the account still remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within fourteen days.¹

If a final notice had been issued to one of the debtors listed, the Accounting Head may approve that the case be referred to the Solicitor General or Small Claims Tribunal, after considering the cost implications and the probability of recovery.²

The Ministry's arrears of revenue amounted to \$507,898 as at 31/12/10. Refer to Table 17.3 below for the balances of arrears of revenue for the past five years.

Table 17.3: Arrears of Revenue for last five years

Year	Amount \$
2006	283,084
2007	455,065
2008	514,423
2009	553,729
2010	507,898

The arrears of revenue comprise of outstanding business license fee. The arrears of revenue for the Ministry have been increasing over the past few years with a small decrease noted in 2010.

¹ Ministry's Finance Manual 2005 – Section 9.2.1

² Ministry's Finance Manual 2005 – Section 9.2.4

Delay in collecting the outstanding revenue increases the risk of revenues not likely to be collected and could written-off.

Recommendation

The Ministry should take appropriate action to collect arrears of revenue.

Management Comments

The Arrears of Revenue for the Ministry has been increasing due to the following reasons:-

- i. *These businesses are located in the rural areas. Most of these businesses, after a short period of time have ceased to operate. The Ministry is not informed accordingly by the business owners thus their continuous inclusion in the Arrears of Revenue.*
- ii. *Lack of resources and manpower in the Ministry are also contributing factors to the Arrears of Revenue.*

However, the Provincial Administrators and District Officers are making every effort to determine the operating and non operating businesses.

17.5 Main Trust Fund Account

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation must be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.³

The Main Trust Fund account had a variance of \$566,605.09 between the Ministry's record and general ledger (FMIS) balance. Refer to Table 17.4 for details.

Table 17.4: Variance between Ministry's and FMIS Records

Records	2010 Closing Balance \$
Ministry	797,458.07
General Ledger (FMIS)	230,852.98
Variance	566,605.09

The above anomaly indicates the lack of account reconciliation and supervisory checks in the Accounts Section.

Recommendations

- **The Ministry should ensure that monthly reconciliations are carried out properly and accurately.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Management Comments

The Ministry balance and FMIS balance were not reconciled at the time of Auditing due to the following:-

³ Finance Circular No. 4/98 of 30/03/98

- i. *Ministry Head changed from 05 to 18. With this change most of the True Trust Accounts were not transferred to the new Head.*
- ii. *The Ministry is now working on the Reconciliations after the balance of these accounts to the new Head.*

17.6 Unexplained Account Balances

The Manager Finance is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁴

Verification of the records revealed that account allocation 1-18000-00000-91000 and 9-18000-00000-910000 (Accumulated surplus/deficits) had debit balances of \$264,143.96 and \$257,303 respectively. Details or reconciliation of these accounts were not provided for audit.

As a result the audit was unable to substantiate the balances for these allocations.

Recommendation

The Ministry should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences.

Management Comments

The two accounts in question are the Trust Accounts which the Ministry is currently reconciling.

17.7 Revolving Fund Account

The Manager Finance is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁵

The Ministry's Revolving Fund Account as per FMIS record had a credit balance of \$81,424.27 as at 31/12/10. Except for RFA – Advances account allocation 1-18101-68999-570301 with debit balance of \$4,619.93, the accuracy of the other RFA account balance could not be substantiated as reconciliations were not provided for audit.

Furthermore, significant portion of withholding tax payable (1-18201-68999-840602) amounting \$42,303.20 brought forward from previous years remained uncleared.

Reconciliation is an important internal control procedure and its absence may result in the Ministry failing to detect possible irregularities in the RFA account. The non clearance of balances from RFA account overstates the account balance of the Ministry.

Recommendations

- **The Ministry should prepare RFA reconciliations on a monthly basis.**
- **The Ministry should take appropriate actions to clear all long outstanding items appearing in its RFA account.**

⁴ Ministry's Finance Manual 2005 – Section 18.1.3

⁵ Ministry's Finance Manual 2005 – Section 18.1.3

Management Comments

The RFA reconciliation for the Ministry is prepared monthly; however, withholding tax payable (11820168999840602) was never included in the RFA reconciliations. Every effort is being taken for the payments of withholding tax to FIRCA.

17.8 Excess Annual Leave

The Permanent Secretary or Head of Department shall ensure scheduling of leave to avoid bulging of leave entitlements at any time of the year. Officers may be allowed to carry over up to a maximum of ten working days leave entitlement from one leave year to the next.⁶

There should be no reason or justification for the accumulation of leave beyond what is permissible, nor payment in lieu, if leave were properly administered.⁷ Due to Government's stringent control of funds, the compensation of accumulated leave will not be entertained and officers are encouraged to utilize their accumulated leave on a piece meal basis.⁸

Audit of leave records noted that some officers' have accumulated leave balances in excess of 10 working days. Refer to Table 17.5 for examples.

Table 17.5: Excessive Annual Leave Carried Forward

Name of Officer	EDP No.	Annual Leave (days) due as at 31/12/10	Excessive Annual Leave (days) 31/12/10
Samuela Saudranu	18933	9.0	137
Samuela Delai	53822	10.5	73
Alipate Bolalevu	19354	21.0	141
Jovesa Vocea	49964	0.0	95
Nicholas Ting	53363	3.5	114
Inoke Tagicakibau	48247	7.0	69
Mukesh Chandra	53416	0.0	30.5
Elimi Rokduru	59854	17.5	68.5
Kaliman Rafique	41748	9.0	80
Inoke Roko	59856	0.0	60

Furthermore, the audit noted that the annual leave schedules for these officers were only updated to August 2010.

In addition, records for long service leave due to staffs were not provided for audit by the Ministry. As a result, audit was unable to determine the long service leave days not utilized or calculate leave liability as at 31/12/10.

The findings indicate that the Ministry lacks proper administration and management of leaves. This may result in Ministry compensating for unutilized leaves days when Officers resigns or retire from the service.

⁶ General Orders 705 (c)

⁷ PSC Circular 09/2003

⁸ PSC Circular No. 53/2009 – Effective Leave Administration dated 03/11/09

Recommendations

- **The Ministry should ensure that Officers utilise their leave when its due and only 10 annual leave days is carried forward to next leave year.**
- **The Administrative Officer should ensure that leave records are kept up to date including long service leaves.**

Management Comments

No comments received.

17.9 Over Payment of Salaries

An Officer who is deemed to have resigned or terminated under the provisions of Regulations 34 (2) of PSC (Constitution) Regulations 1990 shall forfeit all the rights and privileges of his office from the date decided by the Commission.⁹

Salary advices 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 allowance, dismissals and resignations, income tax allowances, housing deductions or other charges or deductions.¹⁰

It was noted that some officers who retired, resigned, or were terminated from the Ministry continued to be remunerated resulting in overpayments of salaries. Refer to the following examples.

- Inoke Devo (EDP # 17474) was suspended without pay from the service with effect from 16/12/09. However, he was paid his salary up to 30/12/09 resulting in overpayment amounting to \$1,259.87. The Ministry did not recover the overpaid salary from Mr. Devo.
- Jennifer Koroitavalena (EDP # 19838) was continuously on unauthorized absence from 05/07/10. The Officer was deemed to have resigned from service with effect from 12/07/10. However, the Ministry did not cease her salary until 30/07/10. As a result the officer was overpaid her salary by \$673.88. The Officer also owed \$162.06 in OPR which was not recovered.

The overpayment of salaries resulted from the failure of the Ministry to submit salary change advices to Ministry of Finance on time. This has resulted in loss of public funds.

Recommendations

- **The Ministry should consider ways to recover overpaid salaries from the officers concerned.**
- **The Ministry should take appropriate action to avoid overpayments in future.**
- **Responsible officers should be disciplined and should the amounts become uncollectible; the overpayment should be recovered from them.**

Management Comments

No comments received.

⁹ General Orders 222 (c)

¹⁰ Finance Instructions 2010 – Section 17(1)

17.10 Accounting of Trust Funds as Revenue

Accounting Heads must only open a trust bank account with the prior written authority of the Chief Accountant.¹¹ The receipt and payment of Trust money should be recorded in a separate cashbook or set of ledger accounts.¹²

The Grants to Self Help program involves a wide range of small sized community based development projects which encourages rural communities to undertake development projects on a cost sharing arrangement with Government [1/3 to 2/3 ratio].¹³

For the projects to be approved under the self help scheme the community need to contribute 1/3 of the total cost either in cash or in terms of labour and materials. The audit noted that 1/3 cash contribution from the community was recorded as revenue by the Ministry.

The cash contributions for capital projects from community are not government revenue as these funds are the communities' contribution towards their projects. Refer to Table 17.6 for details.

Table 17.6: Revenue Balances Overstated

Year	Allocation	Description	Amount \$
2009	10520168999279999	Miscellaneous – Revenue	152,395.57
2010	11810168999279999	Miscellaneous – Revenue	135,088.45

This finding was also highlighted in the 2009 audit report; however no corrective action was taken by the Ministry.

The practice of recording community contributions under the scheme resulted in the overstatement of the Ministry's revenue. It also reduces the number of projects that can be undertaken by the Ministry as part of the funds directed towards community projects have been receipted as revenue.

Recommendation

The Ministry should ensure that 1/3 community contribution under the self help scheme is recorded as Trust Funds and use for projects undertaken.

The receipt of these contributions as revenue should cease forthwith.

Management Comments

No comments received.

17.11 Negative Expenditure Balance

The proper management of the expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost effective internal control within purchasing and payments system plays an important part in ensuring that waste of funds, over expenditure and corruption do not occur.¹⁴

¹¹ Finance Instructions 2010 – Section 58(1)

¹² Finance Instructions 2010 – Section 58(2)

¹³ Ministry of Provincial Development – Circular No 01/2009

¹⁴ Ministry's Finance Manual 2005 – Part 2: Expenditure – Introduction Paragraph

The review of expenditure records noted that the following expenditure allocations had negative balances as at 31/12/10. Refer to Table 17.7 for details.

Table 17.7: Accounts Having Negative Expenditure Balances

Account Number	Account Name	Amount \$
1-18201-91991-010201	FNPF Basic Salaries	(9,864.44)
1-18201-91991-010329	Allowance - General	(4,063.14)
1-18201-68999-020101	Wages	(49.50)
1-18201-99011-010303	Allowance - Acting	(9,447.85)
1-18201-99011-020101	Wages	(1,808.16)
1-18202-94021-020101	Wages	(36.06)
1-18501-94991-020101	Wages	(11.35)
1-18201-99011-020201	FNPF	(3,474.08)
1-18202-94991-020201	FNPF	(219.44)
1-18201-99011-020329	Allowance - General	(3,867.00)
1-18201-92011-030301	Subsistence	(100.00)
1-18501-99011-030301	Subsistence	(442.80)
1-18501-99011-010201	FNPF Basic Salaries	(392.72)
1-18101-68999-070301	Consultation Fees	(81.40)

Negative expenditure balances indicated that the Ministry incurred over expenditure or mis-posted into such allocations during the year. The Ministry did not investigate the negative expenses to take corrective actions.

Recommendations

- **The Ministry should investigate and take corrective action for the negative account balances.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Management Comments

No comments received.

17.12 Overdrawn Trust Fund Accounts

Trust money is to be accounted for separately from public money and other money.¹⁵ The Trust Fund Accounts should not at any time be overdrawn.¹⁶

6 out of 31 Main Trust Fund Accounts of the Ministry were overdrawn, resulting in the overall debit balance of \$230,852.98 as at 31/12/10. The Main Trust Fund Account having debit balances are shown in the Table 17.8 below.

Table 17.8: Overdrawn Main Trust Accounts

Account	Description	Amount \$
9-18101-68038-860102	Rural Housing Deposits	2,866.00

¹⁵ Finance Management Act 2004 – Section 25 (1)

¹⁶ Finance Circular No. 4/98 of 30/03/98

Account	Description	Amount \$
9-18101-68999-860102	Rural Housing Deposits	18.72
9-18401-68015-895020	PM Relief & Rehab Com	19,687.69
9-18401-68018-895020	PM Relief & Rehab Com	15,092.00
9-18401-68025-895020	PM Relief & Rehab Com	32,994.44
9-18501-18001-895031	PMS – Disaster & Rehab T/F	1,028,311.05

In addition, it was also noted that 37 out of 108 Operating Trust Fund Account were overdrawn as at 31/12/10. Refer to Table 17.9 below for details.

Table 17.9: Overdrawn Operating Trust Accounts

Account	Description	Amount \$
1-18201-68999-860101	Security Deposits	18.00
1-18201-68999-860102	Rural Housing Deposits	19,529.23
1-18101-91991-861101	202 PD OPR Current Year	150.00
1-18201-94991-861101	202 PD OPR Current Year	5.00
1-18101-91991-861102	384 PD OPR Previous Year	3.00
1-18201-68999-861102	384 PD OPR Previous Year	2,162.32
1-18202-91991-861102	384 PD OPR Previous Year	4.00
1-18202-93991-861102	384 PD OPR Previous Year	311.38
1-18101-91991-861104	208 PD Rent H/A UVEST	62.00
1-18101-91991-861105	267 PD Rent Public R Board	10.00
1-18201-93991-861105	267 PD Rent Public R Board	121.24
1-18101-91991-861202	241 PD CMLA	127.61
1-18201-94991-861202	241 PD CMLA	54.59
1-18202-93991-861202	241 PD CMLA	355.50
1-18101-91991-861204	244 PD - LICI	173.63
1-18201-94991-861204	244 PD - LICI	107.45
1-18101-91991-861209	249 PD Marsh & McLennan	28.13
1-18201-93011-861209	249 PD Marsh & McLennan	567.34
1-18401-93991-861209	249 PD Marsh & McLennan	36.50
1-18201-93011-861501	286 PD Fiji Public Service Ass	12.65
1-18202-93991-861501	286 PD Fiji Public Service Ass	9.00
1-18202-91991-861525	316 PD Service Worker C U	20.00
1-18201-94991-861532	PD Public Employee Union	134.25
1-18202-93991-861532	PD Public Employee Union	25.65
1-18101-91991-861533	320 Wesram Finance	30.00
1-18101-91991-861599	PD Others SO	47.03
1-18202-93991-861602	342 PD Maint- Nausori	12.00
1-18202-93991-861901	201 PD Tax Arrears / PAYE	177.02
1-18201-93011-861913	387 PD RFA IDC Salaries	8.58
1-18101-91991-861920	501 PD Employees FNPF	347.12
1-18201-91991-861920	501 PD Employees FNPF	2,620.32
1-18201-93011-861920	501 PD Employees FNPF	75,351.62
1-18201-93991-861920	501 PD Employees FNPF	2,225.32
1-18201-99011-861920	501 PD Employees FNPF	2,844.28
1-18202-68999-861920	501 PD Employees FNPF	26.16
1-18202-93991-861920	501 PD Employees FNPF	16,881.88
1-18401-68999-861920	501 PD Employees FNPF	3,620.96

Debit balances in Trust Funds indicate that Trust accounts were overdrawn. The Ministry did not provide justifiable reasons for the overdrawn Trust accounts.

The overdrawn trust funds are more or less tantamount to unauthorised expenditures. It indicates lack of adequate internal control and supervision and a disregard for procedures in the Finance Instructions.

Recommendations

- **The Ministry should ensure that the trust account is not overdrawn at any point in time in accordance with Finance Circular 4/98.**
- **The Ministry must investigate these overdrawn (debit) trust fund accounts and take appropriate action.**

Management Comments

No comments received.

17.13 Motor Vehicle Quarterly Returns

The Manager Administration shall prepare a quarterly vehicle report on all agency vehicles. The vehicle report must be prepared no later than one week after the end of the quarter¹⁷. A copy of the report shall be forwarded to the Ministry of Finance no later than two weeks after the end of the quarter¹⁸.

In the event of an accident involving a government vehicle, the driver must immediately report the accident to the Police and inform the agency¹⁹.

The following anomalies were noted about management of motor vehicle records:

- The Ministry had 56 vehicles for use during 2010. The Ministry failed to prepare and submit quarterly vehicle returns for 2010 to Ministry of Finance for all of its 56 vehicles. Towards the end of 2010 the Ministry only managed to complete and submit to Ministry of Finance the 2009 quarterly vehicle returns.
- One of the Ministry's vehicles, GN 124 had an accident on 03/05/10 at Lobau Feeder road in Nausori. The accident was not reported to the Police or to the Ministry by the driver of the vehicle.
- The cost of towing and repairing the vehicle was \$2,350 and \$859.88 respectively which was paid by the Ministry. No approval was obtained from the Ministry before hiring Western Wreckers and RC Motors to tow the vehicle.
- No action was taken by the Ministry against the driver of the vehicle GN 124.

The findings indicate non compliance by the Ministry with the existing procedures in place for use of government vehicles.

Recommendations

- **The Ministry should ensure that vehicle quarterly returns for the four Divisions are prepared and submitted to Ministry of Finance on time.**

¹⁷ Ministry of Provincial Development's Finance Manual – Section 12.7.1

¹⁸ Ministry of Provincial Development - Finance Manual Section 12.7.4

¹⁹ Ministry of Provincial Development - Finance Manual Section 12.6.1

- **The Ministry should investigate the accident to vehicle GN124 and disciplinary and surcharge actions taken where appropriate.**

Management Comments

No comments received.

17.14 Maintenance of Fixed Asset & Expendable Register

The Accounts Officer shall be responsible for maintaining the fixed assets register. The fixed assets register shall provide information such as date of acquisition (including if asset was acquired by transfer, gift or second – hand) and cost; description; serial number and model; location; and other relevant information (e.g. if asset is sold or written off).²⁰

The accounts officer must ensure that the register is kept updated.²¹ All agencies must maintain a Fixed Asset Register until the asset module of the financial management information system is implemented.²²

The Fixed Assets Register (FAR) maintained by the Ministry was not updated to include all fixed assets purchased in 2010. Refer to Table 17.10 for examples of items not taken on charge in the register.

Table 17.10: Items not recorded in the fixed assets register

Date	Voucher No.	Payee	Particulars	Amount \$
09/09/10	8913	DATEC (Fiji) Ltd	HP color Laser Jet Printer	899.00
19/04/10	3112	Remington Business System	Potocopier machine for NDMO	14,165.00

In addition, the Sugar Unit also did not maintain Fixed Asset Register or Expendable Items Register to record fixed assets and expendable items.

The findings indicate inadequate control over fixed assets and expendable items. There is also a high risk of misappropriation of these items.

Recommendation

The Ministry should ensure that all fixed assets and expendable items are taken on charge in the Fixed Assets and Expendable Items Registers.

Management Comments

No comments received.

²⁰ Ministry's Finance Manual 2005 – Part 11: Property, Plant & Equipment – Section 11.2.1

²¹ Ministry's Finance Manual 2005 – Part 11: Property, Plant & Equipment – Section 11.2.2 & 11.2.6

²² Finance Instructions 2010 – Section 46 (2)

17.15 Main Trust Account – Uncleared Trust Funds

The unclaimed salary is only paid out if the beneficiary provides the right documents e.g. birth certificate, marriage certificate, death certificate or any other legal documents to prove that he/she is the true claimant.²³

Each month, the trust account shall be balanced and reconciled with the trust bank account. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Unreconciled items should be investigated and resolved promptly²⁴.

A review of the Main Trust Fund Account reconciliation statement noted the following.

17.15.1 Unclaimed Wages

The Main Trust account had unclaimed wages totalling \$40,777.14 which remained uncleared for quite some time. Refer to Table 17.11 for examples.

Table 17.11: Uncleared Unclaimed Wages

Account No.	Account Name	Description	Receipt No.	Date	Amount \$
9181068028895017	Unclaimed Wages - CWD	A Nailivalalou	327444	19/03/07	(393.29)
		A Nailivalalou	328155	21/03/07	(393.29)
		A Tabutagi	327445	19/03/07	(363.29)
		A Tabutagi	328154	21/03/07	(363.29)
		M. Bari	327446	19/03/07	(412.02)
		M. Bari	328156	21/03/07	(412.07)
		N Namataga	327447	19/03/07	(412.02)
		Lal f/n Dev Chand	808294	13/03/08	(481.06)
		Dominiko Namelo	330826	03/07/07	(330.04)
		Es Valedelino	330827	03/07/07	(330.04)
		Sanjay Sujay Singh	327639	03/04/07	(344.96)
91810168029895017	Unclaimed Wages - CND	Rajendra Sami		29/12/06	(678.37)
		Kamal Signh	611071	31/08/07	(1,306.10)
		Vika Cavulati	654851	19/05/10	(602.10)
		Vika Cavulati	654852	19/07/10	(870.00)
91810168030895017	Unclaimed Wages – CED/HQ	JV72/12/06	128262	13/09/06	(1,862.50)
		JV72/12/06	240275		(2,827.44)
		JV113/14/06	928689	27/07/06	(543.00)

According to the Ministry they were unable to locate the former employees or the immediate family member's of these employees to pay the wages. However, the audit was unable to substantiate this claim as the Ministry failed to provide evidence of its attempts to locate its former employees or their immediate family members.

17.15.2 Community Contributions

The Main Trust Fund Account reconciliation statements for December 2010 showed one third community contributions provided by the communities towards self help projects undertaken by the government.

²³ Ministry's Finance Manual 2005

²⁴ Finance Instruction 2010 – Section 58(3)

The audit noted that all these projects were completed and the community contributions were fully utilised. However, the community contributions were not cleared from the Trust Fund Account and were still appearing in the Trust Fund account. Refer to Table 17.12 for examples.

Table 17.12: Uncleared 1/3 Community Contribution

Payee	Receipt No.	Date	Amount \$
Tabua Holdings	556830	15/04/98	(200.00)
Ameer Transport	111576	10/03/99	(1,750.00)
Medina Transport	183947	06/12/99	(30,800.00)
Labasa Tikina	182423	17/04/00	(600.00)
R S Khan & Co.	918682	18/08/00	(660.00)
Vunimoli Sawmill Ltd	918762	05/10/00	(800.00)
Anand Motors	918735	19/09/00	(400.00)
Standard Concrete Industries	918827	16/10/00	(13,320.00)
Taveuni Metal Crushers	560883	22/12/03	(1,000.00)
Asaeli N Racule	561381	06/11/03	(2,540.00)
Sikeli Nakowalu	900981	07/04/04	(2,000.00)
RR # 842416	842416	16/04/04	(1,150.00)
Ram Sewak	803691	18/06/04	(1,000.00)
FSC	902088		(1,050.00)
Muana Villiage	803838	12/07/04	(1,741.00)
Noa Lomani	95706	22/09/04	(2,000.00)
Jese Tute Rokoli	28112	08/07/05	(1,795.00)
Sunia Duwai	51679	24/11/05	(2,000.00)
Vilitati Ratotodro – Kasavu Naitasiri	168440	11/07/05	(2,800.00)
Makelesi Uluvalu Volavola	926434	06/04/06	(4,500.00)
Iliesa Salauca	801749	05/06/06	(2,000.00)
Dhiren Singh	802038	29/06/06	(2,867.00)
Niumatawalu R.	927831	21/06/06	(5,000.00)
Olota R.	927846	23/06/06	(3,419.01)
Sakenasa Rakaria	927976	12/07/06	(2,800.00)
Varasiko Tabuakuru	169535	31/05/06	(2,866.66)
Jonacani Eranavula	928697	02/08/06	(5,961.00)
Lomainitoba Company	326987	22/08/07	(2,200.00)
Vitivanua Holdings	326991	22/08/07	(1,400.00)

The unused community contributions should be transferred to the General revenue account. As a result the Trust fund account balance was overstated.

