



ACCOUNTABILITY IN THE PUBLIC SECTOR
THROUGH QUALITY AUDIT SERVICES

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

Volume 4 Audit Report on Government Ministries and Departments - 2010



PARLIAMENTARY PAPER NO 22 OF 2014



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Volume 4

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Ministries and Departments - 2010





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Excellence in Public Sector Auditing

File: 102

31st 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 4

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 State Services 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 Tuvarara 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

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Section 25**Ministry of Primary Industries****Role and Responsibility**

The Ministry of Primary Industries is responsible for agriculture, fisheries and forests. The mandate is to ensure that the resources are developed and managed to its optimal potential for the benefit of all stakeholders, and in the best possible sustainable way.

The Department of Agriculture focus on diversifying, be market driven and improve in its service delivery to realise the sector's full potential. Diversification into niche export and domestic markets is therefore necessary, thus, priority will be given to: facilitating private sector involvement in the development of agri-business; capacity building of farmers to raise levels of production from semi-subsistence to commercial levels; and enhancement of Agricultural linkages; promote food security and ensure sound land management and development.

The Department of Fisheries and Forests is responsible for the formulation of policies that promote best practice that will ensure a prosperous and enhanced Fisheries and Forestry sector.

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PART A: FINANCIAL STATEMENT

25.1 Audit Opinion

The audit of the 2010 accounts of the Ministry of Primary Industries resulted in the issue of a qualified audit report. The qualifications were as follows.

- The Department of Agriculture did not maintain adequate accounting records to provide sufficient appropriate audit evidence to substantiate TMA Accumulated Surplus of \$2,560,271 and TMA Surplus of \$1,565,068 as shown in the TMA Balance Sheet.

- There is an un-reconciled difference amounting to \$238,966 between the General Ledger (FMIS) and Department of Agriculture's TMA bank reconciliation.
- The Department of Forests did not maintain adequate records to provide sufficient appropriate audit evidence to substantiate TMA adjustment of \$74,154 and TMA Surplus transferred to Consolidated Fund of \$5,933 as shown in the TMA Balance Sheet.

25.2 Consolidated Statement of Receipts and Expenditures

The Ministry of Primary Industries collected revenue totalling \$2,663,113 and incurred expenditures totalling \$66,279,948 in 2010. Details are shown in Table 25.1 below.

Table 25.1: Statement of Receipts and Payments

Description	2010 (\$)	2009 (\$)
RECEIPTS		
Agricultural produce & inspection fees	422,964	473,026
Native timber measurement	570,575	457,525
Management fees	452,342	331,162
Overpayment recoveries in previous years (OPR)	259,982	193,062
License fishing	109,634	521,193
Sales of fish and ice	225,485	195,933
Sale of farm product	59,314	27,602
Hire of plant and vehicle	54,480	32,123
Sale of sheep & wool	52,624	38,273
License	23,447	13,718
Meat inspection	21,643	20,464
Veterinary and animal quarantine	28,909	21,403
Miscellaneous and other revenues	381,714	628,461
TOTAL REVENUE	2,663,113	2,953,945
EXPENDITURES		
Operating		
Established Staff	13,967,003	16,167,383
Unestablished Staff	6,349,047	6,252,272
Travel & Communication	681,423	697,310
Maintenance & Operations	2,355,796	2,595,309
Purchase of Goods & Services	866,660	981,828
Operating Grants & Transfers	3,919,923	3,720,960
Special Expenditures	1,924,880	2,161,409
Total Operating Expenditures	30,064,732	32,576,471
Capital		
Capital Construction	23,503,104	15,873,831
Capital Purchases	2,527,831	649,911
Capital Grants & Transfers	6,327,611	19,849,782
Total Capital Expenditures	32,358,546	36,373,524
Value Added Tax	3,856,670	2,508,334
TOTAL EXPENDITURES	66,279,948	71,458,329

Revenues collected decreased by \$290,832 or 11 % due to the decrease in revenue generated from fishing licences fees for the Department of Fisheries. Total expenditures incurred in 2010 declined by 8% as a result of reduction on Established Staff and Capital Grants and Transfers.

25.3 Consolidated Appropriation Statement

The Ministry incurred expenditures totalling \$66,279,948 against the revised budget of \$68,378,098 resulting in savings of \$2,098,150. Details of expenditures against the budget estimates are provided in Table 25.2 below.

Table 25.2: Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established staff	11,998,291	1,415,596	13,413,887	13,967,003	(553,116)
2	Government Wage Earner	6,192,200	476,160	6,668,360	6,349,047	319,313
3	Travel and communications	708,487	35,001	743,488	681,423	62,065
4	Maintenance & operations	2,589,596	(60,000)	2,529,596	2,355,796	173,800
5	Purchase of goods & services	940,700	(80,000)	860,700	866,660	(5,960)
6	Operating grants & transfers	4,245,100	(545,469)	3,699,631	3,919,923	(220,292)
7	Special expenditures	2,300,700	585,896	2,886,596	1,924,880	961,716
	Total Operating Expenditure	28,975,074	1,827,184	30,802,258	30,064,732	737,526
8	Capital construction	29,556,000	(5,485,856)	24,070,144	23,503,104	567,040
9	Capital purchases	4,729,130	(2,196,110)	2,533,020	2,527,831	5,189
10	Capital grants & transfers	7,621,000	(1,145,148)	6,475,852	6,327,611	148,241
	Total Capital Expenditure	41,906,130	(8,827,114)	33,079,016	32,358,546	720,470
13	Value Added Tax	5,102,900	(606,076)	4,496,824	3,856,670	640,154
	TOTAL EXPENDITURE	75,984,104	(7,606,006)	68,378,098	66,279,948	2,098,150

25.4 Statement of Losses

The Department of Agriculture reported loss of livestock to the value of \$7,070. This was a decrease of 39% compared to the loss of livestock reported in 2009. The Statement of Losses did not include submissions for write offs arising from the annual board of survey conducted by the Ministry.

25.5 Trading and Manufacturing Account – Department of Agriculture

Table 25.3: Trading Account

	2010 (\$)	2009 (\$)
Sales	1,212,854	459,445
Opening Stock	310,623	219,792
Add: Purchases	1,138,267	700,833
Total Stock available for sale	1,448,890	920,625
Less: Closing Stock	624,036	310,623
Cost of Goods Sold	824,854	610,002
Gross Profit/(Loss) transferred to P & L	388,000	(150,557)

Table 25.4: Profit & Loss Statement

	2010 (\$)	2009 (\$)
Income		
Gross Profit/(Loss) transferred from Trading A/C	388,000	(150,557)
Other Income	-	46,095
Total Income	388,000	(104,462)
Expenses		
Personnel Emoluments & FNPF	164	9,479
Allowance	6,527	1,222
Overtime	1,644	-
Travel	8,212	-
Telecommunications	77	156
Fuel & Oil	7,782	4,310
Office Upkeep & Supplies	106	1,427
Repairs & Maintenance	51,658	7,855
Special Fees & Charges	204	-
VAT	119,985	61,963
Total Expense	196,359	86,412
Net Profit/(Loss)	191,641	(190,874)

Table 25.5: Balance Sheet

	2010 (\$)	2009 (\$)
Equity		
TMA Accumulated Surplus	2,560,271	2,368,630
TMA Surplus	(1,565,068)	(1,858,684)
Total Equity	995,203	509,946
Assets		
Cash at Bank	525,010	197,248
Accounts Receivable	2,075	2,075
Inventory	624,036	310,623
Total Assets	1,151,121	509,946
Liability		
VAT payable	155,918	-
Total Liabilities	155,918	-
Total Net Assets	995,203	509,946

25.6 Trading and Manufacturing Account – Department of Forests

Table 25.6: Manufacturing Account

	2010 (\$)	2009 (\$)
Manufacturing Account		
Opening Raw Materials	48,726	33,503
Purchases	-	6,104
	48,726	39,607

	2010 (\$)	2009 (\$)
Less: Closing Raw Materials	21,452	48,726
Raw Materials Used	27,274	(9,119)
Add: Opening Work in Progress	-	-
	27,274	(9,119)
Direct Labour	114,325	76,492
Less: Closing Work in Progress	-	-
Cost of Manufactured Goods Transferred to Trading Account	141,599	67,373

Table 25.7: Trading Account

	2010 (\$)	2009 (\$)
Sales	147,858	86,289
Opening Stock of Finished Goods	3,017	3,017
Add: Cost of Manufactured Goods transferred from Manufacturing Account	141,599	67,373
Less: Closing Stock of Finished Goods	7,542	3,017
Cost of Finished Goods Sold	137,074	67,373
Gross Profit Transferred to Profit & Loss Statement	10,784	18,916

Table 25.8: Profit & Loss Statement

	2010 (\$)	2009 (\$)
Income		
Gross Profit transferred from Trading Account	10,784	18,916
VAT	-	10,575
Total Income	10,784	29,491
Expense		
Office Upkeep & Supplies	64,344	9,325
Special Fees & Charges	131	213
Total Expense	64,475	9,538
Net (Loss)/Profit	(53,691)	19,953

Table 25.9: Balance Sheet

	2010 (\$)	2009 (\$)
Equity	196,074	249,765
TMA Surplus transferred to Consolidated Fund	(5,933)	(80,088)
Total Equity	190,141	169,677
Assets		
TMA Dominion Cash CNB Suva	176,825	117,934

	2010 (\$)	2009 (\$)
IC Raw materials	21,452	48,726
IC Finished Goods for sales	7,542	3,017
Total Assets	205,819	169,677
Liabilities		
VAT Payable	15,678	-
Total Liabilities	15,678	-
Total Net Assets	190,141	169,677

25.7 Trust Fund Accounts

Table 25.10: Land Water Resource Management And Land Resource Planning & Development

	2010 (\$)	2009 (\$)
Receipts		
Retention Money	431,730	136,771
Total Receipts	431,730	136,771
Payments		
Retention Money	411,180	284,149
Bank Fees	77	85
Withholding Interest	452	-
Audit confirmation Fees	50	-
Total Payments	411,759	284,234
Surplus/Deficit	19,971	(147,463)
Opening balance at 1 January	221,229	368,692
Balance as at 31 December	241,200	221,229

Table 25.11: 1/3 Subsidy Contribution

	2010 (\$)	2009 (\$)
Receipts		
1/3 Subsidy Contributions	240,452	127,358
Total Receipts	240,452	127,358
Payments		
1/3 Subsidy Payments	285,625	53,052
Total Payments	285,625	53,052
(Deficit)/Surplus	(45,173)	74,306
Opening balance at 1 January	86,106	11,800
Balance as at 31 December	40,933	86,106

PART B: AUDIT FINDINGS**DEPARTMENT OF AGRICULTURE****25.8 Delay in the Submission of Agency Financial Statements for Audit**

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.¹

The Ministry of Primary Industries Agency Financial Statement was submitted to the Auditor General on 12 May 2011.

The late submission of Agency Financial Statement is a breach of Finance Instructions which has resulted in the delay of the audit and in issuing of audit opinion by the Auditor General.

Recommendation

The Department must ensure that Agency Financial Statements are submitted to the Auditor General by 31 March each year.

Department's Comments

The delay in the submission was due to the many changes that were required on the formatting as well as the details required to substantiate variances highlighted in the report. Secondly, the preparation of Agency Financial Statement was prepared by staff that did not undergo any training and were not fully familiar with the required preparation processes. It is recommended that awareness is conducted immediately for existing staff who will continue with accounting operations after the retirement of two senior accounting officers in 2012

25.9 Arrears of Revenue

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

- no further credit shall be extended to the debtor;
- a demand notice for payment shall be sent to the debtor after his/her debt has been overdue for more than a month;
- if the account still remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within 14 days.²

If a final notice had been issued to one of the debtors listed, the Principal Accounts Officer may approve the case to be referred to the Solicitor General or the Small Claims Tribunal, after considering the cost implication and the probability of recovery.³

Our audit noted that the recovery of arrears of revenue have been unsatisfactory. The arrears of revenue for the Department as at 31/12/10 totalled \$3,995,811. The major component of the arrears is

¹ Finance Instructions 2010

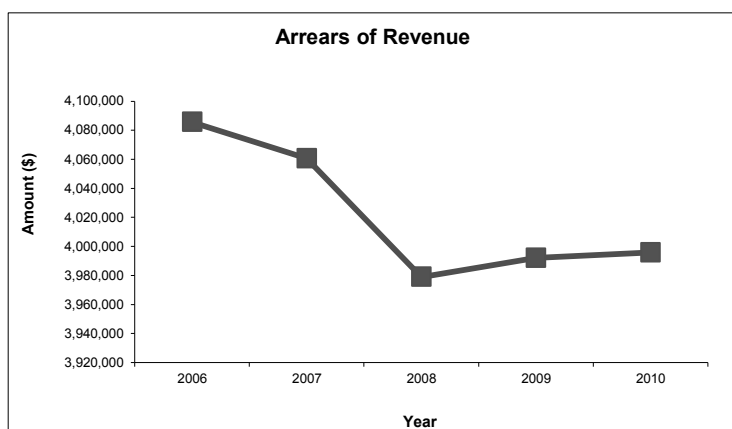
² Finance Manual 2005 (MAS&LR)-s9.2.1

³ Finance Manual 2005 (MAS&LR)-s9.2.4

from Cocoa Development totalling \$3,390,720 or 85% of total arrears. In addition, 96% of the Cocoa Development arrears have been outstanding for over 5 years. Refer below for a trend analysis of the status of arrears of revenue for the Department over the last five years:

ARREARS OF REVENUE

Year	Balance (\$)
2006	4,085,671
2007	4,060,579
2008	3,978,918
2009	3,992,057
2010	3,995,811



The increase in arrears of revenue in 2010 was due to increase in arrears of water rates and electricity and the inclusion of the arrears for sale of irrigation equipment at the Sigatoka Research Station. Table 25.12 provides a detail of the arrears of revenue for the Department from 2008 – 2010.

Table 25.12: Arrears of Revenue: 2008 – 2010

Debtors	2008 (\$)	2009 (\$)	2010 (\$)
Meat Inspection Fees	2,700.35	12,046.55	1,071.32
Quarantine	35,197.44	17,371.27	11,871.70
SRS – Sale of Irrigation	0	0	7,120.06
Research Analysis Test	1,304.71	592.65	1,519.45
Water Rates/Electricity	636.25	375.48	10,636.65
Sale of Sheep & Wool	4,900.00	4,900.00	8,260.57
Cocoa Development	3,390,719.84	3,390,719.84	3,390,719.84
Batiri Pineapples	707.16	707.16	707.16
Irrigation & Commercial Undertaking	114,720.42	114,720.42	114,720.42
Land Development (ADP)	4,236.66	4,236.66	4,236.66
Lending Fund Account	16,445.66	16,445.66	16,445.66
Revolving Fund Account	393,924.53	428,501.64	428,501.64
Fiji College of Agriculture	3,120.00	1,440.00	0
Legalega Research Station	10,304.59	0	0
Total	3,978,917.61	3,992,057.33	3,995,811.13

The Department made its last submission to the Ministry of Finance on 1/08/08 to write-off the arrears of \$3,390,720 from Cocoa Development; however no response was received on the submission.

Recommendations

- The Department should make concerted efforts to recover long outstanding arrears of revenue.
- The Department should follow up the outstanding debts in accordance with the debt recovery procedures prescribed in the Ministry's Finance Manual.

- **The Department should follow up with Ministry of Finance on its submission to write-off the Cocoa Development arrears of revenue of \$3,390,720.**

Department's Comments

The most recent re - submission to write-off the arrears for Cocoa Development which was vetted by Ministry of Finance and will be presented for Cabinet approval once signed by the Minister for Primary Industries.

25.10 Late Lodgements of Revenue Collected – Quarantine

The revenue clerk shall bank money received on a daily basis at least. The lodgement form shall be prepared in triplicate detailing the deposits to be made.⁴

The audit noted delays in lodgements of revenue received by the Department at various quarantine stations. Refer to *Appendix 25.1* for details on late lodgements.

The risk of misappropriation will increase if Revenue Officers failed to lodge revenue receipted on time. It also indicated that banking was not properly checked by supervising officers to ensure that procedures are in place to facilitate the process required under the financial regulations.

Recommendations

- **The Department should ensure that all revenues received are banked on a daily basis.**
- **Supervising Officer must ensure that subordinate officers responsible for revenue lodgments perform their duties promptly in accordance to financial regulations.**

Department's Comments

As per telephone conversation (SA (O) & CO Quarantine), he has said that the late lodgements was due to him being the only officer around collecting revenue at that time for Quarantine and also he was engaged with the 'Termite Program' in the West, so he had to always be travelling down to the west and that did not give him the time to make lodgements daily. This clerical Officer is now employed by the Bio-Security Authority of Fiji.

25.11 Inter Departmental Transactions

Upon receipt of cheque, issue a revenue receipt and liaise with FMIS in the creation of the account number using the natural account number 840101.⁵ Ensure that all cheques received are credited to 840101 and all payments are debited against the same account number.⁶ Maintain a manual ledger for each of the requests/projects received by keeping a record of all transactions that takes place.⁷

The audit noted that funds totalling \$212,962 received from other Government Departments and corporate sponsors of the 2010 Agriculture Show were credited to the expenditure allocation for Agriculture Show (1-30202-30201-080514), Import Substitution Programme (1-30202-30201-080699) and the Export Promotion Programme (1-30202-30201-080619) instead of natural account number 840101. Refer to Table 25.13 below for details.

⁴ Finance Manual 2005 (MAS&LR)-s.5.4.1

⁵ Finance Circular No. 01/10 clause 4.3.3 (ii)

⁶ Finance Circular No. 01/10 clause 4.3.3 (iv)

⁷ Finance Circular No. 01/10 clause 4.3.3 (v)

Table 25.13: Details of Funds received for the 2010 Agriculture Show

Date	Revenue Receipt No.	Received from	Allocation	Amount (\$)
26/3/10	92510	PS Fisheries & Forestry	1-30202-30201-080699	7,860.00
21/4/10	925616	Commissioner Eastern	1-30202-30201-080619	21,000.00
5/7/10	9860	Naivitavaya Church	1-30202-30201-080514	88.89
			1-30202-30201-130101	11.11
5/7/10	9862	Farmers Zone	1-30202-30201-080514	500.00
8/7/10	9863	Ram Sami & Sons	1-30202-30201-080514	888.89
			1-30202-30201-130101	111.11
9/7/10	9864	Ministry of Finance	1-30202-30201-080514	37,777.78
			1-30202-30201-130101	4,722.22
21/7/10	625643-625645	Various	1-30202-30201-080514	23,911.00
			1-30202-30201-130101	2,989.00
23/7/10	9871	Ministry of Finance	1-30202-30201-130101	29,250.00
26/7/10	9876-9882	Various	1-30202-30201-080514	7,880.90
			1-30202-30201-130101	985.10
9/8/10	9888	Leona Waqaivolavola	1-30202-30201-080514	88.89
			1-30202-30201-130101	11.11
11/8/10	9889	Ministry of Finance	1-30202-30201-080514	30,071.11
			1-30202-30201-130101	3,758.89
7/9/10	9893	Ministry of Finance	1-30202-30201-080514	13,386.67
			1-30202-30201-130101	1,673.33
21/10/10	99265	PS Agriculture	1-30202-30201-080513	4,684.44
			1-30202-30201-130101	585.56
26/10/10	99268-9927 1	PS Finance	1-30101-30101-030101	20,725.87
Total				212,961.87

The Department's total expenditure has been understated as a result of the accounting treatment adopted regarding funds received for the Agriculture Show.

Recommendation

The Department should ensure that all interdepartmental transactions are processed in line with the procedures set in Finance Circular 01/2010.

Department's Comments

Funds received from donor sources were not reflected under SLG 84, this is now being rectified and a new allocation is opened under SLG 85.

25.12 TMA Balance Sheet – Commercial Undertaking

Each agency operating a trading and manufacturing activity must prepare –

- (a) quarterly profit and loss statement;
- (b) a balance sheet on an annual basis.

The profit and loss statement and the balance sheet must be prepared on an accrual accounting basis.⁸

⁸ Finance Instructions 2010 – Section 30

Included in the TMA Balance Sheet for Commercial Undertaking are TMA Accumulated Surplus of \$2,560,271 and TMA Surplus of \$1,565,068. The audit noted that the Department of Agriculture did not maintain adequate accounting records to provide sufficient appropriate audit evidence to substantiate the balances reflected in the TMA Balance Sheet. As a result, we were not able to ascertain the correctness of these amounts.

Recommendation

The Department should maintain records and be able to provide evidence to substantiate accounts and balances reported in its Trading and Manufacturing Accounts.

Department's Comments

A copy of the Profit/loss report that was prepared by CUT Unit in Vatuwaqa is attached. (Annex 5)

25.13 Errors in TMA Bank Reconciliations

The clerical officer shall prepare bank reconciliation within 5 days of the end of the month. Details of unrepresented cheques and other reconciling items should be attached to the reconciliation statement. Once the bank reconciliation is prepared, it should be signed and dated by the clerical officer and Assistant Accounts Officer (Ledgers) and submitted to the Principal Accounts Officer. The Principal Accounts Officer must verify balances in the bank reconciliation to the cashbook, bank statements, unrepresented cheque list and the previous month's bank reconciliation before certifying it.⁹

Each accounting head shall ensure that:

- revenue is recorded against the correct account;
- the recording of revenue is reconciled monthly with the Ministry of Finance; and
- the Ministry of Finance is advised of any errors or discrepancies within 10 working days after the end of each month.

A variance of \$238,966 was noted between the Department's TMA cash at bank balance and the cash balance reported in the General Ledger (FMIS) as at 31 December 2010. Refer to Table 25.14 for details.

Table 25.14: Variance in TMA Cash at Bank

Accounts	General Ledger (FMIS) (\$)	Department's Balance (\$)	Variance (\$)
Trading and Manufacturing Account (TMA)	525,009.64	286,043.88	238,965.76

Furthermore, the review of the Department's monthly TMA bank reconciliations revealed the following discrepancies:

- The Department's TMA cash balance allocation (4-30351-30999-540201) as per General Ledger (FMIS) had various misallocations/misp postings during the year totalling \$95,381, which were not adjusted at year end.

⁹ Finance Manual (MAS&LR) – s7.4.7 – 7.4.10

- TMA receipts for the months of January to December 2010 totalling \$26,846 were not posted to the General Ledger (FMIS), hence the balance reflected in the General Ledger (FMIS) at year end was understated.
- Receipts amounting to \$916 were disclosed in the bank reconciliation as lodgements not yet credited. No action has been taken by the Department to recover these amounts as some of the receipts dated back to 2007.
- Direct deposits were not updated in the Department's cashbook.

As a result, audit was not able to substantiate the accuracy of cash at bank balance as at 31 December 2010 in the Trading and Manufacturing Account.

Failures to carry out proper bank reconciliations increase the risk of misappropriations and fraud not being detected. There is also lack of independent checks by the Principal Accounts Officer to ensure the correctness of the reconciliation prior to certification.

Recommendations

- **The Department should ensure that proper reconciliations are carried out and any errors arising out of the reconciliations are investigated and adjusted accordingly.**
- **The responsibility of carrying out bank reconciliations should be given to Accounts Officers with appropriate seniority and level of knowledge.**
- **The Department should provide appropriate training to Accounts Officers involved in carrying out reconciliations covering the areas of source systems, obtaining relevant reports and the purpose and nature of reconciliations.**
- **Disciplinary actions should be instigated against relevant senior officers for failing to carry out proper checks and verification on reconciliations before they are certified as correct.**

Department's Comments

The responsibility of TMA /Operating Bank reconciliation has always been the responsibility of clerical officers. Our request for a new Assistant Accountant post has been declined by PSC. We are now strictly monitoring reconciliation from HQ.

25.14 Errors in TMA VAT Return

Every Ministry/Department should furnish to the Commissioner of Inland Revenue a tax return on or before the last day of the following month ¹⁰Tax payable by any person shall be recoverable as a debt due to the State.¹¹ All such taxes must be paid on the due dates to avoid penalties and possible legal action by FRCA.¹²

The Department had incorrectly prepared its TMA VAT Returns for 2010. Our review of the VAT Returns revealed that the Department recorded negative sales for the months of March, September, October and November. Consequently, the total taxable supplies or TMA sales disclosed to the Fiji Revenue and Customs Authority on the VAT Returns was understated by \$1,306,672. As a result, the Department had underpaid its TMA VAT for the year by \$72,924.

¹⁰ Ministry of Finance Circular 9/95 of 23/03/1995

¹¹ Section 61 of the VAT Decree 1991

¹² Ministry of Finance Circular 19/2006 Dated: 27th October 2006

The above is a breach of the VAT Decree and may attract unwarranted VAT arrears and penalties. It also reflected poorly on supervisory checks carried out by senior officers in the Accounts Section.

Recommendations

- The Department should ensure that figures disclosed in the VAT Returns are accurate.
- Supervisory checks should be improved.

Department's Comments

The process of preparing Operating Vat return is similar to the process followed for TMA.

25.15 Revolving Fund Account (RFA) - Miscellaneous

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. Any transactions raised affecting these accounts shall be entered in the appropriate ledger.¹³

The Department of Agriculture's RFA-Miscellaneous balance for 2010 constituted all balances appearing under accounts receivables (SAG 560000), prepayments and clearing accounts (SAG 570000) and accounts payable (SLG 840000).

A variance of \$716,831 was noted in the RFA - Miscellaneous balance compared to the balance reflected in the Appendix provided by the Ministry of Finance. Refer to Table 25.15 for details.

Table 25.15: Variance in Revolving Fund Account Balance

Description	Department's Balance (\$)	Ministry of Finance Appendix (\$)	Variance (\$)
RFA – Miscellaneous	2,813,600.14	2,096,769.34	716,830.80

The variance was due to the Department's failure to prepare and reconcile Accounts Payable (Standard Liability Group 840000) under the RFA – Miscellaneous.

Recommendations

- The Department should reconcile its records with Ministry of Finance on regular basis and any variance identified should be rectified immediately.
- The Department should maintain record of all Revolving Fund Account transactions.
- The responsibility of carrying out reconciliations should be given to Accounts Officers with appropriate seniority and level of knowledge.
- The Department should provide appropriate training to Accounts Officers involved in carrying out reconciliations.

Department's Comments

¹³ Finance Manual 2005 (MAS&LR)-s16.3

The reconciliation for SLG 84000 account is in process and some credits are now being transferred to SLG 850000.

25.16 Withholding Tax Payable

Account SLG 840000 is an Accounts Payable account which is cleared once payment is made.

The Department posted provisional tax transactions to a trust allocation (1-30101-30101-861901) during 2010 instead of the withholding tax allocation (1-30101-30101-840602). A journal voucher was raised by the Department in December 2010 to adjust misallocation.

The audit noted that a debit entry was passed to the liability account instead of a credit entry. Refer below for the adjustment passed by the Department.

	Debit	Credit
1-30101-30101-840602 - Withholding Tax Payable	\$87,151.04	
1-30101-30101-861901 - PAYE		\$87,151.04

Adjusting entries may not have been properly verified before posting to the general ledger (FMIS).