Recommendation

The Ministry should take appropriate action to clear long outstanding items from the Trust Fund account reconciliations.

Management Comments

No comments received.

17.16 Sugar Unit – Poor Record Keeping

The Permanent Secretary of the administering agency must ensure that each grant agreement is adequate.²⁵ A grant agreement must provide for the organisation or person receiving the grant to agree to keep proper files and accounting records in relation to the grant and to make these files and records available upon requests by the administering agency or the Auditor – General.²⁶

Sugar Unit is responsible for the planning and implementation of programmes for the Sugar Industry. To meet this responsibility, the 2010 budget provided assistance in the form of grant such as contribution to the sugar research institute of Fiji, grant to Sugar Tribunal, grant for the sugar industry support programme and subsidy to the south pacific fertilizer limited.

The audit noted poor record keeping at the Sugar Unit. The Officers of the Sugar Unit faced difficulties in providing audit with the information requested as it could not be located. Most documents were piled on the Secretary to the Director's table and were not properly stored.

In addition, separate files were not maintained for filing documents relating to each grant recipients.

The acquittal reports for Sugar Research Institute of Fiji and South Pacific Fertilizer Limited were also not provided to audit.

Poor record keeping may result in fraud and misuses of government funds remain undetected.

Recommendation

The Sugar Unit should improve on its record keeping and maintain separate file for each grant recipient.

Management Comments

No comments received.

17.17 Building Grant – Standard Operating Procedures

Standard operating procedures are fundamental aspect of any capital projects and should be adhered to at all times.

Building grants for the non government schools previously held with Ministry of Education was transferred to Ministry of Provincial Development. The grants to the non government schools were provided through the respective divisional offices and the project files were maintained at the divisions.

The Ministry disbursed \$1,672,156 as building grants to various non government primary, junior secondary and secondary schools during 2010. However, the audit noted that the Ministry did not have a Standard Operating Procedure for the release of building grants to the non government schools.

Hence the Ministry did not apply set criteria for disbursement of building grants. Refer to Table 6.13 for details of funds released in 2010.

²⁵ Finance Instructions 2010 – Section 16 (2)

²⁶ Finance Instructions 2010 – Section 16 (3)

Table 17.13: Funds Released to Non Government Schools

Account Number	Description	Amount \$
11830100000100143	Building Grant – Non Government Primary Schools	403,046.30
11830100000100144	Building Grant – Non Government Junior Secondary Schools	569,110.13
11830100000100145	Building Grant – Non Government Secondary Schools	700,000.00
Total		1,672,156.43

In the absence of a Standard Operating Procedures, building grants may be distributed unfairly and inequitably to schools.

Recommendation

The Ministry should develop a Standard Operating Procedure for disbursement of building grants to schools.

Management Comments

No comments received.

17.18 Rural Housing Unit – Poor Record Keeping

Project implementation will proceed once community contribution is acquired for the approved projects. District Officers will continually monitor all projects and submit regular progress reports to the Divisional Commissioners. Projects implemented are to be visited from time to time by officials from Development and Rural Housing Unit. Upon completion of the project, District Officers are to submit acquittal reports, which not only certify the completion of the project, but also provide the acquittal information required by the Ministry of Finance.²⁷

The audit noted that the procedures established by the Ministry for effective administration of capital projects were not always adhered to. Scrutiny of project files revealed the following anomalies.

- The Ministry did not maintain a separate Trust Fund Account to record cash contributions made by the community. The community contributions were incorrectly recorded as revenue and deposited in the Consolidated Fund Account by the Ministry.
- Project records were not properly maintained by the Rural Housing Unit (RHU). Documents relating to the projects such as application forms and project assessment by District Officers and Provincial Administrators with recommendations, progress reports and project completion reports were not always maintained in the project files. Refer to Table 17.14 for examples of missing documents.

Table 17.14: Lack of Documentary Evidence in the Project Files

Project Name	Government Contribution \$	Remarks
Nausori Village Community Hall	33,500	- No Progress report; - No acquittal report; - No project Completion certificate. The initial \$20,000 was

Project Name	Government Contribution \$	Remarks
		utilized and additional funding was requested and paid for on 14/10/10 amounting to \$13,500. Yet no record in file to indicate the status of the project.
Vani Vakacilacila	8,000	- No application form in file; - No project paper; - No evidence of applicants income; - No Progress/acquittal reports; - No project Completion certificate.
Joeli Ravai	8,500	- No application form in file; - No Project paper; - No Progress/acquittal report; - No project Completion certificate.
Vilisoni Bose	8,133	- No application form; - No Progress/acquittal report; - No Project card; - No project Completion Certificate.
Kami Naisoroqa	9,000	- No application form; - No Progress/acquittal report; - No Project card; - No project Completion Certificate.

- There was inadequate information with the RHU to justify the reason for recommending projects to the Ministry of Provincial Development for funding. The divisional offices only forward a list of applicants to the Ministry to be funded each quarter without other supporting details. The RHU relied on the District Offices for selection of projects without further review of the projects according to the selection criteria. Since there is no monitoring by the Ministry to ensure the selection criteria is strictly followed at divisional levels, projects may not be fairly selected.
- Verification of the project records at Commissioner Eastern's office revealed that individual project files were not maintained for the projects undertaken during the year. Information relating to the projects was received from District Officers and Provincial Administrators which were kept together with the payment vouchers.

The failure to maintain proper records of the projects undertaken by the Ministry indicate lack of transparency in selection and implementation of these projects. There is also a high risk of mismanagement of funds due to poor record keeping for the projects.

Recommendations

- **Ministry should maintain a separate Trust Fund account to deposit community contribution for self help projects.**
- **The Ministry should obtain adequate supporting document for projects recommended for funding by District Offices.**
- **The Ministry should ensure project records are properly maintained. Each project should have a separate file for record keeping.**

Management Comments

No comments received.

17.19 General – Acquittal Reports

Project implementation will proceed once community contribution is acquired for those approved projects. District Officers will continually monitor all projects and submit regular progress reports to the Divisional Commissioners. Projects implemented are to be visited from time to time by officials from Development and Rural Housing Unit. Upon completion of the project, District Officers are to submit acquittal reports, which not only certify the completion of the project, but also provide the acquittal information required by the Ministry of Finance.²⁸

Divisional Offices only submitted one acquittal reports together with project progress report for each project to the Ministry. No further acquittal reports or project progress reports were submitted for continuing projects. Refer to Table 17.15 below for examples.

Table 17.15: Examples of Continuing Projects for Which Further Reports Not Submitted

Project Name	Location	Government Contribution \$	Purchase Order No.	Supplier	Project Status
Commissioner Eastern Division					
Dravuwalu village footpath & flush toilet	Dravuwalu, Naceva, Kadavu	10,643.00	PO94991000056	Kasabia	Funds released to supplier, material awaiting shipment.
Oneata Village Kindergarten	Waiqori, Oneata, Lau	7,017.00	PO94061000006	Kasabia	Materials delivered to site, project in progress to be completed by end of June.
Matuku Circuit Ferry boat	Matuku, Lau	11,748.00	PO94061000002	Ocean Bilibili	Material purchased and awaiting shipment.
Nasoki Community Hall	Nasoki, Moala, Lau	14,293.00	PO94061000005	Suncourt	Materials purchased and awaiting shipment.
Mataqali Teruku Fishing Boat	Doi, Onoilau, Lau	13,441.00	PO9061000001	Ocean Bilibili	Materials purchased and awaiting shipment.
Commissioner Central Division					
Naikaidrau Cooperative Farming Group	Nasila, Nagonenicolo	14,982.87	91991000085	Hydro Scape Pacific	20% of work complete
			91991000084	Malakai Marama	
			91991000083	SK Davey (Nausori)	
NazeleqeLe Cooperatives Farmers Group	Wairuarua, Nagonenicolo	10,563.27	91991000077	Hydro Scape Pacific	20% of work complete
			91991000076	Malakai Marama	
			91991000075	GMR Mohammed	
Wainilekutu Cooperative Farmers Group	Udu, Nagonenicolo	6,061.00	91991000089	Hydro Scape Pacific	20% of work complete
			91991000088	SK Davey (Nausori)	
Kalivari Cooperative Farmers Group	Laselevu, Nagonenicolo	8,598.51	91991000080	Hydro Scape Pacific	20% of work complete
			91991000079	Malakai Marama	
				SK Davey (Nausori)	
Nabena Cooperative Farmers Group	Nabena, Matailobau	20,193.43	91991000087	Hydro Scape Pacific	20% of work complete
			91991000086	SK Davey (Nausori)	
			91991000110	Jamuna Prasad & Sons	
Commissioner Northern Division					
Village church	Visoqo, Namuka	11,785.14	PO93811000007	Bombay Trading	P. O. issued to supplier. Awaiting Government Supplies vehicle to do the delivery.
			PO93811000008	Local Woods	
			PO93811000009	Local Timber	

²⁸ Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 5.2.1(d)

Project Name	Location	Government Contribution \$	Purchase Order No.	Supplier	Project Status
Housing Scheme	Nakawaga, Mali	7,616.05	PO93811000010	Local Timber	Materials delivered. Work in progress.
Housing Scheme	Ligaulevu, Mali	4,790.00	PO93811000012	Local Timber	Materials delivered. Work in progress.
Sanitation Project	Wailevu	5,293.50	PO93811000014	Local Timber	Materials delivered. Work in progress.
Water Project	Nasea, Macuata	7,388.50	PO93811000011	Local Woods	Materials delivered. Work in progress.
			PO93811000012	Vinod Patel	
			PO93811000013	Powerlite	
Commissioner Western Division					
Kabsi Village Community Hall	Navosa	14,633.00	PO92051000005	Navosa Hardware & Timber Ltd.	In Progress
Nakai Water Project	Navosa	9,750.00	PO92051000002	Western Drilling Co. Ltd	In Progress
			PO92051000007	Gurbachan Singh Tyre Centre	
Sautabu Evacuation Centre	Nadroga	14,987.00	PO92051000001	Patels Hardware Ltd. Sigatoka	In Progress
Keiyasi Health Centre Extension	Nadroga	10,266.25	PO92051000004	Vinod Patel & Co. Ltd. Sigatoka	In Progress
Navatu of the God is Able Church Evacuation Centre	Nadi	19,768.00	PO92021000001	Suncourt Hardware	In Progress

In addition, the Ministry did not follow up with District Offices on the progress of the approved projects.

Lack of project monitoring and follow ups on its progress may result in mismanagement of project funds, cost over runs or project failures.

Recommendation

The Ministry should ensure that acquittal reports and project progress reports are obtained from the District Offices every quarter until the project is fully complete.

Management Comments

No comments received.

DEPARTMENT OF MULTI - ETHNIC AFFAIRS

17.20 Agency Financial Statements

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

- A statement of receipts and expenditure;
- A profit and loss statement for each trading and manufacturing activity (where applicable);
- An appropriation statement;

- A statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- Notes to the statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- A statement of losses;
- A trust account statement of receipts and payments (where applicable).²⁹

The Ministry did not submit the Statement of Losses for the Department of Multi Ethnic Affairs for audit as required.

In addition, records for the Department of Multi Ethnic Affairs were not provided for audit by the Ministry. These include revenue, RFA, Imprest account, Trust account, Drawings accounts, IDC accounts, VAT and FNPF records and Board of Surveys reports.

As a result audit was unable to verify the accuracy of the balances reported in the Agency Financial Statements of the Ministry.

Recommendations

- **The Ministry should ensure that the requirements of the Finance Instructions are complied with in the preparation of the Agency Financial Statements.**
- **The Ministry should ensure that accounting records are properly maintained and provided for audit verifications.**

Management Comments

No comments received.

17.21 Over Expenditure

The proper management of the expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost effective internal control within purchasing and payments system plays an important part in ensuring that waste of funds, over expenditure and corruption do not occur.³⁰

The Department of Multi Ethnic Affairs had over-spent \$11,795 from SEG 10 - *Capital Grants & Transfers* allocation compared to the revised budget for the year ending 31/12/10. Refer to Table 17.16 for details.

Table 17.16: Over-spending of Actual Expenditure compared to Revised Budget

Allocation	Account Name	Revised Budget \$	Actual Expenditure \$	Over-Spending \$
1-18600-00000-100000	Capital Grants & Transfers	1,000,000	1,011,795	11,795

The Department did not investigate the over-expenditure to take corrective actions.

²⁹ Finance Instructions 2010 – Section 71 (1)

³⁰ Ministry's Finance Manual 2005 – Part 2: Expenditure – Introduction Paragraph

Recommendation

The Ministry should ensure that expenses incurred are within the approved budgetary allocations.

Management Comments

No comments received.

17.22 Overdrawn Operating Trust Fund Account

Each month, the trust account shall be balanced and reconciled with the trust bank accounts. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Unreconciled items should be investigated and resolved promptly.³¹

Five Operating Trust Fund Accounts of the Department were overdrawn (debit balances) as at 31/12/10. Refer to Table 17.17 below for details.

Table 17.17: Overdrawn Operating Trust Fund Account

Account	Description	Overdrawn Amount \$
1-18601-87101-861204	244 PD LICl	21.29
1-18601-87101-861306	263 PD Housing Authority	5.28
1-18601-87101-861308	266 PD FDB Housing	16.10
1-18601-87101-861901	201 PD Tax Arrears/PAYE	1,190.29
1-18601-87101-861920	501 PD Employees FNPF	4,465.56
Total		5,698.52

In addition, these Trust Funds also had overdrawn closing balances for the year ended 31/12/09 which were brought forward to 2010 accounts. The balances of these funds were further overdrawn during 2010.

The overdrawing of Trust Funds may have resulted from incorrect journal entries passed to these accounts or through mispostings.

The overdrawn trust funds more or less tantamount to unauthorised expenditures. It indicates lack of adequate internal control and supervision and a disregard for procedures in the Finance Instructions.

Recommendations

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

Management Comments

No comments received.

³¹ Finance Instructions 2010 – Section 58 (3)

17.23 Excessive Leave Outstanding

The Permanent Secretary or Head of Department shall ensure scheduling of leave to avoid bulging of leave entitlements at any time of the year. Officers may be allowed to carry over up to a maximum of ten working days leave entitlement from one leave year to the next.³²

There should be no reason or justification for the accumulation of leave beyond what is permissible, nor payment in lieu, if leave were properly administered.³³ Due to Government's stringent control of funds, the compensation of accumulated leave will not be entertained and officers are encouraged to utilize their accumulated leave on a piece meal basis.³⁴

Review of leave records noted that the following Officers had excessive annual leave due to them as at 31/10/10. Refer to Table 17.18 for details.

Table 17.18: Excessive Annual Leave After Deducting 10 days that can be carried forward

Officers Name	EDP No.	Annual Leave Due - Current Year	Annual Leave carried forward	Pro – Rata Leave Due for current Year	Total Leave Due as at 30/10/10
Sushil Sudhakar	19852	21	22.5	21.0	43.5
Akisi Korodrau	45369	21	16.5	3.5	20.0
Sikeli Baleisuva	60008	21	10.5	5.0	15.5
Anilta Raj	59725	18	17.5	-	25.5
Ana Musuvanua	58200	18	26.0	6.0	32.0
Dharmend Prasad	64015	18	13.5	3.0	16.5
Eremasi Dame	49845	21	7.0	10.5	17.5
Archana Kumar	90849	12	12.0	3.0	15.0
Lily Qimaqima	90850	12	9.0	2.0	11.0
Sarita D Prasad	90855	12	11.0	2.0	13.0

Furthermore, the leave schedules for these officers were updated to October only.

The long service leave due to staffs were not recorded by the Department in the staff personal files. As a result, audit was unable to determine the long service leave days due and not utilized or calculate leave liability as at 31/12/10.

The findings indicate that the Department lacks proper administration and management of leaves. This may result in Department compensating for unutilized leaves days when Officers resigns or retire from the service.

Recommendations

- **The Department should ensure that officers utilise their leave when its due and only 10 annual leave days is carried forward to next leave year.**
- **The Administrative Officer should ensure that leave records are kept up to date including long service leaves.**

Management Comments

No comments received.

³² General Orders 705 (c)

³³ PSC Circular 09/2003

³⁴ PSC Circular No. 53/2009 – Effective Leave Administration dated 03/11/09

17.24 Cultural Grants – Non Submission of Nausori Cultural Centre File

In the performance of his or her duties, the Auditor General or a person authorised by him or her has access to all records, books, vouchers, stores or other government property in the possession or control of any person or authority.³⁵

Nausori Cultural Centre receives grant of around \$5,000 per quarter or \$20,000 per annum from Ministry of Multi Ethnic Affairs to meet its operating expenses. The Centre did not provide any financial records for 2010 for audit inspection despite several requests.

As a result, audit was unable to ascertain whether grant money was utilised for the purpose it was given for.

Recommendation

The Department should investigate whether proper financial records are maintained by the Nausori Cultural Centre.

Management Comments

No comments received.

17.25 Cultural Grants – Suva Cultural Centre

In the event of change of Chairperson or Administrator, the Department of Multi Ethnic Affairs will supervise handing over of Assets and monies of the Cultural Centre.³⁶

The Department of Multi Ethnic Affairs advised the Suva Cultural Centre to cease its operation effective from 30/06/10 mainly due to low student enrolments. The Department further advised the Centre to continue its operation until the Permanent Secretary who was away overseas makes any decision.

The Permanent Secretary for Multi Ethnic Affairs, however, approved the Centre to continue its operations until December 2010 to ensure proper handing over of the Centre to the Department. Audit noted that as at 31/12/10, the Centre was not handed over to the Department despite it ceased operation. All records, office furniture and equipments are still maintained at Suva Cultural Centre Office which is incurring monthly rentals expenses.

The Department carried out an internal investigation on the operation of the Suva Cultural Centre and noted the following anomalies:

- High number of mobile calls made from both Fax and land line.
- A sum of \$670 was paid in January 2009 in regard to the FNPF surcharges for the month of October 2007 to July 2008. No supporting documents were attached/provided.
- Discrepancies were noted in the expenses that were incurred in Utsav program organized on 27 September 2010 at the Patel Samal Hall in Toorak.
- No clear guideline on the revenue earned (fees charged to students) and expenses incurred.
- One of the payment voucher stated that payment was made to FEA but the cheque from which the payment was made indicated that payment was made to Surfnet.com.
- Tutor's appointment letters were not available.

³⁵ State Services Decree 2009 – Section 7 (4)

³⁶ Cultural Centres Standard Operation Procedure – Section 2.5

- No timesheet prepared and attached to the payment vouchers for wages paid.
- No invoice from H. N. Pande for payment of 2008 audit fee of \$350;

The finding indicates lack of supervision by the Department in the operation of Cultural Centre.

Recommendations

- **The Department should ensure that handing over for the Suva Cultural Centre is carried out as soon as possible.**
- **Regular inspections should be carried out by the Department to the other five Centres in order to ensure that funds are used for the purpose it was approved.**

Management Comments

No comments received.

17.26 Capital Projects – Tuvarara Road Upgrading Project

The approval and the adoption of the projects are vested with the Development Committee, which comprise of the following officers:

Chairman:	Director Multi Ethnic Affairs
Members:	Principal Assistant Secretary
	Accountant
	Senior Administrative Officer
Secretary:	Assistant Secretary (Development/Rural Advisory Assistants)

The Committee meets to identify, assess and appraise projects to be finalized.³⁷

The Committee submits its recommendation to the Permanent Secretary/Director on the proposed list of projects to be approved together with the minutes of the proceedings. RIE sent to Finance for the quarterly release of funds for the approved Projects.³⁸

Hussein's Hire Plant was hired to upgrade 4.2km of Tuvarara Road at a cost of \$20,000. The understanding was that the government will contribute \$20,000 for the contractor to cart soil, gravel the road and construct drainage. The Community contribution was in the form of labour, soil, gravel, rotan rocks.

However, the following anomalies were noted.

- The contractor only managed to upgrade 1.9km of the road out of 4.2km that it was require to upgrade.
- A memo from the Acting Rural Advisory Assistant (Northern) received by the Department on 9/12/10, stated that no concrete headwalls were built around the culvert to stop soil washing away during rainy season.
- The Department made full payment of \$20,000 to the contractor on 9/12/10. However it did not obtained road engineers report as required under the community project criteria before making payment to the contractor.

³⁷ Department Standard Operating Procedure – Community Development Projects – Section 5.1

³⁸ Department Standard Operating Procedure – Community Development Projects section 6.1 & 6.2

Lack of monitoring of contractor's performance and project progress on site by the Department has resulted in project not being completed despite full payment being made to the contractor.

Recommendations

- **Regular site visits should be undertaken by the Rural Advisory Assistant and the Department officers to ensure that project work progresses well and is completed.**
- **Road engineers report should be obtained before paying contractors for road upgrading works in future.**
- **The Department should investigate and take appropriate action against the contractor, Hussein's Hire Plant for not completing the project.**
- **The Department should investigate and take appropriate action against officers responsible for making full payment to the contractor when the project was incomplete.**

Management Comments

No comments received.

17.27 Scholarship – Payment of Top-Up Allowance

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.³⁹

The work of the Development Sub Committee is to review the Multi Ethnic Affairs Scholarship awards scheme and criteria and to make recommendations to the Minister for Multi Ethnic Affairs on various issues including fees and other costs, together with allowances, payable by the Department of Multi Ethnic Affairs.⁴⁰

In 2010, the Department was allocated \$5.5 million for scholarship.

Verification of the scholarship records revealed that the students were paid top up allowance at the end of the year in addition to allowances paid under the scholarship awards. Students enrolled at University of the South Pacific, Fiji School of Medicine and University of Fiji received \$300 each while the students from Fiji College of Agriculture, Corpus Christi College and Fiji National University received \$200 each as top up allowance. Refer to Table 17.19 below for details.

Table 17.19: Payment of Top up Allowance

Institutions	Number of Students	Top up Allowance \$	Total Allowance \$
Fiji College of Agriculture	44	200	8,800
Corpus Christi College	7	200	1,400
Fiji National University	491	200	98,200
University of the South Pacific	759	300	227,700
University of Fiji	1	300	300
Fiji School of Medicine	9	300	2,700
Total Top up Allowance Paid			339,100

³⁹ Department's Finance Manual 2005 – Part: 2 Expenditure – Introduction Paragraph

⁴⁰ MEA Scholarship Committee – Report on review of Scholarship Awards Scheme and Criteria – Pg 9

The payment of top up allowance was approved by the Permanent Secretary for Multi Ethnic Affairs and not by the Development Sub Committee.

At the time of payment of top up allowance, the draft paper on the increase of allowance was still with the Deputy Secretary awaiting submission to the Development Sub Committee for approval. The approval should have been vetted by the Minister through the Committee.

The Department paid the top up allowance from unutilised scholarship funds towards the end of the year without proper approval.

Recommendations

- **The Department should obtain proper approval to increase the allowance. The allowance should form part of the scholarship awards.**
- **The Department should utilise the funds to award more scholarships in second semester to other deserving students or return the savings to Ministry of Finance at the end of the year instead of using the funds to top up allowances.**

Management Comments

No comments received.

17.28 Recovery on Termination/Withdrawal

Section 4 of the Multi Ethnic Scholarship bond form states that if the obligor's scholarship is terminated or if the obligor voluntarily withdraws from the course prior to completion of studies, the obligor is liable to reimburse the government the total sum spent by reason of the bond, as at the date of termination or withdrawal.⁴¹

Every year, some students who are on scholarship voluntarily discontinue studying without informing the Department.

Audit noted that even though, the Department write to these students and follow up over the telephone for reimbursement of scholarship funds, the Department was unable to recover the scholarship expenses neither from these students nor from their guarantors. Refer to Table 17.20 below for examples.

Table 17.20: Students Failed To Serve the Scholarship Bond

Student Name	Absconded Amount \$	Status
Sonam Sharma	5,300.00	No latest update
Archana Singh	10,700.00	No latest update
Krishneel Reddy	9,200.00	No latest update
Kazal Kavita	13,499.33	No latest update
Aslin Deo	11,775.00	Paid \$8,000.00
Shilfa Chand	3,060.00	Paying in instalment
Jim Nawami	4,245.00	No latest update
Romita Lata	11,130.00	No latest update
Joeli De Mike	5,235.00	No latest update

⁴¹ Multi – Ethnic Scholarship Bond Form 4,741.00 – Section 4

Student Name	Absconded Amount \$	Status
Rakesh Prasad	4,570.00	No latest update
Zafar Rahman	500.00	No latest update
Lepinoka	11,655.00	No latest update
Anileshni Chand	2,770.00	No latest update
Neelam Mala	4,741.00	No response
Taoba Tenio	2,219.00	Student will pay
Zahadah Katarin	1,457.00	No response
Farzeen Nisha	1,663.00	No response
Ueena Wanati	1,361.00	No response
Roneel Chand	1,551.00	No latest update
Monika Prasad	1,803.00	No latest update
Yvonne Hoi	5,493.00	No latest update
Sheetal	1,559.00	No latest update
Karabinoata Kenny	2,899.00	No latest update
Amal Maharaj	653.00	No latest update
Jeke Ravniv	1,310.00	No latest update
Joe Tasimae	1,207.00	No latest update
Vaiola Andrew	1,734.00	No latest update
Kurairenga Takentekai	1,412.00	No latest update
Adarshni Sami	2,960.00	No latest update
Ritesh Ram	1,207.00	No latest update
Rahul Dayal	611.00	No latest update
Ashneel Sharma	1,406.00	Student not willing to pay
Total	131,385.33	

As a result of voluntary withdrawals from scholarships, the Department incurred scholarship expenses of \$131,385 which is unlikely to be recovered.

Recommendations

- The Department should consider taking these cases to Small Claims Tribunal to recover the amounts from the students.
- The Department should consider taking legal action against the guarantors to recover the amount.

Management Comments

No comments received.

17.29 Non – Compliance with Bond Conditions

The obligor must work for the Government of the Republic of Fiji Islands for a period of his study upon completion of the said course of study, and must inform the Ministry of Multi – Ethnic Affairs of his/her employment details immediately upon commencement of his/her employment. However, if the Government is unable to offer employment, then the obligor may work outside the Government, but within Fiji.⁴²

⁴² Multi – Ethnic Scholarship Bond Form – Section 1

If the obligor does not work in the Republic of Fiji Islands for the specified period, then the obligor must pay to the Government in one single payment, an amount not exceeding the total amount of the bond, together with interest at the rate of 12% per annum.⁴³

If the obligor wishes to invoke the conditions of the bond for the purpose of migration, the obligor is liable to pay to the Government the sum owing, in a single payment, prior to leaving the country.⁴⁴

The audit noted that the Department failed to keep proper records of the students who have completed their studies, their current status of employment and the whereabouts of these students.

This information's are vital in ensuring that the above regulations are complied with. In absence of this information the Department may not be able to take appropriate action against the students who intend to leave Fiji.

Recommendations

- **The Department should implement strategies to ensure that students comply with the requirements of the scholarship bond and submit the details of their employment status to the Department.**
- **The Department may consider including all students on scholarship on Immigration watch list. These students must seek clearance from the Department of Multi Ethnic if they intend to migrate.**

Management Comments

No comments received.

⁴³ Multi – Ethnic Scholarship Bond Form – Section 2

⁴⁴ Multi – Ethnic Scholarship Bond Form – Section 3

Section 18 **Fiji Military Forces**

Role and Responsibilities

The FMF 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 experience for community development and youth training for life skills. The targeted outcome(s) and output(s) in relation to the above responsibilities are illustrated below;

Maintain Law & Order and Uphold the Rule of Law Effectively and Efficiently

- Portfolio Leadership Policy Advice and Secretariat Support.
- Emergency Response Services – Disaster Management.
- Boarder Control – Land Operations.
- Boarder Control – Maritime Operations.

Global Integration for Political and Economic Advancement

- Emergency Response Services – Search and Rescue.
- Overseas Peace Keeping Operations.

Table of Contents

PART A: FINANCIAL STATEMENTS.....	2
18.1 Audit Opinion 2	
18.2 Statement of Receipts and Expenditure.....	2
18.3 Appropriation Statement	3
PART B: AUDIT FINDINGS	3
18.4 Provision for Annual Leave	3
18.5 Overdrawn Operating Trust Fund Accounts.....	4
18.6 Variance in Trust Account Reconciliations	5
18.7 Revolving Fund Account - Miscellaneous	5
18.8 RFA – Outstanding Balance in Miscellaneous Account.....	7
18.9 Unexplained Account Balance – Accumulated Surplus/Deficit	7
18.10 Inter-Departmental Clearance (IDC)	8
18.11 Loss in TMA Operation	9
18.13 Anomalies and Variance in the Hydro-Graphic TMA Drawing Account	9
18.13 VAT Reconciliation	10
18.14 Salary Overpayment on Discharge	12
18.15 Occupation of Quarters and Lodging Allowance	13
18.16 Officers Occupying Government Quarters but not Paying Rent	14
18.17 Maintenance of Computers	14
18.18 Non Delivery of Building Materials	15
18.19 Tenders not called for Supply of Stationeries	17
18.20 Operation of the Labasa Account.....	18
18.21 Poor Cash Management	19
18.22 Monthly Bank Reconciliation not Prepared	20
18.23 Breaches of Procurement Procedures	20
18.24 Non Accounting for Value Added Tax	22
18.25 Non Submission of Reports on Projects	22
Appendix 18.1: Overdrawn Operating Trust Fund Accounts.....	24
Appendix 18.2: Details of Discharged Officers.....	25

PART A: FINANCIAL STATEMENTS

18.1 Audit Opinion

The audit of the 2010 accounts of the Fiji Military Forces resulted in the issue of an unqualified audit report.

18.2 Statement of Receipts and Expenditure

The Force collected total revenue of \$477,477 and incurred total expenditures of \$101,016,581 in 2010. Refer to Table 18.1 for details.

Table 18.1: Statement of Receipts and Expenditures for 2010

Description	2010 \$	2009 \$
RECEIPTS		
State Revenue	76,659	65,008
Agency Revenue	400,818	277,106
TOTAL REVENUE	477,477	342,114
EXPENDITURE		
Operating		
Established Staff	81,793,042	84,033,799
Unestablished Staff	1,896,364	197,198
Travel and Communication	744,910	632,348
Maintenance and Operations	4,838,247	3,152,087
Purchase of Goods and Services	4,629,366	7,434,268
Operating Grants and Transfers	1,700,000	0
Special Expenditures	1,082,027	927,238
Total Operating Expenditure	96,683,956	96,376,938
Capital Expenditure		
Construction	1,555,819	734,356
Purchases	1,110,995	5,027,530
Total Capital Expenditure	2,666,814	5,761,886
Value Added Tax	1,665,811	2,285,891
TOTAL EXPENDITURE	101,016,581	104,424,715

The total revenue increased by \$135,363 or 40% in 2010 compared to 2009 due to inclusion of new revenue items as a result of transfer of Government Shipping Services to the Naval Division.

The decrease in total expenditures by \$3,408,134 or 3% in 2010 compared to 2009 resulted from the non- payment of ration allowance, decrease in purchasing of vaccine drugs, clothing and uniform.

18.3 Appropriation Statement

The Force incurred expenditures totaling \$101,016,581 against the budget of \$101,210,920 resulting in a savings of \$194,339.

Details of expenditures against the budget estimates are provided in Table 18.2.

Table 18.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry /Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	81,814,365	67,959	81,882,324	81,793,042	0	89,282
2	Unestablished Staff	1,779,449	25,496	1,804,945	1,896,364	0	(91,419)
3	Travel & Communication	1,021,512	(198,446)	823,066	744,910	0	78,156
4	Maintenance & Operations	4,329,510	546,131	4,875,641	4,838,247	0	37,394
5	Purchase of Goods & Services	4,018,444	625,147	4,643,591	4,629,366	0	14,225
6	Operating Grants & Transfer	1,700,000	0	1,700,000	1,700,000	0	0
7	Special Expenditure	716,500	318,444	1,034,944	1,082,027	0	(47,083)
	Total Operating Costs	95,379,780	1,384,731	96,764,511	96,683,956	0	80,555
	Capital Expenditure						
8	Construction	2,960,420	(1,374,144)	1,586,276	1,555,819	0	30,457
9	Purchases	1,020,000	69,998	1,089,998	1,110,995	0	(20,997)
	Total Capital Expenditure	3,980,420	(1,304,146)	2,676,274	2,666,814	0	9,460
13	Value Added Tax	1,758,200	11,935	1,770,135	1,665,811	0	104,324
	TOTAL EXPENDITURE	101,118,400	92,520	101,210,920	101,016,581	0	194,339

PART B: AUDIT FINDINGS

18.4 Provision for Annual Leave

Agencies must keep accurate and up to date records of all leave and other employee entitlements.¹ A register of contingent liabilities must be maintained and must include the following information;

- A description of the contingent liability;
- Its value, if this can be measured reliably;
- The way in which the contingency arose;
- Details of any action required to minimise the potential loss; and
- Details of progress in managing the risk.²

The Force failed to submit records of all staff leave entitlements and its value for the year ended 31 December 2010.

As such, the provision for annual leave balance could not be reflected in the agency financial statement for the year ended 31 December 2010.

¹ Section 54 – Finance Instruction 2010

² Section 56 – Finance Instruction 2010

Recommendations

- **The Force should ensure that records for all leave and other employee entitlement are properly maintained and kept up to date.**
- **All records to be made available to audit for verification purposes.**

Management Comments

OAG comments and recommendations are noted. RFMF is currently undertaking an extensive exercise to update leave records for all personnel which will be completed by October 2011.

Once this important exercise is completed, the results will be uploaded to a Data Base/EDMS and fully managed by a Cell/Section to ensure that employee's entitlements are properly maintained and kept up to date as recommended.

18.5 Overdrawn Operating Trust Fund Accounts

Trust Fund Accounts compromise monies, which are not the property of the state and not utilized for the purpose of government. In addition, Trust money is to be accounted for separately from public money and other money,³ and by convention should always have credit balances. Thus, the trust fund accounts should not at any time be overdrawn.⁴

As at 31 December 2010, the Force had some Operating Trust Fund accounts overdrawn amounting to \$5,669,267.79. Refer to **Appendix 18.1** for details.

The overdrawing of Operating Trust Funds Account may have resulted from incorrect journal entries passed to these accounts or through mispostings.

Recommendations

- **The Force should ensure that the trust account is not overdrawn at any point in time in accordance with Finance Circular 4/98.**
- **The Force must investigate these overdrawn (debit) trust fund accounts and take appropriate action.**

Management Comments

OAG comments and recommendations are noted and RFMF will reconcile accounts and take appropriate action.

It is to be noted that the overdrawn trust fund accounts were from previous years however the Force will continue to reconcile the accounts and mispostings and incorrect journal entries passed are adjusted accordingly.

³ Section 25 (1) of the Financial Management Act 2004

⁴ Finance Circular No. 4/98 of 30/03/98

18.6 Variance in Trust Account Reconciliations

Each month, the trust account shall be balanced and reconciled with the trust bank account. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Unreconciled items should be investigated and resolved promptly.⁵

A variance of \$58,842.33 was noted between the Force's Trust fund reconciliation and the balance reflected in the Financial Management Information System (FMIS). Refer to Table 18.3 for details:

Table 18.3: Variance in Trust Fund Account

Records as at 31/12/10	Amount \$
FMIS	5,138,812.40
Force	5,197,654.73
Variance	(58,842.33)

Lack of supervisory checks may have resulted in the above variance.

Recommendation

The Force should reconcile the Trust Fund account balances with the FMIS balance on a monthly basis and any variance noted should be adjusted accordingly.

Management Comments

RFMF acknowledges observations and will ensure that the recommendation is implemented.

It is to be noted that the above figures shown in the Trust Fund Reconciliation statement as per table above are from the first closing of the RFMF TFA Account then was later reopened to cater for additional charges which causes the variances reflected in the table above. Additional controls are also put in place to ensure that variances noted are adjusted accordingly as recommended.

Further OAG Comments

Further verification with the Principal Accounts Officer revealed that the Force is yet to reconcile some of the account balances in the General Ledger system (FMIS) which is contributing to the variance. The Force was reconciling their records against the monthly reports sent by Ministry of Finance rather than the General Ledger system (FMIS).

18.7 Revolving Fund Account - Miscellaneous

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

A variance of \$59,298.29 was noted between the Force's RFA balance and the balance reflected in the Financial Management Information System (FMIS). Refer to Table 18.4 for details:

Table 18.4: Variance in RFA Balance

⁵ Section 58 (3) – Finance Instruction 2010

⁶ Section 16.3.1 & 16.3.3 – Finance Manual 2005

Records As at 31/12/10	Amount \$
FMIS	2,106,053.27
Force	2,165,351.56
Variance	(59,298.29)

Lack of supervisory checks may have resulted in the above variance.

Recommendation

The Force should ensure that the Revolving Fund Account is reconciled with FMIS on a monthly basis and any variances noted are adjusted accordingly.

Management Comments

RFMF acknowledges observations and will ensure that the recommendation is implemented.

It is to be noted that the above figures shown in the RFMF Reconciliation statement as per table above are from the first closing of the RFMF RFA Account then was later reopened to cater for additional charges which causes the variances reflected in the table above. Additional controls are put in place to ensure that variances noted are adjusted accordingly as recommended.

The reconciliation was compiled on the first December report. The table below shows the variances in the RFMF reconciliation and the Final FMIS balances after adjustments. Account 840101 (AP Gov. Depts.) with a total of \$16,888.24 had been cleared to zero while account 850202 totaling \$35,600.00 is the Naval Firefighting Programme which is ongoing. Refer table below for details:-

Act	Act No.	Particulars	RFMF	FMIS	Variance	Remarks
DEBITS						
	560203	AR Individual	189,933.42	189,933.42	-	
	569902	Malay Pension	557,400.63	559,019.31	1,618.68	
	569903	Widow Pension	123,501.10	123,550.69	49.59	
	570302	Dish Cheque	1,174.06	1,174.06	-	
(10)	569902	Malay Pension	1,618.68	-	1,618.68	
(10)	569903	Widow Pension	49.59	-	49.59	
	850202	GL Def Income	1,806,852.41	1,806,852.41	-	
	840101	AP Gov Depts.	16,888.24	-	16,888.24	Act adjusted to zero
		TOTAL	2,697,418.13	2,680,529.89	16,888.24	
CREDITS						
	570301	Adv	419,100.38	419,100.38	-	
	840101	AP Gov Depts.	-	-	-	
	850203	GL Def Income	6,290.00	6,290.00	-	
NAVY	850202	GL Def Income	864.99	36,464.99	35,600.00	Fire fighting
	840602	WH Tax	17,823.20	17,823.20	-	
GSS	840101	Ret GSS Bldg	87,988.00	87,988.00	-	
		TOTAL	532,066.57	567,666.57	35,600.00	
			2,165,351.56	2,112,863.32	52,488.24	

Further OAG Comments

Further verification with the Principal Accounts Officer revealed that the Force is yet to reconcile some of the account balances in the General Ledger system (FMIS) which is contributing to the variance. The Force was reconciling their records against the monthly reports sent by Ministry of Finance rather than the General Ledger system (FMIS).

18.8 RFA – Outstanding Balance in Miscellaneous Account

The Principal Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁷

Our audit noted that the Force had long outstanding items appearing in the account yet to be cleared. Refer to Table 18.5 below for details.

Table 18.5: Outstanding Balances in RFA Miscellaneous Account

Account Number	Particulars	Balance \$
1-19101-19999-560203	Accounts Receivable Individual	189,933.42
1-19101-19999-569902	Malaya Pension	514,604.05
1-19101-19999-569903	Malaya Widow Pension	121,952.81
1-19101-19999-570301	Advances	424,606.38
1-19101-19999-570302	Dishonored Cheques	1,174.06
1-19101-19999-850202	Deferred Income	1,806,852.41
1-19101-19999-850203	Deferred Income	6,290.00
Total		3,065,413.13

Failure to clear long outstanding items indicates that the officers have not carried out their duties thoroughly.

Recommendation

The Force should take immediate action to clear the outstanding items.

Management Comments

Recommendation is noted and RFMF is working with MOF on clearing outstanding items.

18.9 Unexplained Account Balance – Accumulated Surplus/Deficit

The Chief Staff Officer Financial is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁸

Verification of the Force's FMIS records revealed that account allocation 1–19000–00000–910000 - Accumulated surplus/deficits had a credit balance of \$1,765,864.18. Refer to Table 18.6 below for details.

Table 18.6: Details of the Account Balance 1-19000-00000-910000

Allocation Number	Description	Amount (\$)
1-19101-19999-910101	Surplus/Deficits –Prior Year	(131,546,948.02)
1-19101-19999-910102	Surplus/Deficits –Current Year	129,781,083.84
Total		(1,765,864.18)

The audit was unable to substantiate the balance for allocation 1–19000–00000–91000 - Accumulated surplus/deficits.

⁷ Section 18.1.3 – Finance Manual 2005

⁸ Section 18.1.3 – President's Office Finance Manual 2005

Recommendation

The Force should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences and should be produced during the audit.

Management Comments

OAG observations and recommendations are noted for implementation. The transactions above were made by the Ministry of Finance i.e. FMIS at the end of the financial year and also clearance will be done by the Ministry of Finance.

18.10 Inter-Departmental Clearance (IDC)

A ledger shall be maintained for advances, petty cash, accounts payable, revolving fund accounts, inter – departmental clearance accounts, cash clearance accounts, expenditure and commitment accounts. Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the Accounts Officer shall reconcile the ledger balances to the general reports and prepare a ledger reconciliation statement.⁹

A variance of \$319,879 was noted between the FMIS (GL) balance and the Forces reconciliation balance. Refer to Table 18.7 below for details.

Table 18.7: Variance noted in IDC Reconciliation

Records	Debit \$	Credit \$
FMIS	321,308.52	968,554.85
Force Reconciliation	1,429.52	648,675.85
Variance	319,879	319,879

The above implies that account was not properly reconciled by the Accounts Officer.

Recommendations

- **The above variances noted should be investigated and adjusted accordingly.**
- **The Force should ensure that their records are reconciled to the FMIS on a monthly balance and any variances noted are adjusted accordingly.**

Management Comments

OAG observations and recommendations are noted for implementation.

It must be noted that the IDC Account should have a nil balance at the end of each year. The figures shown in the RFMF Reconciliation statement as per table above are from the first closing of the IDC Account on zero balance. The account was later reopened to cater for additional charges from COGS which were then cleared.

Further OAG Comments

Further verification with the Principal Accounts Officer revealed that the Force is yet to reconcile some of the account balances in the General Ledger system (FMIS) which is contributing to the variance. The Force was reconciling their records against the monthly reports sent by Ministry of Finance rather than the General Ledger system (FMIS).

⁹ 2005 Finance Manual – 16.3.1 & 16.3.3
Fiji Military Forces

18.11 Loss in TMA Operation

Trading and Manufacturing activity (TMA) are operated on a semi-commercial basis to increase the returns that are realized from them and to provide goods, services or works more cost effectively.¹⁰

It was noted that the Force's TMA incurred a loss of \$80,625 for the year ended 31/12/2010. Refer to Table 18.8 below for details of losses.

Table 18.8: Details of Losses for the Year Ended 31/12/2010.

TMA	Amount \$
Plant Pool	(66,672)
Hydrographic	(13,953)
Total	(80,625)

These findings reflect poor resource management by the responsible officers which resulted in uneconomical usage of taxpayer's funds.

Recommendations

- The Force should carry out a comprehensive review of its TMA operation in consultation with Ministry of Finance to ensure that the operation of the TMA is viable.
- The Force should utilize taxpayer's funds economically to ensure that positive returns are realized from TMA operation.

Management Comments

OAG observations and recommendation are noted for implementation.

It is to be noted that the operation of the TMA for Plant Pool has been greatly hampered by other factors such as:-

1. *Machines which have been used for operations are 10 – 20 years old and are beyond its useful life and are uneconomical for usage;*
2. *Cost to maintain these machines are so high which resulted for the account to operate on a loss for year 2010 as stated in the table 7 above.*

However with donation received from the Chinese Government with new machines in 2011, the Force will utilize taxpayer's funds economically to ensure that positive returns are realized from TMA operation as recommended.

18.13 Anomalies and Variance in the Hydro-Graphic TMA Drawing 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 officer¹¹.