Recommendations

- **The Department should ensure that the above error is rectified.**
- **The Department should maintain record of all Revolving Fund Account transactions so that all errors and anomalies are identified and resolved.**

Department's Comments

Please note that the chargers for P/Tax were also being placed under PAYE allocation. A Journal Voucher was raised to rectify this error. PAYE allocation was credited and P/Tax allocation was debited

25.17 Variance in Trust Fund Account

The receipts and payments of trust money must be recorded in a separate cashbook or set of ledger account¹⁴. 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 promptly¹⁵.

The Operating Trust Fund Account had an overdrawn balance of \$1,367,131 as at 31 December 2010. Furthermore, variances of \$80,328 and \$9,777 were noted between the Department's record for Trust Funds and the Appendix provided by the Ministry of Finance. Refer to Table 25.16 for details:

¹⁴ Finance Instruction 2010 s.58 (2)

¹⁵ Finance Instruction 2010 s.58 (3)

Table 25.16: Variance in Trust Fund Account Balances

Description	Department's Balance (\$)	Ministry of Finance Appendix Balance (\$)	Variance (\$)
Operating Trust Fund (Overdrawn Balance)	1,286,803.46	1,367,131.15	80,327.69
Main Trust Fund	241,199.82	250,976.33	9,776.51

Moreover, the audit noted that the Department has not taken any action to reconcile the variances highlighted in the 2009 audit report.

In addition, the following anomalies were noted:

- The Department did not make necessary adjustments in the general ledger (FMIS) to record bank fees and other interest directly deducted or added by the Bank. Refer to Table 25.17 for details:

Table 25.17: Bank Fees/Charges/Interest Not Posted To the General Ledger

Details	Amount (\$)
Bank fees	76.80
R/W Interest	452.11
Bank audit certificate	50.00
Interest received	626.10

- The Trust Fund Cash Book maintained by the Department only record trust payments and not trust monies receipted in 2010.
- The bank reconciliation format used was incorrect hence reconciliations were incorrectly carried out as they did not reflect the amounts receipted or payments made for each month. The balances reflected in the reconciliations were extracted from the general ledger (FMIS), defeating the purpose of carrying out reconciliation.

The above findings reflect the incompetence of Accounts Officers in carrying out reconciliations, which may have contributed to the overdrawing of Trust Fund accounts.

Recommendations

- **The Department should ensure that its Trust Fund Account records are reconciled with the general ledger (FMIS) on a monthly basis.**
- **The Department should investigate and rectify un-reconciled variances carried forward from 2009.**
- **The Trust Fund Cash Book should be updated regularly and the bank reconciliation should be promptly carried out and verified by a Senior Accounts Officer.**
- **Journal vouchers should be raised to reflect the bank charges/fees/interest in the general ledger (FMIS).**
- **Trust Funds account should not be overdrawn.**
- **The responsibility of carrying out reconciliations should be given to Accounts Officers with appropriate seniority and level of knowledge.**

- **The Department should provide appropriate training to Accounts Officers involved in carrying out reconciliations covering the areas of source systems, obtaining relevant reports and the purpose and nature of reconciliations.**

Department's Comments

The variance highlighted was an oversight on our part during the reconciliation process and this was not deliberate. However, with the assistance of Auditors adjustments have been made after reconciling our accounts with the bank Statements.

The difference of 9,776.51 was carried forward from 2009. This reconciliation is still in process.

25.18 Payment of Operating/Capital Expenditure Items from the Main Trust Fund

Each year, a statement of receipts and payments must be prepared for audit and inclusion, when required, in the agency's annual report¹⁶. Each payment of trust monies must be supported by an expenditure voucher which contains details of – the date; the payee; the amount; and the reason for payment.¹⁷

Trust money is to be kept in separate bank account.¹⁸

Retention monies are deductions made from all contract payments for capital works in the Department which are normally paid back to contractors three months (Defect Period) after the completion of the contract works unless there is some defects noted after the defect period. These monies are retained in a trust fund account.

The audit noted that retention monies maintained as trust funds were utilised by the Land and Water Resources Management (LWRM) Division to meet operating and capital expenditure totalling \$52,794. The payments were authorised by the Director. Refer to Table 25.18 for details:

Table 25.18: Payment of Operating/Capital Expenditure Made From True Trust Fund Account

Date	Payee	Cheque No.	Amount (\$)	Remarks
09/02/10	Risk Control (Fiji) Ltd	000044	3,120.65	Payment of security services for the month of December 2009.
16/02/10	Fiji High Commission	000045	4,672.88	Payment of advertisement in the Malaysia News Strait Times on 30/1/10, for Rewa River Dredging works.
04/10/10	AMA	000050	45,000.00	Payment to Agriculture Marketing Authority for potato production. A sum of \$45,000 was deposited into Trust Fund account on 21/6/10 (Receipt No. 663014) for the purchase of a tractor for Mataqali Nakoromai under the Import Substitution Programme.
TOTAL			52,793.53	

¹⁶ Finance Instruction 2010 s.58 (4)

¹⁷ Finance Instruction 2010 s.58 (5)

¹⁸ Finance Instruction 2010 s.32 (3)

Furthermore, the audit also noted that the LWRM Division utilized trust funds to pay Hall Contracting Pty Limited \$311,144¹⁹ for dredging works at the Nadi River. However, no retention fund was deposited into the trust fund account in relation to Hall Contracting Pty Limited.

Utilising retention monies for other purposes can result in the Division not being able to pay retention claims by contracts due to insufficient funds.

Recommendations

- **Retention monies should not be utilized for settling operating and capital expenditures that are supposed to be funded through the budget.**
- **The Division should ensure that all deductions of retention money are correctly accounted as Trust Funds and paid only as retention claims submitted by contractors.**
- **Trust monies should be kept in separate bank accounts as required by the Finance Instructions.**

Department's Comments

As a result of the redeployment of \$2 million, allocations ...were affected and as such payments were sourced from within as tabulated below:

<i>Date</i>	<i>Payee</i>	<i>Cheq. No.</i>	<i>Amt. (\$)</i>	<i>Remarks</i>
09/02/10 (1)	Risk Control Fiji Ltd	000044	3,120.65	Security Service payment for Dec. 2009
16/02/10 (2)	Fiji High Commission	000045	4,672.88	Advertisement in the Malaysia News Strait Times on 31/1/10 for Rewa River Dredging Works
04/10/10 (3)	AMA	000050	45,000.00	Payment to AMA for potato production
		TOTAL	52,793.53	

For the payment from AMA an amount of 45,000 was receipted into the Trust Fund Account. A Total sum of \$45,000 (3) was paid, from Trust Bank account but only \$ 40,000 was utilized from the Trust allocation. The remainder of \$5,000 was used from main accounts allocation, for Revenue Vat.

25.19 Variance in Drawings Account Balance

If cheques remain in the un-presented cheque list for more than 3 months, the Principal Accounts Officer must attempt to locate the payees and have their cheques presented before they become stale.²⁰

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.²¹

A variance of \$723,322 existed between the Department's Drawings Account balance (unpresented cheques) and the general ledger balance (FMIS). Refer to Table 25.19 for details:

¹⁹ Cheque No. 183895 – 31/12/10

²⁰ Finance Manual 2005 (MAS&LR)-s7.5.1

²¹ Finance Instruction 2010 33(3)

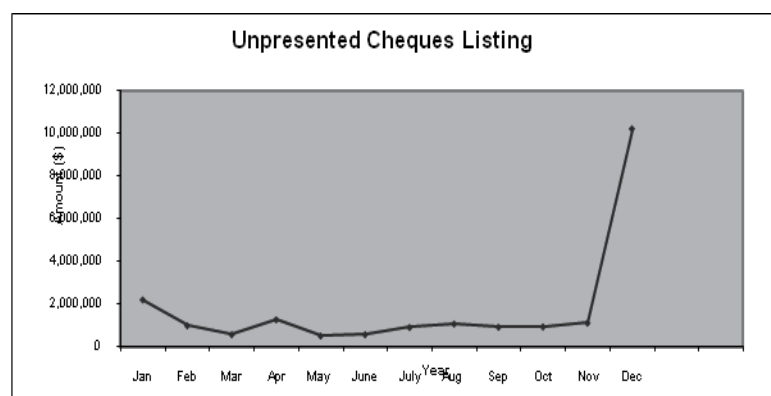
Table 25.19: Variance in Drawings Account Balance

Description	Department's Balance (\$)	General Ledger (FMIS) Balance (\$)	Variance (\$)
Drawings	10,189,074.77	9,465,752.90	723,321.87

Furthermore, audit noted that unrepresented cheques increased rapidly in December which is an indication that spending was concentrated towards the end of the year. Details of unrepresented cheques are shown in Table 25.20:

Table 25.20: Unrepresented Cheques Listing

Month	Balance (\$)
January	2,201,945.85
February	993,298.68
March	582,045.33
April	1,277,725.32
May	513,650.14
June	578,670.28
July	915,090.78
August	1,076,473.64
September	929,344.68
October	940,874.85
November	1,115,517.64
December	10,189,074.77



The variances noted between the Department's reconciliation and the General Ledger (FMIS) indicated that reconciliations were not properly checked.

Making large purchases or payments at the end of the year in order to utilise savings may result in uneconomical purchases, overstocking of goods and abuse of procurement procedures.

Recommendations

- The Department should ensure that monthly Drawings reconciliations are carried out with the General Ledger (FMIS) and any variances should be rectified forthwith.
- The responsibility of carrying out reconciliations should be given to Accounts Officers with appropriate seniority and level of knowledge.
- The Department should provide appropriate training to Accounts Officers involved in carrying out reconciliations.
- The Department should ensure that purchases are properly planned to avoid substantial purchases and payments of goods and services at year end which may lead to non-compliance with procurement procedures.

Department's Comments

The RIE's were approved late, that's why this large purchase was done in December, and was sitting in the unrepresented list.

25.20 Incorrect Clearance of Stale Cheques

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.²²

If a replacement cheque is not required, the Principal Accounts Officer shall clear the stale cheque using either of the two adjusting entries:

1. Debit – Drawings Account
Credit – Expenditure Account
(To clear cheques issued in the current year that have become stale)
2. Debit – Drawings Account
Credit – Recoveries of Overpayments in Previous Years
(To clear cheques issued from previous year that have become stale)²³

The audit noted that the Department incorrectly passed a journal entry to clear stale cheques issued in 2010 totalling \$57,499. Refer below for details:

Allocation	Debit	Credit
1-30101-30999-530201 - Drawings	\$57,499.95	
1-30101-30999-281203 - Revenue (OPR in Previous Years)		\$57,499.95

The above adjustment was used to clear cheques issued from previous years that have become stale and not cheques issued in the current year.

The incorrect journal entry has led to an overstatement of both expenditure and revenue by \$57,499 in 2010.

Recommendation

The Department should ensure that all journal entries are properly verified by Principal/Senior Accounts Officers before they are processed or posted to the General Ledger (FMIS).

Department's Comments

Some of the clearances were correct, but Audit has said that clearances from July to November 2010 should have gone under OPR (previous Years.).

25.21 VAT Reconciliation

The audit noted a variance of \$174,952 from a VAT reconciliation carried out during the audit. Refer to Table 25.21 below for details.

²² Finance Instruction 2010 33(3)

²³ Finance Manual 2005 (MAS&LR)-s7.5.3

Table 25.21: Variance in VAT Calculation – 2010

	Amount (\$)
Taxable supplies	
Total Expenditure Subject to VAT	30,370,412.91
Add: Vatable Revenue	1,013,148.30
	31,383,561.21
Less: Total Taxable Supplies as per VAT Return	32,715,545.79
Unreconciled Variance	(1,331,984.58)
VAT Paid by Agriculture – 2010	
VAT payment as per Statement of Revenue and Expenditure	598,452.57
VAT payment as per VAT Returns	773,404.78
Unreconciled Variance	(174,952.21)

We could not determine the reasons for the variances noted as the Department did not carry out VAT reconciliations in 2010. However, variances noted from reconciliations usually indicate that the accounts or records being reconciled may contain errors.

Recommendation

The Department should carry out VAT reconciliations on a regular basis.

Department's Comments

The figures that are inputted into our Vat return form is all derived from the GL on the system. This is for all the Programmes and Activities, which fall under Department of Agriculture. The figures are then compiled under each programme and Activity, on an excel spread sheet.

25.22 Excessive Overtime Payments

With the delegation of powers, the Permanent Secretaries and Heads of Departments are Chief Accounting Officers of each entity they are responsible for, hence, they are totally responsible for the utilization of their funds and they are to approve overtime work and its payments if it is provided for in their Budgetary Allocation. Permanent Secretaries and Head of Departments should ensure proper planning of work to avoid unnecessary overtime.

Where funds are specifically provided in the Budget Estimates, overtime may be paid only when it is not practicable to grant time off in lieu. Overtime payment should only be remunerated if the nature of work is essential, unavoidable and worked on a regular basis.²⁴

Overtime shall be approved only in essential circumstances and on the specific approval of the Head of Department²⁵.

The Department paid overtime totalling \$434,458 for overtime hours claimed in 2010. The Department vired funds allocated for capital projects to cater for overtime payments. Refer to *Appendix 25.2* for

²⁴ PSC Circular 13/2009, dated 13/3/09

²⁵ General Orders 467 (a)

examples. In addition, on 20/7/10, the Department paid 50% of overtime hour claimed from January to June 2010. Refer to the Appendix 25.3 for details.

From our review of records, we also noted the following:

- Officers continuously worked overtime from January to December 2010 including weekends and public holidays. Prior approvals were not obtained to work overtime.
- Reasons for working overtime included clearing payment vouchers, ledgers reconciliation, trust fund account reconciliation, filing vouchers and closing of accounts, most of which are routine tasks that should have been carried out during official working hours. Officers also worked overtime to process year end accounts to ensure the timely submission of the 2010 Agency Financial Statements for audit. However, the Department failed to submit to the Office of the Auditor General the Agency Financial Statements on 31 March as required.
- Despite working overtime, officers at the Accounts Section were unable to rectify variances in the reconciliations of underlying accounts which have been prevalent from previous years. Refer to Table 25.22 for examples of variances in 2010:

Table 25.22: Variances in 2010 Underlying Accounts

Accounts	General Ledger (FMIS) Balance (\$)	Department's Balance (\$)	Variance (\$)
Trading and Manufacturing Account (TMA)	525,009.64	286,043.88	238,965.76
RFA – Miscellaneous	2,096,769.34	2,813,600.14	(716,830.80)
Operating Trust Fund	1,367,131.15	1,286,803.46	80,327.69
Drawings	9,465,752.90	10,189,074.77	(723,321.87)

- The Department incurred over-expenditure on two overtime expenditure allocations. Refer to Table 25.23 below for details:

Table 25.23: Overtime Allocation Overspent

Allocation	Budget (\$)	Expenditure (\$)	Variance (\$)
13010630999010401	99,997.00	173,630.03	(73,633.03)
13030230201020401	1,285.00	2,914.25	(1,629.25)

- The Accounts Section did not properly verify overtime claims resulting in overpayments to some officers. Refer to Table 25.24 for examples of overpayments made on 31/12/10:

Table 25.24: Overpayment of Overtime Claims

Name	EDP	Chq No.	Amount Paid (\$)	Audit Calculation (\$)	Overpayment (\$)
Vasiti Gonemaituba	64248	184367	3,000.00	2,544.23	455.77
Tokaso Senikuraciri	48847	184415	3,000.00	2,647.96	352.04
Sera Rasiga	90982	175144	1,258.12	830.91	427.21

The manner in which officers continuously worked overtime from January to December 2010 appeared suspicious as scope of works were not prepared for the tasks to be performed within the overtime period.

Judging from the substantial amount of funds utilized by the Department for paying meal claims and overtime hours, the Department does not have adequate internal controls to closely monitor overtime costs or minimise overtime resulting from inefficiencies. Although working overtime is necessary in certain circumstances, continuous overtime indicate that officers are unproductive during official working hours.

Recommendations

- **With substantial overtime hours worked by officers in the Department, management and those with supervisory roles need to proactively engage in management of overtime hours.**
- **Working overtime should be closely monitored and properly managed and procedures developed to closely monitor overtime costs.**
- **Prior approval should be sought from those with the authority to approve overtime.**
- **Routine tasks should be appropriately planned and allocated to be completed during official working hours.**
- **Processes for evaluating the efficiency and effectiveness of various work production should be developed.**

Department's Comments

Staff turnover in the Accounts Section was one of the contributing factors and also staff coming in as replacement for retirements, transfer's and promotions were completely new to the system. Staffing issues were frequently addressed with management and PSC. However, due to existing policies and the non availability of experienced and skilled and well qualified staff this area continues to be a major concern. Currently the Director Human Resource and Finance, Principal Accountant and Senior accountant positions are vacant.

25.23 Payroll Records Not Updated in the Automated Payroll System

No manual payment of salary is permitted except on first appointment or upon written approval from the Principal Accounts Officer²⁶.

The salary officer/clerical officer shall record the manual payment on the appropriate input form. The form shall be used to update the payroll records in the automated payroll system to ensure that an employee's true earnings are reflected at the end of the year²⁷.

Manual payments of salaries made to Project Assistant Maureen Hazelman (EDP 91638) totalling \$2,338.38 (Pay 12 & 13 of 2010) were not updated in the payroll system.

Furthermore, manual salary/wage payments to a number of employees working under the National Agriculture Census were not recorded in the input form and consequently not updated in the payroll records in the General Ledger (FMIS). Refer to Table 25.25 below for details:

²⁶ Department's Finance Manual 2005 s.4.5.14

²⁷ Department's Finance Manual 2005 s.4.5.16

Table 25.25: Gross Salary for Officers not updated in the Automated Payroll System

Date	Cheque No.	Officer	EDP/FNPF No.	Salary (\$)
16/12/10	182100	Ponipate Qarikau	JK751	1,965.41
29/12/10	183384	Ponipate Qarikau	JK751	3,193.91
31/12/10	183974	Seremaia Namanuloa	49682	3,229.91
31/12/10	184059	Waisale Lalanibaravi	LK711	2,838.13
Total				11,227.36

The above indicated that manual salary payments were not effectively managed to ensure that they are updated in the government's payroll system. As a consequence, payroll expenditure was understated at year end.

Salaries and wages reconciliations may be ineffective.

Recommendations

- It is recommended that all payments of salaries, wages and allowances are processed through the payroll system.
- For approved manual payments of salaries, the Accounts Officer should ensure that they are updated in Government's payroll system.

Department's Comments

The Government payroll system was not updated at all. However, approved manual payments if any, are updated on the appropriate forms and signed by the Assistant Accountant- Salaries. The latter was also advised through an internal minute to take appropriate actions if a similar situation as highlighted in the audit report is encountered in future.

25.24 Overpayment of Salary

Salary advices must be submitted promptly to the Department 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 deductions²⁸.

Project Assistant Senivasa Q Waqairimasi²⁹ resigned from the Department with effect from 24/03/10. However, the officer continued to be paid her salaries until 20/05/10 resulting in an overpayment of \$2,728. The Officer is now employed with the Department of Environment.

The above overpayment was a result of the lack of communication and coordination between the Personnel and Accounts Sections to ensure that the payments of salary to those that have resigned are ceased on time.

Salaries and wages reconciliations may be ineffective.

²⁸ Finance Instructions 2010 s. 17 (1)

²⁹ EDP 91239

Recommendations

- The Department should implement an effective and efficient communication process between the Personnel and Accounts section to ensure that correspondences relating to resignation are processed in a timely manner to avoid overpayment of salaries.
- Salary overpayment should be recovered from the relevant officer in consultation with the Department of Environment.

Department's Comments

The Department of Environment was advised vide our memorandum referenced and dated to recover the overpayment from Mrs. Waqairamasi's salary.

Note that the department will also follow through with the Department of Environment on progress of recovery.

In addition, the Personnel and Accounts Section are currently working together to ensure that there is no delay in the cessations of salaries for officers who leave the department through resignations, retirements and terminations.

25.25 Delivery Dockets not Kept as Evidence of Goods Received

The Principal Accounts Officer or authorized officers must not certify a payment as correct unless they are satisfied that there is documentation that the goods, services or works have been received.³⁰

Payments shall not be made on any vouchers unless they are duly signed, certified, and otherwise properly completed in every respect. Payment shall be made upon receipt of goods.

The audit could not determine whether farming materials were delivered and received by the respective farmers as relevant supporting documents have been misplaced. Refer to Table 25.26 below for details:

Table 25.26: Purchase of Farming Materials

Date	Cheque No.	LPO No.	Vendor	Particulars	Amount (\$)
18/08/10	176601	PO30420-000870	Commercial Undertaking	Fencing material for Buremaci Dairy - Tailevu	8,215.00
26/08/10	176992	PO30430-000495	Kasabias	Purchase of Gravel, Nail, Pine Post, Steel Tubing for Improvements to Sachindra's Piggery - Lautoka	1,382.81
31/08/10	177202	PO30420-000930	Kasabias	Supply of Calf Shed Material for James Mahendra Kumar - Naitasiri	5,810.76
07/09/10	177439	PO30420-000931	Vinod Patel & Co. Ltd	Purchase of Shed Materials for Akeai Nabuca - Vunidawa	355.18
07/09/10	177440	PO30420-000885	Vinod Patel & Co. Ltd	Supply of Grammoxone and Roofing Iron for Taito Moroca	444.07

³⁰ Finance Manual 2005 Section 2.8.3 (ii)

Date	Cheque No.	LPO No.	Vendor	Particulars	Amount (\$)
13/09/10	177638	PO30420-000910	Commercial Undertaking	Supply of Barbed Wire and Pine Post for Rohit Prasad - Tailevu	2,492.00
27/09/10	178341	PO30424-000143	Jacks Tyre Centre	1 Water Tank for Oveti Raganivatu - Tailevu	1,000.00
27/09/10	178362B	PO30424-000170	Jacks Tyre Centre	2 Water Tank for Naitutu Dairy - Tailevu	2,000.00
12/10/10	178997	PO30424-000214	Tailevu Dairy Farmers Co-op	Purchase of Dairy Shed Materials for Rohit Prasad - Korovou	11,695.70
16/11/10	180469A	PO30424-000239	Suncourt Hardware	Supply of Shedding Materials for R R Raja Farm - Korovou	6,559.00
16/11/10	180469B	PO30424-000150	Suncourt Hardware	Supply of Shed Materials for Seru Pepeli Roko - Tailevu	3,322.90
13/12/10	181777	PO30420-000951	Suncourt Hardware	Supply of Shedding Materials for Anare Kakolo - Naitasiri	1,318.40
30/12/10	183442	PO30420-001098	Delta Timber Supplies Ltd	Purchase of 4 Drawer Filing Cabinet	900.00
30.12.10	183703	PO30424-000352	Pacific Focus Ltd	Purchase of Portable Cow Milking Machine for Waisea Tubuna	4,781.25
30/12/10	183686	PO30434-000336	Green Ace Valley Supplies	Purchase of Materials for repair of Beef Padlocks in Sigatoka	9,013.00
31/12/10	184202	PO30423-000046	Delta Timber Supplies Ltd	Supply of Milking Shed Materials for R T Waisea - Vunidawa	6,327.95
31/12/10	174239	PO30424-000317	Wing Lee	Purchase of 3 Chainsaws - Korovou	6,870.00
31/12/10	184337	PO30423-000049	Tailevu Dairy Farmers Co-op	Purchase of Milking Shed Materials for Ilai Raitivi - Vunidawa	8,700.00
31/12/10	184440	PO30434-000340	West Coast Timber & Hardware		4,250.00

There is risk of farming materials not being delivered or delivered to another location is high if substantive evidences such as delivery dockets or reports from Divisional Officers are not maintained or verified.

Recommendation

The Department should implement strategies to ensure that materials ordered are delivered in full and to the rightful recipient. It is recommended that delivery dockets are maintained and farming materials verified at the respective Divisional Offices before given to the farmers. Headquarters should be furnished with delivery dockets to allow payments to be effected.

Department's Comments

In the past, the department processed and passed vouchers for payment, based on signed certification at the bottom of purchase orders, confirming receipt of goods or completion of services or work. The department's recently signed Agency Financial Manual which took effect on 10th June 2011, stipulates at Part 2.8.4 (ii) that

“the authorized officers must not certify a payment as correct unless they are satisfied that there is documentation that the goods, services or works have been received.” In addition, a memorandum has also been sent out to the various Directors’ emphasizing the importance of obtaining signed delivery dockets from recipients..

25.26 Advance Payments of Goods and Services

The Principal Accounts Officer or authorised officers must not certify a payment as correct unless they are satisfied that there is documentation that the goods, services or works have been received.³¹

On 31/12/10, the Department paid for the purchases of goods and services although they were yet to be delivered or supplied to the Department. Refer to Table 25.27 below for details.

Table 25.27: Payments for goods not supplied and services not rendered

Date	Cheque No.	Payee	Details	Amount (\$)	Remarks
30/12/10	183642	Vaturua Youth Club	Repair of quarters	2,982.98	Repair works not yet completed as at date of audit. ³² Cheque presented on 2/02/11.
31/12/10	184172	CBS Power Solution	Installation of solar power system in Taveuni Research	28,900.00	Installation done at end of January 2011. Cheque presented in 11/01/11.
31/12/10	184334	Safequip Fiji Ltd	Purchase of 22 pairs safety boots.	2,750.01	Boots not yet received as at date of audit. ³³ Cheque presented on 10/01/11.
31/12/10	184383	Safeway Marine Ltd	Purchase of 3 fibreglass boats to provide services for the Maritime Zones. Sourced from CIDA capital grant.	90,300.00	Boats not yet supplied as at date of audit. ³⁴ Cheque presented on 24/01/11.
Total				124,932.99	

Government’s procurement procedures were not followed in the above purchases and payments.

Recommendations

- The Department must ensure that payments are only made for goods and services already supplied.
- The Department must follow up on the supply of the above items and ensure that they are received in good condition.

Department’s Comments

Date	Cheque No.	Payee	Details	Amount (\$)	Remarks
30/12/10	183642	Vaturua	Repair of quarters	2,982.98	Payments were

³¹ Finance Manual (MAS&LR) 2005 s2.8.3 (ii)

³² 2/3/11

³³ 27/3/11

³⁴ 3/3/11

<i>Date</i>	<i>Cheque No.</i>	<i>Payee</i>	<i>Details</i>	<i>Amount (\$)</i>	<i>Remarks</i>
		<i>Youth Club</i>			<i>made, so that funds allocated for that projects could be paid in the same year Works have all been completed Attached are completion certificates and other documents.</i>
<i>31/12/10</i>	<i>184172</i>	<i>CBS Power Solution</i>	<i>Installation of solar power system in Taveuni Research</i>	<i>28,900.00</i>	
<i>31/12/10</i>	<i>184334</i>	<i>Safequip Fiji Ltd</i>	<i>Purchase of 22 pairs safety boots</i>	<i>2,750.01</i>	
<i>31/12/10</i>	<i>184383</i>	<i>Safeway Marine Ltd</i>	<i>Purchase of 3 fibreglass boats to provide services for the Maritime Zones. Sourced from CIDA capital grant</i>	<i>90,300.00</i>	
Total				124,932.99	

We will ensure that prior approval is obtained from Chief Accountant before advance payments are made

25.27 Payments on Pro-forma Invoice

One of the controls put in place under Advance payment on Pro-forma Invoice is the need to ensure that payments are processed using invoices only and not through Pro-forma invoices or statements. However where invoices cannot be obtained, all requests for payments through Pro-forma invoice shall be referred to Ministry of Finance³⁵.