¹⁰ 2005 Finance Manual – Parts 6 – TMA

¹¹ 2005 Finance Instructions 39 (5)

Audit noted the following anomalies for the Hydrographic TMA bank reconciliation;

- Audit could not verify the opening balance as per cash book of \$35,276.48 for March as January and February reconciliation were not provided to audit;
- Bank fees and lodgment are accounted together as addition to the closing balance as per bank statement in every month reconciliation;
- Total Revenues and Payments of \$3,468.51 and \$12,463.19 for March to September are yet to be posted to the general ledger (FMIS) as at 31/12/2010.
- The Force's record had a closing balance of \$36,212.48 for its Drawings Account as at 31/12/2010. Audit noted that the balance did not reconcile with the general ledger (FMIS) and had a variance of \$13,136.79 as at 31/12/2010. Refer to the Table 18.10 below for details of variance.

Table 18.10: Details of Variance for the Drawing Account

Allocation	Description	Amount \$
Force's Records	December Bank Reconciliation	36,212.48
General Ledger (FMIS) Records		
4-40153-40999-540301	FIMSA Allocation	20,689.39
4-19154-19999-540301	RFMF Allocation	2,386.30
Total FMIS Records		23,075.69
Variance		13,136.79

The Force did not provide any explanation or details about the variance. The variances indicate that monthly reconciliations were not carried out properly and checked by the Superior officer.

Recommendations

- **The Force should ensure that transactions are recorded on timely basis in the general ledger system.**
- **The Force should reconcile their records to the general ledger and bank balance.**
- **The Force should ensure that reconciliation are prepared properly and checked thoroughly by the Superior Officer.**

Management Comments

OAG comments and recommendations are noted and RFMF will implement recommendations. With completion of the transfer of TMA Accounts from the Ministry of Finance and strengthening of internal control, the Force will ensure that recommendations are implemented.

18.13 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.¹²

¹² Value Added Tax Decree 1991 4th edition revised to 30/04/04 – 15 (1)

A review of VAT Returns and supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$70,828.84 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer to Table 18.11 below for details.

Table 18.11: Variance in Taxable Supplies

Details	Amount \$
Total expenditure/income as per Expenditure Statement	99,350,430.11
Less: Expenditure not subject to VAT – SEG 1, 2 and 10	85,389,406.05
Total expenditure/income subject to VAT	13,961,024.06
Less: Total taxable supplies as per VAT Returns	13,890,195.22
Un-reconciled variance	70,828.84

In addition, a difference of \$119,917.11 was noted between the actual VAT payments for the year 2010 and the balance disclosed in the general ledger as reflected in Table 18.12 below.

Table 18.12: Variance in VAT Paid and FMIS Balance

Details	Amount \$
VAT payments (VAT payments to FIRCA and VAT Input) as per Statement of Receipts and Expenditure	1,663,272.13
VAT payments (VAT payments to FIRCA and VAT Input) as per VAT Returns for 2010	1,543,355.02
Un-reconciled variance	119,917.11

No explanation was provided for the variance.

Recommendations

- The Force should review its VAT records and reconciliations and provide explanations for the variances.
- Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns reconcile with the GL.
- The Force should ensure that records pertaining to VAT are properly maintained and regularly reconciled to ensure its accuracy.

Management Comments

OAG observations and recommendations are noted for implementation. Internal Controls are also being put in place to ensure that balances reflected in the Vat Return reconcile with GL as recommended.

18.14 Salary Overpayment on Discharge

Salaries and wages constitute a major portion of the agencies budget. Proper controls over engaging new employees, salary payments and resignations reduce the risk of fraudulent or unauthorized payments, inaccurate payroll reports and invalid pay rates.¹³

Audit of payroll records noted that 37 discharged officers continued to be paid after the effective date of their discharge. This was due to Pay Office not provided with the correct date of discharge from the Human Resource Management Section.

As a result these officers were overpaid their salaries by \$29,145. Refer to **Appendix 18.2** for details.

Similar concerns were raised in previous years' audit memorandum however no corrective actions were taken by the Force.

Recommendations

- **The Force should take appropriate action to recover overpaid salaries.**
- **The Force must ensure that Pay Office is provided with correct date of discharge of officer to ensure salaries are ceased on time and overpayment is avoided.**

Management Comments

OAG findings are noted. This is a recurring audit queries highlighted in the previous OAG reports. The Force opinion is based on the interpretation of the termination date and date of final pay. The Force interpretation is based on legal provisions stipulated on the Force Enlistment and Discharge Procedures.

As discussed with the audit team that the dates for discharge and the actual days paid to the respective soldiers listed will differ due to the following reasons:-

- *The date(s) of discharge reported were the date authorized by HQ RFMF for the release of individual(s) from the force;*
- *Upon receipt of approval from HQ RFMF, Unit HQs and individuals then proceed to administer the discharge process which takes sometimes to complete and they are:-*
 - i) *Determination of incomplete re-engagement term(s) & recovery;*
 - ii) *Computation of leave owing;*
 - iii) *Administration & Logistic clearance etc.*
- *The actual date(s) the soldiers were paid up to were for payments of accumulated leave and being owed to the individuals;*
- *The dates shown in the table were correct and there were no overpayments made as reported.*

These are processes to be completed before an officer to be completely discharged from the Force and the most important process is for the officer to return its RFMF personal issue prior to discharge (Logistic Clearance) and in compliance with RFMF standing rules and regulations. If soldiers do not comply with this requirement, then payments of RFMF personal issue will be recovered from their outstanding leave. This is the only measures in place so that all personal issues are returned to the RFMF including personal ID.

However a policy is also in place whereby all RFMF personal are encouraged to take and they are:-

- i) *take any outstanding leave before the end of a financial year or*
- ii) *take pre – retirement leave before they are discharged from the service and*
- iii) *salary to be ceased from the date of discharged and any outstanding leave are to be paid manually i.e.) one off payment when personal issues are returned by the officers concerned.*
- iv) *RFMF is currently undertaking a major exercise in updating the leave records of all its personnel.*

¹³ RFMF Finance Manual 2005: Part 4

18.15 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.¹⁴

The audit noted that some Officers were also paid lodging allowance while occupying quarters. Refer to Table 18.13 below for details.

Table 18.13: Details of Payment of Lodging Allowance

Reg No.	Officer	Date of Occupancy	Date Started Receiving Lodging Allowance	Date Lodging Allowance Ceased	Overpaid Lodging Allowance 2010 \$
22914	M.K Tamainai	01/03/07	15/09/10	31/12/10	2,073.24
30698	I. Tawakedrau	01/05/10	01/05/10	30/06/10	969.68
30906	E. Vuicuvu	29/04/10	01/05/10	15/07/10	1,101.35
25503	A. Dere	01/01/03	01/10/10	31/12/10	1,435.74
24649	M.S Nawaikelokelo	19/08/10	01/11/10	31/01/11	808.35
26433	W. Torolevu	03/08/10	03/08/10	15/12/10	916.12
28914	J. Vodowaqavuka	14/07/10	15/07/10	31/01/11	1,358.70
Total					8,663.18

Similar concerns were raised in previous years' audit memorandum however no corrective actions were taken by the Force.

Poor communication and coordination between the Quarters Clerk and the Pay Office resulted in the above overpayments.

Recommendations

- **The payment of lodging allowances to officers occupying quarters should cease immediately.**
- **Appropriate action should be taken to recover wrongful payment of lodging allowances.**
- **Communications between the Administration Section and the Pay Office should be improved to ensure that information regarding quarters' occupancy is relayed to the Accounts Section on time to avoid overpayments of allowance.**

Management Comments

OAG findings and recommendations are acknowledged. The RFMF acknowledges that there is a need to enhance communication between the Human Resource Section, Camp Comdt and the Pay Office to improve and to ensure that information regarding quarters' occupancy is quickly relayed to the Pay Office on time to avoid overpayments of allowance.

However, recovery from concerned individuals have commenced with direct deduction (OPR) from individual's salary. Mr. Tawakedrau and Mr. Vuicuvu have already paid their overpayment of lodging allowance and the other officers except Reg. No. 24649 MS Nawaikelokelo who have been resigned from the Force are to be recovered wef Pay 12 of 2011. Mr. MS Nawaikelokelo has not being discharged from the Force and repayment will be paid from his outstanding leave which is still owed to him.

¹⁴ Fiji Military Forces Standing Orders, Vol 1 – Section 17.55

The RFMF will also put in place a control mechanism to ensure that prompt recovery of lodging allowances to those officers who are occupying quarters and the cessation of lodging allowances to those officers who have been approved to occupy quarters.

Further OAG Comments

The Force is yet to provide evidence to the above mention recovery.

18.16 Officers Occupying Government Quarters but not Paying Rent

Effective from 1/1/11 the rent contribution by eligible Officers accommodated either in Government quarters or rented premises is to be 8% of their basic salary.¹⁵

Review of records pertaining to the occupation of government quarters by RFMF Officers revealed that few Officers were occupying government quarters but were not charged rent by the Force. Refer to the Table 18.14 below for details.

Table 18.14: Officers Occupying Government Quarters without any Rent

Reg No.	Officer	Date of Occupancy	Total Rent Due as at 2010 \$
30698	I. Tawakedrau	01/05/10	1,765.82
30906	E. Vuicuvu	29/04/10	1,531.44
30597	M. Naulumatua	30/06/09	7,449.48
Total			10,746.74

The finding indicates laxity on the part of the management in ensuring that quarters rent is deducted from all officers occupying government quarters.

Recommendation

The Force must ensure that quarters rent is deducted from all Officers occupying quarters.

Management Comments

OAG findings are noted. Overpayment recovery (OPR) action has commenced from Pay 12 of 2011 and the Force will ensure that rent for quarters is deducted from all Officers occupying quarters as required by standing rules and regulations.

This issue will be followed up by the RFMF Internal Audit Team to make sure that quarters rent is deducted from all Officers occupying quarters.

Further OAG Comments

The Force is yet to provide evidence on the above mention recovery.

18.17 Maintenance of Computers

The proper management of expenditure is fundamental to ensuring value-for-money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and

¹⁵ PSC Circular 06/2011

payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.¹⁶

We noted that despite directive given by the Commander that Omega Computers must not be allowed to service any official RFMF computers, the Force continued to acquire the services of the Omega Computer for maintenance of computers. The Force paid \$65,151.36 and \$29,930.57 in 2009 and 2010 respectively for services obtained from Omega Computers.

Refer to Table 18.15 for details of payments made to Omega Computers in 2010.

Table 18.15: Examples of Payments Made to Omega Computers – 2010

Cheque No.	Date	Description	Amount \$
30022	11/02/10	Format, Reload all software, backup & restore data, clean virus	1,751.64
30191	12/02/10	Reload software, clean virus	3,440.26
30519	04/03/10	Format, Reload, virus backup, restore all data/change hard drive, memory	5,438.26
30862	18/03/10	Computer services, reload software, backup/restore, change memory, upgrade virus	4,103.25
31603	16/04/10	Format, reload all software backup, restore data, clean virus, hard drive	1,027.13
Total			15,760.54

In addition, another computer company, Outback Supplies, was also engaged by RFMF during the year to provide services of maintaining computers. Verification of the payment vouchers revealed that Omega Computer and Outback Supplies had same address and telephone numbers and were providing same services under different names.

The total amount paid to Outback Supplies for their services totalled \$16,833.28 for 2010.

The non compliance to Commanders directives indicates payments totalling \$111,915.21 made to Omega Computers and Outback Supplies were unauthorised.

Recommendations

- **The Force must comply with the Commanders directive and cease all dealings with Omega Computers immediately.**
- **The Force should follow proper procedures in obtaining computer services.**

Management Comments

RFMF acknowledges the comments made by the OAG and will cease all dealings with Omega & Outback Supplies Limited as directed by the Commander. Respective officers will be advised to follow the RFMF standard policy and guidelines for the maintenances of computers within the RFMF.

18.18 Non Delivery of Building Materials

Upon receipt of the goods, services or works, the Quarter Master (QM) or Officer in Charge (OIC) specify which OIC shall verify that their receipt in good order and that the invoice is in accordance with the LPO.¹⁷

¹⁶ RFMF Finance Manual Part 2: Expenditure

¹⁷ RFMF Finance Manual – Section 2.5.14

The CSO Finance or the Officer in Charge of Accounts must not certify a payment as correct unless they are satisfied that:¹⁸

- 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;
- iii) sufficient uncommitted funds are available for payment of the account;
- iv) the account is not fraudulent and has not been previously paid;
- v) the expenditure account it is charged to is correct.

It was noted that RFMF paid a total of \$89,716.25 to RC Manubhai and Standard Concrete Industries for the purchase of building materials for the Blackrock project in Nadi. However the materials are yet to be delivered to the site. Refer to Table 18.17 for details of items purchased and payments made.

Table 18.17: Details of Advance Payments

Company Name	Materials	Cost \$
RC Manubhai	Beam	13,793.75
	Tiling	21,031.00
	Paints & Footpath	10,331.00
	Plumbing	17,719.75
	Electrical	3,322.95
Total payment made to RC Manubhai		66,198.45
Standard Concrete Industries	2.5mpa ready mix	12,400.00
	Blocks	11,118.00
Total payment made to Standard Concrete Industries		23,518.00
Total		89,716.45

In addition, the Force is yet to recover \$28,099.50 paid to Wingate Hardware in 2008 for purchase of materials for the Blackrock project which was not supplied.

The findings indicate RFMF's non compliance to its Finance Manual.

Recommendations

- **The Force should ensure that payments are only made once goods are received in good condition.**
- **The Force must ensure that practice of advance payment for purchases of goods and services is ceased.**

Management Comments

The Force acknowledges the findings and recommendations of OAG.

A number of factors should be taken into consideration:-

- i) *Requisition to Incur Expenditure (RIE) was only approved by MOF in December, 2009 for the project;*
- ii) *Thus the bulk purchase to ensure budgeted funds is utilised for the project before the financial year ends. This was done so that the project is to be eventuated due to the availability of the Force Engineers personnel, machines etc and will be a loss to the government if these personals are underutilised in respect of payment of salaries.*

Due to the unavailability of storage facilities at the site, security, wear and tear of building materials and extra cost and time in which the RFMF may incur to build a bulkstore, the RFMF made an arrangement with

¹⁸ RFMF Finance Manual – Section 2.8.3

companies concerned to deliver as and when is required. Also included in the arrangement that prices of the items are to remain the same until all the items are supplied to the site.

The Force Engineers Unit is also advised to prepare a Memorandum of Understanding (MOU) between the parties concerned to safeguard the agreement made and to ensure that the suppliers are complied with at all times. Internal controls are also put in place for monitoring and to ensure that all building materials are received at the site.

The building materials which are on the site at this point in time are to complete the first accommodation block up to roof level. The building materials which are still with the suppliers are materials which can be easily damaged due to its wear and tear and will be supplied as and when is required. These materials are paints, cement, concrete, tiles and glue, plumbing and electrical items etc.

There are other options the Force is also taken into consideration to complete the project and they are:

- i) Hiring of private contractor and*
- ii) Purchase empty containers for storage facilities. The empty containers are store building materials which can be easily damaged, stolen etc?*
- iii) Increase manpower to complete the project.*

Further OAG Comments

The Force is yet to provide evidence on the above mention Memorandum of Understanding. The Force also failed to recover \$28,099.50 from Wingate Hardware Company for failure to deliver materials purchased in 2008. The company is now liquidated.

18.19 Tenders not called for Supply of Stationeries

Where goods, services or works are regularly required by the agency, the Permanent Secretary shall request the Central Tender Board to issue an annual tender for that particular good, service or works.¹⁹

The Force regularly purchased stationeries from three companies, namely Samsco & Supplies, Extreme Stationery and Xpress Office Supplies since 2009. The Force's total stationery bills for the years 2009 and 2010 were \$683,325.40 and \$495,873.20 respectively.

Refer to the following Table 18.18 for details.

Table 18.18: Names of the Companies

Name of Company	Payments 2009 \$	Payments 2010 \$
Samsco & Supplies	74,201.83	67,996.31
Extreme Stationery	379,480.37	64,704.64
Xpress Office Supplies	229,643.20	363,172.25
Total	683,325.40	495,873.20

The Force did not call for annual tenders for supply of stationeries from these companies.

While the need for goods may have been necessary and urgent, it certainly does not require deviations from policies and guidelines governing the purchase of these goods and services. Failure to do so could result in unauthorised procurement and over expenditure.

¹⁹ Finance Instructions 2005 – Section 15 (1)

Recommendation

The Force should call for annual tenders for supply of stationeries.

Management Comments

RFMF acknowledges the findings of OAG.

The payments of suppling of stationeries shown in the Table 18.21 above were for the whole RFMF Units including sub units/sections/company. The RFMF have 10 major Units with about 20 – 30 sub units/company including Government Shipping Services. The 10 major units are responsible for the purchase of its stationeries and to be in accordance to the unit's activity as required in the unit's budget estimate. All purchase of stationeries from these units is required to produce at least three competitive quotations in compliance to the RFMF Finance Manual Part 2.

There is also no assurance that the company that will win the tender will be able to supply stationeries throughout all RFMF Units around the country i.e.) Western and Northern.

It is to be noted that additional checking systems have been implemented by the Account Section to ensure that Units comply with RFMF Finance Manual Part 2 for the procurement of goods and services.

18.20 Operation of the Labasa Account

All payments must be processed through payment vouchers prepared by the Officer In Charge of Accounts. Separate vouchers are to be used for separate payees and for the payment of different services.²⁰

The Force maintained a Westpac bank account 9801976219 in Labasa for project works. Funds in Westpac Labasa account was replenished from the RFMF Engineers account in Suva. Refer to Table 18.19 for details of amount replenished into Labasa account.

Table 18.19: Payments Made to Labasa Force Engineers Bank Account

Cheque No.	Date	Amount \$	Payment to be Made to
000262	01/06/10	1,802.70	RFMF Engineers a/c
000275	02/06/10	19,021.50	Bombay Trading
000286	07/06/10	820.96	Deposit to a/c
000339	21/06/10	25,043.50	Bomco Trading
000343	23/06/10	1,499.81	New World
000345	24/06/10	1,248.75	Munaf Motor Parts
000391	21/07/10	415.80	Total Fiji Ltd
000466	22/09/10	1,500.00	Bua College
000483	08/10/10	2,935.15	Nadogo Secondary
000497	26/10/10	10,278.50	Bua College
000513	04/11/10	1,816.25	Nadogo Deployment
000526	24/11/10	9,142.93	Bua College
Total		\$75,525.85	

The audit noted that payments for goods and services purchased for RFMF projects in Labasa were made in cash by the Force Clerk and not paid directly to the suppliers through cheques. When

²⁰ RFMF Finance Manual – Section 2.8.1

payments were made a cash cheque was issued to the Force Clerk who withdraws cash from the bank and pays in cash to the suppliers.

The finding indicates lack of controls over cash and payment made to suppliers which may result in misappropriation of funds.

Recommendation

The Force must ensure that all payments for purchase of goods and services are made through cheque and not cash.

Management Comments

OAG findings and recommendation is noted and the Force Engineer's Unit has been advised to ensure that all payments for purchase of goods and services are made through cheque payments only and not cash as recommended.

It is to be noted that urgent payments may not be able to be paid by cheque since clearance of the cheque by the bank may take a few days which may negatively affect the achievement of project deadlines required.

18.21 Poor Cash Management

Responsible cash management practices reduce the risk of losses through theft and fraud and also Government's costs. All cash, cheques and documents of value shall be kept in a safe or strong room. The safekeeper and Cashier shall be responsible to the Chief Staff Officer Finance for the safekeeping of cash and other valuables.²¹

If it is necessary for an officer to hold petty cash for incidental payments, an application shall be made to the Chief Accountant. All payments made from petty cash must be authorised by the petty cash holder and supported by petty cash vouchers. The petty cash officer shall enter details of payments made in to the cashbook and attach duplicate vouchers.²²

We noted that the Force Engineers failed to adhere to the rules and regulations pertaining to the management of cash. The following irregularities were noted.

- The Force did not have a safe to keep the cheques/cash. Cheques/cash were kept in the Clerk's drawer.
- Proper authority was not obtained from Ministry of Finance by the Force for operating petty cash account.
- The Clerk did not maintain petty cash vouchers for payments made from the petty cash accounts.
- The Clerk did not maintain a separate cash book to record petty cash payments. All payment made including petty cash, were recorded the main cashbook.

The finding indicates lack of controls over cash which may lead to misappropriation of funds.

Recommendations

- **The Force must ensure that cash on hand is kept in a safe and locked at all times.**
- **The Force should obtain Ministry of Finance approval for operating petty cash account.**

²¹ RFMF Finance Manual Part 7 – Section 7.1.1 & 7.1.2

²² RFMF Finance Manual – Section 7.3.1, 7.3.10 & 7.3.15

- **The Force must ensure that proper records for petty cash accounts are maintained such as a separate cash book and petty cash vouchers.**

Management Comments

RFMF acknowledges OAG findings and recommendations. The Force Engineers Unit do have a safe in the office for the safekeeping of cheques and cash on hand. The Unit is in the process of obtaining approval from Ministry of Finance for operating a petty cash and also designing a petty cash vouchers to be used only by the Units, similar to the Government's petty cash vouchers.

The RFMF in response to the audit findings is seeking Ministry of Finance assistance in the appointing of a Senior Account Officer to be solely dedicated to the operating of the funds utilised by the RFMF Engineers Unit.

18.22 Monthly Bank Reconciliation not Prepared

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.²³

The Force Engineers failed to prepare the monthly bank reconciliation for the separate bank accounts maintained for capital projects.

Discussion with the Engineer's Clerk revealed that he was not aware that bank reconciliations are to be prepared monthly. Furthermore the Principal Accountant was not informed of the operation of the separate bank account; therefore he was not able to supervise the work of the Engineers maintaining the bank accounts.

Failure to prepare monthly reconciliations may result in errors, omissions and bank fees and adjustments not detected or updated in the Force records. Non reconciliation of bank account balances with the cash book also increases the risk of misappropriation of funds not detected.

Recommendations

The Force must ensure that bank reconciliations are carried out monthly and any difference to be investigated.

Management Comments

OAG findings and recommendation is noted. The Force Engineer's Unit will prepare monthly bank reconciliations as recommended. The Senior Accounts Officer that will be appointed soon will handle the accounts of projects and TMA of the Force Engineer's Unit.

18.23 Breaches of Procurement Procedures

A local purchase order or departmental warrant shall be issued when procuring any goods, services or works from an organisation within Fiji, unless a contract or agreement has been entered into.²⁴

The Chief Staff Officer (CSO) Finance or the Officer in Charge (OIC) of Accounts must not certify a payment as correct unless they are satisfied that:

²³ Finance Instructions 2005: 39(5)

²⁴ RFMF Finance Manual 2.5.1

- 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;
- iii) sufficient uncommitted funds are available for payment of the accounts;
- iv) the expenditure account it is charged to is correct.