The audit noted numerous instances where pro-forma invoices were used to support payments without referral to the Ministry of Finance. Refer to Table 25.28 below for examples:

Table 25.28: Payments Made on Pro-forma Invoice

Date	Payee	Cheque No.	Amount (\$)
5/5/10	Bomco Hardware	172274	2,467.78
5/5/10	Dahia Shoes	172275	7,000.00
5/5/10	Jacks of Fiji	172277	462.00
5/5/10	Kasabias Ltd	172278	4,710.00
5/5/10	Office 2000 Ltd	172281	211.50
5/5/10	Vinod Patel	172283	7,235.14
18/5/10	Tents & Awnings	172735	4,800.00
02/06/10	District Officer Nadi	173317	300.00
07/07/10	Exceed Pacific Ltd	174582	565.00
29/7/10	Neritak Ltd	175513	3,600.00
5/8/10	Gulabdas Ltd	176990	1,806.15
18/08/10	Hexagon International Hotel	176573	646.65

Processing payments on pro-forma invoice increase the risk of double payments.

Recommendation

The Department should comply with financial instructions and regulations of Government and avoid paying goods and services on pro-forma invoices.

³⁵ Finance Circular No: 15/10

Department's Comments

The department's image with suppliers/companies was totally tarnished after the year 2000 Agriculture scam, as a result purchase orders issued by the department were not accepted by most regular suppliers, and instead they demanded cheque payments for services rendered to the department. In order to facilitate timely delivery of services to our stake holders and beneficiaries, the department had no option but to request for pro forma invoices to support the payment of accounts and this continued until the Permanent Secretary for Finance issued a circular requiring all government ministries to obtain prior approval to use proforma invoices.

In addition, accounts staffs have always been pressured with urgent payments; hence the oversight which contributed to the non submission of request as required under Ministry of Finance Circular 09/10 dated 27/07/2010. Responsible officers have been advised accordingly.

25.28 Subsidy to Rewa Dairy (Fiji Dairy Ltd)

Unless otherwise approved by Ministry of Finance, all grants over \$10,000 must be paid in monthly or quarterly instalments to ensure that:

- (a) there is an incentive for the organisation to comply with the conditions of the grant; and
- (b) Government financing costs are minimised³⁶.

'Subsidy for Farm Gate Price of Milk Supplied to Rewa Dairy' is an ongoing support scheme specifically targeting farmers supplying milk to the company. The scheme is aimed at constantly increasing farm production thereby improving the baseline of the dairy industry including farm infrastructure and to have better herds that produce quality dairy products for consumers.

A sum of \$2,570,000 was allocated in the 2010 budget as milk price subsidy. The Department made a lump sum payment instead of quarterly instalments of which on 29/12/10, it paid \$1,785,060 to Rewa Dairy (Fiji Dairy Ltd).

In addition, the audit noted that the Department utilised \$57,488 for unrelated expenses from the budget allocated for the subsidy. The capital grant was utilised to fund operating expenses of the Department. These included repair and maintenance of motor vehicles, purchases of stationeries, shoes, computer parts and laptops. Refer to the Table 25.29 for details:

Table 25.29: Unrelated Expenses Paid From Capital Grant for Milk Subsidy

Date of Payment	Vendor	Chq No.	Payment Details	VIP (\$)
20/8/10	Qantas Airline	176715	Overseas travel	9,602.00
26/8/10	Total Fiji Ltd	176968	Fuel	1,725.19
13/12/10	Professional Stationery Services	181771	Office Chair	195.00
16/12/10	Eskay Motors Ltd	182115	Repair & Maintenance	3,400.00
17/12/10	Professional Stationery Services	182243	4 Drawer filing cabinet	450.00
20/12/10	Islands Safety & Civil Engineering	182491	Gumboots	652.50
21/12/10	Office Mart Ltd	182525	Stationery	1,041.60
21/12/10	Office Mart Ltd	182526	Service of photocopier	67.50
21/12/10	Professional Stationery Services	182528	Whiteboard (120*90)	1,222.60
21/12/10	Delta Timber Supplies	182627	Repair & Maintenance	4,644.35

³⁶ Finance Instruction Section 16 (17)

Date of Payment	Vendor	Chq No.	Payment Details	VIP (\$)
21/12/10	Government Printing	182596	Stationery	956.40
21/12/10	Vatiseva Qaranivalu	182587	Contract for Data Entries	600.00
23/12/10	SCIL	182858	Metal Rock 3" D	900.00
23/12/10	Island Hyginical Supplies	182840	Welding of Window Grills and Paint	95.00
24/12/10	Government Printing	182900	Stationery	242.65
24/12/10	Carpenters Motors	182895	Canopy Installation	3,805.00
24/12/10	Government Printing	182900	Stationery	242.65
24/12/10	Asco Motors	182892	Repair & Maintenance	1,343.75
24/12/10	Commercial Undertaking	182919	Type 3 Post	1,850.00
24/12/10	Government Printing	182900	Stationery	242.65
29/12/10	Kasabias	183278	Galaxy Office Table	295.90
29/12/10	Dick Smith Electronics	183262	Digital Camera	450.00
29/12/10	Office 2000 + Ltd	183289	Binding Machine	580.00
29/12/10	Techmart Group	183304	External Drive	748.00
29/12/10	Neons Office Supplies	183285	Stationery	24.25
29/12/10	Office express Supplies	183288	USB Flash Drive	180.00
30/12/10	Nivis Motors & Machinery Ltd	183753	Engine Overhaul – GN 520	5,002.15
30/12/10	Office Product	183466	Laptop	3,395.00
30/12/10	Nivis Motors & Machinery Ltd	183698	Repair & Maintenance	1,018.83
30/12/10	Office Product	183413	Laptop	3,395.00
31/12/10	Total Fiji Ltd	184299	Fuel	7,640.00
31/12/10	Rups Investment Ltd	183967	Refrigeration	899.00
31/12/10	Ontime Service Supplies	184212	Stationery	298.70
31/12/10	All Safe Safety Pty Ltd	183776	Long Sleeve Dusty Coat	282.00
TOTAL				57,487.67

The above findings indicate that the Department utilised capital grant for purposes other than it was appropriated. Since majority of these expenses were incurred in December 2010, it can be concluded that the Department purchased the above goods and services to utilise savings at year end.

Recommendations

- **Budget provided for capital grants should not be utilised for operating expenditures unless approved by the Ministry of Finance.**
- **The Department must ensure that grants are paid on quarterly basis for effective monitoring of the utilisation of grants.**
- **The Department should minimize or avoid purchases of goods and services at year end to utilize savings.**

Department's Comments

As per Cabinet Decisions funds were utilized for Cyclone Mick Rehabilitation Program. Cabinet Approved \$3,280,492.00. Due to the late submission of Acquittals by the intended recipient funds were requested later in the year and therefore the delay in its release.

25.29 Diversion of Funds – Agriculture Marketing Authority (AMA)

The Permanent Secretaries of agencies may authorise the transfer of budgeted funds as follows –

- out from SEG 1 or 2 (Established and Unestablished Staff) but shall not transfer funds into SEG 1 or 2;
- into and out of one or more of the following operating SEGs (SEGs 3, 4, 5, 6, or 7); and
- from the operating SEGs (SEGs 1, 2, 3, 4, 5, 6, or 7) to the capital SEGs (SEGs 8, 9, or 10) but not from capital to operating or from capital to capital.³⁷

Expenditure shall be classified and every vote shall be applied for the purpose for which it is approved.

In the 2010 revised budget, the Agricultural Marketing Authority (AMA) was allocated \$500,000 each as operating grant and capital grant. The following anomalies were noted from the audit:

- On 14/12/10, the Department paid \$46,420³⁸ to South Pacific Fertilisers Ltd for the transportation of Chinese Aid fertiliser and that \$45,000.00 was committed from AMA's operating grant allocation for the payment.
- Verification of the capital grant acquittals provided by AMA revealed that the Authority utilised capital grants to fund its operating expenses in 2010. Refer to *Appendix 25.4* for details.
- A sum of \$152,000 was approved by the Ministry of Finance to be vired from the Export Promotion Programme to the allocation for AMA. This was done to facilitate the purchase of 80 tonnes of dalo from farmers in Taveuni, Cakaudrove, Bua and Kadavu as assured by the Chief Executive Officer of AMA. The grant was paid to the Authority on 6/12/10. However, AMA only utilised \$83,458 of which \$57,842 or 69% of the amount utilised were for purposes other than the purchase of dalo. Refer to *Appendix 25.5* for details.

The above anomalies were not raised by the Department to the AMA, which indicated that acquittals were not thoroughly scrutinised by the Department to ensure that funds are utilised for the purpose they were provided.

Recommendations

- **Acquittals should be thoroughly scrutinised to ensure that funds are utilised for the purposes they were provided and proper approvals should be obtained from the Department and Ministry of Finance for any diversion of funds.**
- **The Management of AMA should be cautioned for the unauthorised diversion of funds.**

Management Comments

- *PS approved payment for the \$46,000 to SPF as per correspondence attached.*
- *In view of the department's concerns on the use of capital grants for operating expenses, and other issues surrounding the financial affairs of the authority, an investigation was undertaken by the Ministry of Finance Internal Audit as requested by the Permanent Secretary of Agriculture.*

³⁷ Finance Instruction 10(1)

³⁸ Cheque No. 181820

The anomaly was highlighted with appropriate recommendations to management, hence, the investigation by Ministry of Finance.

25.30 Grants to Coconut Industry Development Authority (CIDA)

The objective of this decree is to repeal the Coconut Industry Development Authority Act 1998 and transfer all its functions, assets and liabilities to the Ministry.³⁹

CIDA was allocated \$500,000 as operating grants and \$500,000 as capital grant in the 2010 revised budget. However, there was no grant paid to CIDA as all its functions, assets, and liabilities were transferred to the Ministry of Primary Industries in 2010.

Our audit noted that the Department utilised funds allocated for CIDA to fund its operating expenditures. Refer to Table 25.30 for total expenditures paid the operating and capital grants in 2010 and Table 25.31 for examples of expenditure incurred.

Table 25.30: Total Expenditure from CIDA Grant

Grant	Allocation	Amount (\$)
Operating Grant	1-30101-30102-060171	271,120.42
Capital Grant	1-30101-30101-100199	387,212.35
Total		658,332.77

Table 25.31: Examples of Expenditure Incurred

Date	Cheque No.	Payee	Details	Amount (\$)
Operating Grant				
17/11/10	180498	Mason Smith	Retirement of per diem allowance	7,674.97
24/11/10	180857	Studio 6 Apartments	Accommodation for staffs	1,605.00
3/12/10	181311	Yatu Lau Company Ltd	Deposit for retreat meeting	3,732.00
10/12/10	181644	Yatu Lau Company Ltd	Payment for balance of retreat meeting	9,818.00
17/12/10	182184	Tropic Towers	Accommodation for CO (Bua)	635.58
31/12/10	184227	GMR Muhammed & Sons	Purchase of materials for building virus lab	7,781.15
Capital Grant				
21/12/10	182581	PS Agriculture	Payment of meal allowances for officers attending 4 th quarter meeting for Extension division	3,789.00
27/12/10	183033	Fiji Electricity Authority	Payment of electricity charges for November and December	47,680.67
30/12/10	183642	Vaturua Youth Club	Repair of quarters at Nanukuloa Station	2,982.98
31/12/10	184172	CBS Power Solution	Installation of solar power system at Taveuni Rest House	28,900.00
31/12/10	184329	Office 2000 Ltd	Purchase of UPS for Extension Division	3,900.00
31/12/10	184383	Safeway Marine Ltd	Purchas of 3 fibreglass boats	90,300.00

³⁹ Coconut Industry Development Decree 2010 Section 3(2)

Date	Cheque No.	Payee	Details	Amount (\$)
31/12/10	184422	Courts Fiji Ltd	Purchase of 44 litre bar refrigerator for Naduruloulou Station	359.00
31/12/10	184478	Airports Fiji Ltd	Payment of electricity and water charges for Quarantine Division	4,640.62

Recommendation

Operating and capital grants should be used for the purposes they were provided for and prior approval should be obtained from the Ministry of Finance for any diversion of funds for other purposes.

Department's Comments

Since the disbanding of the authority, funds allocated was still under the department and since most of the activities undertaken had insufficient funds, the only option was to source from within, hence the expenditures.

Recommendations are noted and the Department will ensure that prior approval is obtained from Ministry of Finance for diversion of funds.

25.31 Acquittals– Integrated Water Resources Management (IWRM) Project

The Memorandum of Agreement between SOPAC and MPI - Land Water Resources Management (LWRM) Division dated 10/07/09 highlighted the financial responsibility of the Division in preparing and submitting quarterly financial reports to SOPAC; continually monitoring the progress made and disbursements of funds in order to prevent/minimize/mitigate any misuse of funds⁴⁰.

From the review of the 3rd quarter acquittal report for 2010 submitted to South Pacific Applied Geo-science Commission (SOPAC) for the IWRM project, the audit noted that the acquittal was misleading as it included payments effected in 2009. The dates on the acquittals were for 2010 but the actual payments were made in 2009. Refer to Table 25.32 below for details:

Table 25.32: 2009 Payments Reflected in the 3rd Quarter Acquittal Report for IWRM Project

Dates on the Acquittals	Actual Date	Payee	Cheque No. /DW No.	Amount (VIP) (\$)
03/08/10	01/12/09	PWD	DW No. 45/09	2,000.00
25/08/10	05/11/09	Brian Watson	164043	420.00
30/08/10	13/11/09	Office Products (Graphic & Equipment)	164586	7,790.00
23/08/10	22/12/09	Courts Homecentres	167077	1,499.00
23/08/10	27/12/09	Courts Homecentres	168414	598.00
03/08/10	31/12/09	Solar & Alternative Energy Supplies (Fiji) Ltd	168448	4,897.50
24/08/10	31/12/09	TFL Shop	168717	1,899.00
Total				19,103.50

The provision of misleading information to SOPAC in acquitting funds may constitute as a breach of the Memorandum of Agreement between SOPAC and the Ministry.

⁴⁰ Memorandum of Agreement dated 10/07/09 between SOPAC and MPI (LWRMD), annexure 6 clause (vii) & (x)

Recommendations

- **Disciplinary action should be taken against the Project Manager for providing misleading reports to SOPAC.**
- **The Project Manager should properly scrutinize all acquittal reports to ensure accuracy prior to their submission to SOPAC.**

Department's Comments

Acquittals for the project clearly state the entries in the month of November and December in 2009 and not 2010. Acquittals submitted included the following source documents:

- *Receipts*
- *Cheques*
- *Purchase Order*
- *Invoice from the company*
- *Quotations*

Therefore, the acquittals cannot be repeated or sent to the PMU IWRM Project Co-ordinator. The request for the 3rd quarter release included only the acquittals for the months from July – August 2010 and does not reflect anywhere for the 2009 acquittals. Acquittals for both years 2009-2010 are filed in the same file which may have been mistakenly picked by the Auditors.

Also be further advised that before sending the acquittals to SOPAC it is vetted by Director LWRM and PMU IWRM Project Manager and Assistant and if there were any misposting or charges for 2009 appearing, this would have been immediately identified.

25.32 Grant – Food Processors Fiji Limited (FPFL)

The agency administering a grant must enter into a Grant Agreement with any organisation or person who either receives a one-off grant or ongoing grant assistance in excess of \$5,000.00.⁴¹

Acquittal reports must be obtained before the next monthly or quarterly grants are paid out. The administering agency must ensure that each grant has been used only for the purpose for which it was provided.⁴²

On 22/4/10, the Department paid FPFL a sum of \$130,000 under the Export Promotion Programme. Our audit noted the following anomalies:

- There was no Grant Agreement between the Department and FPFL;
- Acquittal reports were not submitted by FPFL detailing how the grant was utilised; and
- The Department did not follow up on the submission of acquittals.

In the absence of a grant agreement and acquittal reports, the Department could not effectively monitor the utilisation of grants.

⁴¹ Finance Instructions 2010 Section 16(1)

⁴² Finance Instructions 2010 Section 16(8) & (9)

Recommendations

- The Department should ensure that an agreement is drawn up and signed between the Department and grant recipients prior to any payment of grant.
- The Department should follow up on the submission of acquittal reports for all grants paid to FPFL.

Department's Comments

The amount totalling \$130,000 was given to FPFL from our Export Promotion Program. The project paper was taken through the normal approval process of approving capital programs; the Technical Working Group and the National Steering Committee, both of which the Permanent Secretary of Agriculture is the chairman.

The payment was not a grant but a direct assistance through the criteria under our Public Private Partnership.

The fund was fully utilized by FPFL for creating a Cassava, Dalo, Fish and vacuumed packed Vegetables.

FPFL was impressed with the results of the assistance and the impact it has created in the US market. It has increased market shares and on the other hand farmers/producers were assured with a market and increase in revenue was also realized.

25.33 Non Submission of Acquittal Reports

Acquittal reports must be obtained before the next monthly or quarterly grants are paid out⁴³. The administering agency must ensure that each grant has been used for the purpose for which it was provided.⁴⁴

A number of statutory authorities and institutions have yet to submit acquittals for funds disbursed to them in 2010. Refer to Table 25.33 below for details:

Table 25.33: Details of Acquittal Reports Not Submitted

Division	Total Grants Paid (\$)	Acquittal Reports Not Submitted
Labasa Drainage Board	408,000	4 th quarter
Western Division Drainage Board	768,850	2 nd , 3 rd and 4 th quarters
Fiji College of Agriculture – FNU	969,701	1 st , 3 rd and 4 th quarters

Without the acquittal reports, the Department would not effectively monitor the utilisation of grants.

Recommendation

The Department should ensure that all funds released are fully accounted for and acquittal reports are submitted and reviewed before grants for the next quarter are released.

Department's Comments

Acquittals was submitted , but in a different format, this has now been rectified, the various drainage boards have been advised to re-format there Acquittals to include cheque Nos.

⁴³ Finance Instructions 2010 s.16 (8)

⁴⁴ Finance Instructions 2010 s.16 (9)

25.34 Fiji College of Agriculture Grants Utilised to Repair Quarters

The procurement authorities delegated to the Permanent Secretaries and the Board when procuring goods, services or works are as follows –

Responsible Authority	Procurement Limits
Permanent Secretaries	\$30,000 and less
Government Tender Board	\$30,001 and more ⁴⁵ .

The Principal Accounts Officer or authorized officers must not certify a payment as correct unless they are satisfied that: (i) it is in accordance with an LPO, indent, contract, invoice or other authorization; (ii) there is documentation that the goods, services or works have been received⁴⁶.

A sum of \$100,000 was allocated in the 2010 revised budget for Prefabricated Building costs for the Fiji College of Agriculture (FCA).

Our audit noted that the expenditure allocation was utilised by the Department for purchasing of building materials for divisional quarters in 2010. Refer to Table 25.34 below for details.

Table 25.34: Details of Payment for Purchase of Quarters Materials

Date	Payee	Cheque No	Amount (\$)	Particulars	Remarks
05/10/10	PS Provincial Development	178680	48,000	Purchase of Quarters Materials - to MPI Vanuabalavu	No tender
29/10/10	Westcoast Timber & Hardware	179688	2,888.90	Purchase of Quarters Material for Sikeli R – Sigatoka Research Station	Payment made from FCA vote.
30/12/10	Sambhu Lal Construction	183418	18,800.00	Repair & maintenance works – quarters at Wainagata Research Station for SAO Cakaudrove, Savusavu	Payment made from FCA vote. No agreement made between the Department and Sambhu Lal Construction.
31/12/10	G.M.R. Muhammad & Sons Ltd	184321	25,743.35	Purchase of Quarters Materials for Nayavu Wainibuka	Purchase Order was not certified that items have been actually received in good condition. However, delivery docket not attached.
Total			95,432.25		

Funds have been expended for purposes other than what they were appropriated for. In addition, procurement procedures were not followed in the above purchases.

⁴⁵ Procurement Regulations 2010 s.27 (1)

⁴⁶ Department's Finance Manual 2005 s.2.8.3 (i)& (ii)

Recommendations

- The Department must ensure that funds should be utilized for the purposes as appropriated in the budget and any deviation should be authorized by the Ministry of Finance.
- The Department should ensure that payment should only be made upon receipt of items.

Department's Comments

Payment to the Department of Provincial Development totalling \$48,000 did not require Tender approval as the deal was made between two government departments. Although an agreement was not drawn, maintenance works undertaken at Wainigata Research Station and Sigatoka Research Station was satisfactorily completed and are currently occupied by civil servants. However, recommendations are noted and the department in future will ensure that funds released are utilized for the purposes as budgeted for.

25.35 Purchase of Lab Equipments – Plant Protection Lab

Upon receipt of the goods, services or works, the Storeman/Clerical officer shall verify that their receipt is in good order and that the invoice is in accordance with the Local Purchase Order (LPO)⁴⁷.

On 30/12/10, the Department purchased \$15,817 worth of laboratory equipment from Media Pacific South Pacific Limited. The relevant LPO was not certified nor the delivery dockets provided to confirm that the items have been received. However, physical verification of equipments at the Koronivia Research Station and discussions with the Storeman⁴⁸, confirmed that the equipments have yet to be supplied by the company. Refer to Table 25.35 for details of items purchased.

Table 25.35: Details of Lab Items Purchased

Date	Payee	Cheque No.	Amount Paid	Items
30/12/10	Medica Pacifica South Pacific Ltd Invoice No: 10450371	183407	\$15,817.50	1. Adjustable Pipette 0.5-10ul 2. Adjustable Pipette 100-100ul 3. IKA RCT Basic Safety control Magnetic Hotplate Stirrer including PT1000 Temperature sensor and H100 cover 110V 4. Stir Bar 40.0 x 8.0 Wop 5. Stir Bar 19.6 x 6.0 Wop 6. Bench top pH/Mv/Temp/rs232 Meter Complete kit. 7. Petri dish 9014 Polystyrene, full plate 20/pk, clean room manufactured, 500/box 8. Cover slip no. 1 22 x 22mm 1oz 162pcs/oz 9. Blades swann morton no. 11 carbon steel sterile 100pcs (00650) 10. Blades Swann Morton No. 24 carbon steel sterile 100pcs (00658) 11. Nutrient Agar 500g 12. Potatoe Dextrose Agar 500g 13. Microscope slide plain 76 x 26mm 50pcs / box, glass with interleave

⁴⁷ Department's Finance Manual 2005 s.2.5.14

⁴⁸ Mr. Manoa Duguivalu

Advance payment of goods and service without the approval of Ministry of Finance is a breach of Government's finance instructions and it can also be concluded that advance payment was made to utilise surplus funds at year end.

Recommendations

- **The Department should follow up with the supplier on the delivery of the above equipments.**
- **The Department should comply with the procedures stated in its Finance Manual.**
- **The Department should ensure that payments are made upon receipt of goods/services in good condition.**

Department's Comments

Please note that the stores officer has physically identified and verified the items with the Plant Pathology Lab. All items have now been delivered as per delivery docket #519480 & 519481.

As confirmed by the officer in charge of the laboratory, the payment was done after full delivery of the items.

Recommendations are noted and the department will ensure that shortcomings are avoided and Finance Manual is adhered to.

DEPARTMENT OF FISHERIES AND FORESTS

25.36 Reconciliation of Accounts

25.36.1 Drawings Accounts

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 it.⁴⁹

The closing balance of the Department's Drawings Account reconciliation as at 31 December 2010 did not reconcile with the General Ledger (FMIS). Refer to Table 25.36 for details:

Table 25.36: Variance in Drawings Account

	Department's Reconciliation (\$)	General Ledger (FMIS) (\$)	Variance (\$)
Drawings	699,596.86	766,972.92	67,376.06

25.36.2 Revolving Fund Account – Miscellaneous

The closing balance of the Revolving Fund Account (RFA) - Miscellaneous according to the General Ledger (FMIS) is a debit balance of \$183,277.81 as at 31 December 2010.

⁴⁹ Section 7.4.10 of Finance Manual (Department of Fisheries and Forestry)

From the review of the RFA – Miscellaneous reconciliation for December 2010, audit noted that Department's RFA – Miscellaneous balance did not reconcile with the General Ledger (FMIS). Refer to Table 25.37 for details:

Table 25.37: Variance in RFA Account

Account	Department's Amount (\$)	General Ledger (FMIS) (\$)	Variance (\$)
RFA Miscellaneous (Prepayments)	187,117.81	183,277.81	3,840

The findings indicated that the Accounts Section did not reconcile the Department's records to the General Ledger (FMIS) to ensure that any variances are rectified and that both records reconcile.

Recommendations

- **The Department should investigate and rectify the variances noted between the Department's reconciliation and the General Ledger (FMIS).**
- **The Department should ensure that the monthly reconciliations are carried out properly and accurately, and checked by the Head of the Accounts Section.**

Department's Comments

- *We have internally investigate as well as rectified with FMIS HQ with all possible relevant unaccounted transactions on either record and it was found that the variance \$67,376.06 a journal adjustment executed in to GL after the closure and reconciliation of the Drawings Accounts.*
- *The Ministry fully concurred the recommendation and now had been factored in to the Accounts Business Plan and in to the responsible officer's IWP.*

25.37 Trading and Manufacturing Account (TMA) – Bank Reconciliation

All bank accounts must be reconciled monthly and the bank reconciliation shall list all outstanding cheques and other reconciling items and be signed and dated by the responsible officer.⁵⁰

All money received by an agency must be banked on the day of receipt, or as early as practical on the next banking day, by an officer who, wherever possible, is independent of the revenue collector⁵¹.

TMA revenue totaling \$13,590 have been incorrectly deposited into the Consolidated Fund Account and have been reflected as lodgments not credited in the TMA bank reconciliation. Refer to Table 25.38 for details:

Table 25.38: Incorrect Deposits

Year	Month	Amount (\$)
2007	February	150.88
	March	60.90

⁵⁰ Finance Instruction 2010 s32(6)

⁵¹ Finance Instruction 2010 s20(8)

Year	Month	Amount (\$)
	August	50.00
	October	616.23
2008	January	70.00
	February	363.18
	April	609.22
	August	268.00
2009	February	4.00
		50.00
	March	25.00
		44.20
	June	10.00
	August	814.33
	September	1,071.75
	November	1,044.65
	December	937.70
2010	February	50.00
	March	972.00
		20.00
	April	94.40
	May	2,358.74
	July	2,807.60
		108.00
	August	889.60
	September	90.00
	December	10.00
Total		13,590.38

The incorrect lodgments have resulted in the understatement of cash balance in the TMA Balance Sheet. Bank reconciliations conducted by the Department have also been ineffective.

Recommendations

- **The Department should ensure that the TMA revenues are lodged into the correct bank account.**
- **Bank reconciliations should be effectively carried out and checked by the Head of the Accounts Section for accuracy.**

Department's Comments

- *We admitted there are instances of wrong lodgment either in to Consolidated Fund Account or TMA and same deposited amounts would be drawn from the wrongly effected account and deposit/receipt in to its correct TMA with reversal of the first receipt transaction;*
- *A more stringent control measures will be undertaken in reconciling revenue receipt and bank lodgment statement in order to spot check and instantly make corrections on wrong deposits.*

25.38 Adjustments to the Trading and Manufacturing Account

Within five working days the Ministry of Finance issues the Monthly General Ledger (GL) Report and the Accounting Head shall reconcile the TMA balances in the report. All the variances should be communicated to Ministry of Finance with 7 days of receiving the GL report.⁵²

The audit noted the absence of sufficient appropriate documents to support a balance of \$5,933 appearing as *TMA Surplus transferred to Consolidated Fund* in the TMA Balance Sheet for the Department of Forests. Adjustments were made to the account during the year, however, the documents to support these adjustments were not provided for audit. Refer to Table 25.39 for details:

Table 25.39: Unsubstantiated TMA Adjustments

Allocation	Particulars	Balance - 31/12/10 (\$)	Balance - 01/01/10 (\$)	Adjustments (\$)
4-30651-77999-940377	TMA Surplus - Forests	5,933.38	80,087.77	74,154.39

Recommendation

The Department should ensure that proper records of TMA adjustments are maintained and provided for audit when requested.

Department's Comments

- *First the Audit Finding for proper records for TMA adjustments in fact it was necessary to put in place the initial payment made to Go Advertising Ltd Contractual Partial Payment (MTB / FM#5/ 10 of 9 April 2010):*
 - a) *It was the Ministry's internal initiative to seek approval for \$74,154.39 advance payment from PSFF/CF's TMA because the ongoing operating and capital allocation both do not have sufficient Cash Flow to meet this one off contractual obligation;*
 - b) *This TMA advance payment was replace once sufficient Cash Flow attain from savings within operating and capital findings;*
 - c) *TMA operates separately under a private Bank Drawing Account directly under the custody of PSFF and Conservator of Forest and their office alone would be accountable and responsible for any drawing affected;*
 - d) *TMA is not under FMIS Funding Control similar to Consolidated Drawing Accounts applicable for annual budgetary allocation so putting things in proper accounting prospective would mean obtaining approval from Ministry of Finance is a non issue as alleged in the Audit Finding.*
- *Second the Audit Finding for the Department failed to provide for audit when request to;*
 - a) *There was no logic for the disclosure in the RIE application because fact remains that the fund used in the TMA was replaced brought it to zero balance and at the same time charges are transmitted to its appropriate allocation;*
 - b) *The entire process for engaging and paying "Go Advertising Ltd" was carried out in a transparent and accountable manner in obtaining MTB approval followed by TMA approval from PSFF/CF.*

Further OAG Comments

Auditor General maintains that the Ministry should have obtained prior approval from Ministry of Finance before utilizing the funds from Trading and Manufacturing Account. Furthermore the Ministry should have disclosed in the RIE applications that the fund would be used to reimburse the funds used from TMA for the 1 million tree initiative.

⁵² Good Accounting Practice

Furthermore, the Ministry should provide the supporting documents for the adjustments made into the General Ledger.

25.39 Subsidy Scheme – Trust Fund Account

The receipt and payment of trust money must be recorded in a separate cashbook or set of ledger accounts.⁵³ Each year, a statement of receipts and payments must be prepared for audit and inclusion, when required, in the agency's annual report.⁵⁴

Each payment of trust monies must be supported by an expenditure voucher which contains details of –⁵⁵

- (a) the date;
- (b) the payee;
- (c) the amount; and
- (d) the reason for the payment.

The Department of Fisheries operates a Trust Fund Account for the 1/3 subsidy under the Coastal Fisheries Assistance Scheme. We noted that expenses relevant to the scheme or paid from funds allocated for the scheme were not recognized according to classifications of expenditures on either their nature or function to provide information that is reliable and relevant. All payments were reflected in the Trust Accounts Statement of Receipts and Payments as *1/3 Subsidy Payments* of \$285,625 although some expenses were different in nature or function.

The Trust Account Statement of Receipts and Payment did not provide a true and fair view of the expenses incurred under the budgetary allocation for Coastal Fisheries Assistance Scheme.

Recommendation

It is recommended that the Department classify expenses according to their nature or function instead of an accumulated balance as reflected in the Trust Account Statement of Receipts and Expenditure.

Department's Comments

1/3 Coastal Fisheries Subsidy Scheme Trust Account accounted for 1/3 contributions received from the Coastal Fishermen's Applicant's approved by the "Coastal Fisheries Subsidy Vetting Committee" and it simultaneously accounted drawing for its corresponding payments whereas the 2/3 part is the government contribution that will be drawn and accounted for under Coastal Fisheries annual budgetary provision therefore there should not be any question for any other nature for expenditure classification;

We accepted the recommendation for addition proper detail of narration for receipts and expenditures for ease cross references to justify and substantiate Coastal Fisheries Subsidy Scheme Trust Account cash inflow and outflow.

⁵³ Finance Instructions 2010 – Section 58 (2)

⁵⁴ Finance Instructions 2010 – Section 58 (4)

⁵⁵ Finance Instructions 2010 – Section 58 (5)

25.40 Unauthorised Occupation of Government Quarters

Provided always, however, that any Officer who without the requisite authorization occupies Government quarters or remains in Government Quarters following instructions to vacate, shall be charged rental based on the market rate as decided by the Secretary for the Public Service, for the period of such authorized occupation.⁵⁶

Two retired officers of the Department of Forests have been illegally occupying residential quarters situated at the Colo-i-Suva Forestry Station since 30/04/09 and 03/09/09 respectively. Refer to Table 25.40 for details:

Table 25.40: Unauthorised Occupation of Quarters

Officer	Quarters Type	Quarters No.	Effective Date of Retirement	Market Rate	Duration of Occupation	Rent Due
Akuila Saukuru	Institutional	16	30/04/09	Yet to be determined	2 years	Yet to be determined
Samisoni Naisua	Pool	01	03/09/09	\$730.74	1 year 7 months	\$13,844.36

From our review of correspondences and related records, it was revealed that Mr. Akuila Saukuru's wife, who is currently employed by the Ministry of Education, requested to continue occupying the quarters. However in a letter dated 04/09/09, the Public Service Commission indicated that Mrs Alisi Saukuru's request should not be allowed as she was not entitled to the quarters. As at the date of audit⁵⁷, Mr. Saukuru continued to occupy the institutional quarters.

In a letter dated 04 May 2010, Mr. Samisoni Naisua's lawyer⁵⁸ informed the Permanent Secretary of Fisheries & Forests that his client had purchased a mortgagee sale property and was awaiting the previous owner to vacate the property before he could move in. Hence, the Permanent Secretary granted approval for Mr. Naisua to remain in the quarters until the matter is settled provided that he pays rental at the usual market rate. Mr. Naisua was therefore required to pay a lump sum of \$730.74 being rental to 31 May 2010 and pay the sum of \$38.46 every fortnight. However, he failed to make any rental payment but continued to occupy the pool quarters.

The above finding indicated total disregard for instructions given by the Public Service Commission and the Permanent Secretary of Fisheries & Forests. The Department has failed to take any stringent action against the retired officers.

Recommendations

- The Department should institute appropriate legal actions and consult the appropriate authorities to ensure that the retired officers vacate the Government quarters.
- Both retired officers should be charged rental on the market rate and the Department must ensure that the retired officers pay rent for the period they have occupied the quarters.

Department's Comments

⁵⁶ General Order Section 607 (j)

⁵⁷ April 2011

⁵⁸ R. Patel Lawyers

The Department fully accepts the facts that some retired officers were permitted to occupy the governments quarters subject to the condition that they will duly pay the required rent. In both the cases the occupants has requested the department to allow them to stay in and they will continue to pay the rent.

However the occupants did not honour their requests and since then the Housing Committee has been issuing them notices to vacate. Although there have been several notices being issued as of to-date, the occupants fail to vacate the quarters. The Ministry is now seeking assistance from Public Service Commission and the Solicitor General's Office to provide for options for vacation of these occupants.

The Department will continue to liaise with the relevant authorities and seek assistance for vacation.

25.41 Review of Fiji Pine Trust and Fiji Mahogany Trust

A grant agreement must provide for the organization 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 request by the administering agency or the Auditor-General.⁵⁹

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.⁶⁰

The Department of Forests paid \$285,000 to Fiji Pine Trust and \$190,000 to Fiji Mahogany Trust through operating grants in 2010 and 2009 respectively.

The following anomalies in the administration of the operating grant for the two Trusts were noted during the audit:

- The annual financial report for the year 2010 and 2009 for both Trusts were not produced for audit verification, therefore audit is unable to evaluate the financial performance of the Trusts.
- There is no evidence to substantiate that the Department has carried out reviews to determine whether the Trusts are achieving their specified objectives in an effective and efficient manner.
- The Department does not maintain past financial records (annual financial statements) of the Trusts, therefore audit is unable to determine whether the accounts were prepared and audited.

The above anomalies demonstrated the lack of accountability and monitoring by the Department on public funds disbursed as operating grants to the Fiji Pine Trust and Fiji Mahogany Trust.

Recommendations

- **The Department must ensure that the annual financial statements of the two Trusts are prepared and audited annually.**
- **The Department must ensure to maintain proper records of all the financial records and acquittals.**
- **The Department should consider submitting the financial statements of Fiji Pine Trust and Fiji Mahogany Trust to the Office of the Auditor General for audit given that the Trusts operate solely on government grants.**

⁵⁹ Finance Instructions 2010 – section 16(3)

⁶⁰ Finance Instructions 2010 – section 16(6)

Department's Comments

Recommendations are fully concurred with a special emphasis on bullet point three (3) the audit of Fiji Pine Trust and Fiji Mahogany Trust to be part of the annual OAG's MFF auditing program commencing this year 2011.

25.42 Carbon Copies of Receipts Written with Blue Ink

The revenue collector must enter relevant details specified on the receipt before signing it. Carbon copies of the receipt should be checked to ensure that details on the original receipt are also legible on these copies.⁶¹

From the review of revenue records, audit noted instances where details of the book copies (carbon copies) of the receipts were entered using blue ink (pen) instead of carbon paper. Refer to Table 25.41 for details:

Table 25.41: Book copies of the revenue receipts written on blue ink

Date of Receipt	Receipt No.	Amount (\$)	Station
04/10/10	911262	200.00	Forestry Office - Ba
04/10/10	911263	80.00	
07/10/10	911264	102.00	
13/10/10	911265	300.00	
19/07/10	911238	13.55	
19/07/10	911239	150.00	
19/07/10	911240	331.50	
19/07/10	911241	213.75	
19/07/10	911242	448.86	
22/07/10	911243	250.00	
22/07/10	911244	155.10	
08/12/10/	443797	10.25	Fisheries Kavala.
08/12/10/	443798	15.10	
08/12/10/	443799	5.30	
08/12/10/	443800	34.65	
08/12/10/	443801	7.90	
09/12/10	443802	8.80	
09/12/10	443803	20.45	
09/12/10	443804	29.60	
09/12/10	443805	6.25	
09/12/10	443806	54.60	
09/12/10	443807	8.50	
09/12/10	443808	3.40	
20/12/10	443830	1.10	
20/12/10	443831	1.10	
21/12/10/	443832	12.30	
23/12/10	443833	20.80	
29/12/10	443834	9.35	
30/12/10	443835	9.70	
31/12/10	443837	26.75	
31/12/10	443838	9.45	

⁶¹ Forestry Finance Manual 2005 Section 5.3.2.

Date of Receipt	Receipt No.	Amount (\$)	Station
31/12/10	443839	18.15	
31/12/10	443840	15.60	

Revenue Clerk Luisa Biu explained that revenue collectors from the stations concerned have complained of the quality of the carbon papers they were issued. However, this should have been rectified immediately as revenue collection is considered a high risk area.

The risk of misappropriation of government revenue is high when internal controls are not followed.

Recommendations

- The Department should ensure that Revenue Collectors use carbon papers to fill in the duplicate copies of revenue receipts.
- Supervisory checks on the work carried out by Revenue Collectors should be improved.
- The Department should consider carrying out an internal investigation to ensure that there were no misappropriations of funds.

Department's Comments

Recommendations are fully concurred and we please to confirm that currently the in house training program and routine inspection are being part of procedure compliance in the Accounts Business Plan.

APPENDICES**Appendix 25.1: Examples of Late Lodgements**

Date of Receipt	Station	Receipt No.	Amount (\$)	Date Lodged
26/5/10	Quarantine – Suva	6821	5.65	1/6/10
27/5/10		6822	5.65	
27/5/10		6823	5.65	
28/5/10		6824	5.65	
28/5/10		6825	5.65	
28/5/10		6826	5.65	
26/5/10		700038	204.41	2/6/10
26/5/10		700039	26.98	
26/5/10		700040	565.59	
27/5/10		700041	129.90	
27/5/10		700042	26.98	
27/5/10		700043	26.98	
4/6/10		700049	408.82	
4/6/10		700050	53.96	
4/6/10		700051	161.90	
7/6/10		700052	44.97	
7/6/10		700053	668.98	
3/6/10		6841	5.65	
3/6/10		6842	5.65	
3/6/10		6843	5.65	
3/6/10		6844	5.65	
4/6/10		6845	5.65	
7/6/10		6846	5.65	
7/6/10		6847	5.65	
10/6/10		700061	499.10	17/6/10
10/6/10		700062	125.90	
10/6/10		700063	53.96	
10/6/10		700064	107.94	
11/6/10		700065	26.98	
11/6/10		700066	897.27	
11/6/10		700067	53.96	
10/6/10		6851	5.65	
10/6/10		6852	5.65	
11/6/10		6853	5.65	
11/6/10		6854	5.65	
15/6/10		700068	90.93	17/6/10 22/6/10
15/6/10		700069	854.05	
15/6/10		700070	242.86	
15/6/10		700071	197.84	
15/6/10		700072	53.96	
15/6/10		6855	5.65	
15/6/10		6856	5.65	
15/6/10		6857	5.65	
17/6/10		700079	116.92	
17/6/10		700080	114.43	
17/6/10		700081	211.49	

Date of Receipt	Station	Receipt No.	Amount (\$)	Date Lodged
17/6/10		700082	458.68	
17/6/10		700083	260.80	
18/6/10		700084	53.96	
18/6/10		700085	89.94	
18/6/10		700086	107.94	
18/6/10		700087	382.20	
16/6/10		6858	5.65	
21/6/10		700088	53.96	
21/6/10		700089	130.40	
21/6/10		700090	135.94	
21/6/10		700091	107.94	
21/6/10		700092	238.29	
22/6/10		700093	125.90	
22/6/10		700094	413.75	
18/6/10		6859	5.65	
18/6/10		6860	5.65	
21/6/10		6861	5.65	
21/6/10		6862	5.65	
21/6/10		6863	5.65	
23/6/10		700095	431.75	28/6/10
23/6/10		700096	107.92	
22/6/10		6864	5.65	
22/6/10		6865	5.65	
23/6/10		6866	5.65	
24/6/10		6867	5.65	
24/6/10		6868	5.65	
28/6/10		9912	236.84	30/6/10
25/6/10		6869	5.65	
28/6/10		6870	5.65	
28/6/10		6871	5.65	
28/6/10		6872	5.65	
30/11/10		95589	558.64	03/12/10
01/12/10		95590	107.92	
01/12/10		95591	130.40	
01/12/10		95592	161.85	
01/12/10		95593	250.76	
26/11/10		07239	5.65	
26/11/10		07240	5.65	
30/11/10		07241	5.65	
30/11/10		07242	5.65	
30/11/10		07243	5.65	
03/12/10		95603	734.42	07/12/10
03/12/10		07248	5.65	
07/12/10		07251	5.65	09/12/10
07/12/10		07252	5.65	
10/12/10		95618	107.90	14/12/10
13/12/10		95619	291.84	
09/12/10		07256	5.65	
09/12/10		07257	5.65	
09/12/10		07258	5.65	
10/12/10		07259	5.65	
10/12/10		07260	5.65	

Date of Receipt	Station	Receipt No.	Amount (\$)	Date Lodged
14/12/10		95625	54.00	16/12/10
14/12/10		07261	5.65	
14/12/10		07262	5.65	
14/12/10		07263	5.65	
16/12/10		95627	26.98	21/12/10
17/12/10		95629	269.84	
17/12/10		95630	130.40	
17/12/10		95631	861.42	
17/12/10		95632	161.90	
15/12/10		07264	5.65	
15/12/10		07265	5.65	
15/12.10		07266	5.65	
16/12/10		07267	5.65	
17/12/10		07268	5.65	
17/12/10		07269	5.65	
17/12/10		07270	5.65	
21/12/10		07275	5.65	29/12/10
21/12/10		07276	5.65	
21/12/10		07277	5.65	
22/12/10		07278	5.65	
23/12/10		07279	5.65	
23/12/10		07280	5.65	
22/12/10		95641	107.90	
23/12/10		95642	998.26	
23/12/10		95643	784.73	
3/12/10	Quarantine – Nadi Airport	96295	5.00	7/12/10
3/12/10		96296	10.00	
3/12/10		96297	10.00	
3/12/10		96298	65.00	
4/12/10		96299	53.95	
4/12/10		96300	53.95	
4/12/10		96701	53.95	
4/12/10		96702	5.00	
5/12/10		96703	5.00	
5/12/10		96704	53.95	
14/12/10	Quarantine – Lautoka	96478	26.98	20/12/10
14/12/10		96479	98.90	
14/12/10		96480	139.40	

Appendix 25.2: Payment of Overtime on 31 December 2010

Name	EDP/FNPF	Chq No.	Amount (\$)
Josateki Tuvaduadua	LL797	184124	1,580.22
Virendra Chand	MH906	184127	2,419.51
Onisi Nateba	NA354	184129	2,643.65
Verenaisi Mudu	OH203	184133	948.23
Esava Rokosuka	OS865	184134	2,689.92
Jekesoni Mouga	1522406	184135	2,255.52
Matereti Dolari	PI323	184136	868.07
Paceli Dulaki	QE143	184137	1,396.56
Ifereimi Tiko	QQ679	184138	231.36
Suruwaia Namovi	TH509	184140	587.58
Miliakere Raqio	TW616	184144	668.44
Sanaila Kurukurucala	UI607	184145	2,569.18
Dharmendra	UO329	184146	1,461.30
Jovesa Takiveikata	UU664	184147	2,244.34
Bulou W Silikomoala	UV521	184148	130.07
Wame Tokia	UX272	184149	1,055.50
Milika Sarasau	VI606	184151	1,162.29
Sakiusa Gaunavou	VX883	184155	914.98
Ravulolo Tuikubulau	WJ067	184157	2,030.40
Paula Baravilala	WT238	184160	2,139.60
Asheeta Shankar	XI845	184163	2,183.62
Ashika Anjani Mala	XX878	184167	1,021.83
Elizabeth Cinavilakeba	UX519	184191	3,000.00
Josiveta Rokona	VK485	184192	3,000.00
Venaisi Tudrau	WN433	184193	3,000.00
Sera Rasiga	XO840	184194	3,000.00
Vereimi Ratumudunayaba	MD192	184195	3,000.00
Ateca Utonika	YN391	184196	3,000.00
Eroni Delai	61660	184391	3,000.00
Tokasa Senikauraciri	48847	184415	3,000.00
Paulina Naraukawa	53410	184416	683.29
Manoa Duguivalu	18969	184267	3,000.00
Mereani Kaivou	59083	184268	1,139.00
Josaia Naraukawa	UR470	184272	3,000.00
Mikaele Mow	JJ124	184273	902.40
Hari Chand	LX355	184274	1,405.44
Maleli Tamainai	MG164	184275	846.72
Rakesh Dutt	OA125	184276	990.49
Walosi Naiduki	PN167	184277	1,427.90
Epeli Rasaqa	TZ931	184278	3,000.00
Wana Tuitubou	VE035	184279	194.78
Ravinesh Kumar	VR069	184280	3,000.00
Vasiti Gonemaituba	64248	184367	3,000.00
Ateca Leveanasiga	OD960	184445	3,000.00
Keleni Naisaboca	53111	184446	3,000.00
Maria Sailo	58570	184447	3,000.00
Losalini Nasara	59815	184448	1,785.17
Losalini Nasara	59815	184100	449.26
Nilesh A Chand	60201	184449	3,000.00
Manasa Wainibalagi	60511	184450	1,706.22

Name	EDP/FNPF	Chq No.	Amount (\$)
Marau Vuli	61843	184451	1,424.28
Lesio Saurara	2302501	184452	3,000.00
Eremasi Ratu	64100	184453	3,000.00
Soropepeli Tuwara	VM709	184454	3,000.00
Nilesh Chandra	OW339	184455	3,000.00
Apenisa Qionimoala Rarasea	64668	184456	3,000.00
Ilisoni Logaivau	90972	184457	3,000.00
Sumeshwar Prasad	JD454	184458	1,435.68
TOTAL			115,701.8

Appendix 25.3: 50% payment of overtime

Name	EDP	Chq No	Amount (\$)
Luisa Vulano	49246	175135	893.75
Viliame Koyamaibole	61251	175136	429.35
Elizabeth Cinavilakeba	62301	175138	779.19
Imran Ramzan	62651	175139	288.68
Seruwaia Susu	64235	175140	206.00
Venaisi Tudrau	64301	175141	1,088.20
Ilisoni Logaivou	90972	175143	439.22
Sera Rasiga	90982	175144	1,258.12
Jotish Prakash	90029	175145	298.41
Ateca Utonika	YN391	175146	953.65
Isimeli N Boa	2700751	175154	116.25
Josiveta Rokona	63522	175157	1,877.00
TOTAL			8,627.82

Appendix 25.4: Operating expenses paid by AMA from capital budget

Date	Cheque No.	Payee	Details	Amount (\$)
Extracted from final portion of capital grant of \$388,294 paid on 15/9/09				
14/9/09	561	Fiji Electricity Authority	Electricity charges for August and September	2,000.00
14/9/09	562	Fiji Electricity Authority	Electricity charges for August and September	5,950.61
14/9/09	563	BP Pacific Ltd	Fuel charges for July and August	11,911.17
14/9/09	564	Bligh Water Shipping	Sea freight from Savusavu to Taveuni	1,818.00
14/9/09	565	Consort Shipping Line	Sea freight from Savusavu to Taveuni	3,875.00
14/9/09	566	Carpenters Shipping	Garbage bin rental and clearance for August	180.00
14/9/09	567	Fiji Times Ltd	Advertisement for vehicle tenders	738.68
14/9/09	568	All Crash Repairs	Repair of EN754	454.50
14/9/09	569	Delta Timber Supplies	Coconut measurement boards	160.00
14/9/09	570	Garden Island Root Crop	Freight of produce from Taveuni	3,663.00
14/9/09	571	Niranjans	Servicing of truck FN942	450.99
14/9/09	572	Copra Millers Ltd	Empty bags for packaging	800.00
14/9/09	573	Fiji National Provident Fund	FNPF contributions for August	6,226.76
14/9/09	574	FIRCA	PAYE for August	2,766.60
14/9/09	575	Kidanet	Internet charges for august and September	723.76
14/9/09	577	Law Solutions	Legal fees: AMA vs Aca Domolailai	440.62
14/9/09	578	Telecom Fiji Ltd	Telecommunication charges for August	1,444.14

Date	Cheque No.	Payee	Details	Amount (\$)
14/9/09	579	AMA Main Account	Internal transfer	86,132.17
16/9/09	580	Niranjans	Servicing of vehicle FN942	380.00
16/9/09	581	Niranjans	Battery for vehicle FN942	72.70
18/9/09	585	Asco Motors	Servicing of vehicles	1,802.72
21/9/09	586	Western Wreckers Ltd	Towing charge for vehicle FO823	200.00
21/9/09	587	Niranjans	Servicing of vehicle FD652	701.87
23/9/09	590	Niranjans	Servicing of truck FO200	495.11
24/9/09	591	AMA Payroll Account	Internal transfer	20,000.00
24/9/09	592	AMA Main Account	Internal transfer	20,000.00
29/9/09	596	AMA Payroll Account	Internal transfer	15,000.00
30/9/09	599	Pacific Agencies	Freight of seaweed to Philippines	5,559.45
30/9/09	600	Fiji Electricity Authority	Electricity charges for Sigatoka Office	220.90
8/10/09	602	Narseys Plastics Industries	Artwork and print of export pack materials	7,450.00
8/10/09	603	Telecom Fiji Ltd	Telecommunication charges	715.01
8/10/09	604	Ilaisa Cavu	Housing allowance to CEO for October	761.00
8/10/09	605	Staff wages and salaries	Weekly paid staff and processing casuals	2,668.47
8/10/09	606	Utech Systems	Repair and maintenance of main office printer	1,870.17
9/10/09	607	Varasiko Gasau	Freight of dalo from Bua to Nausori	850.00
9/10/09	609	Abdul Hakim	Grass cutting around AMA premises	180.00
13/10/09	614	Ilaisa Cavu	Subsistence allowance	190.00
14/10/09	616	Finance Float	Petty cash reimbursement	1,000.00
TOTAL				209,853.40

Appendix 25.5: Payments by AMA for purchases other than dalo

Date	Cheque No.	Payee	Details	Amount (\$)
7/12/10	4167	Working Capital	Purchase of tavioka from Tailevu, Naitasiri & Ra	2,692.40
7/12/10	4169	Working Capital	Purchase of tavioka from Mataso, Ra	2,000.00
10/12/10	4170	Staff Wages & Salaries	Wages for cleaner and casuals	1,136.85
10/12/10	4172	Staff Wages & Salaries	Wages for temporary staff	903.66
10/12/10	4173	Interchem Ltd	Purchase of sodium metabisulphate	176.62
13/12/10	4176	Pacific Energy Ltd	Fuel charges for October 2010	3,289.57
13/12/10	4177	Fiji Electricity Authority	Electricity charges	3,733.03
14/12/10	4178	Asco Motors	General service and repair of GN579	1,248.95
14/12/10	4180	Sunrise Battery & Tyre	Batteries for trucks	597.90
16/12/10	4182	Staff Wages & Salaries	Wages for temporary staff	801.59
16/12/10	4183	Staff Wages & Salaries	Wages for processing casuals	810.85
22/12/10	4186	USP – ITS Domain Names	Renewal of company domain	50.00
22/12/10	4187	Kidanet	Internet charges for November 2010	265.88
4/01/11	4188	Staff Wages & Salaries	Wages for temporary and casual staff	25,000.00
4/1/11	4189	Telecom Fiji Ltd	Telecommunication charges	666.89
4/1/11	4190	Kidanet	Internet charges for December 2010	469.88
10/1/11	4194	Narseys Plastics	Printed plastic bags for export packs	3,276.25
18/1/11	4196	Staff wages and salaries	Wages for permanent staff	9,601.95
18/1/11	4197	Working Capital	Seaweed from Malake Island	900.00
18/1/11	4198	Carpenters Motors	Servicing of CEO's vehicle FH038	219.65
TOTAL				57,841.92

Section 26 Ministry of Lands and Mineral Resources

Role and Responsibilities

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

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

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PART A: FINANCIAL STATEMENTS

26.1 Audit Opinion

The audit of the 2010 accounts of the Ministry of Lands and Mineral Resources resulted in the issue of a qualified audit report. The qualification was as follows:

The consolidated financial statements were not presented in accordance with the Financial Management Act. The Ministry of Lands and Mineral Resources has not provided the Trust Account Statement of Receipts and Payments and Statement of Losses contrary to Section 71(1) of the Financial Instructions 2010.