Competitive quotes, instead of public tenders, may be called for procurements below \$20,000 unless the Commander has approved an exemption in accordance with Finance Instruction 3.2.10.²⁵

Scrutiny of payment vouchers revealed the following irregularities:

- On numerous occasions local purchase orders were not issued by the Force for purchases of goods and services. Refer to **Appendix 18.3** for examples.
- Supporting documents such as purchase orders and invoices were not always attached to payment vouchers.
- There was no evidence to indicate that competitive quotes were obtained for purchases of goods and services below \$20,000.
- Payment vouchers and the supporting documents were not invalidated by stamping 'Paid' after payments were effected.

The findings indicate that proper procurement procedures were not always followed by the Force when procuring goods and services.

Recommendations

- **The Force should ensure that purchase orders are issued for all purchases of goods and services.**
- **The Force must ensure that supporting documents such as purchase orders and invoices are always attached to the payment vouchers.**
- **The Force must ensure that payment vouchers and all supporting documents are stamped "paid" after payment is effected.**

Management Comments

OAG findings and recommendations are noted.

Since the funds are deposited to the private account, there is no need to issue Government Local Purchase Order as recommended. However the Unit is in the process of designing a local purchase order and to be used only by the Force Engineer's Unit as recommended.

When a project is about to be started, the Estimator (RFMF personal) is required to list all materials in the estimate sheets and send to at least three (3) suppliers of goods and services for pricing of materials required for the project. Upon receiving these stamp estimate sheets from the supplier, the Estimator then will decide which company or suppliers is more convenient to purchase materials from. This process is similar to the procurement of goods and services which required the Unit to obtain 3 competitive quotations. The Estimator will have to seek approval from CO Engineer's Unit for the purchase of the required materials. Once it's approved, the estimate sheets are binded, stamp by Unit's rubber stamp and send to the supplier. This estimate sheets are in a form of Purchase Order issued by the Engineer's Unit to the supplier authorising the supplier to supply the required materials to the site. These are the processes used by the Engineer's Unit for procurement of goods and services.

It is to be noted that as of to date the Unit has been issued with an official 'paid' stamp. The other recommendations are noted and Force Engineer's Unit will ensure that all supporting documents are stamp 'paid' and attached to the payment vouchers.

²⁵ RFMF Finance Manual 2.3.2

18.24 Non Accounting for Value Added Tax

In any case where a return under Part VII (returns and payment of tax) of the VAT Decree is furnished which understates output tax or overstates input tax, that person shall subject to subsection (2) of this section and Section 70(1) of this Decree be liable to a penalty not exceeding the full amount of the deficient tax.²⁶ All payments, including VAT, must be immediately recorded in the financial management information system or an expenditure ledger.²⁷

The audit noted the following irregularities.

- The Force did not account for the receipts and expenditures for the Engineers capital projects when preparing VAT Returns even though VAT was paid to companies when materials were purchased.
- The Force Engineers failed to record VAT paid on expenses incurred in the Expenditure ledger. The Clerk was not aware that the VAT should also be included in the Expenditure ledger.
- The Force Engineers were not preparing and submitting monthly VAT returns to VAT Office.

As a result of the irregularities noted above the Force may have lodged incorrect VAT returns to Fiji Islands Revenue & Customs Authority and could be subject to penalty.

Recommendations

- **The Force should account for receipts and expenditures for the Engineers capital projects when preparing VAT Returns.**
- **The Force should ensure that VAT paid on purchases of goods and services are shown separately in the expenditure ledger.**
- **The Force must ensure that VAT returns are prepared and submitted to FIRCA on a monthly basis.**

Management Comments

OAG findings and recommendations are noted. The Ministries and Departments (financier)/Clients who are funding the projects who should prepare Vat returns and submitted to FIRCA on a monthly basis as recommended.

The Force Engineers Unit's responsibility is only to facilitate, monitor, administer and to see that the projects are completed as required by the client. When projects are completed, acquittals and any savings incur are send to the client concerned. On small projects, the clients are required to pay funds directly to the supplier of goods and services and the Force Engineer Unit's responsibility is to monitor the supplying of materials to the site.

18.25 Non Submission of Reports on Projects

For multi-year projects, the Grant Officer/Director Military Resources/DSC & FD shall inspect project sites at least once a year. The Grant Officer shall check that:

- i) records are being properly kept;
- ii) information in the acquittal report corresponds to records kept by the recipient;
- iii) the progress of the project is satisfactory.

²⁶ VAT Decree 1991, Section 76A, (1) (a)

²⁷ Finance Instructions 2005

The Grant Officers shall prepare an inspection report on each project inspected and submit it to the Chief of Staff at RFMF headquarters.²⁸

Scrutiny of the capital projects files revealed that there was no inspection report prepared by the Grants Officer or Officer in Charge of the project. The Officer was not aware that inspection report was to be prepared after every site visit.

As a result audit was unable to substantiate the progress of capital projects undertaken by the Force Engineers.

Recommendation

The Force must ensure that inspection reports are prepared for the capital projects undertaken at least once a year.

Management Comments

OAG findings and recommendation is acknowledged.

Project reports and inspection reports were always prepared and sent to the Headquarters Land Force Command by the Commanding Officer (CO) of the Force Engineers Unit. The CO Engineers is preview to all projects undertaken through weekly submission of reports and briefings.

The Force Engineer's Unit is also being advised to sent a copy of the report to the COS HQ for information.

Further OAG Comments

The Force is yet to provide the above reports to audit.

Appendix 18.1: Overdrawn Operating Trust Fund Accounts

Allocation	Description	Amount \$
11910119999861100	202 PD OPR Current Year	36,245.25
11910119999861100	208 PD Rent H/A Unestablished	938.32
11910119999861100	267 PD Rent Public Rental Board	5,305.50
11910119999861100	390 PD GOV Water Rates Charges	7,352.22
11910419999861100	390 PD GOV Water Rates Charges	140.00
11910519999861100	390 PD GOV Water Rates Charges	150.00
11910119999861200	241 PD CMLA	71,976.08
11910119999861200	244 PD-LICI	101,286.81
11910119999861200	247 PD Blue Shield	760.57
11910119999861200	XXX PD Others	421,798.89
11910119999861300	263 PD Housing Authority	12,958.19
11910119999861300	266 PD FDB Housing	24,624.80
11910119999861500	301 PD FPS Credit Union	12,978.37
11910119999861500	304 PD Fiji Nursing & Association Credit Union	1,295.00
11910119999861500	313 PD Viti N.T.W. CU	0.90
11910119999861500	316 PD Service Worker CU	75.45
11910119999861500	Wesram Finance	14,041.06
11910119999861500	XXX PD Others	810,773.05
11910119999861600	341 PD Maintenance – Suva	15,451.00
11910119999861600	342 PD Maintenance – Nausori	117.3
11910119999861600	345 PD Maintenance – Ba	324.00
11910119999861600	346 PD Maintenance – Lautoka	1,474.00
11910119999861600	347 PD Maintenance – Nadi	400.00
11910119999861600	348 PD Maintenance – Sigatoka	325.00
11910119999861600	349 PD Maintenance – Labasa	693.00
11910119999861600	350 PD Maintenance – Levuka	60.00
11910119999861600	352 PD Maintenance – Taveuni	15.00
11910119999861700	357 PD Rate - Suva	13,817.06
11910119999861700	364 PD Rate - Nausori	808.31
11910119999861700	361 PD Rate - Lautoka	709.43
11910119999861700	360 PD Rate - Nadi	20.00
11910119999861700	358 PD Rate - Lami	69.00
11910119999861700	XXX PD Rate - Nasinu	35,186.82
11910119999861800	410 PD Rent Special Grade	2,387.78
11910119999861900	201 PD Tax Arrears / PAYE	337,286.80
11910119999861900	381 PD Fines	6,288.45
11910119999861900	385 PD Sports and Social	2,743.85
11910119999861900	501 P D Employees FNPF	3,610,026.79
11910119999861900	YYY Payroll Deduction Miscellaneous	118,363.74
Total		5,669,267.79

Appendix 18.2: Details of Discharged Officers

Reg No.	Name	Date of Discharge	Date of Last Pay	Days Overpaid	Salary Rate \$	Total Amount Overpaid \$
31409	Naqio	03/05/10	20/05/10	18	29.30	527.40
29936	Nakabea	05/05/10	20/05/10	16	36.44	583.04
22117	Naqaravtu	10/05/10	03/06/10	25	66.88	1,672.00
25279	Naulu	14/05/10	03/06/10	21	29.35	616.35
31073	Reddy	14/05/10	03/06/10	17	29.35	498.95
24798	Kolinisau	20/05/10	03/06/10	14	99.46	1,392.44
27937	Nakauvadra	20/05/10	03/06/10	14	41.16	576.24
21952	Monua	23/05/10	03/06/10	12	47.55	570.60
31850	Tuidravu	25/05/10	15/07/10	21	27.93	586.53
22730	Sewale	27/05/10	03/06/10	8	47.55	380.40
27717	Gonerogo	27/05/10	03/06/10	8	63.53	508.24
28841	Rawamila	28/08/10	17/06/10	21	27.93	586.53
31371	Naidrodro	08/07/10	29/07/10	8	31.56	252.48
21797	Raiqiso	04/06/10	17/06/10	14	47.55	665.70
21912	Koroi	05/06/10	17/06/10	13	63.53	825.89
27192	Seruliwaliwa	07/06/10	15/07/10	39	35.84	1,397.76
29349	Uluinakubou	09/06/10	17/06/10	9	36.44	327.96
24627	Ravula	11/06/10	01/07/10	21	35.84	752.64
22949	Bese	19/06/10	01/07/10	13	47.55	618.15
23064	Lesi	27/06/10	01/07/10	5	73.60	368.00
21633	Soko	30/06/10	29/07/10	29	85.93	2,491.97
26162	Tabuakuro	02/07/10	29/07/10	28	41.37	1,158.36
29937	Matai	02/07/10	29/07/10	28	31.56	883.68
21958	Raisele	06/07/10	29/07/10	24	41.16	987.84
29912	Fisher	12/07/10	29/07/10	18	36.44	655.92
27968	Vueti	26/07/10	12/08/10	18	32.20	579.60
21900	Sword	28/07/10	29/07/10	2	63.53	127.06
31412	Radravu	29/07/10	17/06/10	15	27.93	418.95
30712	Vidovi	02/08/10	12/08/10	10	31.56	315.60
31327	Wise	03/08/10	12/08/10	10	27.93	279.30
30734	Kotoisuva	03/08/10	12/08/10	10	27.93	279.30
26249	Koroidimoko	03/08/10	12/08/10	10	35.84	358.40
23900	Moce	06/08/10	12/08/10	7	115.18	806.26
22068	Kaitani	08/08/10	18/11/10	103	43.29	4,458.87
21743	Vasuca	22/08/10	09/09/10	19	41.37	786.03
21864	Koro	31/08/10	09/09/10	10	73.60	736.00
22028	Tuicaumia	05/09/10	09/09/10	5	54.86	274.30
Total						29,304.74

Appendix 18.3: Local Purchase Order Not Issued

Cheque No.	Date	Amount \$	Paid to
000258	25/05/10	1,867.00	R C Manubhai
000293	08/06/10	6,878.85	Vinod Patel Hardware
000295	09/06/10	1,507.25	Suncourt Hardware
000297	09/06/10	7,429.10	R C Manubhai
000312	16/06/10	12,171.00	R C Manubhai
000318	16/06/10	3,377.45	Kasabias
000321	16/06/10	7,630.50	Vinod Patel
000328	17/06/10	10,752.90	Vinod Patel
000340	22/06/10	2,323.60	Vinod Patel
000347	28/06/10	4,408.84	Vinod Patel
000349	29/06/10	6,573.87	R C Manubhai
000352	01/07/10	16,800.00	Pioneer Concrete Industries
000353	02/07/10	2,547.75	Vinod Patel
000358	05/07/10	5,500.00	Pioneer Concrete
000370	08/07/10	7,778.65	R C Manubhai
000390	20/07/10	36,505.00	Central City Hardware
000388	21/07/10	6,250.00	Pioneer Concrete
000395	21/07/10	7,647.00	Pioneer Concrete
000397	27/07/10	2,083.00	Vinod Patel
000405	27/07/10	3,326.50	Vinod Patel
000415	05/08/10	5,282.50	Vinod Patel
000418	18/08/10	10,369.60	RC Manubhai
000419	19/08/10	5,408.80	Vinod Patel
000436	25/08/10	5,215.00	Vinod Patel
000440	31/08/10	3,376.51	RC Manubhai
000463	20/09/10	10,425.00	RC Manubhai
000471	28/09/10	1,507.69	Vinod Patel
000486	13/10/10	1,363.60	RC Manubhai
000514	15/11/10	17,277.21	RC Manubhai

Section 19 **Fiji Police Force**

Role and Responsibilities

Formulation and implementation of policies related to national defence, domestic security and public order, citizenship, maritime surveillance, passports, residency, national day celebrations and responding to natural disasters. The targeted outcome(s) and output(s) in relation to the above responsibilities are illustrated below;

Maintain Law and Order and uphold the Rule of Law Effectively and Efficiently:

- Portfolio Leadership Policy Advice and Secretariat Support.
- Prosecution of Suspected Offenders.
- Investigation and Detection Services.
- Provision of Protection Services.
- Client Complaint Investigations – Police Procedures.
- Community Policing.
- Traffic Control Services.
- Emergency Response Services – Disaster Management.

Table of Contents

PART A: FINANCIAL STATEMENTS	2
19.1 Audit Opinion.....	2
19.2 Statement of Receipts and Expenditure.....	2
19.3 Appropriation Statement	3
PART B: AUDIT FINDINGS	3
19.4 Variance in Revenue	3
19.5 Variance in the Drawings Accounts	4
19.6 Overdrawn Trust Fund Accounts	5
19.7 Unexplained Account Balance	5
19.8 VAT Reconciliations	6
19.9 FNPF Reconciliations.....	7
19.10 Overpayment of Salaries – Resignation and Salary Stoppage	8
19.11 Anomalies in the Recruitment of Special Constables	9
19.12 Procurement of Goods and Services	10
19.13 Purchase Made from Deluxe Footwear	12
19.14 Diversion of Funds/Mispostings for Special Expenditure (SEG 7)	14
19.15 Diversion of Funds - Capital Expenditure (SEG 9).....	16
19.16 Missing Payment Voucher	17
19.17 Anomalies Noted In Payment Vouchers	18
19.18 Prisoners Meals	20
19.19 Expenditure Incurred During Transfer of Officers.....	21
19.20 Failure to obtain Competitive Quotations	22
19.21 Outstanding Commitments Paid in 2010.....	24
19.22 Accountable Advance not cleared	25
19.23 Custody of Valuable Exhibits – Nabua Police Station	25
19.24 Vehicle Quarterly Reports	27
19.25 Discrepancies in Tally Card	28
Annexure 19.1: Special Constables recruitment.....	30
Annexure 19.2: Diversion of Funds from SEG 9.....	34

PART A: FINANCIAL STATEMENTS

19.1 Audit Opinion

The audit of the 2010 accounts of the Fiji Police Force resulted in the issue of a qualified audit report as the financial statements were not presented in accordance with the Financial Management Act. A Statement of Losses was not provided for audit contrary to section 71 (1) of the Finance Instructions 2010.

19.2 Statement of Receipts and Expenditure

The Force collected total revenue of \$1,916,638 and incurred a total expenditure of \$81,171,998 in 2010.

Table 19.1: Statement of Receipts and Expenditure for 2010

Description	2010 \$	2009 \$
RECEIPTS		
Police Clearance Fees	1,723,405	623,254
Licenses Fees	160,578	45,754
Other State Revenue	0	55,100
Other Agency Revenue	32,655	17,978
TOTAL REVENUE	1,916,638	742,086
EXPENDITURE		
Operating Expenditure		
Established Staff	66,787,063	65,857,555
Unestablished Staff	791,351	1,578,012
Travel & Communication	3,034,648	3,764,118
Maintenance & Operations	4,366,666	4,800,070
Purchase of Goods & Services	2,562,216	3,232,542
Operating Grants & Transfers	87,894	80,000
Special Expenditure	740,081	734,025
Total Operating Expenditure	78,369,919	80,046,322
Capital Expenditure		
Capital Construction	416,796	1,250,000
Capital Purchases	1,054,525	2,606,902
Total Capital Expenditure	1,471,321	3,856,902
Value Added Tax	1,330,758	1,879,461
TOTAL EXPENDITURE	81,171,998	85,782,685

Total revenue increased by \$1,174,552 or 158% in 2010 compared to 2009 due to increases in issuing of police clearances, renewing of licenses and overpayment recoveries.

Total expenditure decreased by \$4,610,687 or 5% compared to 2009 as a result of decreases in unestablished staff wages, travel and communications, purchase of goods and services and capital purchases.

19.3 Appropriation Statement

The Force incurred expenditures totalling \$81,171,998 against the budget of \$80,398,527 resulting in an over-expenditure of \$773,471 or 1%.

Details of expenditures against the budget estimates are provided in Table 19.2.

Table 19.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate (\$)	Changes (Note 4) (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
	Operating Expenditure						
1	Established Staff	62,272,312	2,854,876	65,127,188	66,787,063	0	(1,659,875)
2	Unestablished Staff	833,168	0	833,168	791,351	0	41,817
3	Travel & Communication	3,126,020	0	3,126,020	3,034,648	0	91,372
4	Maintenance & Operations	4,699,000	0	4,699,000	4,366,666	0	332,334
5	Purchase of Goods & Services	2,613,100	0	2,613,100	2,562,216	0	50,884
6	Operating Grants & Transfers	90,000	0	90,000	87,894	0	2,106
7	Special Expenditure	810,000	0	810,000	740,081	0	69,919
	Total Operating Costs	74,443,600	2,854,876	77,298,476	78,369,919	0	(1,071,443)
	Capital Expenditure						
8	Capital Construction	626,000	(135,349)	490,651	416,796	0	73,855
9	Capital Purchases	1,000,000	0	1,000,000	1,054,525	0	(54,525)
	Total Capital Expenditure	1,626,000	(135,349)	1,490,651	1,471,321	0	19,330
13	Value Added Tax	1,609,400	0	1,609,400	1,330,758	0	278,642
	TOTAL EXPENDITURE	77,679,000	2,719,527	80,398,527	81,171,998	0	(773,471)

PART B: AUDIT FINDINGS

19.4 Variance in Revenue

The Senior Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.¹

The Force had a debit balance of \$1,382,968 as at 31/12/10 in its revenue allocation *1–20101–20101–281203 – OPR*. The Force passed a journal entry for \$1,392,494.93 into the revenue allocation in 2010. The journal entry was passed to clear stale cheques for the months of February to September 2010.

Audit noted that the adjustment to revenue allocation to clear stale cheque was incorrect. As a result the revenue for the Force was overstated by \$1,392,494.93.

Recommendation

The Force should readjust the revenue allocation to show correct amount of revenue.

¹ Force Finance Manual 2005 – Part 18: Miscellaneous – Section 18.1.3
Fiji Police Force

Management Comments

The Force had a DR balance of \$1,382,968 because of a JV posted where Drawings account was CR & Revenue DR. This was to rectify JV posting in previous years where revenue was overstated because of non proper drawings account reconciliation.

Because of previous years cheques in the current year up list, as they become stale Drawings Account was normally DR and revenue CR.

If this was not done then we wouldn't balance our Drawings Account reconciliation which will be further clarified in 19.7.

19.5 Variance in the Drawings Accounts

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 officer².

The Force's Drawing account reconciliation as at 31/12/10 had a closing balance of \$667,008.25 while general ledger (FMIS) balance was \$10,014,288.36, resulting in a variance of \$9,347,280.11.

Furthermore a variance of \$89,445.65 was also noted in the Drawings accounts opening (01/01/10) balance between its record and the FMIS. Refer to Table 19.3 below for details.

Table 19.3: Variance in Drawing Account Balances

Particulars	Department's Record \$	General Ledger \$	Variance \$
Drawings Opening Balance	5,643,827.13	5,554,381.48	89,445.65
Drawings Closing Balance	667,008.25	10,014,288.36	(9,347,280.11)

In addition, the Force adjusted its Drawings Account reconciliation for January 2010 by \$11,174,272 to reconcile the Drawings account with FMIS.

The variances indicate that monthly reconciliations were not carried out properly by the Force.

Recommendations

- **Ministry of Finance should investigate the adjustment and take appropriate action.**
- **The Force should ensure that all adjustment entry recorded in the Drawing Reconciliations are supported with documentary evidences.**

Management Comments

With regards to the above, there are many instances where our Drawings account was wrongly debited. In 2006 the Fiji police Force was wrongly given the Government printing (GP) cheque book, so every cheque presented the sweep from the Consolidated Fund account went to Government printing instead of Fiji Police. The budgetary allocation also affected GP when it was realized the Fiji Police had fully utilized its budgetary allocation and so Fiji Police had to debit its drawing account. In other cases when the CCA were still in existence, an error was done by Fiji Police and treasury received this error.

² Finance Instructions 2005 – Section 39 (5)

The other instance is that discussed in above.

We have identified \$11,174,271.91 since 2009 as the error amount and as stated above this are money already spend which was suppose to be expensed off unfortunately it was capitalized.

Ministry of Finance has been requested during the head of accounting meeting to write off this amount as book entry if not then this figure will still appear in our drawing account reconciliation.

19.6 Overdrawn Trust Fund Accounts

Each month, the trust account shall be balanced and reconciled with the trust bank account. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Unreconciled items should be investigated and resolved promptly³.

Audit noted that one of the Operating Trust Fund Accounts (1-20101-20101-899988 – Miscellaneous Fund) of the Force was overdrawn (debit balances) as at 31/12/10 by \$111,276.50.

The overdrawing of Trust Funds may have resulted from incorrect journal entries passed to these accounts or through mispostings.

Recommendations

- **The Force must ensure that Trust Funds are not overdrawn at any time.**
- **The Force must investigate these overdrawn Trust Funds and take appropriate action.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Force's Comments

The allocation 12010120101899988-(Miscellaneous Fund) has been in existence from previous years. In 2007 this account was operated by the Traffic Unit where LTA cheque was deposited and payments made on any traffic related transaction. In 2008 it was utilized for sports contribution.

In 2009 payments were made for the force contribution for Police Officers funeral arrangement and CP's commendation. There has been no transaction taking place from 2010-2011.

19.7 Unexplained Account Balance

The Senior Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁴

Verification of the FMIS records revealed that account allocation 9–200000–00000–910000 - Accumulated surplus/deficits had a credit balance of \$12,002,703.22. The Force was not able to provide any details about this account balance.

As such, audit was unable to substantiate the balance for allocation 9–200000–00000–910000 - Accumulated surplus/deficits.