26.2 Statement of Receipts and Expenditures

The Ministry collected revenue totalling \$16,192,912 and incurred total expenditures of \$42,991,700 in 2010. Details are shown on Table 26.1 below.

Table 26.1: Statement of Receipts and Expenditures for 2010

Description	2010 (\$)	2009 (\$)
RECEIPTS		
State Revenue		
Land And Property Rent	11,459,683	10,547,351
Rental for Quarters	1,250,435	1,344,237
Fees Charges, Fine & Penalties	709,330	257,695
Mining Fees	238,340	232,501
Stamp Duty	195,083	192,920
Miscellaneous	2,340,041	1,157,017
Total State Revenue	16,192,912	13,731,721
EXPENDITURES		
Established Staff	5,686,809	6,654,655
Unestablished Staff	909,755	941,329
Travel & Communication	206,504	230,506
Maintenance & Operations	27,738,724	25,347,739
Purchase of Goods & Services	310,264	412,712
Operating Grants & Transfers	1,625,279	2,832,005
Special Expenditures	342,538	463,791
Total Operating Expenditures	36,819,873	36,882,737
Capital Construction	1,887,956	2,840,597
Capital Purchases	280,946	763,090
Total Capital Expenditures	2,168,902	3,603,687
Value Added Tax	4,002,925	3,798,348
TOTAL EXPENDITURES	42,991,700	44,284,772

The reduction in total expenditure resulted from the decrease in capital expenditures incurred in 2010. The transfer of the Department of Environment to the Ministry of Local Government in 2010 also contributed to decreased expenditures as compared to the previous year.

26.3 Appropriation Statement

The Ministry incurred expenditures totalling \$42,991,700 in 2010 against a budget of \$41,305,186 resulting in an over-expenditure of \$1,686,514. Details of expenditures against the budget estimates are provided in Table 26.2 below.

Table 26.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	5,095,236	(46,479)	5,048,757	5,686,809	(638,052)
2	Unestablished Staff	690,108	46,656	736,764	909,755	(172,991)
3	Travel & Communication	178,645	81,920	260,565	206,504	54,061
4	Maintenance & Operations	25,304,311	1,415,192	26,719,503	27,738,724	(1,019,221)
5	Purchase of Goods & Services	326,400	0	326,400	310,264	16,136
6	Operating Grants & Transfers	1,644,100	0	1,644,100	1,625,279	18,821
7	Special Expenditures	356,400	0	356,400	342,538	13,862
	Total Operating Expenditure	33,595,200	1,497,289	35,092,489	36,819,873	(1,727,384)
	Capital Expenditure					
8	Construction	1,706,000	348,223	2,054,223	1,887,956	166,267
9	Purchases	300,000	0	300,000	280,946	19,054
	Total Capital Expenditure	2,006,000	348,223	2,354,223	2,168,902	185,321
13	Value Added Tax	3,521,400	337,074	3,858,474	4,002,925	(144,451)
	TOTAL EXPENDITURE	39,122,600	2,182,586	41,305,186	42,991,700	(1,686,514)

PART B: AUDIT FINDINGS

26.4 Delay in the submission of Draft Financial Statements for Audit

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.¹

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

The Ministry did not meet the statutory deadline required under the Finance Instructions for the submission of draft financial statements for audit. The draft financial statements for the year ended 31 December 2010 were received for audit on 9 July 2011.

Delay in the submission of the draft financial statements to the Auditor General is not only a breach of the Financial Management Act and the Finance Instructions but has also resulted in the delay of the audit and issuing of the audit report by the Auditor General.

¹ Finance Instruction 2010 – Section 70(2)

² Finance Instruction 2010 – Section 70(3)

Recommendation

The Ministry must ensure that draft financial statements are submitted to the Auditor General for audit on or before 31 March each year.

Ministry's Comments

No comments provided

26.5 Incomplete Agency Financial Statements

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

- (a) a statement of receipts and expenditures;
- (b) a profit and loss statement for each trading and manufacturing activity;
- (c) an appropriation statement;
- (d) a statement of assets and liabilities for each trading and manufacturing activity (where applicable)
- (e) notes to the statement of assets and liabilities;
- (f) a statement of losses; and
- (g) a trust account statement of receipts and payments³

The financial statements submitted were not prepared and presented in accordance with the Financial Management Act. The Ministry did not provide for audit the Trust Account Statement of Receipts and Payments and Statement of Losses contrary to Section 71(1) of the Financial Instructions 2010.

Our review of the General Ledger (FMIS) indicated that the Mining and Non-Mining Trust Fund Account had an accumulated balance of \$2,953,965 as at 31 December 2010.

The scope of the audit with regards to the Mining and Non-Mining Trust Fund Account was limited due to insufficient appropriate records to provide evidence to the accuracy, existence and completeness of the balances reflected in the General Ledger (FMIS).

Recommendations

- **The Ministry should ensure that the requirements of the Finance Instructions are complied with in the preparation of the Agency Financial Statement.**
- **Records for trust funds should be properly maintained and provided for audit purposes when requested.**

Ministry's Comments

No comments provided

26.6 Over Expenditure

Each year the Appropriation Act and the Budget Estimates set out details of the appropriation that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the

³ Finance Instruction 2010 - Section 71 (1)

agency's appropriation being exceeded without the proper authorization of the Ministry of Finance, pending approval by Cabinet.⁴

The Ministry incurred over-expenditures in a number of SEGs as at 31 December 2010. Refer to the Table 26.3 below for details:

Table 26.3: Over-expenditures in SEGs

Item	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
Established Staff	5,048,757	5,686,809	(638,052)
Government Wage Earners	736,764	909,755	(172,991)
Maintenance & Operations	26,719,503	27,738,724	(1,019,221)
Value Added Tax	3,858,474	4,002,925	(144,451)
	36,363,498	38,338,213	1,974,715

The Ministry did not properly monitor expenditures incurred on the above items which resulted in over-expenditures.

Recommendation

- **The Ministry should properly monitor expenditures to ensure that they are contained within the budgetary provisions approved by Cabinet.**
- **Management should proactively monitor expenditures incurred by the Ministry and develop strategies to minimise or contain costs within the budget.**

Ministry's Comments

No comments provided

DEPARTMENT OF LANDS

26.7 Re-engagement of Retired Officers

26.7.1 *Re-engagement without Approval*

The re-engaged officers will include the approved scarce skills officers like doctors, nurses, teachers, engineers, veterinarians, quantity surveyors, land surveyors, draftsmen/architects, engineers, designers, hydrologists, scientists and researchers.⁵ The approval to re-engage respective retirees in civil service will be given by Public Service Commission (PSC), following consultations with the Prime Minister.⁶

The salaries officer shall record the manual payment on the appropriate input form. The form shall be used to update the payroll records in the automated payroll system to ensure that an employee's true earnings are reflected at the end of the year.⁷

⁴ Finance Instruction 2010 - Section 7

⁵ PSC Circular No 24/09 dated 20/4/09 Appendix 1 - paragraph 2

⁶ PSC Circular No 24/09 dated 20/4/09

⁷ Finance Manual – Department of Lands 2005 -Section 4.5.16

In a letter dated 10 July 2009, the PSC informed the Department that it cannot engage Mr. Saimone Aca Thomas, a retired officer, as the Project Officer-Change Management as he did not meet the criteria for re-engagement. However, the Department disregarded PSC's decision and engaged Mr. Thomas for a period of 6 months effective from 10 August 2009 on a salary of \$44,787, being the maximum salary on Grade SS01⁸. Upon expiry of his contract, Mr. Thomas was re-engaged for another 10 months with effect from 11 February 2010.

Since his engagement, the Department paid Mr. Thomas's salaries manually. The manual payments of salaries amounted to \$62,135.90 as at December 2010. Further inquiry into the Government automated payroll system revealed that the salaries paid to Mr. Thomas were not entered into the system. Refer to *Appendix 26.1* for details.

As the decision to re-engage retired officers rests with the Public Service Commission, the re-engagement of Mr. Saimone Aca Thomas as the Project Officer- Change Management was unauthorised. In addition, salaries paid to him have not been properly accounted for, which has resulted in the understatement of expenditures in the Agency Financial Statements.

Recommendations

- **The Department should seek approval from the Public Service Commission before engaging retired officers and the decisions made by the Commission should be upheld.**
- **The Department should refrain from paying salaries manually for long periods of time.**
- **Salary reconciliations should be properly carried out to ensure that all salaries paid out are properly and correctly accounted for in the payroll system.**
- **Salaries paid to Mr. Saimone Aca Thomas should be properly accounted for in the Government payroll system.**

Ministry's Comments

The decision by the Department to re-engage Mr. Thomas was made by the previous administrators and approved by the former PSLMR [Mrs. Maria Matavewa] in 2009.

Any appointments made thereafter have been submitted to PSC for approval and re-engagement of officers is only undertaken after approval is granted.

Manual payment of salary is no longer entertained in this Ministry as per Ministry of Finance directive and if the urgency arises for manual payments, prior approval is sought from Ministry of Finance before any payment is made.

The bulk manual payments that had been carried out last year were not updated in a timely manner in the payroll system. However, the stop in manual payments by Ministry of Finance has enabled all payments to be updated on time.

Mr. Aca Thomas is no longer employed at the Lands Department and all salaries are properly accounted for due to the non manual payments directive from the Ministry of Finance.

26.7.2 Overpayments of Salaries

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,

⁸ Maximum salary on Grade SS01 (\$35,466 - \$44,787)

dismissals and resignations, income tax allowances, housing deductions, or other authorised charges or deductions.⁹

The Accounting Head must ensure that payroll reconciliations are carried out fortnightly for salaries and weekly for wages and copies sent to the Ministry of Finance.¹⁰

Any sum due by an Officer to Government may be deducted by the Permanent Secretary for Finance from salary due to such officer. An officer shall be given prior notice of such action being taken.¹¹

Chandra Gopal¹², a Technical Officer II, retired from the service on 05 August 2009. Our audit noted that the officer continued to receive his salary until 01/07/10 resulting in an overpayment of \$17,228.

The overpayment of salaries to Mr. Gopal was first highlighted in the 2009 Draft Audit Memorandum which was issued to the Department on 20/04/10. The Department however failed to take immediate action by not ceasing the payment of salaries to Mr. Gopal when it was notified during the audit in 2010.

On 11/05/09, the Department re-engaged Oliver Thoman¹³ as a Senior Surveyor. The officer's employment contract was terminated on 10/03/10 due to poor performance; however, he continued to receive salary until 12/08/10 resulting in an overpayment of \$11,676.

It was further noted that Mr. Thoman has been re-engaged by the current Permanent Secretary for Lands effective from 21 February 2011. As at the date of audit¹⁴, no action has been taken to recover the overpaid salary of \$11,675.62, which he received in 2010.

The above findings indicated that the Department failed to take heed of issues highlighted in the previous year's Audit Memorandum and implement recommendations. In addition, salary reconciliations were not properly carried out during the year which resulted in the substantial overpayments of salaries being undetected.

Re-engaging officers without proper approval is a breach of PSC's policies on the re-engagement of retired officers.

Recommendations

- **The Department should implement an effective and efficient communication process between the Personnel and Payroll Sections so that correspondences relating to resignation, termination and retirement are processed in timely manner to avoid or minimise overpayments of salaries.**
- **Salary overpayments should be immediately recovered from the relevant officers and in cases where recovery is not possible, the Department should investigate the causes of the overpayments and take appropriate actions against officers responsible.**

Ministry's Comments

The Department admits that there was a communication breakdown between the Personal and Accounts section which led to the delay in cessation of salary for mentioned officers.

⁹ Finance Instructions 2010 – Section 17(1)

¹⁰ Finance Instructions 2010 – Section 17(7)

¹¹ General Order 401

¹² EDP 19660

¹³ EDP 14415

¹⁴ 25/03/11

Mr. Gopal has retired and the overpayment of salary cannot be recovered from his salary. However, Mr. Oliver Thoman has been re-engaged as a Senior Surveyor and the overpayment of salary recovery had been executed from his salary. The Department has so far recovered \$5,028.35

An internal investigation is being carried out and responsible officers would be disciplined for the overpayment made to Mr. Gopal.

Further OAG Comments

The Department could not provide appropriate supporting documents to substantiate that \$5,028.35 was recovered from Mr. Oliver Thomas. A sum of \$6,647.27 is yet to be recovered from Mr. Oliver Thomas.

26.8 Management of Overtime

26.8.1 Excessive Overtime

With the delegation of powers, the Permanent Secretaries and Heads of Departments are Chief Accountings Officers of each entity they are responsible for, hence, they are totally responsible for the utilization of their funds and they are to approve overtime work and its payments if it is provided for in their Budgetary Allocation. Permanent Secretaries and Head of Departments should ensure proper planning of work to avoid unnecessary overtime.

Overtime shall be approved only in essential circumstances and on the specific approval of the Head of Department¹⁵.

Judging from the substantial amount of funds utilised by the Department for paying meal claims and overtime hours and from the results of our testing, the Department do not have adequate internal controls to closely monitor overtime costs to minimize overtime resulting from inefficiencies. Although working overtime is necessary in certain circumstances, continuous overtime indicate that officers are ineffective during official working hours.

Apart from an allocation of \$5,200 under *SEG 2 – Government Wage Earners* of Programme 1 – Activity 1, there were no other budgetary allocations specific for overtime. However, funds to cater for overtime payments were sourced from various allocations which recorded savings. Audit noted that the Department failed to properly monitor payments of overtime hours worked and overtime expenditures.

Our review focused on overtime expenditures incurred by the Accounts Section. From a sample of records verified during the audit, officers at the Accounts Section have continuously worked overtime from July 2008 to December 2010 with overtime claims totalling \$108,240. Reasons for working overtime as explained by the Accounts Officer ranged from updating bank reconciliations, ledger postings, processing of outstanding purchase orders and payments, preparation of Revolving Fund Account and Trust Fund Account reconciliations, Salary and Wages Reconciliations, RIE and closing of accounts, most of which are routine tasks that should have been carried out during official working hours.

Scrutiny of the Attendance Register revealed that the officers also worked overtime on Saturdays from 9 am to 8.30 pm. It was evident from the handwriting on the Attendance Register that one officer was signing in for the rest of the officers who were working overtime. Refer to Tables 26.4 and 26.5 for details of officers paid overtime and the amounts paid out per month:

¹⁵ General Orders 467 (a)

Table 26.4: Details of the Officers Paid Overtime – Accounts Section

Name	EDP/FNPF No.	Position
Kitty Manuelli	18737	Accounts Officer
Tiva M Palako	16692	Assistant Accounts Officer
Vono Mafoa	63851	Clerical Officer
Marika Tunidau	63853	Clerical Officer
Lusiana Rarawa	62639	Clerical Officer
Melaia Veikune	90113	Clerical Officer
Sotia Benaca	90369	Clerical Officer
Filipe Baleikoro	90906	Clerical Officer
Fane Sukanasau	90905	Clerical Officer
Mere Naigia	16142	Accounts Officer
Filimoni Betani	YQ838	Temp. Relieving Clerical Officer
Peni K Matasau	YD889	Temp. Relieving Clerical Officer
Filimoni Musuka	OP907	Temp. Relieving Clerical Officer
Asena Siliiasau	00668	Temp. Relieving Technical Assistant
Makelesi Roqica	00703	Temp. Relieving Clerical Officer

Table 26.5: Details of overtime period and payments

Over Time Period	Year	Amount \$
July- September	2008	3,267.42
July- October		6,099.72
Oct- December		7,180.65
Oct-December		4, 643.87
December		2,947.62
Jan – August	2009	13,900.52
Sept to December		20,606.88
January to March	2010	18,311.44
April to May		16,498.34
May to July		14,783.19
Total		108,239.65

With the number of officers employed at the Accounts Section and the type of work done during overtime hours, it can be easily concluded that these officers were unproductive during official working hours. There is risk that those with supervisory roles in the Accounts Section have failed to properly plan, monitor and supervise works done during official working hours.

Recommendations

- With substantial overtime hours worked by officers in the Department, management and those with supervisory roles needs to proactively engage in the management of overtime hours. Working overtime should be closely monitored and properly managed and procedures developed to closely monitor overtime costs.
- Routine tasks should be appropriately planned and allocated to be completed during official working hours.
- Processes for evaluating the efficiency and effectiveness of various work production should be developed.
- Appropriate actions should be taken against officers who are unproductive during official working hours.

Ministry's Comments

The Management has now put in place measures to discourage and limit overtime and has ensured that all request for working beyond official hours are well justified and properly managed. Discussions are now being carried out with PSC and Ministry of Finance on the nature of works of some cadre in particular the surveyors to determine best approach and possible solution to overtime work.

26.8.2 Officers not entitled to Overtime Payment

Public Service Commission Circular 52/2008 dated 14 November 2008 provides for amendments of the overtime rate for Established Officers as stated in Section 467 of the General Order to be at \$20,295.

Our audit noted that Accounts Officer Kitty Manueli and Assistant Accounts Officer Tiva Palako were paid overtime even though the two officers did not qualify to claim overtime payments, as their annual salaries were above the approved limit of \$20,295. Refer to Table 26.6 for examples:

Table 26.6: Officers not eligible for overtime payment

Name	EDP No.	Position	Salary	Overtime Payment \$
Tiva M. Palako.	16692	Assistant Accounts Officer.	22,724	2,405.37
Kitty Manueli.	18737	Accounts Officer.	22,799	6,774.81
Total				9,180.18

Unless approved by the Public Service Commission, payment of overtime hours to Officers earning above the approved limit is unauthorised.

Recommendation

- **The Department should comply with circulars issued by the Public Service Commission regarding management of overtime.**
- **Overtime payments made to the above officers should be recovered.**

Management Comments

The Department fully concurs with the Auditor's recommendation that there was laxity in the monitoring and verification of the overtime payment and in particular those officer's in the Accounts Section were taking advantage of the approval granted by the then Permanent Secretary. At least one of the officer's have been investigated by the Prime minister's investigation team and found guilty of the offence. Disciplinary action has been recommended to PSC.

26.9 Diversion and Accounting of Funds

Expenditure shall be classified and every vote shall be applied for the purpose for which it is approved.

With the reassignment of the Land Reform Unit from the Office of the Prime Minister, a sum of \$1 million was released to the Ministry in August 2010, in two instalments of \$500,000, to facilitate the operation of the unit.

The Ministry utilized \$147,869 or 15% of the fund allocated for the establishment of the Land Reform Unit to meet its other operating expenditures. In addition to not obtaining approval from the Ministry of Finance for the diversion of funds, the expenditures were not charged to the specific relevant allocations. Refer to Table 26.7 for details:

Table 26.7: Funds used to meet the operating expenditure of the Ministry

Date	Cheque No	Payee	Description	Amount (\$)
11/08/10	37351	Australian Laboratory Services	Payment for examine of samples for Mineral Resources	37,095.00
08/09/10	38036	Ledua Transport	Payment for servicing of vehicle registration number GM 349 and GK 379	6,204.80
16/09/10	38233	Telecom Fiji Limited	Payment of telephone bills for the month of August payable in September	11,559.84
16/09/10	38231	Fiji Electricity Authority	Payment of FEA bills for the month of August	6,474.10
24/09/10	38439	Vodafone Fiji Limited	Payment of Vodafone bills for the month of June- August payable in September	12,256.40
06/10/10	38717	Native Land Trust Board	Payment of new lease offer for Dobuilevu Agricultural Section	26,000.00
14/10/10	38943	Abacus Graphics Limited	Payment made for the HP Design Plotter for GIS team	8,500.00
28/10/10	39361	Bank of South Pacific	Payment of Registration fees	6,750.91
02/11/10	39492	Bank of South Pacific	Payment of Registration fees	6,402.00
19/11/10	39810	Telecom Fiji Limited	Payment of telephone bills for the month of October payable in November	14,686.92
20/12/10	40464	Vodafone Fiji Limited	Payment of Vodafone bills for the month of September and October	11,938.88
Total				147,868.85

Funds released for the establishment of the Land Reform Unit were utilised for other purposes without proper approval. If expenditures are not properly charged to the correct allocations, the Agency Financial Statements will not accurately present the financial performance and operation of the Ministry.

Recommendations

- Funds should be used for the purposes they were provided and prior approval should be obtained from Ministry of Finance for any diversion of funds.
- Expenditures incurred should be correctly charged to the relevant expenditure allocation.

Ministry's Comments

The Ministry fully concurs with the Auditor's recommendation. Appropriate plans and processes are in place to ensure that such practice is not repeated in future.

26.10 Waving of Tender Board Requirements

The procurement authorities delegate to the Permanent Secretaries and the Government Tender Board when procuring goods, services or works as follows¹⁶ -

¹⁶ Finance Instruction 2010 - Section 11

Responsible Authority	Procurement Limits
Permanent Secretaries	\$30,000 and less
Government Tender Board	\$30,001 and more

A tender must be called for the procurement of goods, services or works valued at \$30,001 and more.

The Ministry of Lands and Mineral Resources engaged Brisbane based Australia Laboratory Services Limited to carry out mineral investigation of various mineral samples collected from several locations in the Northern Division at a cost of \$37,095.

Our audit noted that the mineral investigation project, which involved a substantial sum of public funds, was not put out for public tender. However, in a letter dated 28 June 2010, the Permanent Secretary for Lands and Mineral Resources requested the Minister for Finance to waive the requirement of obtaining the approval of the Major Tender Board to enable the Ministry of Finance to release the funds.

Consequently, the Minister for Finance approved the waiving of the Major Tender Board requirements however requested that a thorough investigation be carried out by the Department on non compliance of financial procedures.

The Ministry has yet to carry out an investigation on the non-compliance of financial procedures. The transparency of the process in which Australian Laboratory Services Limited was awarded the project for the mineral investigation is questionable.

Procurement procedures pertaining to the acquisition of services above \$30,001 were also breached.

Recommendation

It is recommended that an investigation should be conducted on how the Ministry engaged Australian Laboratory Services Limited without going through an open public tender process, as requested by the Minister of Finance.

Ministry's Comments

Recommendation has been noted. The Ministry is carrying out investigation on how the Australian Laboratory Services Ltd was engaged without following the open tender Board process.

26.11 Controls over Usage of Mobile Phones

Vodafones are restricted to:-

- (i) Ministers
- (ii) Assistant Ministers
- (iii) Permanent Secretaries
- (iv) Heads of Departments
- (v) Essential Services such as Hospitals, Water and Sewerage and Security Forces¹⁷

The Public Service Commission on 14/12/2000 has reviewed the Vodafone policy issued vide PSC Circular No: 60/2000 and decided to include Deputy Secretaries in the listing of the category of officers who were eligible for mobile phones.¹⁸

¹⁷ PSC Circular No. 60/2000 Section 4.0 [1]

¹⁸ PSC Circular No. 08/2005 Section 1.0

According to records verified during the audit, there were 46 officers below the rank of Deputy Secretary that were issued with mobile phones. Our audit noted that the Ministry does not have an internal control mechanism in place to govern or monitor the usage of mobile phones.

Review of telecommunication records for the months of July to October indicated that total mobile charges amounted to \$21,240, of which 67% were charges incurred by Officers below the Deputy Secretary level. Refer to *Appendix 26.2* for detail.

We could not determine whether the practice adopted by the Ministry has resulted in the reduction of expenses as not all telecommunication charges were posted to the telecommunication allocation in the General Ledger (FMIS). Some charges were paid from the budgetary allocation for land reform.

In the absence of proper internal controls, there is a high risk of using mobile phones for unofficial purposes.

Recommendations

- **Unless the introduction of mobile phones has resulted in the reduction of telecommunication expenses, the Ministry should limit the usage of mobile phones for official purposes to senior officers.**
- **The Ministry should establish policies and procedures to govern the usage of mobile phones. Unofficial charges should be paid by the relevant officer.**

Ministry's Comments

The Ministry does fully concur with the Auditor's recommendation. Necessary action has been organized to ensure that usage of mobile phones is limited to senior officers and for official purposes only.

26.12 Repair of Vehicle – GK 479

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.¹⁹

Due to transportation problems faced by Department, requests were made to the Ministry of Finance for the release of vehicles boarded by other Ministries. Consequently, vehicle registration number GK 479 was transferred to the Department.

The vehicle was not in a running condition thus \$5,422 was paid to Ledua Transport for maintenance work. Refer to Table 26.8 for the details of the maintenance work carried out on GK 479 as claimed by Ledua Transport:

Table 26.8: Details of work carried out by Ledua Transport

Date	Cheque Number	Amount (\$)	Details of work Carried out
08/09/10	38036	5,421.80	Towering, Remove complete drive shaft and injector pump diaphragm to fit on GK 479, Service four wheel brakes, Supply 2 front headlights, Head light relax, Supply 8 bulbs, Flashes indicator unit, 1 new battery ,General body work, painting with labour costs.

¹⁹ Procurement Regulations 2010 - Section 29(1)

The above payment was initiated from a memo written on 6/09/10 by the Executive Officer-Corporate Services²⁰ to the Permanent Secretary seeking approval for payment as the servicing of the vehicle was completed. Consequently, the payment was approved by the Permanent Secretary.

However, audit noted that the vehicle is currently parked at the Department of Mineral Resources' garage. From physical verification conducted during the audit²¹, Ledua Transport has not carried out the required maintenance work for which \$5,422 was paid for. Refer below for illustrations:



Figure 1: Headlights missing



Figure 2: General body work and painting not done

The above illustrations indicated that the Executive Officer–Corporate Services did not verify the work done by Ledua Transport before recommending approval of payments. Furthermore, the charges claimed by Ledua Transport appeared excessive compared to the current condition of the vehicle as illustrated above.

The decision to utilise substantial sum to repair a vehicle which clearly is not road worthy is uneconomical.

Recommendations

- **It is recommended that the Department investigate the repair charges claimed by Ledua Transport and institute appropriate disciplinary actions on relevant officers if warranted.**
- **The Department should seek refund from Ledua Transport if claims of works carried out on the vehicle were not done otherwise responsible officers should be surcharged.**

Department's Comments

The Department had paid the outstanding amount to Ledua Transport and the repair works was carried out by the company. However, the repair works appear to have been of poor standards. The remedial action allows the Ministry to avoid engaging Ledua Transport in the future.

26.13 Utilisation of funds Under Requisition

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 Budget²². Agencies applying for the release of funds placed under requisition must fill in a requisition form and provide all relevant details specified by the Ministry of Finance.²³

²⁰ Ms. Lusua Tuivunilagi

²¹ April 2011

²² Finance Instructions 2010 - Section 9 (1) (a)

²³ Finance Instructions 2010 - Section 9 (2)

Our audit noted that for the following allocations, the Department utilized funds under requisition for purposes other than those stated in the Requisition Form. Substantial balances were unutilised after meeting expenditures for which requisitioned funds were requested from the Ministry of Finance. Surplus funds were utilized for various purposes not budgeted under the respective allocations.

Grant In Lieu of Rates

The Grant in Lieu of Rates allocation is used for the payment of land rates to various Town and City Councils. The rates are for State lands located in the boundaries of towns and cities, except for those that have been leased.

From the total expenditure incurred under the Grant In Lieu of Rates allocation, only \$1,062,732 was utilized to pay town and city rates for State land and \$149,016.95 or 12 % was utilized for various purposes which were not budgeted under the allocation. Refer the Table 26.9 for details:

Table 26.9: Grant in Lieu of Rates.

Budget (\$).	Total Expenditure	Amount Utilized on Grant in Lieu of Rates (\$).	Amount Utilized for Other Purposes (\$).
1,230,000.00	1,211,749.18	1,062,732.23	149,016.95

Examples of expenditures incurred which were not budgeted under the Grant in Lieu of Rates allocation are detailed on Table 26.10:

Table 26.10: Grant in Lieu of Rates Allocation Used for Other Purposes

Date	Cheque Number	Amount (\$)	Details
20/01/10	032365	700.00	Being payment of rental vehicle # DR 421 to Latchmi Enterprise for the 5 day use.
08/02/10	032640	8,082.00	Being payment of security services provided for Vatuwaqa Industrial Subdivision.
02/03/10	033113	6,370.55	Being payment for 12D training for 2 trainees.
01/04/10	033861	1,387.98	Being payment of overtime hours to Lusua Tuivunilagi from 16/01/10 to 25/03/10 for changing or renovating of registry.
07/04/10	033936	1,950.00	Being payment of vehicle hire charges to Kant's Rentals for the use by Divisional Surveyor Western.
05/05/10	034513	1,715.91	Being payment to FNU for tuition fees for three (3) Indo Fijian students who are doing studies at FNU.
01/06/10	035134	2,526.04	Vodafone bills for the month of February 2010.
01/06/10	035140	1,454.47	Vodafone bills for the month of March 2010.
07/06/10	035382	3,600.00	Payment for accommodation and meals to Centre for Appropriate Technology and Development for retreat.
10/06/10	035416	5,850.00	Being payment of computers for Investigation Teams.
16/06/10	035492	6,365.00	Being payment for Panasonic photocopier machine and fax machine for Investigation Teams.
15/07/10	036280	6,940.00	Being payment of 3 way workstation x 2, Medium chair and filing cabinets for Land Reform Unit at Civic House.
16/07/10	036322	3,574.00	Being payment for service or repair of GL863/ GM 837/ GN 108/ GL 717 which has passed the fitness test for road worthiness by LTA.
20/07/10	036382	1,644.58	Being payment of overpaid rental to Zahid Afwaz Ali due to Schedule A Land which has been reverted back to NLTB.

Date	Cheque Number	Amount (\$)	Details
27/07/10	036428	2,186.80	Being payment of rental to Raj Kumari and Sundra Wati due to schedule A Land which has been reverted back to NLTB.
27/07/10	036430	1,115.16	Being payment of rental to Sunaina Devi due to excess payment on his Land Rent Account.
28/07/10	036690	11,155.00	Being payment of 3way workstation x 3 and 10 task chairs for Land Reform Unit.
02/08/10	036825	20,175.00	Being payment of 10 computers for Land Reform Unit.
05/08/10	036969	5,944.40	Being payment for floor rugs for Land Reform Use at Civic House.
17/08/10	037350	10,500.00	Being payment for 2 photocopy machine for the Land Reform Unit – Civic House – Level 2.

The above expenditures were charged to the Grant in Lieu of Rates allocation instead of the relevant expenditure allocations. Operating grants and transfers (SEG 6) has been overstated in the Agency Financial Statements.

Government Rented Quarters

The budgetary allocation for Government Rented Quarters is used for the payment of rent for those private quarters rented by Government for civil servants in various Ministries and Departments around the country.

From the total expenditure incurred under the Government Rented Quarters allocation (SEG 4), only \$1,562,624.44 was for rent and \$199,304.31 or 11% was utilized for various purposes which were not budgeted under the allocation. Refer to Table 26.11 for details.

Table 26.11: Government Rented Quarters

Budget (\$).	Total Expenditure	Amount Utilized on Government Rented Quarters (\$).	Amount Utilized for other purposes not budgeted for (\$).
1,923,000.00	1,761,928.75	1,562,624.44	199,304.31

Maintenance and operations (SEG 4) has been overstated in the Agency Financial Statements.

Renewal of Native Lease

The Renewal of Native Lease allocation is used to pay the renewal of native lease for all Government properties sitting on native lease.

From the total expenditure incurred under the Renewal of Native Lease allocation, only \$592,856.12 was utilized to pay the renewal of native lease and \$49,957.16 or 8 % was utilized for various purposes which were not budgeted under the allocation. Refer the Table 26.12 for details:

Table 26.12: Renewal of Native Lease

Budget (\$)	Total Expenditure (\$)	Amount Utilized on Renewal of Native Lease (\$)	Amount Utilized for Other Purposes (\$)
708,000.00	642,813.28	592,856.12	49,957.16

Examples of other expenditures charged to the budgetary allocation for the Renewal of Native Lease are stated below:

Table 26.13: Renewal of Native Lease Allocation Used for Other Purposes.

Date	Cheque No.	Amount (\$)	Details
26/08/10	037654	2,437.74	Being payment to Meresiana Loulou for meal allowances for doing overtime.
10/09/10	038124	2,385.00	Being payment to PSLMR for employees' meal allowances for doing overtime.
01/10/10	038617	6,459.57	Being payment to PSLMR for employees' meal allowances for doing overtime.
01/10/10	038619	4,738.15	Being payment to PSLMR for employees' meal allowances for doing overtime.
01/10/10	038620	6,258.04	Being payment to PSLMR for employees' meal allowances for doing overtime.

Expenditures charged to budgetary allocations under requisition were not properly monitored. If funds are not vired to the appropriate budgetary allocations before incurring expenditures, balances reflected in the Agency Financial Statements may be incorrect.

Recommendations

It is recommended that:

- the Department carry out proper evaluations and analysis of expenditures based on previous year's performance to avoid over budgeting and incurring unnecessary expenditures;
- funds should only be used for the purposes they have been budgeted for; and
- savings should be vired to the appropriate budgetary allocations so that expenditures are charged and correctly reflected under the appropriate expenditure classifications.

Department's Comments

The Department fully concurs with the Auditor's recommendation and admits that savings were not vired to appropriate allocation for reflection of expenditure charges. However appropriate system and processes are now in place to ensure that such practice is not repeated in future.

26.14 Revenue Variances

Each accounting head must ensure that the recording of revenue is reconciled monthly with the Ministry of Finance and the Ministry of Finance is advised of any errors or discrepancies within 10 working days after the end of each month.²⁴

The Department of Lands revenue figure did not reconcile with the General Ledger (FMIS). Refer to the table 26.14 for details.

²⁴ Finance Instruction 2010 - Section 21 (1)

Table 26.14: Revenue Variances

	Ministry of Finance (GL) \$	Department \$	Variance \$
Total Revenue – Department of Lands	15,764,049.54	15,253,008.47	511,041.07

The above finding indicated that the Accounts Section did not verify balances to the General Ledger on a monthly basis to ensure that any variances are rectified and that both records reconcile.

Recommendations

- The Department should investigate and rectify the variances noted between their record and the General Ledger (FMIS).
- The Department should ensure that monthly reconciliations are carried out properly and accurately.

Department's Comments

No comments provided

26.15 Drawings Account

All bank accounts shall be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.²⁵

The Accounting Head must verify balances in the bank reconciliation to the cashbook, bank statements, unrepresented cheque list, and the previous month's bank reconciliation before certifying it.²⁶

The closing balance of the Department of Lands drawings account reconciliation as at 31 December did not reconcile with the General Ledger (FMIS). Refer to the table below for details.

	Department's Reconciliation (\$)	MOF Amount (\$)	Variance (\$)
Drawings	2,786,697.32	2,803,965.81	17,268.49

The above finding indicated that the Accounts Section did not verify balances to the General Ledger to ensure that any variances are rectified and that both records reconcile.

Recommendations

- The Department should investigate and rectify the variances noted between its reconciliation and the General Ledger (FMIS).
- The Department should ensure that monthly reconciliations are carried out properly and accurately and checked by the Head of Accounts Section.

²⁵ Finance Instructions - Section 39(5)

²⁶ Finance Manual - Department of Lands and Minerals 2005- Section 7.4.10

Department's Comments

No comments provided.

DEPARTMENT OF MINERAL RESOURCES

26.16 Production Report – Asia Pacific Resources Limited

All petroleum in or under all lands within any designated area of whatsoever ownership or tenure and in whosoever possession or enjoyment they may be, are, and shall be deemed always to have been, the property of the Crown.²⁷

Subject to the provisions of this Act and in accordance with the terms and conditions to which such license is subject, the holder of an exploration license shall have the exclusive right to explore for petroleum, and to carry on such operations and execute such works as are necessary for that purpose, in the licensed area.²⁸

Every holder of an exploration license or production license shall supply to the Director.

- a) within one month after the end of each quarter – year end period
 - i. a summary of all geological and geophysical work carried out;
 - ii. a list of maps, reports and other geological and geophysical data prepared by or for such holder;
 - iii. notification of future exploration plans







Asia Pacific Resources Limited (APR) was granted a Special Mining License (SML 58) on 05/07/2006 to mine for gold in the Wainivesi area in Sawakasa Tailevu on for 7 years.

Our audit noted the following irregularities:

- The quarterly production report furnished by the company to the Department since the license was granted showed nil production, which meant that the company was not able to extract any gold. However, a visit by the audit team to the mining site at Wainivesi on 12/11/2010 revealed that mining works were ongoing. Refer to the illustrations below.
- The company's accredited agent, Mr. Matthew Huggan, had requested the Department of Mineral Resources on 14/10/2010 for a permit to take 3 nuggets of gold to Australia for presentation to the company's shareholders that the Wainivesi project is a worthwhile investment. The permit was refused by the Department as the request was contrary to the quarterly production report which indicated nil production.

²⁷ Act 14 of 1978 Petroleum (Exploration and Exploitation) S3, pp 45.

²⁸ Act 14 of 1978 Petroleum (Exploration and Exploitation) s17, pp 51.

		
Picture 1: Stock piles of soil for further processing	Picture 2: Mining excavation site	Picture 3: Laboratory and chemicals
		
Picture 4: Boiler	Picture 5: Crusher in operation	Picture 6: VAT leach pond

The findings indicate that the company (Asia Pacific Resources Limited) has been continuously carrying out mining activities. The request for a permit to take gold nuggets overseas indicated that the company has been able to extract gold and it has been submitting misleading quarterly report to the Department.

The Department has failed to take appropriate action against the company despite the fact that mining activities are continuing with evidence that the company had extracted gold.

Recommendations

The Department should:

- **immediately carry out an investigation on the company's operations and establish the quantity of gold extracted; and**
- **verify the quarterly production reports by making site visits on a regular basis.**

Department's Comments

Investigations into Asia Pacific Resources have been on-going. Officers have been conducting a range of visits to the site including liaisons with landowners in the region.

Verification of production is being conducted via site visits and monitoring of strategic points. Inclusive of these are joint visits with other government agencies.

26.17 Outstanding Mining Applications

The applications for prospecting licence permit to mine or mining lease and petroleum exploration licenses should be processed in a timely manner by the Mining Section of the Department. Reasons for any delay should be fully documented.

The scrutiny of the tenement information provided by the Department revealed that there was considerable delay in processing the applications for the tenement and petroleum licenses.

Although the staff at the Mining Section indicated that applications are processed within 3 to 6 months, audit noted that some applications have been outstanding for more than 1 to 10 years. Refer Table 26.15 for details:

Table 26.15: Outstanding Application for Tenements

No.	Location	Application	Remarks	Date	Delay (Yrs)
CX 565	VAN (T) : Wailevu (P) : Cakaudrove	Mt Kasi	SSR	10.08.96	14
CX 596	VAN (T) : Wailevu (P) : Cakaudrove	Mt Kasi	PM+MM	18.09.97	13
CX 658	VIT (T) : Wainimala (P) : Naitasiri	Vunibula Gold Mine	PM+MM	22.002.04	6
CX 659	VIT (T) : Serua, Wainikoroiluva (P) : Serua, Namosi	Aljen	PM+MM	05.04.04	6
CX 660	VAN (T) : Wairiki, Koroalau, Wailevu East (P) : Macuata, Cakaudrove	Asia Pacific	GR	22.3.04	2
CX 662	VAN (T) : Kubulau, Wainunu, Wailevu East (P) : Macuata, Cakaudrove	Aurum	PM+EM+MM	27.08.04	2
CX 663	VAN (T) : Tunuloa, Natewa, Navatu Cakaudrove(P) : Cakaudrove	Aurum	PM+EM+MM	27.08.04	2
CX 664	VAN (T) : Macuata, Seaqaqa, Wailevu East (P) : Cakaudrove	Balihai	PM+EM+MM	6.9.04	2
CX 667	VIT (T) : Muaira, Nagonenicolo Nadaravakawalu (P) : Naitasiri	Geopacific	PM+EM+MM	16.3.05	1
CX 691	VIT (T) : Nadi & Malomalo (P) : Naitasiri	Millenium Mining	PM+MM	08.12.06	4

VIT-Viti Levu map sheet(s) VAN-Vanua Levu map sheet(s) MM-Metalliferous minerals and excluding geothermal resources EM-Earthy minerals PM -Precious metals SSR-Special Site Rights GR-Geothermal Resources

The Department was not able to provide satisfactorily explanations for the delay in processing of the above applications.

Recommendations

- **The Department should investigate significant delays in processing the mining and petroleum applications.**
- **The Department should consider streamlining the processing of mining applications process.**

Department's Comments

Processing delays have been due to a range of factors including serial lack of staff. Despite submissions made to retain posts within MRD and the need to recruit more staff, internal Corporate Services and Senior Management did not support the need for urgent measures to be taken to address shortages.

The Acting Manager of the Division at the time was also formally counselled in 2010 on the need to process applications faster. The process of streamlining has been in the works for several years inclusive of ITC project for on-line processing. As with staffing, the Department's Data Management Unit's submission for strengthening was not supported.

The current complement of Data Management Unit staff has not been successful in designing or implementing electronic tenement administration systems for several years. The Head of the Unit was also counselled, albeit generally, to provide better services to the Department in 2010.

26.18 Boreholes

Fees and charges for agency revenue must recover at least the full cost of providing the goods, services or works unless legislation or government policy provides otherwise.²⁹

The Department is responsible for the groundwater resources of the nation including its monitoring and protection from abuse and contamination. The Department are required to provide quotes for the cost of project which is the sum that a company and government Departments are required to pay for the project.

The Department recorded the total costs for each project but did not maintain a detailed breakdown such as direct labour, overhead cost and incidental costs for the projects. The Department was not able to determine whether the revenue generated from the projects were sufficient to meet expenses incurred for drilling boreholes.

Furthermore, the Department does not maintain a separate cashbook or set of ledger accounts for the receipt and payment of trust money. Therefore, the Department is not able to monitor the cost incurred against the amount received for individual borehole projects. The details of money received and held in trust fund account for borehole drilling projects for the year were as follows.

Table 26.15: Monies for Borehole Projects in Non Mining Trust Fund Account

Name Of The Project	Date	Receipt No	Amount (\$)
Wainikoro Fisheries	13/04/10	658077	4,000.00
Tonia Farm	22/03/10	658072	8,000.00
FNU –Namaka, Nadi	22/02/10	658070	9,500.00
Wainikoro Police Post	02/02/10	658064	5,500.00

²⁹ Finance Instructions 2010 – Section 23(5)

Name Of The Project	Date	Receipt No	Amount (\$)
Wainivesi	08/07/10	658098	100.00
Dubalevu	02/07/10	658095	5,948.80
Ram Sami Wainadoi	23/06/10	658094	8,500.00
Nadogo Secondary School	17/06/10	658089	5,500.00
Viria	28/05/10	658087	404.40
Nawaka Flood Retention	14/05/10	658085	6,948.80
Tonia Village	23/04/10	658082	5,000.04
Total			\$ 59,402.04

The above finding is a matter of concern as the Department is not able to determine whether the fee charged was sufficient to cover the cost of drilling ground water borehole for commercial purposes.

Recommendations

- The Department should develop a standard formula to quote for all borehole related projects with detail breakdown of the costs.
- The Department must ensure that fee charged for drilling ground water boreholes for commercial purposes are sufficient to cater for the Department's drilling expenses.

Department's Comments

Different drilling works involve different types of drilling, different drilling rigs which uses different support equipment, different fuel consumption and different locations as well hence the costs are different.

Drilling quotations prepared had always included a detailed breakdown of the costs with cost recovery in mind to meet departmental drilling expenses.

However the department notes the recommendation and will work towards developing a standard formula to quote for all drill hole types including groundwater boreholes.

APPENDICES**Appendix 26.1: Details of Manual Salary Payments to Mr. Aca Thomas**

Date of Payment	Cheque No	Pay period	Gross Amount (\$)
20/08/2009	028247	10/8-26/08/09	2091.70
03/08/2009	028684	27/08-09/09/09	1722.58
17/09/2009	029042	10/09-23/09/09	1722.58
01/10/2009	029333	24/09-07/10/09	1722.58
15/10/2009	029655	08/10-21/10/09	1722.58
29/10/2009	030017	22/10-04/11/09	1722.58
12/11/2009	030537	05/11-18/11/09	1722.58
26/11/2009	030994	19/11-02/12/09	1722.58
10/12/2009	031376	03/12-16/12/09	1722.58
23/12/2009	031695	17/12-31/12/09	1722.58
07/01/2010	032175	01/01-14/01/10	1722.58
05/02/2010	032591	15/01-09/02/10	3199.06
18/02/2010	032943	12/02-25/02/10	1722.58
04/03/2010	033255	26/02-11/03/10	1722.58
18/03/2010	033529	12/03-25/03/10	1722.58
31/03/2010	033859	26/03-08/04/10	1722.58
15/04/2010	034074	09-04-22/04/10	1722.58
29/04/2010	034360	23/04-06/05/10	1722.58
13/05/2010	034677	07/05-20/05/10	1722.58
31/05/2010	035079	21/05-03/06/10	1722.58
10/06/2010	035418	04/06-17/06/10	1722.58
24/06/2010	035781	18/06-01/07/10	1722.58
06/07/2010	036123	02/07-15/07/10	1722.58
20/07/2010	036393	16/07-29/07/10	1722.58
05/08/2010	036984	30/07-12/08/10	1722.58
18/08/2010	037376	13/08-26/08/10	1722.58
31/08/2010	037747	27/08-09/09/10	1722.58
17/09/2010	038275	10/09-23/09/10	1722.58
29/09/2010	038559	24/09-07/10/10	1722.58
14/10/2010	038946	08/10-21/10/10	1722.58
26/10/2010	039345	22/10-04/11/10	1722.58
10/11/2010	039628	05/11-18/11/10	1722.58
24/11/2010	039894	19/11-02/12/10	1722.58
08/12/2010	040269	03/12-16/12/10	1722.58
22/12/2010	040576	17/12-31/12/10	1722.58
Total			62,135.90

Appendix 26.2: Vodafone bills for officers ranked below the Deputy Secretary

Staffs Name	Mobile Number	Amount Paid (\$VIP)
1. Kalivati Ratucicivi	9904357	285.01
2. Ian Fong	9904431	319.44
3. Joana Qiodravu	9904436	135.00
4. Luke Rokomokoti	9904475	136.10
5. William Singh	9904525	360.43
6. Samu	9904728	106.34
7. Tevita Vuibau	9904783	331.35
8. Malakai Finau	9904784	431.13
9. Venasio Nasara	9904844	403.98
10. Mosese Tagicakibau	9904853	574.43
11. Taniela Wacokecoko	9904858	573.09
12. Paserio Samisoni	9904861	135.00
13. Nimilote Fifita	9904865	452.90
14. Malakai Nalawa	9904877	581.92
15. Jone Lalabalavu	9904878	564.40
16. Aca Thomas	9904879	341.03
17. Samuela N	9904992	303.91
18. DMU Electrical	9905559	279.77
19. FLIS Office	9905592	279.77
20. Joseph Roger	9905816	254.30
21. Ilaisa (Driver)	9906135	174.86
22. Viliame Lalakai (caretaker)	9906137	173.95
23. Office	9906139	153.63
24. Office	9906149	133.40
25. Kitty Manueli	9906410	537.15
26. Selina Talemaisainai	9906411	285.21
27. Vaciseva Yalimaiwai	9906412	194.14
28. Filipe Rokovasa	9906413	157.57
29. Atama Tamata	9906414	196.38
30. Police Taskforce	9906415	207.92
31. Police Taskforce	9906417	193.68
32. Joseva Vilikeni	9906418	196.65
33. Maciu Seniucidromo	9906419	195.35
34. Inoke Baleniula (P/Force)	9906420	193.98
35. Musuka Filimoni	9906425	203.57
36. Vereniki Leba	9906426	133.40
37. Peni Serevi	9906427	158.27
38. Jimilai Bulai	9906428	168.95

Staffs Name	Mobile Number	Amount Paid (\$VIP)
39. Ilaitia Navunisaravi	9906463	777.83
40. Ministry of Lands	9906464	206.09
41. Rupeni Raga (P/Force)	9906465	344.73
42. Laisa Raratabu	9906513	523.60
43. Lasarusa	9906514	247.01
44. Mareta Tawake	9906516	601.91
45. Lagani T	9906523	127.96
46. Sala P/Force	9906673	938.91
Total		14,275.40

Section 27 Ministry of Industry and Trade

Role and Responsibilities

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

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PART A: FINANCIAL STATEMENTS

27.1 Audit Opinion

The audit of the 2010 accounts of the Ministry of Industry and Trade resulted in the issue of a qualified audit report. The qualification was as follows:

The consolidated financial statements were not presented in accordance with the Financial Management Act. The Ministry of Industry and Trade did not provide for audit the Trust Account Statement of Receipts and Payments contrary to Section 71(1) of the Financial Instructions 2010.

27.2 Statement of Receipts and Expenditures

The Ministry collected revenue totalling \$205,522 and incurred a total expenditure of \$10,651,617 in 2010.

Table 27.1: Statement of Receipts and Expenditures for 2010

Description	2010 (\$)	2009 (\$)
RECEIPTS		
State Revenue		
Fees – Miscellaneous	202,567	179,066
Other revenue	2,955	2,656
TOTAL REVENUE	205,522	181,722
EXPENDITURE		
Established staff	1,869,411	2,165,495
Government wage earners	215,779	207,381
Travel and communications	171,533	159,217
Maintenance & operations	722,619	286,983
Purchase of goods and services	59,193	43,442
Operating grants and transfers	3,905,437	3,725,200
Special expenditures	2,933,404	2,596,843
Total Operating Costs	9,877,376	9,184,561
Purchases	187,651	474,540
Grants and transfers	-	750,000
Total Capital Expenditure	187,651	1,224,540
Value Added Tax	586,590	418,523
TOTAL EXPENDITURE	10,651,617	10,827,624

The total operating expenditure increased by \$692,815 or 7.5% compared to 2009. This was due to payments made for Fiji's participation at the World Expo in Shanghai, China and the restructure of Rewa Co-operative Dairy Company.

27.3 Appropriation Statement

The Ministry incurred expenditures totalling \$10,651,617 in 2010 against the budget of \$11,784,400 resulting in a savings of \$1,132,783 or 10%. Details of expenditures against the budget estimates are provided in Table 27.2 below.

Table 27.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established staff	2,091,208	-	2,091,208	1,869,411	221,797
2	Unestablished staff	249,102	-	249,102	215,779	33,323
3	Travel and communications	182,890	-	182,890	171,533	11,357
4	Maintenance & operations	420,900	460,000	880,900	722,619	158,281
5	Purchase of goods and services	75,400	-	75,400	59,193	16,207

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating grants and transfers	3,905,500	-	3,905,500	3,905,437	63
7	Special expenditures	3,791,000	(287,900)	3,503,100	2,933,404	569,696
	Total Operating Costs	10,716,000	172,100	10,888,100	9,877,376	1,010,724
8	Construction	300,000	-	300,000	187,651	112,349
9	Purchases	350,000	(350,000)	-	-	-
	Total Capital Expenditure	650,000	(350,000)	300,000	187,651	112,349
13	Value Added Tax	596,300	-	596,300	586,590	9,710
	TOTAL EXPENDITURE	11,962,300	(177,900)	11,784,400	10,651,617	1,132,783

27.4 Statement of Losses

The following item was found to be unserviceable during the annual Board of Survey for the Department of Cooperative and was approved for write- off by the Permanent Secretary for Finance.

Item	Quantity	Cost (\$)
SL500 Lenovo Laptop	1	1,850
Total		1,850

PART B: AUDIT FINDINGS

DEPARTMENT OF COMMERCE

27.5 Incomplete Agency Financial Statements

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

- (a) a statement of receipts and expenditures;
- (b) a profit and loss statement for each trading and manufacturing activity;
- (c) an appropriation statement;
- (d) a statement of assets and liabilities for each trading and manufacturing activity (where applicable)
- (e) notes to the statement of assets and liabilities;
- (f) a statement of losses; and
- (g) a trust account statement of receipts and payments¹

The financial statements submitted for audit were not prepared in accordance with the Financial Management Act. The Ministry of Industry and Trade did not provide for audit the Trust Account Statement of Receipts and Payments contrary to Section 71(1) of the Financial Instructions 2010.

Our review of the General Ledger (FMIS) indicated that the Main Trust Fund Account had balances of \$38,440.

¹ Finance Instruction 2010 - Section 71 (1)

Due to insufficient records, audit could not verify the accuracy of the balances in the General Ledger. Non compliance with Finance Instructions in the preparation of the financial statements has restricted the scope of the audit.

Recommendation

The Ministry should ensure that the requirements of the Finance Instructions are complied with in the preparation of the Agency Financial Statements.

Department's Comments

We attach copies of the Trust Account Statements in respect of the Cooperatives Department for the Months of July to December 2010.

Further OAG Comments

The Trust Account Statement of Receipts and Payments provided by the Department of Cooperative was incomplete.

27.6 Restructure of Rewa Co-operative Dairy Company Limited (RCDC)

27.6.1 Engagement of Consultants – Aliz Pacific

The procurement authorities delegated to the Permanent Secretaries and the Government Tender Board when procuring goods, services or works are as follows²

Responsible Authority	Procurement Limits
Permanent Secretaries	\$30,000 and less
Government Tender Board	\$30,001 and more

A tender must be called for the procurement of goods, services or works valued at \$30,001 and more.

In a meeting held on 27 April 2010, Cabinet approved the restructure of Rewa Co-operative Dairy Company and that a sum of \$500,000 to be sourced from the National Export Strategy budget held with the Ministry of Trade and Industry for the restructure.³

Following the Cabinet decision, the Ministry, on 09 July 2010, signed a Memorandum of Agreement with Aliz Pacific (Chartered Accountants & Business Advisors) to implement the restructure of Rewa Co-operative Dairy Company (RCDC).