³ Finance Instruction 2005 – Section 69 (3)

⁴ Force Finance Manual 2005 – Part 18: Miscellaneous – Section 18.1.3

Recommendation

The Force should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences and should be produced during audit.

Management Comments

This doesn't belong to Fiji Police Force.

19.8 VAT Reconciliations

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.⁵

A review of the VAT Returns, supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$6,010,650.27 between the taxable supplies as per VAT return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer Table 19.4 below for details.

Table 19.4: Variance in Taxable Supplies

Details	Amount \$
Total expenditure/income as per Expenditure Statement	81,725,220.15
Less: Expenditure not subject to VAT – SEG 1, 2, 6 and 10	67,666,306.97
Total expenditure/income subject to VAT	14,058,913.18
Less: Total taxable supplies as per VAT Returns	20,069,563.45
Un-reconciled variance	(6,010,650.27)

In addition, a difference of \$862,637.92 was noted between the actual VAT payments for the year 2010 and the balance disclosed in the general ledger as reflected in Table 19.5.

Table 19.5: Variance in VAT Paid and FMIS Balance

Details	Amount \$
VAT payments (VAT payments to FIRCA and VAT Input) as per Statement of Receipts and Expenditure	1,330,757.89
VAT payments (VAT payments to FIRCA and VAT Input) as per VAT Returns for 2010	2,193,395.81
Un-reconciled variance	(862,637.92)

No explanation was provided for the variance.

⁵ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – Section 15 (1)

Recommendations

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

Management Comments

My calculation of VAT was based from the monthly commitment report for the month of November 2010 due to the unavailability of the report G75001R which is the Monthly Expenditure Analysis by Standard Expenditure Group (SEG).

This report was not in our folder (POLICE). The total Expenditure charged for the month was \$10,434,915.00 which I believe would be the accumulated figure from January to November 2010 and the VAT that I charged was \$1,137,446.00.

The variances that occur in Table 3 & 4 were due to the above.

19.9 FNPF Reconciliations

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 Department 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 \$206,701.30 between the total Employers Contribution paid by the Department and FNPF contributions figures. Refer to Table 19.6 for details.

Table 19.6: Variance in FNPF Calculation 2010

FNPF Contribution Paid by Department for 2010 (Employer contribution only)		Amount \$
SEG 1	FNPF contributions paid – Established Staff	3,941,782.98
SEG 2	FNPF contributions paid – Unestablished staff	110,551.40
		4,052,334.38
	Add: December 2010 FNPF Contributions	1,260,411.14
	Less: December 2009 FNPF Contributions	113,173.76
	Total Employers Contributions paid by the Department	5,199,571.76
Audit Calculation of FNPF for 2010 (Employer contribution only)		
SEG 1 & 2	Salaries & Wages as per FMIS	67,578,413.19
	FNPF Contribution (67,578,413.19 x 0.08)	5,406,273.06
	Difference	206,701.30

There were no reconciliations carried out by the Department for FNPF in 2010.

Recommendation

The Force should reconcile FNPF contributions paid with general ledger and any variance arising should be promptly investigated and adjusted.

Management Comments

Payments of FNPF contributions are due every end of the month. It is always calculated by 8% of the gross dollars only in exception of the cents value.

The total amount of Employers contributions paid by the Department was \$5,199, 571.76 however the audit report for Employers FNPF contributions for SEGS 1 & 2 was \$5,406,273.06.

The differences of \$206,701.30 were accounted due to the amount that was short paid on December contributions which was eventually paid in January 2010 from Special Constables Payroll. In this pay period we were accommodating Special constables extra hours which lasted till 10.00pm in the night by then we had to pay a portion of its FNPF contribution.

It was noticed that Pay 27/09 for Special Constables Payroll has been overlooked. The amount was not accounted for December 2009 contributions and was paid in January 2010. The amount was adjusted on January contributions paid in February 2010.

In 2011 we have conducted FNPF trust fund account reconciliation in order to ensure that this error is not repeated and all Special Constables extra hours to be utilized through day offs.

19.10 Overpayment of Salaries – Resignation and Salary Stoppage

Salary advices must be submitted promptly to the Ministry of Finance where there is any change to personal emoluments or deductions dismissal, resignations and retirement.⁶

Some officers continued to receive salaries after the effective dates of their resignations, dismissals or directives to stop payment of salaries due to delays in ceasing the payment of salaries. Refer to the Table 19.7 below for details.

Table 19.7: Overpayment of Salaries

EDP No.	Name of Officer	Overpaid Salaries \$	Remarks
Overpayment despite salary stoppage being published in the Force Routine Orders			
77410	PC Peceli Vukica	578.76	Salary did not cease on time.
52948	PC Maciu Meru	323.36	Salary did not cease on time.
76240	PC Adrian Simmons	1,313.14	Salary did not cease on time.
77202	PC Ratu Waisea	574.50	Salary did not cease on time.
77227	PC Pauliasi Komaiwai	1,231.07	Salary did not cease on time.
52597	PC Singh Ravinesh	2,836.15	Salary did not cease on time.
76664	PC Apakuki Dovia	452.94	Salary did not cease on time.
77179	PC Jona Beranabai	1,184.61	Salary did not cease on time.
Overpayment - Resignations			
51718	Sgt Tuwai Temesi	1,997.75	Salary did not cease on time.
77226	WPC Mere Rauluni	1,641.43	Salary did not cease on time.
76673	PC Sagar Vishal Anand	574.50	Salary did not cease on time.
51271	Sgt Chand Harish	1,048.04	Salary did not cease on time.
50326	Nand Rajeshwar	1,386.53	Salary did not cease on time.
Total		15,142.78	

As a result these officers were overpaid their salaries which had not been recovered.

⁶ 2005 Finance Instructions – Section 26 (1)

This issue was also highlighted in previous years' audit reports and the Force has not taken corrective measure to minimise or avoid overpayment of salaries.

Recommendations

- **The Force must take appropriate action to ensure that salaries of the Officers, who have resigned, dismissed or directed to stop salary payments are ceased from the effective date.**
- **The Force should recover salaries overpaid, including those highlighted in the previous year's Audit Reports.**

Management Comments

We have assigned a Clerical Officer to look after the FRO and take immediate action on Resignation/Retirement/Dismissal etc. to avoid salary overpayments. On the same token, the installation of e-mails has strengthened our efficiencies and effectiveness.

19.11 Anomalies in the Recruitment of Special Constables

Subject to the provisions of this Act and to the directions of the Minister, the Commissioner may appoint such persons as he sees fit to be special constables;⁷

To be eligible for consideration, applicants must have attained a Pass in Fiji School Leaving Certificate Examination or higher tertiary education or a certificate in Pacific Policing or equivalent.⁸

Before a letter of appointment is issued, a candidate selected for appointment must undergo medical examination and be passed as being in all respects physically and mentally fit by an authorized Medical Officer ⁹ He must have a satisfactory police record.¹⁰

Our audit noted that proper procedures were not followed for recruiting 64 special constables in 2010. The anomalies included no applications for the positions, no police clearance and no approval from the Commissioner of Police and lack of other documents such as birth certificate and examination transcripts in the file.

Refer to **Appendix 19.1** for details.

By not following the proper recruitment procedure the Force may not have selected the right people for the job or recruitment could have been made on favouritism and nepotism.

Recommendations

- **PSC should investigate the recruitment of special constables and take appropriate action.**
- **The Force must ensure that proper recruitment procedure is followed when recruiting staff at any level in future.**

Management Comments

The Fiji Police Force Recruit Selection – Eligibility criteria, states applicants must attain a pass in Fiji School Leaving Examination or Higher Tertiary Education or Certificate in Pacific Policing or equivalent.

⁷ Police Act Chapter 85 Section 53 (3)(a)

⁸ Fiji Police Force Recruit Selection- Eligibility Criteria

⁹ General Order 203 (a)

¹⁰ General Orders 203 (b)

Before the issuance of appointment letters, a selected candidate must undergo medical examination and in all respect physically and mentally fit by an authorized medical officer.

Applicants must have satisfactory Police records.

In the recruitment of the 64 Special Constables in 2010 there were no proper documentations. Consultations were between former Commanding Officer Ready Action Unit SP Tevita Uluilakeba and Former Manager Budget SP Meli Sateki.

Manager Special Constabulary only received the Declaration Forms from Former Manager Budget.

Both officers are suspended pending investigation.

The Fiji Police Force will ensure that it will adhere to the Fiji Police Force Recruitment and Selection procedure and also enforce the eligibility criteria. The recruitment of some Special Constables was carried out by a particular officer who claimed to have received the approval from higher authority. It was done outside the normal process and it is now under investigation.

All senior police officers who were allegedly involved are now suspended pending investigation.

On the recruitment of the 64 Special Constables, personal files are being with-held by the Special Task Force for investigation. This has affected our ability to sight and make comments. Some were genuine cases and the recruitment process was followed.

19.12 Procurement of Goods and Services

Tender must be called for the procurement of goods, services or works that cost over \$20,000.¹¹

The Force purchased uniforms, boots and other items from Lotus Garments and Defence Logistics on a regular basis. However, the selection of these companies did not go through the normal tender process even though the total purchases from these companies exceeded \$20,000. Refer to the Table 19.8 below for details.

Table 19.8: Purchases made Without Tenders

Supplier	Goods/Services supplied	Total amount paid (1/1/10 – 31/12/10) (\$)
Lotus Garment	Supply of uniforms, neck ties, purchase of gorgetts	389,315
Defence Logistics	Police Sports Uniform, boots, pepper spray.	194,080

The audit further noted breaches of normal procurement procedures by the Force when purchasing goods and services from the suppliers mentioned above. Some of the breaches of procurement procedures noted during the audit were as following:

1.) *Lotus Garment*

In a memo date 17/09/09 the Solicitor General advised the Department that the contract between Lotus Garments Limited and Fiji Police Force (FPF) could be suspended pending termination based on the failure of Fiji Police Force to follow the normal tender processes in the Financial Instructions and Financial Management Act.

¹¹ Finance Instruction – Section 12 (4)

Despite the memorandum the Fiji Police Force continued to purchase from Lotus Garments during 2010. According to the Force Accountant he was not aware of the memorandum until September 2010.¹² Refer to Table 19.9 below for breakdown of purchases made from Lotus Garments in 2010.

Table 19.9: Payments to Lotus Garments

Payment Date	Cheque No.	Particulars	Invoice date	Amount \$
05/02/10	658816	Payment for baseball cap and woollen vest sleeve-less with logo and also the Fiji Police flag with new Fiji logo.	18/01/10 and 22/01/10	164,500
05/02/10	658834	Payment of sports and suits uniform for special constables	Invoice not attached to PV	10,110
31/03/10	660546	Purchase of gorgetts	18/10/10	24,825
01/01/10	660558	Police neck ties	31/03/10	10,800
20/03/10	659797	Long sleeve black tunic bands	19/03/10	280
25/03/10	659868	Invoice – 100109 – 101156 (as per FMIS)	PV not produced for audit	29,400
30/04/10	661450	Invoice 100108 (as per FMIS)	PV not produced for audit	20,000
30/04/10	661455	Invoice 1000109 (as per FMIS)	PV not produced for audit	20,000
23/06/10	663275	Invoice 100110 (as per FMIS)	PV not produced for audit	20,000
Total Payments made for the year 2010				299,915

2.) Defence Logistics

The Force entered into a contract on 04/08/09 with Defence Logistics for the supply of sports uniform. The following were noted:

- The contract between the Force and Defence logistic was for supply of sports uniform only. However, audit noted that other items which were not included in the contract, such as safety boots, lights, pepper spray, etc were also purchased from the Company. Refer to Table 19.10 below for details.

Table 19.10: Engagement of Supplier without Proper Approval

Date	Cheque Number	Particulars	Amount \$
05/02/10	658832	Payment of sports uniform for special constables	20,220
23/02/10	660393	Payment of Police Pepper Spray for IMC	20,000
14/05/10	662005	Payment of purchase of vehicle items for (RAU)	2,850
19/05/10	662192	Payment of purchase of 8 Police portable lights @ \$850 each	6,800
23/06/10	663284	Payment of purchase of Police pips and crowns and 1000 police gloves	20,780
11/08/10	665067	Payment of purchase of items	8,660
10/03/10	665177	Payment of 32 pair of brown boots	4,160
10/11/10	667804	Payment for supply of brown boots	24,000
16/11/10	667956	Payment for brown boots	25,000
16/11/10	667908	Payment of outstanding account	25,000
18/11/10	667997	Payment for the supply of Brown boots	17,260
Total			174,730

- The contract between Defence Logistics and Fiji Police Force was signed on the 04/08/09. Our audit noted that some purchases were made prior to the signing of the contract. Refer to Table 19.11 below for details obtained from the Financial Management Information System.

¹² 15/10/10 – Force Accountants Office

Table 19.11: Payments to Defence Logistics before contract

Date	Cheque Number	Particulars	Amount \$
31/12/08	644815	Purchase of 40 sets of Bicky	9,600
15/04/09	648668	Invoice 9000002	1,330
26/05/09	650139	Invoice 9000000003	19,800
18/06/09	651028	LPO HQ1037	19,945
07/07/09	651754	Invoice 9000009	7,200
17/07/09	652725	Inv number 900000010	19,550
Total			77,425

While the need for goods and services were necessary for the normal operation of the Force, it certainly does not require deviations from policies and guidelines governing the procurement of such goods and services. Failure to do so could result into unauthorised procurement and over expenditure.

Recommendations

- **The Force should call for tenders for purchase of goods and services which are regularly required and where total annual purchases exceed \$20,000.**
- **The Force must ensure that only items stated in the contract is purchased from Defence Logistic.**
- **The Force should adhere to the policies and guidelines for procurement of goods and services as stated in Finance Instructions 2005.**

Management Comments

The Force Accountant will ensure that the procurement process will be followed in accordance with the Procurement Regulation. Unless the tender is approved, no agreement would be made with the suppliers.

The Force has written a memorandum to Ministry of Finance in regards to the over spent of the budget allocation.

19.13 Purchase Made from Deluxe Footwear

A local purchase order, indent, departmental warrant, contract or agreement must be issued before goods, services and works are received.¹³

Drawings of daily amounts in excess of \$30,000 must be referred to the Ministry of Finance for the Chief Accountant's approval. The Commercial banks will be advised accordingly not to honour any cheques in excess of \$30,000 which does not carry the approval of the Chief Accountant.¹⁴

The Force purchased shoes from Deluxe Footwear on numerous occasions without issuing a local purchase orders. Refer to the Table 19.12 below for details.

¹³ Finance Instruction 2005 – Section 17 (2)

¹⁴ Finance Circular 14/08 dated 19/09/08

Table 19.12: Purchases without LPO's

Date	Cheque Number	Details	Amount Paid \$
12/06/10	663960	Payment of 300 pairs of hi-shine leather sandals for police stores.	28,500
11/05/10	661834	Payment of 1000 pairs of black shoes and belt	29,000
04/08/10	664816	Payment of 230 pairs of black hi-shine sandals	25,300
14/07/10	664032	Purchase of 220 pairs of black hi-shine sandal	24,200
10/08/10	665017	Payment of brown boots	29,000

Furthermore, the audit noted that payments to Deluxe Footwear for invoices in excess of \$30,000 were split to avoid Ministry of Finance approval. Refer to the Table 19.13 below for details.

Table 19.13: Payments Split to Avoid Ministry of Finance Approval

Date	Cheque Number	Details	Invoice Amount \$	Amount Paid \$
12/06/10	663960	Payment of 300 pairs of hi-shine leather sandals for police stores.		28,500
11/05/10	661834	Payment of 1000 pairs of black shoes and belt	77,500	29,000
04/08/10	664816	Payment of 230 pairs of black hi-shine sandals		25,300
14/07/10	664032	Purchase of 220 pairs of black hi-shine sandal		24,200
10/08/10	665017	Payment of brown boots	102,150	29,000
18/03/10	659664	PV not produced for audit (details taken from FMIS)		29,000
22/03/10	659782	PV not produced for audit (details taken from FMIS)		29,000
25/03/10	659881	PV not produced for audit (details taken from FMIS)		29,000
30/03/10	659980	PV not produced for audit (details taken from FMIS)		29,000
06/04/10	660593	PV not produced for audit (details taken from FMIS)		29,000
08/04/10	660709	PV not produced for audit (details taken from FMIS)		29,000
12/04/10	660790	PV not produced for audit (details taken from FMIS)		29,000
14/04/10	660868	PV not produced for audit (details taken from FMIS)		29,000
14/04/10	660862	PV not produced for audit (details taken from FMIS)		29,000
20/04/10	661077	PV not produced for audit (details taken from FMIS)		29,000
23/04/10	661257	PV not produced for audit (details taken from FMIS)		29,000
23/04/10	661538	PV not produced for audit (details taken from FMIS)		29,000
03/05/10	661702	PV not produced for audit (details taken from FMIS)		29,000

While the need for goods and services were necessary for the normal operation of the Force, it certainly does not require deviations from policies and guidelines governing the procurement of such goods and services. Failure to do so could result into unauthorised procurement and over expenditure.

Recommendations

- **The Force must ensure that purchase orders are issued for purchase of goods and services.**
- **The Force should ensure that the Ministry of Finance approval is obtained when payments in excess of \$30,000 are made.**

Management Comments

The Force will ensure that Local Purchase Order is issued on purchase made in excess of \$30,000 only after approval is sought from the Chief Accountant.

19.14 Diversion of Funds/Mispostings for Special Expenditure (SEG 7)

Each year the appropriation act and the 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 proper authorization of the Ministry of Finance.¹⁵

Total of \$810,000 was provided to the Force under SEG 7 (Special Expenditure) in 2010 budget. Out of this \$300,000 was allocated for specific purposes. Refer to Table 19.14 below for details.

Table 19.14: Details of Funds Provided under SEG 7 (Special Expenditure)

Allocation	Purpose	Budget Amount \$
Women in Policing	<ul style="list-style-type: none"> To encourage and improve working capabilities for police women. To encourage equal opportunity within the organization. 	10,000
Commanders Conference	<ul style="list-style-type: none"> To accommodate monthly meeting with law enforcement agencies, head of schools and regional training officers and joint training exercise and development for training exercise and training. 	30,000
Institutional Strengthening	<ul style="list-style-type: none"> To facilitate training of officers (MIS Training) on operational matters, leadership, specialized skills, supervision, operational planning & management, Border Control Management and customer service. 	70,000
Refunds	<ul style="list-style-type: none"> Refund of Advance and revenue payments. 	30,000
Special Operations	<ul style="list-style-type: none"> For monitoring and increase in visitation to conduct awareness in villages, settlements and schools, "the Jesus Strategy" 	50,000
Road Safety Awareness	<ul style="list-style-type: none"> To enhance road safety by printing of brochures, workshops and other training on road safety use. 	60,000
Major Investigation	<ul style="list-style-type: none"> Conducting major investigations that will lead to a successful prosecution. Inclusion of pathologist to forensic services which will boost timely investigation of major incidences. 	50,000
Total		300,000

Review of the expenses incurred by the Force under SEG 7 (Special Expenditure) revealed that on numerous occasions expenses were not applied for the purpose for which it was authorised. \$50,222.32 or 17% out of \$300,000 allocated for specific purposes was utilised for purchases of goods and services which did not relate to the activities approved under SEG 7 in the budget. Refer to Table 19.15 below for details.

Table 19.15: Details of Diversion of funds from SEG 7 (Special Expenditure)

Date of Payment	Allocation Paid from	Payee	Cheque Number	Details	Amount \$
23/03/10	1-20101-20101-071206 – Women in Policing	Professional Stationery Services	659798	Purchase of cartridge for RAU	250
17/08/10	1-20101-20101-070802– Commanders Conference	Kasabias	0665574	Payment of Building Materials for Building and Maintenance Unit.	973.14
30/08/10	1-20101-20101-070499 – Institutional Strengthening	FEA	065572	Payment of electricity Bills	7,875
18/11/10	1-20101-20101-070499 – Institutional Strengthening	Defence Logistics	667997	Payment for brown boots	8,000
01/12/10	1-20101-20101-070499 –	Deluxe Footwear	668450	Payment for shoes	6,000

¹⁵ Finance Instructions 2005 – Section (8)

Date of Payment	Allocation Paid from	Payee	Cheque Number	Details	Amount \$
	Institutional Strengthening				
18/05/10	1-20101-20101-079901 – Refunds	Telecom Fiji Limited	662136	Payment of Bills	3,000
23/02/10	1-20101-20101-079901 – Refunds	Asco Motors	660407	Servicing of vehicle GN 293	1,598.50
03/03/10	1-20101-20101-079901 – Refunds	Vinod Patel	659200	Purchase of Filing cabinet	2,225.22
30/04/10	1-20101-20101-079901 – Refunds	Lotus Garments Ltd	661455	Payment for sports uniform	4,000
01/04/10	1-20101-20101-079901 – Refunds	Nutech Office Supplies	660565	Purchase of Toner	456
11/05/10	12010220101071206 - Special Operations	Kate and Rex Horoi	661875	Payment for purchase of dogs	1,750
07/12/10	12010220101071206 - Special Operations	Fiji Police Sports Fund	668691	Payment for Shoes	3,100
15/04/10	12010220101071206 - Special Operations	Xtra Electrical & Hardware	660929	Purchase of materials for Wainibuka project	993.88
28/07/10	12010320101071112- Road Safety Awareness	Wing Hing Restaurant & Bakery	664546	Payment for prisoners meals	2,875.50
28/07/10	12010320101071112- Road Safety Awareness	Fiji Police Officer's Mess	664544	Payment for prisoners meals	2,797.77
11/08/10	12010620101070311 – Major Investigation	Khana Khazana Restaurant	665058	Payment for prisoners meals	4,327.31
Total					50,222.32

Recommendations

- **The Force should ensure that public funds are used for the purpose it has been approved for in the budget.**
- **The Ministry of Finance should investigate this matter further and take appropriate action.**

Management Comments

It has been noted that we failed to follow proper accounting procedures as per Financial Instructions 2010 Part 3 Division 1 Section 7 on the Authority for Expenditure “Each year the Appropriations Act and the Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency’s appropriation being exceeded without the proper authorization of the Ministry of Finance”.

In reference to Table 19.16: Details of Diversion of funds from SEG 7 (Special Expenditure), it was also noted that expenses incurred by the Force from SEG 7 (Special Expenditure) revealed that on numerous occasions expenses were not applied for the purpose for which it was authorized.

The Police Force will ensure that procedures are strictly adhered to so that public funds are used for the purpose it has been approved. The monitoring mechanism is now in place to ensure that goods and services are charged to the right allocation according to the provision in the budget.

The Force Accountant has taken appropriate actions by generating JV as per attached table to make the necessary adjustments

Journal	JV#	Amount	Allocation
0630200	JV 03/Sept 2010	\$15,763.61	1-20101-20101-030101
	JV 05/Sept 2010	\$10,073.13	1-20104-20101-070310
	JV 04/Sept 2010	\$9,597.67	1-20105-20101-040201

	<i>JV 01/Sept 2010</i>	<i>\$26,808.00</i>	<i>1-201016-20101-040322</i>
	<i>JV 06/Sept 2010</i>	<i>\$769.24</i>	<i>1-20101-20101-040522</i>
	<i>JV 02/Sept 2010</i>	<i>\$1,535.73</i>	<i>1-20101-20101-070499</i>
	<i>JV 07/Sept 2010</i>	<i>\$444.44</i>	<i>1-20101-20101-079901</i>
		<i>\$64,991.82</i>	
063022	<i>JV 01/Sept 2010</i>	<i>\$13,865.77</i>	<i>1-20101-20101-090174</i>

Further OAG Comments

JVs were neither prepared nor produced for audit purposes.

19.15 Diversion of Funds - Capital Expenditure (SEG 9)

The authority to incur expenditure is subject to requisition to incur expenditure (RIE).¹⁶ The Accounting Head or account supervisor must not certify a payment as correct unless they are satisfied that it is in accordance with an LPO, indent, contract, invoice or other authorisation.¹⁷

For funds placed under requisition, the approval of the Minister of Finance must be sought before funds can be expended for the purposes identified in the Annual Budget¹⁸. The approved requisition shall be sufficient authority for the expenditure to be incurred.¹⁹

The Force in its budget for 2010 was allocated a sum of \$200,000 (VEP) under requisition in SEG 9 for purchase of Standard Equipment for Fiji Police Force. Out of this \$104,889(VEP) was approved by Ministry of Finance to purchase a half cabin aluminium boat from Hammerhead Plate and Aluminium Boats Ltd.²⁰

The balance of \$95,006.22(VEP) from SEG 9 was approved by Ministry of Finance²¹ for purchase of standard equipments for the force specifically, Handcuffs, Megalite Torch, Tee Baton, Canister Spray and Telescopic Baton from South Austral (HK) Limited²².

Our audit noted that the Force diverted the funds set aside for purchases of boat and the standard equipments to pay for other expenses without the Ministry of Finance and Tender Board's approval. As a result the boat and standard equipments were not purchased by the Force. Refer to **Appendix 17.2** for details of purchases made from this allocation.

The finding indicates the Force's disregard to Ministry of Finance and Tender Board's approvals for purchases of the aluminium boat and standard equipments.

Recommendations

- **The Force should ensure that purchases are made as approved by Ministry of Finance and the Tender Board.**
- **The Ministry of Finance should investigate this matter further and take appropriate action.**

¹⁶ Finance Manual – Section 2.1.1 (3)

¹⁷ Finance Manual – Section 2.8.3 (1)

¹⁸ Finance Instruction – Section 9 (1)

¹⁹ Finance Instruction – Section 9 (3)

²⁰ Tender No. P 03/2010

²¹ RIE 387/10

²² Tender No. P05/2010

Management Comments

It has been noted that we failed to follow proper accounting procedures as per the authority to incur expenditure as subject to requisition to incur expenditure (RIE) as per Financial Instructions 2010 Part 3 Division 1 Section 9 on Requisition to Incur Expenditure “For funds placed under requisition, that is - \$1m and below, the approval of the Permanent Secretary for Finance must be sought before funds can be expended for the purposes identified in the Annual Budget”

The Force Accountant has also noted that it failed to comply with the Finance Instructions Section 10.1-4 on the procurement and payment of goods & services. It was noted that there should not be virement from capital expenditures (SEG 8, 9 or 10) to operating funds (3, 4, 5, 6 or 7).

The Force Accountant did not seek proper authorization on the virement of goods and services should be taken.

Most of the requests are based on the urgency of the need and the priority it has in their daily operation duty. The Force Accountant is directed to ensure that public funds are used for the purpose it was intended for. Furthermore approvals would be sought should the need arise in diversion of funds.

The Police Force would ensure that purchases are made as approved by the Ministry of Finance and the Tender Board

19.16 Missing Payment Voucher

Details of each invoice or other source document for a payment must be promptly and accurately recorded including the invoice or statement number, the local purchase order or orders it relates to, the due date and , where applicable, payment terms.²³

The Accounting Head is responsible for the safekeeping and proper maintenance of all accounting records or documents of the agency.²⁴

Audit noted that payment vouchers for payments totalling \$112,129.78 were missing and not produced for audit verification. Refer to the Table 19.16 below for details.

Table 19.16: Missing Payment Voucher

Date	Allocation	Chq No.	Payee	Amount (VIP) \$
25/08/11	1-20101-20101-090153	665476	Professional Electronics	69,528.09
02/12/11	1-20101-20101-090133	668467	Applied Bio systems Pty	42,601.69
Total				112,129.78

The finding indicates that payment vouchers were not properly maintained by the Force. As a result audit could not substantiate the payments made totalling \$112,129.78.

Recommendations

- **The Force must ensure that all accounting records are properly maintained.**
- **Ministry of Finance should investigate the matter further and take appropriate action.**

²³ Finance Instruction 2005 – Section 19 (1) (b)

²⁴ Finance Manual – Section 18.1.3

Management Comments

It has been noted that we failed to follow accounting procedures on the proper documentation and recording. Under Financial Instructions 2010 Division 3 – Accounting for Expenditure Section 14 “Details of each invoice or other source document for a payment must be promptly and accurately recorded including the invoice or statement number, the local purchase order or orders it relates to, the due date and, where applicable, payment terms”.

The Accounting Head is responsible for the safekeeping and proper maintenance of all accounting records or documents of the agency.

A new system is developed to ensure that all accounting records are properly maintained by the Accounts section. All details are screened by the CAO before payment.

19.17 Anomalies Noted In Payment Vouchers

Details of each invoice or other source document for a payment must be promptly and accurately recorded including the invoice or statement number, the local purchase order or orders it relates to, the due date and, where applicable, payment terms.²⁵

The Clerical Officer preparing a payment voucher must ensure that all information required under Finance Instructions 19 – (1) has been included on the payment voucher or attached to it, before passing it to the Assistant Accounts Officer or Senior Accounts Officer for certification.²⁶

The audit could not ascertain whether relevant supporting documents such as purchase orders and invoices were obtained for payments made to certain suppliers as the Force did not to provide these supporting documents with the payment vouchers. Audit also noted that some payments were made on the strength of photocopied or proforma invoices. Refer to Table 19.17 below for details.

Table 19.17: Payment Voucher Anomalies

Date	Cheque Number	Payee	Particulars	Amount \$	Anomalies
25/06/10	663370	ANZ	Payment of seminar fees for SP Sanaila Seru at Galilee International Institute from 1 st to 12 th July	9,269	No details attached to payment voucher.
09/02/10	658943	Dove- Rent – A –Car	Payment for 1 month extension for rental vehicle number EM 527 by special task force	4,500	No Invoice No LPO
08/01/10	657906	Asco Motors	Payment of a/c for the purchase of mechanical parts for DCP's vehicle.	2,506	No LPO
08/01/10	657990	Government Printing Dept	Payment of police calendars & year planner for PMO	3,113	No LPO
05/03/10	659255	Natset Office Supplies Ltd	Payment of a/c for the purchase of cartridge	1,968	No LPO
29/09/10	666398	Air Pacific	Payment for Compol team	10,969	No invoice
29/09/10	666399	Macquire Travel World	Payment of Account	8,200	No Invoice (payment made on itinerary)
20/09/10	666120	Infosys Fiji Ltd	Payment of purchase of equipment for ITC for LAN/WAN	29,370	No LPO No Invoice

²⁵ Finance Instructions 2005 – Section 19 (10(b))

²⁶ Finance Manual 2005 – Section 2.8.2

Date	Cheque Number	Payee	Particulars	Amount \$	Anomalies
			project – phase 2 in north		
25/06/10	663371	Amy Street Pharmacy	Payment for purchase of vaccinations for officers who will be deployed for future peace keeping missions.	20,210	No tender has been called No LPO issued
01/11/10	667584	Don Kyatt	Payment for parts for GN 187	766	LPO not authorized
01/11/10	667586	Govt Printing Dept	Payment for stationeries	371	LPO not authorized by accounts officer.
15/10/10	666733	Biana Accommodation	Payment of accommodation for sgt – 50599 to conduct prosecution at the Kadavu court sitting.	480	Photocopied invoice
26/06/10	663397	Pacific Island Air Limited	Payment for hire of plane from Nausori to Lakeba and return by the pathologist and his team	7,400	No Invoice No Quotations
05/07/10	663691	Dee Cees Bus Company	Payment for hire of bus by bands section	3,830	No LPO Photocopied Invoice
08/01/10	657999	Lau shipping co Ltd	Payment of passage for 4 NCOC to Suva who were part of CP's entourage	720	No LPO
13/05/10	661962	Golden Dragon Ltd	Payment for New Instruments for police band	9,460	No LPO No invoice
09/02/10	658905	Vinod Patel	Payment for the purchases of cooking equipments for RAU/West, South & east	10,656	No LPO
24/08/10	665417	Kasabias	Payment of materials for Fiji Police Hibiscus Fleet	2,193	No LPO Proforma Invoice
14/10/10	666675	Air Pacific	Payment of return air passage for D/IP Serupepeli and A/SP Abdul To Hong Kong, Singapore	7,109	No Invoice No LPO
24/08/10	665413	Bondwell Computers	Payment of purchase of computer & printer for newly formed human trafficking unit.	2,558	No LPO
30/08/10	665582	Pacific Sun	Payment for passage of compol and 3 officers who will be travelling to north	1,113	No Invoice
23/06/10	663276	Pan Pacific Tours	Payment of return air fare	8,796	No invoice, no LPO, no details
15/07/10	664077	Pacific Sun	Payment of passage for compol, ASP Devika and Joseva Naitini to Vanualevu for cadets parade	765	No invoice attached.
27/08/10	665542	Singh's Rental Fiji Ltd	Payment of vehicle rental for OC drugs unit	2,790	Photocopied invoice No LPO
19/05/10	662177	Asco Motors	Payment of repair of damages to Police vehicle GN 866 of RAU	2,500	No details attached to PV, no invoice, no LPO
1/02/10	660050	Mary Kates Travel	Payment of air passage for IP Saimoni for returning to Fiji	5,926	No Invoice
19/05/10	662166	Vinod Patel	Payment of purchase of office chairs	1,300	No Invoice
16/07/10	664174	J Maneklal & Sons	Payment of a/c for the purchase of projector screen	599	Photocopied invoice

The risk of fraud, misappropriation and double payments are high if the Force continues to disregard internal controls in place to prevent such discrepancies.

Recommendations

- **The Force must ensure that payments are processed according to the Finance Instructions.**
- **The Force must ensure that all payments are made on the strength of original invoices and not photocopied or proforma invoices.**

Management Comments

It has been noted that we failed to follow accounting procedures on the proper documentation and recording. Under the Financial Instructions 2010 Division 3 – Accounting for Expenditure Section 14 “Details of each invoice or other source documents for a payment must be promptly and accurately recording including the invoice or statement number, the local purchase order or order it relates to, the due date and, where applicable, payment terms”.

It has been noted that Clerical Officers preparing a payment voucher failed to follow proper accounting procedures to ensure that all information required under Financial Instructions 2010 Division 3 – Accounting for Expenditure Section 14 clause 2-4.

Most of the requests are based on the urgency of the need and the priority it has in their daily operation duty.

The Force Accountant has directed that payments are processed according to the Finance Instructions. It wasn't followed due to change in staffing.

The Force Accountant has ensured that all payments are made on the strength of original invoices and not photocopied or proforma invoices.

19.18 Prisoners Meals

The Senior Accounts Officer must not certify a payment as correct unless they are satisfied that it is in accordance with an LPO, indents, contract, invoice or there is authorization and there is documentation that the goods, services or works have been received.²⁷

The Force provided meals to the suspects who were in Police custody for questioning.

The audit noted that payments for meals were made without adequate details such as number of suspects, suspects name, report numbers and cost of each meal. In absence of these details audit was unable to substantiate the accuracy of amounts paid. Refer to the Table 19.18 below for details.

Table 19.18: Anomalies in Payment for Meal Cost

Date	Cheque Number	Payee	Details	Amount \$	Anomalies
10/05/10	661811	Maharaja's Mini Mart	Payment of prisoners meal for Namaka P/S from 02/03/10 to 31/03/10	2,792	- No prisoner Name - No Prisoner Report number. - No details on whether the meal was for breakfast lunch or for dinner.
11/08/10	665058	Khana Khazana Restaurant	Payment for supply of prisoners meals to Nasinu police district from 01/07/10 to 31/07/10	4,327	- No Prisoner Name attached. - No Prisoner Report number
03/05/10	661809	Wing Hing	Payment of prisoners meal	1,051	- No Prisoner Report number attached

²⁷ Police Finance Manual 2005 – Section 2.8.3 (i) and (ii)

Date	Cheque Number	Payee	Details	Amount \$	Anomalies
		Restaurant & Bakery	from 09/02/10 to 24/02/10.		to payment voucher
05/03/10	659284	Maharaj Mini Mart	Payment for meal claims for the month of February and January	459	- No Prisoner Name. - No Prisoner Report number.
05/03/10	659284	Maharaj Mini Mart	Payment for meal claims for the month of December	306	- No Prisoner Name. - No Prisoner Report number.
05/03/10	659284	Maharaj Mini Mart	Payment for meal claims for the month of December	429	- No Prisoner Name. - No Prisoner Report number.
03/05/10	661810	Kim's Paak Loog Restaurant	Payment for supply of prisoners meals for Levuka Police Station	878	- No Prisoner Name. - No Prisoner Report number.

Furthermore, the costs of the meals were not fixed and it varied from \$2.50 - \$3.50 for breakfast and \$4.50 - \$6.50 for lunch or dinner. With varying amounts for the meals the Force may not be able to determine whether it's paying the correct amount to the suppliers.

The findings indicate that payment vouchers were not properly scrutinized before payments were processed. This may lead to unauthorised purchases of meals or collusion between the Force employee and the supplier of meals to defraud the government.

Recommendations

- **The Force must ensure that adequate information such as number of suspects, suspects name, report number and meal costs is provided by each station before payment for meals is processed.**
- **The Force should discuss with its supplier to set a fixed rate for the meals.**

Management Comments

It has been noted that proper accounting procedures on the documentation and recording were not followed.

It was also noted that prisoner's meals were provided without adequate details such as number of suspects, suspect name, report number and the cost of each meal. On the absence of these details it could not substantiate the accuracy of amounts paid as per Table 19.19 – Anomalies in Payment for Meal Cost.

A new format is now developed to ensure adequate information such as number of suspects, suspects name, report number and meal costs is provided by each station before payment for meals is processed.

New Catering Contract are prepared for tender with an aim of standardizing meals and costs.

19.19 Expenditure Incurred During Transfer of Officers

The proper management of expenditure is fundamental to ensuring value for money in delivering to the community. As well, having cost-effective internal controls within the purchasing and payment system plays an important part in ensuring that waste of funds, over expenditure and corruption do not occur.²⁸

The audit noted that police officers were accommodated in hotels on transfer for up to two weeks in some cases resulting in extravagant hotel bills for the Force. Refer to the Table 19.19 below for details.

²⁸ Finance Manual 2005 Part 2 - Expenditure

Table 19.19: Expenditure for Accommodation of Officers during Transfer

Payment Date	Cheque Number	Payee	Details	Amount \$	Anomalies
08/09/10	665800	Hotel Takia	Payment for hotel Accommodation of ASP Naulu, ASP Malakai and A/IP Epeli Lagi during the transfer to Labasa from 24/07 – 03/08/10 and 17/08/10 – 19/08/10.	7,338	No LPO
04/08/10	664790	Hotel Takia	Payment for the accommodation of A/SP Naulu from 12/05/10 to 22/05/10	1,901	No LPO
28/06/10	663419	Cathay Hotels	Payment for accommodation for ASP Simone.(5 nights from 30/07/10 to 07/07/10)	333	No LPO

The above implies lack of proper planning during transfer of Police officer's which has resulted in additional expenses for the Force.

Recommendation

The Force must ensure that all transfers are properly planned and quarters are arranged to avoid officers staying temporarily in hotels and incurring additional expenses.

Management Comments

It has been noted that proper management of expenditure is fundamental to ensuring value for money in delivering to the community. Having cost-effective internal controls within the purchasing and payment system plays an important part in ensuring the waste of funds, over expenditure and corruptions do not occur.

In reference to Table 20 – Expenditure for Accommodation of officers during transfer it has been noted that the lack of proper planning during transfer of Police officer's which resulted in additional expenses for the Force.

The Force has ensured that all transfers are properly planned and quarters are arranged to avoid officers staying temporarily in hotels and incurring additional expenses.

The transfer list for the next five years is currently developed to ensure no unnecessary transfer is effected.

19.20 Failure to obtain Competitive Quotations

The Chief Executive Officer must obtain at least 3 written competitive quotes for any procurement of goods, services or works that cost more than \$100 but less than \$20,000.²⁹

The Force failed to obtain three competitive quotations from suppliers for purchases of goods and service on numerous accessions. Refer to Table 19.20 below for details.

Table 19.20: Competitive Quotes not obtained

Date	Cheque No.	Vendor	Particulars	Amount \$
05/03/10	659255	Natset Office Supplies Ltd	Payment for the purchase of cartridge.	1,968
13/07/10	663971	Niu Wave	Payment of upgrading of Fiji Police website.	15,000
25/02/10	660478	Pacific coating Ltd	Payment of paints for Nasova Barrack 96 & 99	12,731.36

²⁹ Section 12 (1) – Finance Instructions 2005

Date	Cheque No.	Vendor	Particulars	Amount \$
05/03/10	659247	Carpenters Motors	Payment for Kawasaki brush cutter	1,898
21/01/10	658403	Golden Dragon Music Shop	Payment for sound system for logistic officer	1,400
09/02/10	658905	Vinod Patel	Payment for the purchases of cooking equipments for RAU/West, South & east	10,656
30/08/10	665583	SNP Ltd	Payment of 42 piece lime reflective safety vests for RAU	819
25/02/10	660495	Quality Car Rental	Payment for the hiring of rental car that was used during the operation mua-i-va	7,781
05/03/10	659260	New Zealand Pacific training centre	Payment for supplying a certificate in computing	1,800
19/05/10	662173	Utech Systems Ltd	Payment for the purchase of photocopier Taskalfa	3,508
25/06/10	663365	Ba Motor Parts Ltd	Payment for purchase of canopy for vehicle GN475	4,000
27/08/10	665542	Singh's Rental Fiji Ltd	Payment for vehicle rental for OC drugs unit	2,790

The Force's disregarded proper economy by not obtaining competitive quotes from other suppliers. As result the Force may not have obtained goods and services from the most economical sources.

Recommendations

- The Force must ensure that complete quotes are obtained for purchases of goods and service costing more than \$100.
- The Force should take appropriate disciplinary actions against officer for purchasing goods and services without obtaining at least three quotes.

Management Comments

In reference to Table 19.21: of Competitive Quotes not obtained, The Force Accountant has noted that it failed to follow proper Accounting procedures of obtaining at least 3 written competitive quotes for any procurement of goods, services or works that cost more than \$100 but less than \$20,000 as per Section 12(1) of the Finance Instructions 2005.

Most of the requests are based on the urgency of the need and the priority it has in their daily operation duty.

- 30/08/10 Chq# 665583 SNP Ltd - the purchase of safety vest as the equipment will help the officers in conducting snap roadblock on the road side and also for route march.
- 25/02/10 Chq# 660495 Quality Car Rentals - the hiring of the rental car that was used during the Operation Mua-I-Va due to the urgency of the operation and 2083 plants uprooted with the estimated street value of \$10,415,000.00 there was no other Rental Cars Company could provide the required services and the Area of Operation it needed to cover.
- It was also noted that most of the services were rendered and then the request for payment came later.
- All procurements over \$100 and below \$30,000 requires 3 quotations before they are approved.

Improvements have been effected this year.

19.21 Outstanding Commitments Paid in 2010

At the end of each month, the Clerical Officer shall review the accounts payable ledger to ensure that all invoices and claims do not become overdue.³⁰

The audit noted that outstanding payments for goods and services procured in year 2009 were paid in year 2010. Refer to Table 19.21 below for details.

Table 19.21: Outstanding Commitments

Date	Cheque No.	Payee	Particulars	Amount \$
05/03/10	659254	Hussain Auto Spares	Payment of a/c for the purchase of spare parts for police vehicles in year 2009	9,692
09/02/10	658918	Toner Tech Fiji Ltd	Payment of toners for media cell	2,538
06/01/10	657946	Office 2000 Ltd	Payment for toners for forensic	1,462
14/04/10	660884	Budget Rentals	Payment of account for rental of vehicles by drugs and pro-active unit	8,670
25/03/10	659861	Divisional Engineer Central Eastern	Payment for arrears of electricity bill for Kadavu police station.	2,807
14/05/10	662016	Takia Hotel	Payment for accommodation for DY/CO RAU and OC/Dog unit who visited north	450

Paying for goods and services purchased in previous year from current years' budget would reduce funds available to meet the expenses for current years' commitments.

Recommendation

The Force must ensure that all expenses are paid in the year it is incurred and not carried forward to the next financial year.

Management Comments

In reference to Table 19.22: of Outstanding Commitments, The Force Accountant has noted that it failed to comply and the Clerical Officer concerned shall review the Accounts Payable Ledger to ensure that all invoices and claims do not become overdue as per Finance Manual 2005 Section 13.1.3.

Most of the requests are based on the urgency of the need and the priority it has in their daily operation duty.

As noted all these outstanding payments for goods and services were procured in Year 2009 and were paid in 2010. The payment for such goods & services purchased in previous year from current year's budget would reduce funds available to meet the expenses for current year's commitments.

- *The Force Accountant has ensured that this year 2011 all expenses are to be paid in the year it is incurred and not carried forward to the next financial year.*
- *Team Leader's shall place emphasis on Accounts Payable Ledgers and have monthly updates and the clearance of overdue accounts.*

³⁰ Finance Manual 2005 – Section 13.1.3

19.22 Accountable Advance not cleared

If the amount advanced is not satisfactorily cleared within the stipulated time, the outstanding sum together with interest thereon at the prevailing rate would be recovered with the least number of deductions possible from the salary of the officer concerned. Disciplinary action will be taken against officers who do not clear the advance within seven days of return to the station.³¹

Mr. Meli Sateki, Manager Organised Crime/DCO Southern/Regional Crime Officer was given accountable advance of \$7,257.97 to provide accommodation for Police Commissioners meeting on 14/07/10. The audit noted that Mr. Sateki retired only \$2,252.95 of the total advance given to him. He did not retire or provide acquittals for the balance \$5,005.02 of the advance.