Our audit noted that the project for the restructuring of RCDC involved a substantial sum of public funds, was not put out for public tender. From initial discussions with officials of the Ministry, we were informed that RCDC facilitated the tendering process. Upon enquiry with the company, we noted that they did not call nor facilitated any tender on the implementation of the restructure. It did, however, put out an Expression of Interest in February 2009 for the following services:

² Finance Instruction 2010 - Section 11

³ Cabinet Decision CP (2010): 8th Meeting dated 27 April 2010

- Facilitate a strategic seminar workshop
- Provide a draft Corporate Governance Policy
- Provide a draft Risk Management Policy

Aliz Pacific was engaged for the Strategic Planning Process including facilitating a workshop for management and stakeholders at a cost of \$35,450 to the company.

The audit also noted that the then RCDC Board was informed by a representative of Aliz Pacific in a Board meeting held on 17 May 2010 that Government through the Ministry of Industry and Trade had appointed her consulting firm to implement the restructure of the company. The audit then sought clarification again from the Ministry and was advised by the Principal Accounts Officer that tenders were not called for the awarding of the consultancy contract in relation to the restructure of RCDC.

The restructuring of RCDC, which cost Government \$562,500 in 2010, was a separate project from the Strategic Planning Process which was facilitated by Aliz Pacific in 2009 and paid by RCDC. The two assignments, although for the same company, differed in scope and cost, therefore warrant separate tenders. The audited also noted that additional consultancy fees were paid to Aliz Pacific in 2011.

The transparency of the process in which Aliz Pacific was awarded the consultancy contract of \$500,000 in 2010 for the restructure of RCDC is questionable.

Government procurement procedures pertaining to the acquisition of services above \$30,001 were breached.

Recommendation

It is recommended that a detailed investigation should be conducted on how the Ministry awarded the consultancy contract of \$500,000 for the restructure of RCDC to Aliz Pacific without going through an open public tender process.

Department's Comments

The restructure of the Rewa Cooperative Dairy Company Ltd was discussed at the Strategic Workshop carried out by the Aliz Pacific which discussed the way forward for the Company recommending restructure. Following the workshop, the Prime Minister was invited to the company by the chairman. During this visit the proposed restructure was discussed and agreed to as the "Way Forward" followed by the Cabinet Decision which identified the Project Team to undertake and oversee the process. The cabinet also identified the consultants Aliz Pacific to be part of the Project Team.

The Ministry notified the Public Service Commission on the decision of the Cabinet on the appointment and the PSC acknowledged this decision by Cabinet respectively. Also to be noted is that prior approval of the Solicitor General's office was sought before finalizing the contract with the consultants.

The Ministry in implementing the project was guided by the Cabinet Decision which had already identified the consultants for the project and as such there was no need for the tender process.

Further OAG comments

The tender awarded to Aliz Pacific in 2009 was only for the Strategic Planning Process, which included facilitating a workshop for management and stakeholders. Tenders were not called for the restructure of the Rewa Dairy Cooperative Company.

27.7 World Expo – Shanghai, China

In the 2010 budgetary allocation for the Ministry of Industry and Trade, Government allocated \$440,000 for the World Expo held in Shanghai, China, from May to October. According to records provided at the time of the audit, the Ministry utilised a total sum of \$343,937 for the Expo.

27.7.1 Unsubstantiated Payments

Accounting officers and all other officers responsible for expenditure shall at all times exercise proper economy in the expenditure of public funds and thereby ensure that proper value is obtained for all sums spent. The Accounting Head is responsible for the safekeeping and proper maintenance of all accounting records or documents of the agency.⁴

From the review of a sample of records pertaining to expenditures incurred for the Expo, our audit noted the lack of sufficient appropriate documents to substantiate the utilisation of \$60,000 by the Advance Preparatory Team. The cheques were paid to the Permanent Secretary for Industry and Trade, however, cash was maintained by the Principal Accounts Officer⁵, who was responsible for handling the financial arrangements for the Advance Preparatory Team. Refer to Table 27.3 for details:

Table 27.3: Details of Cash Maintained by the Principal Accounts Officer

Date	Cheque No.	Payee	Details	Amount (\$)
16/7/2010	17776	PS – Industry and Trade	Payment for the expense of 2010 Shanghai Expo	10,000
20/7/2010	17794	PS – Industry and Trade	Payment for the expense of 2010 Shanghai Expo	10,000
22/7/2010	17804	PS – Industry and Trade	Payment for the expense of 2010 Shanghai Expo	30,000
26/7/2010	17810	PS – Industry and Trade	Payment for the expense of 2010 Shanghai Expo	10,000
TOTAL				60,000

In September 2011, after numerous follow-ups, the Principal Accounts Officer submitted documents to acquit the \$60,000. The following anomalies were noted from the documents:

- The acquittal provided was for \$29,328 only. The Principal Accounts Officer claimed that she had refunded the unutilized fund on 21/07/11; however, there was no evidence of this refund maintained by the Ministry. A cheque paid to the Ministry on 21/07/11 by the Fiji Dairy Ltd for \$30,000 was receipted by the Principal Accounts Officer as the refund from the 'Expo Authority'.
- Documents to support expenses totaling \$29,328 were all photocopied. The Principal Accounts Officer could not provide the original copies of invoices and receipts for audit verification. In addition, some invoices provided to support the acquittal were the same as those that have been claimed for reimbursement by the Fiji Trade and Investment Board in 2010⁶.

The actions by the Principal Accounts Officer in not refunding the unutilised fund of \$30,672 to the Ministry in 2010, providing documents that could not reliably validate the acquittal of expenses for \$29,328 and unsupported claim of refund of unutilised fund, all tantamount to fraud.

⁴ Section 18.1.3 of Finance Manual (Ministry of Industry and Trade)

⁵ Mrs. Amita Singh

⁶ Currently referred to a Investments Fiji

Maintaining documents to support how funds paid out have been utilized are essential to proper accounting of public funds. Without the appropriate supporting records, the risks of mismanagement and misappropriation of funds are high.

Recommendations

- **Appropriate disciplinary actions should be instigated against the Principal Accounts Officer.**
- **The Ministry should ensure that supporting documents are provided to acquit funds paid out for official functions and are presented for audit purposes when requested.**
- **The Principal Accounts Officer should be held accountable to provide the supporting documents as the Officer responsible for managing the funds for the Advance Preparatory Team of the 2010 Shanghai Expo.**

Department's Comments

All financial transactions in respect of the Expo was in accordance with the financial agreement signed between the Expo Organizing Committee China and Fiji's Commissioner General. The payment of funds arising out of the agreement was in relation to provision of transportation, taxation, customs clearance of exhibits and other incidentals as specified. The Reserve Bank had authorized the transaction after submission of all relevant documents. The Expo authorities did not allow opening of bank Accounts, by exhibiting countries and direct arrangements with suppliers. All supply of services e.g. transportation, clearance of exhibits, official functions for the Fiji Week were organized by the Expo authorities in accordance with the Agreement. . It should also be noted that without the assistance provided both financial and logistics by the organizers it would not have been possible for us to coordinate and organize intense programmes of a large contingent headed by the Prime Minister, which included the Embassy, the Private Sector, RFMF Contingent, cultural entertainers, pavilion attendants, other Ministers, Senior Government Officials and Committee members. The financial agreement is available for verification.

27.7.2 Per Diem Allowance not Refunded

The Per Diem or Daily Subsistence Allowance payable at UN rates is meant to be sufficient for an Officer's sustenance in terms of accommodation, meals and incidentals while on overseas duty travel.⁷

Our audit noted that a per diem allowance of \$3,980.60 paid to the Principal Accounts Officer, Amita Singh, was not refunded when she did not attend the closing ceremony of the World Expo in Shanghai from 23/10 – 30/10/10. The same cheque was however cashed on 17/12/10.

On the proposal of the Fiji National Coordination Committee (Shanghai World Expo) for the participation of the Principal Accounts Officer at the closing ceremony, the Ministry paid \$3,980.60 per diem allowance to Ms. Singh. Refer to Table 27.4 for details:

Table 27.4: Details of per diem payment to Ms Amita Singh

Date	Cheque No.	Payee	Amount (\$)
22/10/10	18268	Amita Singh	3,980.60

The Principal Accounts Officer was unable to travel and was replaced by the Manager Finance for the Fiji Trade and Investment Board (FTIB). Consequently, FTIB paid \$3,904.80 per diem allowance to Manager Finance and was reimbursed by the Ministry on 23/12/10. Refer to Table 27.5 for details:

⁷ PSC Circular No. 21/2010 dated 17/6/10

Table 27.5: Details of per diem payment to Mr Jhairud Dean

Date	FTIB Cheque No.	Payee	Amount (\$)
26/10/10	11908	Jhairud Dean	1,958.96
26/10/10	11903	Jhairud Dean	1,945.90
Total			3,904.80

In cancelling her travel arrangements, Ms. Singh should have refunded the per diem allowance or cancelled the cheque. The cashing of the same cheque on 17/12/10 as reflected in the bank statement tantamount to fraud.

Recommendation

The Ministry should recover \$3,980.68 from the Principal Accounts Officer and institute appropriate disciplinary action against the Officer.

Department's Comments

As indicated earlier, the operational expenditure of the Fiji Podium was on cash basis including advances in cash and imprest. All expenses incurred were reimbursed through receipts. The above funds since already charged through the allocation was utilized for reimbursement to the pending receipts which are available for verification.

Further OAG comments

The Ministry reimbursed all expenditures paid by the Fiji Trade and Investment Board. However, the per diem allowance was directly paid to the Principal Accounts Officer by the Ministry and the cheque was cashed after the closing ceremony of the Shanghai Expo.

Cheque No.18268 was paid to the Principal Accounts Officer on 22/10/10 for a specific purpose. Therefore, cannot be utilised by the Officer for other purposes or claims of reimbursements for personal funds used.

27.8 Trade Commission – China

27.8.1 Increase in Post Allowances and Purchase of Laptop

The Public Service Commission has the powers to review and determine the rates of post allowances.⁸

Child allowance will be paid only for periods during which a dependent child is in resident with the Officer overseas.⁹

Section 49 of the Public Service (Diplomatic and Consular Service) Regulations 2005 defines “*child allowance*” as the cost to compensate a Head of Mission or officer for additional costs, other than for education, necessarily incurred in maintaining a dependent child, if the said child is residing with him or her at an overseas mission, as compared with the costs necessarily incurred in maintaining that child in Fiji.

⁸ Public Service (Diplomatic and Consular Services) Regulations 2005 - Section 50(2).

⁹ Public Service (Diplomatic and Consular Services) Regulations 2005 - Section 51(2).

Mr. Sunia Bakeirewa was appointed Fiji's Trade Commissioner to China for a period of three years with effect from 27 April 2009. Since his appointment, he was based at the Ministry awaiting the finalization of his visa and the setting up of the Trade Commission Office in Shanghai.

The Trade Commissioner left for Shanghai on 31 July 2010 to facilitate the setting up of the office space and returned on 4 November 2010.

Before departure, Mr. Bakeirewa requested for the adjustment of his allowances to account for the 20% devaluation of the Fiji dollar, which was approved by the Principal Accounts Officer and paid on 22 July 2010. Refer to Table 27.6 for details:

Table 27.6: Details of allowance paid to Mr. Sunia Bakeirewa

Date	Cheque No	Description	Contract Amount (\$)	Amount Paid FJD (\$)	Difference (\$)
22/7/10	17806	Payment of personal allowances:			
		• Location	7,500	9,000	1,500
		• Accommodation	7,500	9,000	1,500
		• Child	6,600	5,500	1,100
TOTAL			21,600	29,500	4,100

Our audit noted the following anomalies:

- The revised allowances were not approved by the Public Service Commission. According to correspondences sighted during the audit, the increase in allowances paid to the Mr. Bakeirewa was approved by the Acting Deputy Secretary.
- The above payment included child allowance of \$6,000 which Mr. Bakeirewa was not entitled to at that time since he only spent three months in Shanghai for the setting up of the office before returning and the fact that his child remained in Fiji during that period.

It was also noted that Mr. Bakeirewa did not acquit a sum of \$1,631 paid to him on 23/07/10 to purchase a laptop from China. The risk of misuse of funds increases when documents are not provided to acquit public funds paid out for a specific purpose.

The increase in allowances paid to Mr. Bakeirewa without the approval of the Public Service Commission is a breach of Public Service (Diplomatic and Consular Services) Regulations 2005.

Recommendations

- **Any change to the post allowances entitlements for Trade Commissioners should be directed to the Public Service Commission for approval.**
- **Mr. Sunia Bakeirewa should provide an acquittal for funds he received for the purchase of a laptop. In the absence of acquittal, the Officer should reimburse the Ministry \$1,631.**
- **Appropriate disciplinary actions should be instituted against Officers for breaching Public Service Regulations.**

Department's Comments

It should be noted that the salary, allowances in respect of the Trade Commissioners have always been approved by the Head of the Department and not by the PSC since the Trade Commissioners are project officers and not part of the staff establishment. The Ministry uses the Overseas Diplomatic Privileges and Post Allowances Regulations only as a guideline for determination of post allowances to the trade commissioners. It is not necessary to pay in

accordance with the regulation either as the roles and responsibilities are not the same and the Ministry approves only certain allowances which commensurate with the cost of living in the country of station. The key allowances paid are accommodation, location, and child.

The adjustment of 20% devaluation was necessary as the Trade Commissioner's contract was in Fijian currency and payments were approved only after the Prime Minister had approved similar adjustments to the allowances of the trade commissioner in Los Angeles. There was no need to amend the contract as this was signed before devaluation whereas adjustment made pertaining to devaluation was properly documented and recorded.

The child allowance is paid in accordance with the execution of the contract since the Trade Commissioner proceeded to establish office in Shanghai regardless whether his family accompanied him. It should be noted however, that such allowances were not paid when the officer was stationed in the country after the appointment.

The Laptop was purchased and is available with the Trade Commissioner for verification. The laptop was purchased in accordance with the quote provided although the receipt has been misplaced. The purchase of the same brand in Fiji is almost double the price as such this was facilitated at a much economical price in China.

It should be noted that there was no breach of any regulation with regards to appointment, payment of salary and allowances in respect of the Trade Commissioner who is appointed by the Ministry after concurrence with the Minister of Industry and Trade.

Further OAG comments

The Office of the Auditor General sought clarification from the Public Service Commission on the regulations governing Fiji Trade Commissions and was provided with the following written clarifications on 7 September 2011:

'You are hereby duly informed that Section A3(m) of the Republic of the Fiji Islands Diplomatic and Consular Services Regulations – 2005 stipulates that Overseas Mission means any Republic of the Fiji Islands Government diplomatic and trade offices abroad. As such, the rates payable to Trade Commissioners' salaries, allowances, transport and subsistence, miscellaneous grants and allowances, accommodation and rents, education assistance, medical attention, leave, compassionate assistance etc are legislated in the Fiji Islands Diplomatic and Consular Services Regulations – 2005 and ONLY the Public Service Commission may amend the rates from time to time.'

Audit could not verify the serial number of the laptop purchased from China, as the receipt has been misplaced by the Trade Commission.

27.9 Missing Laptop

Each agency shall establish a register of losses and shall record in it details of each loss, including, the date of loss, particulars of the loss including value, nature and circumstance of the loss and recovery action taken.¹⁰

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.¹¹

The Principal Accounts Officer, Amita Singh, was issued with a Compaq laptop valued at \$3,299. In carrying out an audit procedure of physically verifying fixed assets for their existence, it was revealed by the Principal Accounts Officer that the laptop was stolen from her residence on 12 February 2011.

¹⁰ Finance Instruction 2005 - Section 65 (1)

¹¹ Finance Instruction 2005 - Section 67 (2)

The audit noted that the Officer had failed to prepare a loss report and submit the report to the Public Service Commission, the Ministry of Finance and the Auditor General. In addition, the Officer has yet to obtain a police report as evidence that the laptop was stolen. Moreover, the Ministry does not maintain a register of losses to record details of such losses.

There is a high risk of misappropriation of fixed assets if internal controls established to ensure safe custody of fixed assets are not followed.

Recommendations

The Principal Accounts Officer should prepare a loss report as required and submit them to the appropriate agencies.

The Principal accounts Officer should obtain a police report as evidence of the theft, which resulted in the laptop being stolen. However, if the loss of the laptop was due to the Officer's negligence, appropriate disciplinary actions should be instituted against her.

Department's Comments

The laptop was stolen during an armed burglary at the residence and the matter was reported immediately to Police. A Loss Report has been prepared awaiting report from the Police authorities who are still investigation into the matter. These reports will be made available as soon as we receive them. We do not see this life threatening unfortunate incidence as negligent on the part of the officer.

Further OAG comments

A Loss Report submitted by the Principal Accounts Officer did not include a Police Report of the robbery. The audit could not determine whether the same Loss Report has been submitted to the Ministry of Finance and the Office of the Solicitor General.

DEPARTMENT OF CO-OPERATIVES AND SMALL BUSINESSES – HEADQUARTERS

27.10 Delegation of Procurement Authorities

The following Officers are delegated to procure goods, services and works up to the following limits specified:¹²

Post	Amount (\$)
Director	5,000
Principal Co-operative Officer (Admin/Finance)	3,000
Accounts Officer(Accounting Head)	2,000
Divisional Heads	500
Co-operative Officers	200

Our audit noted that Senior Co Operative Officer, Mrs. Vaciseva Baivatu, approved purchase orders and payments in excess of her authorised limit of \$500.

¹² Finance Manual - Department of Co Operatives and Small Businesses 2005- Section 2.2.1

Table 24.13: Examples of payments above \$500

Cheque No.	Amount (\$)	Expenditure
1562	1,872.50	Payment of wages to Koro Biofuel officers.
1564	4,826.40	Payment of copra purchase for village co operative on Koro Island.
1573	9,359.49	Payment to Koro Bio fuel Co Operative for the Koro Bio fuel project
1579	1,484.90	Payment to Mckenzie Beelines for the payment of bee keeping equipments.
1594	967.74	Payment to shop & save supermarket for groceries for participants at the training
1600	776.00	Payment of expenses incurred in SYB Training
1601	789.55	Payment of expenses incurred in SYB Training
1609	1,370.00	Payment to Davui Printery for the payment of brochures and A5 booklet (colored)
1623	551.20	Payments for refreshments during SYB training in Labasa and Savusavu and also the air fare for Enere.
1629	675.00	Payment to Pacific Business Systems for the payment of lanier yellow toner purchased at CSBTI.
1626	1,250.00	Payment to Star Printery for the payment of 500 SYB workbooks printed.
1644	540.00	Payment to Lautoka Hotel for the payment of accommodation for Enere and Erami
1652	1,499.40	Payment to Asco Motors for the tyres purchased

As proper procurement procedures were not followed, there is a high risk of unauthorised purchases.

Recommendation

The Department must ensure that procurement limits stated in the Department of Co Operatives and Small Businesses Finance Manual 2005 is complied with at all times.

Department's Comments

The Department has noted the unauthorised approval and is obviously an oversight by the Senior Co-operative Officer and the members of the trustees to the Fund. The Department shall ensure that the procurement limits is always complied with.

Section 28**Ministry of Public Enterprises,
Communications and Tourism****Role and Responsibilities**

The functions of the Ministry include, devising policy initiative for tourism development, facilitating the development of tourism infrastructure, coordinating the activities of stakeholder agencies, planning and monitoring the implementation of tourism development programmes, promoting and developing sustainable tourism policies and practices, regularly reviewing and administering the Hotel Aids Act, developing awareness and encourage local participation in the industry.

The Ministry has a monitoring role on Public Enterprises through the relevant Acts. The overall objective of the public enterprises reform is to increase the efficiency of public enterprise and other sectors of the economy. Basically, it is about maximizing the utilization of resources by directing them where they are needed most.

The Ministry is also responsible for providing and implementing Government policies on the regulation of the telecommunications, ICT radio communications, postal and television industries.

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PART A: FINANCIAL STATEMENTS**28.1 Audit Opinion**

The audit of the 2010 accounts of the Ministry of Public Enterprises, Communications and Tourism resulted in the issue of an unqualified audit report.

28.2 Statement of Receipts and Expenditures

The Ministry collected revenue totalling \$2,029,678 and incurred a total expenditure of \$31,224,282 in 2010.

Table 28.1: Statement of Receipts and Expenditures for 2010

Description	2010 (\$)	2009 (\$)
RECEIPTS		
State Revenue		
License – Telecom & Television	2,028,522	1,501,995
Commission	153	191
Miscellaneous	1,003	39,803
TOTAL REVENUE	2,029,678	1,541,989
EXPENDITURE		
Operating Costs		
Established staff	941,141	1,287,922
Government Wage Earners	59,316	77,161
Travel and communications	83,454	90,534
Maintenance & operations	112,936	119,694
Purchase of goods and services	93,191	126,327
Operating grants and transfers	4,086,236	3,261,461
Special expenditures	140,198	436,647
Total Operating Costs	5,516,472	5,399,746
Capital Expenditure		
Grants and Transfers	23,500,000	23,500,000
Total Capital Expenditure	23,500,000	23,500,000
Value Added Tax	2,207,810	108,280
TOTAL EXPENDITURE	31,224,282	29,008,026

The major components of expenditures were operating and capital grants paid to Tourism Fiji, which comprised 85% of the total expenditures incurred. The increase in expenditures in 2010 by 8% resulted mainly from the increased allocation for Tourism Fiji's operating grant.

28.3 Appropriation Statement

The Ministry incurred expenditures totalling \$31,224,282 in 2010 against the budget of \$31,581,954 resulting in a savings of \$357,672 or 1%. Details of expenditures against the budget estimates are provided in Table 28.2 below.

Table 28.2: Appropriation Statement for 2010

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established staff	1,009,821	0	1,009,821	941,141	68,680
2	Unestablished staff	76,452	0	76,452	59,316	17,136
3	Travel and communications	97,894	(5,000)	92,894	83,454	9,440
4	Maintenance & operations	144,482	(9,940)	134,542	112,936	21,606
5	Purchase of goods and services	324,251	(207,193)	117,058	93,191	23,867
6	Operating grants and transfers	4,210,900	(103,738)	4,107,162	4,086,236	20,926
7	Special expenditures	398,300	(130,000)	268,300	140,198	128,102
	Total Operating Costs	6,262,100	(455,871)	5,806,229	5,516,472	289,757

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
10	Capital Grant & Transfers	23,500,000	0	23,500,000	23,500,000	0
	Total Capital Expenditure	23,500,000	0	23,500,000	23,500,000	0
13	Value Added Tax	120,800	2,154,925	2,275,725	2,207,810	67,915
	TOTAL EXPENDITURE	29,882,900	1,699,054	31,581,954	31,224,282	357,672

PART B: AUDIT FINDINGS

28.4 Delay in the submission of Draft 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.¹

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

The Ministry did not meet the statutory deadline required under the Finance Instructions for the submission of draft financial statements for audit. The draft financial statements for the year ended 31 December 2010 were received for audit on 6 July 2011.

Delay in the submission of the draft financial statements to the Auditor General is not only a breach of the Financial Management Act and the Finance Instructions but has also resulted in the delay of the audit and issuing of the audit report by the Auditor General.

Recommendation

The Ministry must ensure that draft financial statements are submitted to the Auditor General for audit on or before 31 March each year.

Ministry's Comments

Comment on adherence to the timeline is noted and the new staff entrusted with the accounts coordination for the Ministry will learn from the experiences given this was the first time for them to be involved in compilation of the Agency Financial Statement.

Timelines of statutory submissions will now be part of the Ministry's annual calendar items that the management monitors regularly.

¹ Finance Instruction 2010 – Section 70(2)

² Finance Instruction 2010 – Section 70(3)

28.5 Recovery of Overpayment of Acting Allowance

Any sum due by an Officer to Government may be deducted by the Permanent Secretary for Finance from salary due to such officer. An officer shall be given prior notice of such action being taken.³

Tevita Navila⁴, a Technical Officer with Department of Communications was appointed Acting Senior Engineer for a period of 6 months with effect from 19/0/09. The audit noted that the Officer was incorrectly paid acting allowances resulting in an overpayment of \$5,381.28.

The overpayment was discovered by the Ministry and consequently a sum of \$80 was recovered from the officer's salary per fortnight. However, the recovery ceased with effect from 04/08/10, when the officer was transferred to the Telecommunication Authority of Fiji (TAF). Refer to Table 28.3 for details.

Table 28.3: Overpayment of Acting Allowance

Period of Overpayment	Acting Allowance Paid	Acting Allowance that should be paid	Overpaid Acting Allowance
19/08/09 to 18/02/10	\$13,166.65	\$7,273.52	\$5,893.13

From our review of correspondences and related records, it was revealed that Tevita Navila is yet to refund the remaining \$4,514.24 to the Ministry. Refer to Table 28.4 for details.

Table 28.4: Balance to be Recovered from Mr. Tevita Navila

Calculation Details	Amount (\$)
Overpayment of Acting Allowance	\$5,893.00
Less: Recovery from Salary	720.00
Less: Leave Compensation upon transfer to TAF	883.76
Add: Accountable Advance to be recovered	225.00
Balance to be Recovered	\$4,514.24

In a letter dated 28/10/10, the Permanent Secretary for Public Enterprises, Tourism and Communications wrote to the Chairperson of TAF requesting that deductions be made from Mr. Navila's salary to recover the balance of \$4,514.24. As at the date of audit⁵, TAF has not taken any action to recover the balance of overpaid allowance.

The lack of supervisory control in the Accounts Section in monitoring payroll expenditures may have contributed to the non-detection of overpayment of acting allowances in the duration of acting appointment.

Recommendation

Overpayment of acting allowance should be immediately recovered from the officer and in cases where recovery is not possible, the Ministry should investigate the causes of the overpayment and take appropriate actions against officers responsible.

³ General Order 401

⁴ EDP 63859

⁵ 09 June 2011

Ministry's Comments

Telecom Authority of Fiji (TAF) had commenced deductions from Mr. Navila earlier this year and is yet to submit these dues to Government. An appropriate repayment mechanism is being pursued with TAF including the option of repayment in full by TAF and fortnightly recovery by TAF to continue from Mr. Navila.

28.6 Accounts Section

The Ministry comprises three Departments which include the Department of Public Enterprises, Department of Tourism and Department of Communications. In 2010, the Ministry was allocated a revised budget of \$31.5 million.

Audit noted that the Accounts Section was manned by only three officers consisting of an Assistant Accounts Officer and two Clerical Officers. Refer to Table 28.5 for details.

Table 28.5: Staff at the Accounts Section

Name	EDP Number	Post
Atish Singh	62888	Assistant Accounts Officer
Salesh Naidu	63422	Clerical Officer
Jyotikha Lal	90740	Clerical Officer

The above Officers are responsible for the accounting functions of three Departments, which audit view as insufficient to effectively carry out the responsibilities of an Accounts Section. Separation of duties, which is an important internal control concept, is virtually impossible to achieve with the limited number of officers in the Accounts Section.