The balance of the accountable advance is unaccounted for since it is not retired or acquittals not provided. The audit can not substantiate whether the balance of the accountable advance was also used for official purpose.

Recommendation

The Force should take appropriate action to obtain acquittals for the balance of the accountable advance or recover outstanding accountable advance.

Management Comments

In reference to the above the amount advanced was not satisfactorily cleared within the stipulated time. Disciplinary actions and Criminal charges are being undertaken against the Officer who does not clear the advance with seven days of return to the Station as per Finance Circular 201/1-2.

The Force Accountant has taken appropriate actions in obtaining acquittals for the balance of the accountable advance or recovers outstanding advances through their salary.

Disciplinary action and criminal charges being laid against the Officer SP. Meli Sateki for the non-retirement or providing acquittals for the balance of \$5,005.02 of the advance.

19.23 Custody of Valuable Exhibits – Nabua Police Station

Valuable exhibits such as jewelleries and cash shall be sealed in envelopes, labelled, and kept in a Police Safe³². Disposal orders will be complied with after the expiry of 14 days, unless an appeal has been lodged, where such exhibits shall be retained until the completion of all appeal hearings³³.

The Officer in charge or the Station Officer is responsible for the custody, care, control and security of all exhibits, and in particularly monies and jewelleries.³⁴

The audit noted that some of the exhibits kept at Nabua Police Station were more than 7 years old. However no cases were filed in Courts relating to these exhibits. For some of these exhibits no complaints were received by the Station or ownership were claimed by public.

These exhibits comprised of cash and other items. The Station currently has more than \$50,000 cash in its exhibit for which no action has been taken so far. Refer to Table 19.22 below for details.

³¹ Finance Circular 201/1-2

³² Fiji Police Force Standing Order 313 (17) (b)

³³ Fiji Police Force Standing Order 313 (32)

³⁴ Procedures for seizure, Management and Disposal of Exhibits 5.2.6

Table 19.22: Exhibits at Nabua Police Station

Case Reference No.	Year	Description
CR 382/01	2001	1 x blue & grey unpack 24 x BH10 2 x BH 20 1 x 40 oz rum 1 x 26 oz rum 4 x 26 oz rum 1 x 40 oz rum
CR 446-447/01	2001	1 kitchen knife with brown wooden handle 1 x screw driver – black & white handle
CR 701/05	2005	1 Nokia mobile phone
CR 207/02	2002	Copy of receipt from Sun court Hardware
CR 11/00	2000	1 x digital wrist watch – Q&Q coloured green
CR 345/02	2002	1x Alcatel phone without sim card
CR 547/02	2002	1 x black jacket 1 x ¾ trousers
CR 528/04	2003	2 bags, boxing Gear
CR 60/04	2004	Envelope containing dried leaves
CR 14/04	2004	Aluminium ladder
PEP 134/05	2005	Dried Leaves in foil
PEP 58/03	2003	1 red TG Brush cutter – brand Kawasaki
677/03	2003	1 bicycle
655/03	2003	2 dozen Colgate 1 stereo 1 screw driver 1 x 48 everyday batteries
PEP57/03	2003	A parcel containing dried leave
CR 76/07	2007	1 gold ladies wrist watch
CR 411/98	1998	3 pieces of gold chain broken
PEP 13/99	1999	1 sealed envelope containing marijuana

In addition, the exhibits register kept at Nabua Police Station was not updated and important details such as case numbers, authority for disposal, signature of police officer witnessing were not recorded.

This implies that the Force Standing Order was not complied with by Police Officer when recording exhibits.

Recommendations

- **The Force should ensure that proper records are maintained for all exhibits.**
- **The Force may consider disposing off exhibits which has been held for long period of time but no action so far by the Force.**

Management Comments

In reference to the above the Fiji Police Force will ensure that proper records are maintained for all exhibits.

Valuable exhibits such as cash and jewelleries are sealed in envelopes, labelled and kept in the Station Officer's Police Safe. The Station Officer is responsible for the custody, care, control and security of all exhibits.

Disposable items will be compiled with, photographs taken and returned to the owners, unless an appeal has been lodged, where such exhibits shall be retained until the completion of all appeal hearings.

The Fiji Police Force has ensured that some of the exhibits that were more than 7 years old, lawful owners could not be located and therefore recommend if these items could be auctioned to earn Revenue.

It has also been noted by the Fiji Police Force that cases are prolonged due to court proceedings.

The Fiji Police Force will ensure that proper records are maintained for all exhibits. Corrective actions are now undertaken after an internal audit was conducted and the following remedial actions have been implemented:

- (1) All exhibits held for a long period of time are now listed in order to seek a court order for their disposals.*
- (2) Those exhibit with value would be auctioned to earn Revenue*
- (3) Exhibits with known owners are contacted to uplift the exhibit.*

New arrangements have been made for special court sittings during weekends and public holidays to hasten court proceedings and to discourage the prolonged storage of exhibits.

19.24 Vehicle Quarterly Reports

The Director Traffic shall prepare a quarterly vehicle report on all agency vehicles. The vehicle report must be prepared no later than one week after the end of the quarter.³⁵

The Force did not provide vehicle quarterly returns for the year 2010 despite numerous reminders.

This finding indicates that officers in charge of preparing vehicle quarterly returns did not discharge their duties as required under the Force regulations.

Recommendation

The Force should provide vehicle quarterly returns for audit review.

Management Comments

In reference to the above the Force Transport Officer (FTO) noted that there were no proper handing over and part of this was the provision of vehicle quarterly returns for the year 2010 was not submitted.

It was also noted that the various Divisions did not submit their quarterly returns to FTO's Office due to negligence on the part of the Divisional Transport Officers (DTO).

Another contributing factor was the implementation of the TOTAL Fuel Card System. On the introduction of such system the DTO wasn't able to reconcile the reports for submission.

No proper documentation and records of cost of maintenance from the various Divisions e.g. Western and Northern Division.

Lack of facilities e.g. computers for the documentation of these records and reports.

Training is now conducted on all drivers and the DTO's at Station level on how to reconcile and submit proper reports on Vehicles Records, Mechanical and the management of the vehicles.

³⁵ Finance Manual- Fiji Police Force – Section 12.7.1

It has been noted that all appointments to the above post should have prior knowledge in Motor Vehicle and maintenance so that they would be able to train their subordinate officers.

Frequent vehicle inspections from station levels for the proper documentation and maintenance of vehicle is undertaken.

Upgrading of the Records Office and facilities is an ongoing activity.

19.25 Discrepancies in Tally Card

Tally cards shall be posted in ink or ballpoint pen or shall be typewritten as soon as public stores are received or issued.³⁶

Officers responsible for stores either at the Division/formation or Station Level will maintain Ledger/Tally Cards.³⁷

Review of stores records at the Police Stores at Nasese revealed that purchases from Defence Logistics were made by Inventory Management Cell (IMC) Unit located at Head Quarters and not from the Police Stores at Nasese. The items purchased were also received and distributed from Headquarters.

Furthermore, audit noted that no records were maintained at the IMC Unit to record all items received and distributed. As a result audit was unable to substantiate if items purchased were properly received and distributed. Refer to Table 19.23 below for details of items that were purchased and distributed without proper recording.

Table 19.23: Discrepancies in Tally Card

Date	Payee	Cheque Number	Items Purchased	Amount \$
13/08/10	Defence Logistics	665202	1000 sets of Leather belts @ \$65b each	65,000
05/02/10	Defence Logistics	660393	Sports Uniforms for Special Constables	20,220
23/02/10	Defence Logistics	660393	500 sets of pepper spray @ \$40 each	20,000
14/05/10	Defence Logistics	662005	<ul style="list-style-type: none"> 1 x portable light for vehicle @ \$850 1 x metal defector @ \$100 4 x vehicle mirrors @ \$100 	2,850
19/05/10	Defence Logistics	662192	8 x portable lights @ \$850	6,800
23/06/10	Defence Logistics	663284	<ul style="list-style-type: none"> 382 pairs of metal badges @ \$40 1000 sets of police gloves @ \$5.50 	20,780
11/08/10	Defence Logistics	665067	<ul style="list-style-type: none"> 32 x police brown boots @ \$130 1000 x police ICT badges @ \$4.50 	8,660
13/08/10	Defence Logistics	665177	32 x brown boots @ \$130	4,160

The finding indicates poor control over receiving and distribution of stores. Lack of adequate controls over stores may result in theft and mis-appropriation.

Recommendation

The Force must ensure that proper records are maintained for all stores received and distributed.

³⁶ Audit Act 1970

³⁷ Police Stores Procedure – Section 3 (c)

Management Comments

It has been noted that there was no proper procedures in place in regards to purchases from Defence Logistics were made by Inventory Management Cell (IMC) Unit, as items purchased should be received and distributed from the Police Stores at Nasese.

No proper documentation was maintained at the IMC Unit to record all items received and distributed. The Police Stores at Nasese could not substantiate if items purchased were properly received and distributed

The Force will ensure that proper records are maintained for all stores received and distributed.

The Force has also ensured that it will improve on the control over receiving and distribution of stores. Adequate controls over stores to prevent in theft and mis-appropriations of stores.

Some stores were received by IMC with no record at the Police stores. This is under investigation.

Annexure 19.1: Special Constables recruitment

Name	Location (Station/Section)	Anomalies in the applications
Anthony Wise	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police clearance done No approval from Commissioner of Police for recruitment. No Application form
Ravuama Samo	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance done No Approval from Commissioner of Police for recruitment No application letter
Manoa Tamaya	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance done No Approval from Commissioner of Police for recruitment No application letter
Taniela Rawaqa	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Approval from Commissioner of Police for recruitment
Jonetani Ratu	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Birth Certificate No Police Clearance No Examination or School Reports No Approval from Commissioner of Police for recruitment
Epeli Vuicuvu	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Birth Certificate No Police Clearance done No Examination of School Reports No Approval from Commissioner for recruitment.
Sailosi Rabonaqica	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance No Application Letter No Approval from Commissioner for recruitment
Josateki Nasilisili	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Approval from Commissioner for recruitment No Application Letter No Police Clearance
Peni Naulago	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Application Letter No CV No Birth Certificate No Approval from Commissioner of Police for recruitment No Examination or School Reports
Temo Cama Vakaloloma	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Application No Approval from Commissioner for recruitment No Police Clearance done
Sunia Batirewai	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance No Approval from Commissioner
Isoa Waqawai Seru	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Application Letter No CV No Police clearance No Approval from Commissioner of Police for recruitment
Timoci Ratuniyauravu	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Application Letter No Birth Certificate No Police Clearance No Approval from Commissioner of Police
Viliaseri Mate	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance No Application Letter No Birth Certificate No Approval from Police Commissioner for recruitment
Josefa Masala	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Application form attached No Birth Certificate No CV No Examination or School Report

Name	Location (Station/Section)	Anomalies in the applications
		<ul style="list-style-type: none"> No Approval from the Commissioner of police No Police clearance done
Epi Qaidamu	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance No Birth Certificate No Application n Letter No CV No Examination or School Report No Approval from the Commissioner of Police for recruitment
Jone ciwa Taoba	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance No approval from commissioner of Police for recruitment No Examination or School Report
Marica Kotoyawa	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance No approval from Commissioner of Police for recruitment
Beitaki Ledua Veiqaravi	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance No approval from the Commissioner of Police No Application Letter No CV No Birth Certificate
Isea Vuceva	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance No Approval from Commissioner for recruitment No Application No Examination or School Report No CV
Wila Mila Dilo	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Approval from Commissioner No Application No CV No Examination or School Report
Selai Gaunabalavu	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police clearance No Approval from Commissioner of Police NO Application/CV No Birth Certificate No Examination or School Report
David Douglas	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance No Approval from Commissioner of Police No Application/CV
Ponipate Domolailai	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance No Approval from Commissioner of Police
Eroni Ravore	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Application/CV No Approval from Commissioner of Police for recruitment No Application/CV
Josefa Kama	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Birth certificate No Application/CV No Approval from Commissioner of Police No Police Clearance
Tokasa Luvu Masikerei	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Application/CV No Police clearance No approval from Commissioner of Police No Examination or School Report
Isimeli Baleilakeba	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Application/CV No Police Clearance No Approval from Commissioner of Police
Robakeibau Drotini	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Approval from Commissioner of Police No Application/CV

Name	Location (Station/Section)	Anomalies in the applications
Mosese Nasese	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Application Letter No Police Clearance No Approval from Commissioner of Police for recruitment
Josaia Lealiki	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance No Approval from Commissioner of Police for recruitment No Application/CV
Elizabeth Sautu	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance No Approval from Commissioner for recruitment No Application/CV
Senoveva Tikoduadua	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Approval from Commissioner of Police No Application/CV No Examination or School Report
Silovate Cawaitakali	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance No Approval from Commissioner of Police No Application/CV
Sailosi Mucunabitu	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Approval from Commissioner of Police No Application letter
Samisoni Seru	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No approval from Commissioner of Police No Application/CV
Pita Talevakaono	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No approval from Commissioner of Police No Application/CV
Jale Koroitukana	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No approval from Commissioner of Police No Application letter
Varanise Ravula Cavuilati	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No approval from Commissioner of Police
Jotame Matararaba	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No approval from Commissioner of Police No Police clearance No Application Letter/CV
Volau Yalimaiwai	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No application Letter/CV No approval from Commissioner of Police No Police clearance No Examination or School Reports
Senitiki Tuivua	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No approval from commissioner of police No police clearance
Marawai Tabunitoga	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No application/CV No approval from Commissioner of Police No police clearance No Examination or School Reports
Sako Mafi Papua	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No application letter No Examination or school reports No police clearance No Approval from Commissioner of police for recruitment.
Neisiasa Moala Nakia	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Application Letter/CV No Police Clearance No Approval from Commissioner for recruitment
Manueli Taubale Laqai	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance No Approval from Police Commissioner for recruitment.
Litia Ravonu Druma	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police clearance No approval from Commissioner of Police for recruitment No Application letter/No CV
Sepesa Lote	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police clearance No approval from Commissioner of Police for recruitment No Application letter/No CV

Name	Location (Station/Section)	Anomalies in the applications
		<ul style="list-style-type: none"> No Examination or School Reports No Birth Certificate
Noa Diani	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police clearance No Birth Certificate No approval from Commissioner of Police for recruitment No Application letter/CV
Timoci Soroyali	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police clearance No Birth Certificate No approval from Commissioner of Police for recruitment No Application/CV No Examination or School Reports
Peni Naulago	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance No Approval from Commissioner of Police for recruitment
Jeremaia Vana Lesikilau	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance No approval from Commissioner of Police for recruitment
Jone Liwaki	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Police Clearance No approval from Commissioner of Police for recruitment No Examination or School Reports
Abdul Mohd Sameem	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Examination or School Reports No Police Clearance No Approval from Commissioner of Police for recruitment.
Peni Vulaca Rabici	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No Examination or School Reports No Police Clearance No approval from commissioner of police for recruitment.
Asenaca Tamosa	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No examination or school reports No approval from commissioner of police for recruitment.
Ratu kilioni Senivutu	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No police clearance No approval from commissioner of police for recruitment.
Mere Tuvou	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No approval from commissioner of police for recruitment.
Jona Tavai Navunicagi	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No examination or school reports No police clearance No approval from commissioner of police for recruitment.
Sakaraia Votuvotu	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No examination or school reports No approval from commissioner of police for recruitment.
Joeli Nabogikolo	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No police clearance No approval from commissioner of police for recruitment.
Lemeki Tuyawa Akapusi	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No examination or school reports No approval from commissioner of police for recruitment. No Application Letter/CV
Nabuka Tuitaru Naqito	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No examination or school reports No approval from commissioner of police for recruitment. No Application Letter/CV
Timoci Ratoki	Ready Action Unit (RAU)	<ul style="list-style-type: none"> No approval from commissioner of police for recruitment.

Annexure 19.2: Diversion of Funds from SEG 9

Date of Payment	Cheque Number	Payee	Description	Amount \$
23/06/2010	000000663275	Lotus Garments Ltd	Pmt for batteries	20,000.00
23/06/2010	000000663277	RPC Southern	Replenishment of imprest	11.20
23/06/2010	000000663280	X-4242 Isireli Pareti	Meal allowance	165.00
23/06/2010	000000663282	Wpc Seuvou Taubale	Meal allowance	143.00
23/06/2010	000000663283	Air Pacific Limited	Passage of Dr Parella & Gounder	1,318.20
23/06/2010	000000663284	Defence Logistics	Payment of police pips & gloves	20,780.00
23/06/2010	000000663285	Oc Cp's Special Task Force	Replenishment of imprest	483.20
23/06/2010	000000663286	Patterson Brothers Shipping	Payment of passage	199.00
23/06/2010	000000663289	Rosie Holidays	Accommodation for ded officers	632.00
25/06/2010	000000663371	Amy Street Pharmacy	Pmt of vaccinations	20,209.74
25/06/2010	000000663372	Co Rau	Pmt of meal subsistence	595.00
28/06/2010	000000663426	Total (Fiji) Ltd	Engine oil-Nasese garage	5,994.14
28/06/2010	000000663428	Patterson Brothers Shipping	Psg_asp.hemand	116.00
28/06/2010	000000663429	Venu Shipping Limited	Psg_PC.Beterua	150.00
30/06/2010	000000663435	Systems Technology	Banners - oc/sexual offence	360.00
29/06/2010	000000663466	Pacific Sun	Pmt for passage	429.00
29/06/2010	000000663467	Patterson Brothers Shipping	Pmt for passage	174.00
29/06/2010	000000663475	Air Pacific Limited	Pmt of air passage	417.60
29/06/2010	000000663476	Co Border Police	Pmt of replenishment	180.40
29/06/2010	000000663477	Lodhias Travel Service Limited	Pmt of air passage	1,743.20
29/06/2010	000000663478	Tanoa Rakiraki	Pmt of accommodation	390.00
29/06/2010	000000663479	Tokatoka Resort Hotel	Pmt of accommodation	297.00
29/06/2010	000000663480	Ram Chetty	Pmt of re-imbursement	312.90
30/06/2010	000000663495	Osaka Auto Spare parts	Qd32 starter - GN477 F/174	450.20
30/06/2010	000000663496	Pasifika Tents & Supplies	40*24' marquee with poles-BMU	5,965.00
30/06/2010	000000663499	Patterson Brothers Shipping	Pmt of passage	120.00
30/06/2010	000000663500	Rpc Northern	Replenishment	284.10
30/06/2010	000000663503	Elenoa Tokalautawa	Catering services-cid	1,494.00
30/06/2010	000000663504	Fiji Electricity Authority	bills-June 2010	865.40
30/06/2010	000000663506	Map's Pacific Fiji Ltd	Shock absorber	1,553.63
30/06/2010	000000663509	Nivis Motor & Machinery	Tyres GN 277	4,148.57
30/06/2010	000000663562	Tanoa Rakiraki	Accommodation Tuapati	180.00
01/07/2010	000000663594	Carpenters Motors	825*16*12 cross tyres FM 804	1,440.00
01/07/2010	000000663597	Motorparts Traders Ltd	Outer tie rod end GN193 F/224	106.00
01/07/2010	000000663598	Nivis Motor & Machinery	brake shoe	1,221.71
05/07/2010	000000663713	Delux Footware Mfg Ltd	Pmt of leather shoes	25,350.00
06/07/2010	000000663719	Asco Motors	750-16 running tyre & tube gm5	7,356.04
06/07/2010	000000663723	Extreme Stationery&Printery Lt	Stationery	8,381.75

Date of Payment	Cheque Number	Payee	Description	Amount \$
07/07/2010	000000663764	International Full Gospel Tube	Hire of marquee	200.00
07/07/2010	000000663781	Rajens Taxis & Towing Services	Towing gn205 f/236 traffic cps	90.00
07/07/2010	000000663782	Samabula Auto Traders Ltd	2nd hand rack GN236 F/68	922.50
07/07/2010	000000663783	Tyreline Distributors (Fiji) L	Sime 205r16 tyres GN211 F/238	1,350.00
07/07/2010	000000663785	Wing Lee Motors	L/d56 non-turbo alternator	420.00
13/07/2010	000000663971	Niu Wave Media	Website overhaul	15,000.00
16/07/2010	000000664174	J Maneklal & Sons Ltd	40203 projector screen-wnw/cc	599.00
22/07/2010	000000664418	South Sea Music Co	Hire cordless mics - mngr/budg	165.00
22/07/2010	000000664441	Dove-Rent-A-Car	4*4 Toyota hilux(2009)	1,690.00
06/08/2010	000000664971	Kasabias	110000042 seratone white gloss	2,548.50
11/08/2010	000000665067	Defence Logistics	Purchase of boots & badges	8,660.00
16/08/2010	000000665249	Datec Fiji Ltd	Hp 620 laptop with case-fpa	1,678.01
18/08/2010	000000665307	Asco Motors	Pmt of parts & servicing	2,342.11
23/08/2010	000000665399	Nasese Bus Co	Hire of bus	1,000.00
24/08/2010	000000665434	Air Pacific Limited	Passage for SC Jone	457.90
24/08/2010	000000665435	Bligh Water Shipping Limited	Passage of PC Gustav	110.00
24/08/2010	000000665436	Hotel Northpole	Accommodation IP Ruci	675.00
24/08/2010	000000665437	Lautoka Hotel	Accommodation IP Sunil	720.00
24/08/2010	000000665440	R B Patel Group Ltd	Purchase of ration-labasa	82.15
24/08/2010	000000665441	R C Manubhai & Co Ltd	Flood light-BMU	740.00
24/08/2010	000000665442	Rjs Breakers (Fiji)	Purchase of bags	487.50
24/08/2010	000000665444	Rpc Northern	Replenishment of imprest	349.70
24/08/2010	000000665445	Rpc Western	Replenishment of imprest	299.00
24/08/2010	000000665447	Unitex Garments	Purchase of caps	1,650.00
24/08/2010	000000665458	Professional Stationery Servic	Toner force chaplain	1,542.00
24/08/2010	000000665459	Pc Tomasi Tukana Beci	Pmt_transfer allowance	395.00
25/08/2010	000000665463	Catholic Women's League	Pmt of meals	1,840.00
26/08/2010	000000665479	Brighton Garments Ltd	T/shirts-compolicing	1,875.00
26/08/2010	000000665481	Patterson Brothers Shipping	Return passage WPC Visha	208.00
26/08/2010	000000665526	Pacific Sun	Passage of 2 officers	649.00
26/08/2010	000000665527	Royal Hotel	Accomd_2 officers	450.00
Total				\$183,312.35