In 2011, the Department of Civil Aviation was transferred to the Ministry increasing the workload of the Accounts Section. The risk of fraud, misappropriation of funds, incorrect/overpayments and non-compliance with finance instructions increases if the Accounts Section is not appropriately staffed and work properly supervised.

Recommendation

It is recommended that the Ministry consider strengthening the capacity in the Accounts Section to include a Senior Accounts Officer or a Principal Accounts Officer.

Ministry's Comments

Comments on strengthening of capacity in the accounts section are noted. Ministry has strengthened oversight role provided by Ministry of Industry & Trade particularly the accounts and corporate services functions. The Deputy Secretary for Industry and Trade (DSIT) is taking the lead role following his appointment in July 2011. All statutory submissions (accounts and corporate services) will now be coordinated by DSIT.

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PART A: CONSOLIDATED FINANCIAL STATEMENTS

29.1 Audit Opinion

The audit of the 2010 accounts of the Ministry of Works and Transport resulted in the issue of a qualified audit report. The qualifications are as follows:

- The Ministry of Works and Transport did not maintain adequate accounting records to provide sufficient appropriate audit evidence to substantiate TMA Accumulated Surplus of \$82,501 and TMA Surplus of \$4,025,358 as shown in the TMA Balance Sheet. Consequently, I am unable to satisfy myself if TMA Accumulated Surplus and TMA Surplus have been fairly stated in the financial statements.
- There is an un-reconciled difference amounting to \$1,343,528 between the General Ledger (FMIS) and Drawings Accounts reconciliation for Ministry of Works and Transport. I am unable to satisfy myself if the expenditure and cash balances are fairly stated in the financial statements.
- There is an un-reconciled difference amounting to \$1,537,932.65 between the General Ledger (FMIS) and Ministry of Works and Transport's TMA bank reconciliation. I am unable to satisfy myself by other auditing procedures if the TMA Cash at Bank balance is fairly stated in the financial statements.

29.2 Consolidated Statement of Receipts and Expenditures

The Ministry collected revenue totalling \$2,769,054 and incurred total expenditures of \$158,665,806 in 2010. Details are shown in Table 29.1.

Table 29.1: Statement of Receipts and Expenditures

Description	2010 (\$)	2009 (\$)
RECEIPTS		
Light Due Port	520,588	467,334
Licensing Coasting	14,460	8,513
Commission	79,084	80,693
Survey Fees	516,478	345,540
Reimbursement Meteorological Services	608,988	450,000
Cartage of Freight	-	206,950
Miscellaneous revenue	1,022,674	653,001
Other revenue	6,782	56,107
TOTAL REVENUE	2,769,054	2,268,138
EXPENDITURE		
Established Staff	9,615,750	11,607,222
Government Wage Earners	15,320,574	17,266,177
Travel & Communications	995,977	840,782
Maintenance & Operations	3,731,674	9,500,057
Purchase of Goods & Services	7,850,957	12,609,104
Operating Grants & Transfers	10,133,990	13,628,562
Special Expenditure	150,000	55,980
Total Operating Expenditure	47,798,922	65,507,884
Capital Construction	96,751,296	87,125,864
Capital Purchase	655,369	7,297,103
Total Capital Expenditure	97,406,665	94,422,967
Value Added Tax	13,460,219	14,159,185
TOTAL EXPENDITURE	158,665,806	174,090,036

The decrease in total expenditures for 2010 by \$15.4 million or 9% resulted mainly from the decrease in expenses for maintenance and operations, purchases of goods and services and capital purchases of plants and machines. Operating grants and transfers decreased by \$3.5 million due to the decreases in the grants to the Land Transport Authority and the transfer of \$1 million grant for Government Shipping Services to the Ministry of Defence, National Security and Immigration.

29.3 Consolidated Appropriation Statement

The Ministry of Works and Transport incurred expenditures totalling \$158,665,806 in 2010 against the revised budget of \$173,978,087 resulting in a savings of \$15,312,281 or 9%. Details of expenditures against the budget estimates are provided in Table 29.2.

Table 29.2: Appropriation Statement

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	9,704,680	(120,580)	9,584,100	9,615,750	0	(31,650)
2	Unestablished Staff	14,154,288	1,304,371	15,458,659	15,320,574	0	138,085

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
3	Travel & Communication	1,030,020	97,403	1,127,423	995,977	0	131,446
4	Maintenance & Operations	4,201,300	(97,786)	4,103,514	3,731,674	0	371,840
5	Purchase of Goods & Services	9,021,712	(46,917)	8,974,795	7,850,957	0	1,128,838
6	Operating Grants & Transfers	10,148,900	-	10,148,900	10,133,990	0	9,910
7	Special Expenditures	0	150,000	150,000	150,000	0	-
	Total Operating Costs	48,260,900	1,286,491	49,547,391	47,798,922	0	1,748,469
8	Construction	103,049,000	7,074,396	110,123,396	96,751,296	0	13,372,100
9	Purchases	5,477,000	(4,707,000)	770,000	655,369	0	114,631
	Total Capital Expenditure	108,526,000	2,367,396	110,893,396	97,406,665	0	13,486,731
13	Value Added Tax	13,535,000	2,300	13,537,300	13,460,219	0	77,081
	TOTAL EXPENDITURE	170,321,900	3,656,187	173,978,087	158,665,806	0	15,312,281

29.4 Consolidated Statement of Losses

The Ministry did not submit a Consolidated Statement of Losses during the financial year ending 31 December 2010.

29.5 Consolidated Trade and Manufacturing Account (TMA)

Table 29.3: Manufacturing Account

	2010 (\$)	2009 (\$)
Opening Raw materials	574,850	492,787
Add: Purchases	5,153,587	9,479,237
	5,728,437	9,972,024
Less: Closing Raw Materials	869,788	580,799
Raw Materials Used	4,858,649	9,391,225
Direct Labour	8,685,544	8,988,499
Opening Work in Progress	4,391	216,842
	13,548,584	18,596,566
Less: Closing Work in Progress	14,947	4,391
Cost of Goods Manufactured transferred to Trading Account	13,533,637	18,592,175

Table 29.4: Trading Account

	2010 (\$)	2009 (\$)
Sales	20,322,893	23,588,552
Finished Goods (01/01/08)	290,033	293,389
Add: Cost of Manufactured Goods	13,533,637	18,592,175
Cost of goods available for sale	13,823,670	18,885,564
Less: Finished Goods (31/12/08)	528,045	302,266

	2010 (\$)	2009 (\$)
Cost of Goods Sold	13,295,625	18,583,298
Gross Profit transferred to P & L	7,027,268	5,005,254

Table 29.5: Profit & Loss Statement

	2010 (\$)	2009 (\$)
Income		
Gross Profit transferred from Trading A/C	7,027,268	5,005,254
Other income	-	1,322,729
Total Income	7,027,268	6,327,983
Expenses		
Travel and communications	169,512	142,738
Maintenance and operation	8,302,619	6,228,732
Rent and hire	-	116,150
Special expenses	-	220
Other expenses	46,342	74,430
VAT	1,648,586	1,223,122
Total Expenses	10,167,059	7,785,392
Net Loss	(3,139,791)	(1,457,409)

Table 29.6: TMA Balance Sheet

	2010 (\$)	2009 (\$)
Liabilities		
Deposits, Deductions & Retention money	1,537,945	313,290
Accounts Payable	24,310	(80,643)
Total Liabilities	1,562,255	232,647
Equity		
TMA Accumulated Surplus	(82,501)	3,115,127
TMA Surplus	4,025,358	2,043,315
Total Equity	3,942,857	5,158,442
Total Equity and Liabilities	5,505,112	5,391,089
Assets		
Cash at Bank	3,112,923	3,561,345
Accounts Receivable	979,410	942,287
Inventory	1,412,779	887,457
Total Assets	5,505,112	5,391,089

PART B: AUDIT FINDINGS**DEPARTMENT OF WORKS****29.6 Delay in Submission of Draft Financial Statements for Audit**

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.¹

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

The Ministry did not meet the statutory deadline required under the Finance Instructions for the submission of draft financial statements for audit. The draft financial statements for the year ended 31 December 2010 were received for audit on 30 May 2011.

The delay in the submission of the draft financial statements for audit is a breach of the Finance Instructions which has resulted in the delay in the issuing of audit opinion by the Auditor General.

Recommendation

The Ministry must ensure that draft financial statements are submitted to the Auditor General for audit by 31 March each year.

Department's Comments

The Departments notes the comments of the Audit and will comply in future. The reason for delay was that reconciliations were incomplete due to missing data from DE [Works] CE. All reconciliations have been updated except for DE [Works] CE Drawings Accounts there is a variance in reconciliation figures and FMIS because of availability of data transactions have been unaccounted for.

29.7 Drawings Account Variance

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.³

The Permanent Secretary must 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.⁴

The Department's Drawings account balance as at 31 December 2010 did not reconcile with the General Ledger (FMIS). Refer to Table 29.7 below for details.

¹ Finance Instruction 2010 – Section 70(2)

² Finance Instruction 2010 – Section 70(3)

³ Finance Instructions 2010 - Section 32(6)

⁴ Finance Instructions 2010 - Section 31(5)

Table 29.7: Drawings Account Variance

Division	Department's Reconciliation (\$)	General Ledger (FMIS) (\$)	Variance (\$)
Headquarters	861,749.01	853,664.37	8,084.64
DECE	1,643,324.21	1,311,969.30	331,354.91

In addition, the Board of Survey for the Drawings Account for the Divisional Engineer Central Eastern (DECE) for December 2010 was not carried out.

The above findings indicated that monthly reconciliations were not properly carried out to ensure that variances are rectified on a timely basis.

Recommendations

- The Department should investigate and rectify the variances noted between the Drawings Accounts reconciliation and the General Ledger (FMIS).
- The Department should ensure that monthly reconciliations are carried out properly and checked by the Head of the Accounts Section for accuracy.
- The Board of Survey for the Drawings Account must be carried out annually.

Department's Comments

Head Quarters Drawings Account

The officer responsible for reconciliations erroneously picked up wrong figure for SI balance. The Department has found the anomalies and this had been rectified. The Department will ensure that reconciliations are carried out monthly basis and accurately.

DE [W] CE

Due to the fraudulent events at DE [W] CE accounts section, most of the records have gone missing thus posting into system was not updated. From whatever records were available, those were posted in the system and carried forward. The department will ensure that Board of Survey for the Drawings Account will be carried out annually.

29.8 Transfer of Funds between TMA Operation and the Department

The "Drawings Account" will be operated for all payments except for those payable from petty cash bank accounts, TMA bank accounts and trust bank accounts.⁵

Payroll expenses for the Joinery and Plumber Shop TMA at DECE were at times paid from the Department's Operating Drawing Account instead of TMA Drawings Account. In addition, the Department also used TMA funds to meet its payroll expenses. The amounts drawn from the Department's Operating Drawing Account or TMA Operating funds were reimbursed at the end of the month.

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

After the amount withdrawn from the Operating Drawing Account is reimbursed, the General Ledger (FMIS) account number 1-40501-95991-535001 should have a zero balance. However, audit noted

⁵ Finance Manual - Ministry of Works and Energy 2005 Section 7.4.3

that account number 1-40501-95991-535001 (FMIS) had a balance of \$475,622 as at 31 December. This indicated that the amount was not reimbursed to the Operating Drawing Account or TMA Drawing account.

This issue was highlighted in the 2009 Draft Audit Memorandum but no action had been taken by the Department to clear the balance.

The balance of \$475,622 could not be cleared by the Department from the relevant account because it could not identify amounts to be reimbursed to Department's Operating Drawings Account and TMA Drawings Account.

Recommendation

The Department should conduct a thorough review of account number 1-40501-95991-535001 (FMIS) and reimburse the balance of \$475,622 to the correct Drawings Account.

Department's Comments

The Department takes note of the Audit recommendations and will rectify anomalies after verification of records. The practice has been that whenever there insufficient funds in TMA to pay out wages for GWEs, funds from operating Drawings accounts was used. This was supposed to be later on regularized.

29.9 Arrears of Revenue – Supply of Electricity

The Accounting Head shall prepare a quarterly report on the level of outstanding and overdue debts.⁶ The report must outline:

- i. the amount outstanding but not yet due;
- ii. the total for each overdue age category;
- iii. name of each debtor within each age category;
- iv. the recovery actions taken for each overdue debt.⁷

Within one month after the end of each quarter, each agency with accounts receivable must submit a quarterly report on outstanding and overdue debts to the Ministry of Finance.⁸

The depots at Nabouwalu, Taveuni, Rotuma, Lakeba and Vunisea each operate a generator which supplies electricity to Government Stations and other nearby communities/villages. The consumers of electricity are billed on their monthly consumption and are required to make payments accordingly.

The following anomalies were noted in the accounting of revenue from the supply of electricity:

- The Department of Works has not submitted Arrears of Revenue Return to the Ministry of Finance.
- The arrears of revenue as at 31 December as according to information obtained from the Divisional Engineer Northern for Nabouwalu and Taveuni depots, showed outstanding electricity bills of \$25,329 and \$30,658 respectively.
- There were no Arrears of Revenue Return prepared by the Vunisea and Lakeba stations and there was no evidence that this was followed up by the Accounts Section at the Headquarters.

⁶ Finance Manual – Ministry of Works and Energy 2005 Section 9.3.1

⁷ Finance Manual – Ministry of Works and Energy 2005 Section 9.3.3

⁸ Finance Instruction 2010 43(1)

- The District Officer in Rotuma collected electricity bills totalling \$15,754 on behalf of the Department of Works and remitted through Post Fiji Ltd. The Ministry of Provincial Development and Multi Ethnic accounted this revenue into their books and account allocation (1-18101-68999-230399) after receiving the cheques from Post Fiji Ltd. As a result the Department's revenue was understated.

The issues were highlighted in the 2009 Audit Report but no action has been taken by the Department to implement the audit recommendations.

The laxity of the Revenue Clerk and supervisors at the Accounts Sections is evident in their failure to prepare and submit quarterly Arrears of Revenue Return to the Ministry of Finance. As a result, the arrears of revenue for the Department of Works and subsequently the whole of government will be understated.

Recommendations

- **The Department should develop and implement effective debt recovery strategies to ensure that consumers of electricity settle their outstanding bills.**
- **The Department should ensure that the Arrears of Revenue Returns from all the stations and Divisions are prepared and submitted to the Ministry of Finance on a timely basis.**
- **The Department must ensure that the revenue collected from Rotuma by the Department of Provincial Development is properly receipted and recorded by the Department of Works.**

Department's Comments

The Department takes note of the Audit comments and will ensure to comply with. We are currently collating arrears of revenue data from Electrical Section so that arrears of revenue can be updated. The Department will liaise with Department of Provincial Development and Roads Section to ascertain amount of revenue collected.

29.10 Revolving Fund Account (RFA)

The Accounting Head shall certify all financial reports that must be submitted to the Ministry of Finance. These reports include revolving fund, inter-departmental clearance and cash clearance reports⁹.

All monthly reconciliation for RFA accounts are prepared and submitted to Ministry of Finance on time and are checked and certified by an independent officer¹⁰.

The Department of Works had a balance of \$33,033,301 in its RFA - Miscellaneous as at 31 December 2010.

The following anomalies were noted:

- The RFA balance included a sum of \$33,703,172 that was posted to the account in 2007 by the Ministry of Finance. The Department could not provide details of the amount. This issue was highlighted to the Department in the Audit Memorandums for 2008 and 2009; however, no action has been taken to resolve the issue.

⁹ Finance Manual - Ministry of Works and Energy 2005 Section 17.3.1(iv)

¹⁰ Finance Manual - Ministry of Works and Energy 2005 Schedule 2 –Monthly Internal Control Report

- A variance of \$4,948,363 was noted between RFA – Miscellaneous and General Ledger balance for the year ending 31 December 2010. The variance was due to improper reconciliations done by Department and the non-inclusion of Standard Liability Group 840000 in the monthly reconciliations.

Without proper justification and supporting details from the Department and Ministry of Finance, audit could not substantiate the correctness of the RFA – Miscellaneous balance as at 31 December 2010.

Recommendations

- **The Department should liaise with Ministry of Finance to identify the details of the balance of \$33,703,172 that was posted to Department's RFA.**
- **The variance of \$4,948,363 in the RFA – Miscellaneous should be investigated and rectified.**
- **The Department should ensure that monthly RFA reconciliations are carried out properly and accurately.**

Department's Comments

The Department is looking into this and has also written to Ministry of Finance in regards to the \$33,703,172 posting done to Works RFA in 2007. The Department will verify the miscellaneous balance and rectify.

29.11 Operating Trust Fund Account Reconciliations

Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the ledger keeper shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.¹¹

Headquarters and Central and Eastern Divisions did not prepare and submit their Operating Trust Fund Account reconciliations despite several reminders from the Ministry of Finance. Refer to Table 29.8 below for details:

Table 29.8: Status of Monthly Reconciliations

Division	Comments
Headquarters	Reconciliations not prepared and submitted for the months of May to December
DECE	Reconciliations not prepared and submitted for the months of July to December

The correctness of the Trust Fund balance reflected in the General Ledger (FMIS) cannot be reliably determined if reconciliations are not carried out by the Department and records not properly maintained.

Recommendations

- **The Department should ensure that monthly reconciliations are prepared and submitted to Ministry of Finance on time.**
- **Monthly reconciliations should be thoroughly reviewed before submission to the Ministry of Finance.**
- **Trust Fund Accounts records should be properly maintained.**

¹¹ Finance Manual - Ministry of Works and Energy 2005 Section 16.3.3

Department's Comments

The department takes note of the recommendations. Operating Trust Fund has since been reconciled and reconciliation reports submitted to Ministry of Finance on monthly basis.

29.12 Variances in the Trust Account Balances

Trust Fund Accounts comprise monies, which are not the property of the state and are not utilized for the purpose of government.

Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the ledger keeper shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.¹² Any errors or misallocations must be immediately adjusted by way of journal vouchers.¹³

The closing balance of the Operating Trust Fund Account reconciliations for the Northern Division, as at 31 December 2010, did not reconcile with the General Ledger (FMIS). Refer to the Table 29.9 below for details:

Table 29.9: Variances in Trust Account Balance

Division	Department Reconciliation (\$)	FMIS Balance (\$)	Variance (\$)
DEN	575,965.65	551,162.26	24,803.39

It was also noted that the Central Eastern and Northern Division's Operating Trust Fund accounts had overdrawn balances of \$865,998 and \$551,162 respectively.

The above anomaly indicated that the monthly Operating Trust Fund Account reconciliations were not effectively carried out to identify any mispostings or reasons resulting in the overdrawn accounts.

Recommendations

- **The Department should investigate and rectify the debit balances noted in the Trust Accounts and ensure that monthly reconciliations are carried out properly and accurately.**
- **The Department must ensure that Trust Funds accounts are not overdrawn at any time.**

Department's Comments

Changes occurred due to some entries made after the reconciliation was done. This has now been rectified and Trust Account balance matches with FMIS.

29.13 Negative Debtors Balances

The ledger reconciliation statement shall be signed and dated by the accounts supervisor who must ensure that:

¹² Finance Manual - Ministry of Works and Energy 2005 Section 16.3.3

¹³ Finance Manual - Ministry of Works and Energy 2005 Section 16.3.4

- i. All balances are accurate and adequately supported.
- ii. Any misallocation or outstanding balances from the previous month have been dealt with.¹⁴

Our audit noted that various debtors' accounts of the Ministry of Works and Transport had negative closing balances totalling to \$59,879. Refer to Table 29.10 below for details:

Table 29.10: Details of negative debtors' balances

Allocation	Debtors	Amount (\$)
44025293011560101	AR Gov Depts & Agency	-3,485.94
44025793011560101	AR Gov Depts & Agency	-205.5
44025791011567403	Debtor-Attorney General	-773.42
44025791011567412	Debtor-Legislature	-636.24
44025791011567413	Debtor-Ombudsman Office	-395.84
44025793011567421	Debtor-Education	-30.51
44025193011567422	Debtor-Health	-44.15
44025793011567422	Debtor-Health	-815.36
44025791011567440	Debtor-Transport	-21,754.21
44025792011567440	Debtor-Transport	-68.01
44026391011567441	Debtor-Energy Services	-2,200.00
44025793011567468	Debtor-Provincial Development	-148.80
44025893011567469	Debtor-National Disaster Unit	-1,507.88
44025793011567471	Debtor-Prison	-12.85
44025793011567483	Debtor-Work Services	-103.26
44026393011567483	Debtor-Work Services	-8,809.46
44025791011567484	Debtor-National Roads	-2,027.40
44025193011567485	Debtor-Water & Sewerage	-80.00
44026391011567485	Debtor-Water & Sewerage	-3,165.00
44026393011567485	Debtor-Water & Sewerage	-13,615.64
TOTAL		-59,879.47

The above not only reduces the total debtors' balances, it also reflects the laxity of the Accounts Officer responsible to ensure that postings of transactions to the General Ledger (FMIS) are made to the correct allocations.

Failure to check and monitor all postings of transactions may result in inaccurate debtor balances in the General Ledger (FMIS).

Recommendations

- The Department should verify and ensure that all job numbers are correct before transactions are posted to the General Ledger (FMIS).
- Debtor accounts with negative closing balances should be properly reviewed and appropriate adjustments passed to correct any wrong postings to the accounts.

Department's Comments

The Department has taken on board the recommendations by Audit and will ensure that appropriate adjustments are made to correct the wrong postings to the accounts.

¹⁴ Finance Manual - Ministry of Works and Energy 2005 Section 16.3.6

29.14 Unsubstantiated TMA Surplus Balance

Liabilities and equity in the Consolidated TMA Balance Sheet for the Ministry of Works and Transport as at 31 December 2010 totalled \$5,505,112.

Included in the total liabilities and equity are TMA Accumulated Surplus of a debit balance of \$82,501 and TMA Surplus of \$4,025,358 respectively. The Ministry could not provide details or records to substantiate the amounts.

As a result, audit was not able to ascertain the correctness of these balances.

Recommendations

- Details of the TMA Accumulated Surplus and TMA Surplus as reflected in the consolidated TMA Balance Sheet should be provided for audit.
- It is recommended that the TMA financial statements are thoroughly checked, balances substantiated and clarified with the Ministry of Finance before they are submitted for audit.
- TMA records should be properly maintained and produced for audit when requested.

Department's Comments

The Department has consulted the Asset Management Unit of the Ministry of Finance as the posting to the Equity Account is done by them. Their response is noted below.

The following are the composition of the equity accounts and the AMU has the FMIS generated reports on all the JV entries that was passed here (marked in yellow) to substantiate the postings. The AMU has a copy of these reports and it can be verified by Audit.

940400: Accumulated TMA Surplus

2009 Ending Balance	(\$3,055,420.43)
Add 2010 FMIS Loss	3,137,921.48
2010 Ending Balance	82,501.05

940300: TMA Surplus Transferred to Consolidated Fund

2009 Ending Balance	(\$2,054,055.38)
Less 2010 Debit Net Equity	(2,019,610.76)
	(4,073,666.14)
Add Adjustment for posting error	48,308.37
2010 Ending Balance	4,025,357.77

The OAG is aware that the AMU at the Ministry of Finance undertakes entries in the equity accounts in the Balance Sheet and that they complete the Financial Statement before it is sent for audit.

29.15 Errors in TMA Bank Reconciliations

The account supervisor shall prepare bank reconciliation within 5 days of the end of the month. Details of unrepresented cheques and other reconciling items should be attached to the reconciliation statement. Once the bank reconciliation is prepared, it should be signed and dated by the accounts supervisor and submitted to the Accounting Head. The Accounting Head must verify balances in the bank reconciliation to the cashbook, bank statements, unrepresented cheque list and the previous month's bank reconciliation before certifying it.¹⁵

¹⁵ Finance Manual - Ministry of Works and Energy 2005 Section 7.4.7 – 7.4.10
Ministry of Works and Transport

Each accounting head shall ensure that:

- revenue is recorded against the correct account
- the recording of revenue is reconciled monthly with the Ministry of Finance
- the Ministry of Finance is advised of any errors or discrepancies within 10 working days after the end of each month¹⁶

The audit noted variances in the TMA cash at bank balance and the General Ledger (FMIS) cash balance as at 31 December 2010. Refer to Table 29.11 below for details:

Table 29.11: Variance in TMA cash at Bank Balances

Accounts	General Ledger (FMIS) Balance (\$)	Department's Balance (\$)	Variance (\$)
Works (Divisional Engineer Central Eastern)	940,666.61	9,899.54	930,767.07
Works (Principal Engineer Mechanical Central Eastern)	677,225.83	177,915.77	499,310.06
Roads (Divisional Engineer Western)	171,570.79	63,715.27	107,855.52

Furthermore, audit carried out a review of the Department's monthly TMA bank reconciliation and found the following discrepancies:

Divisional Engineer (Works) Central Eastern

- The Department's TMA cash balance allocation (4-40251-91011-540201) as per General Ledger (FMIS) was not updated. The Department failed to pass adjustments totalling \$605,818 affecting the TMA cash balance at year end.
- Payments totalling \$105,476 have not been posted the General Ledger (FMIS) hence overstating the cash balance in the financial statements. Refer to Table 29.12 below for details:

Table 29.12: Details of payments not posted to GL

Accounts	Variance (\$)
Payments not posted in for Jan and Feb	(7,075.55)
Payments not posted in GL for April	(98.56)
Payments not posted in GL for May	(76,546.69)
Payments not posted in GL for June	(21,605.26)
Payments not posted in GL for August	(150.21)
TOTAL	(105,476.27)

- Revenue receipts and payments totalling \$16,486 and \$44,263 respectively were not updated in the cash book.
- Receipts amounting to \$107,833 have not been lodged to the bank hence reflected as lodgements not yet credited in the bank reconciliation. No action has been taken by the Department to investigate these amounts as some of the receipts dates back to 2008 and 2009.
- Direct deposits totalling \$69,993 have been appearing in all the monthly bank reconciliations and have been used by the Department to reconcile its cash balances.

¹⁶ Finance Instructions 2005 - Section 30(1)

Divisional Engineer (Mechanical Section) Central Eastern

- Deposit of \$101,823 was wrongly credited to the TMA bank account on 08/12/09 and this balance has appeared in all the monthly bank reconciliations merely to reconcile the cash balances for TMA in 2010.
- Receipts amounting to \$16,483 have not been lodged in the bank hence reflected as lodgements not yet credited in the bank reconciliation for December 2010. No action has been taken by the Department to investigate these amounts as some of the receipts dates back to 2008 and 2009.

Divisional Engineer (Roads) Western

- The Department's TMA cash balance allocation (4-40254-92011-540201) as per General Ledger (FMIS) was not updated. The Department had failed to post adjustments relating to payments made in 2009 amounting to \$230,891.
- Payments made in August and October totalling \$1,483 and \$2,695 respectively has not been posted to the General Ledger. Moreover, revenue receipts amounting to \$127,411 were also not posted into the General Ledger.

Divisional Engineer (Works) Northern

- A variance of \$30,299 was noted between the expected cash book balance and the Departments bank balances as per the General Ledger (FMIS).

As a result, the audit was not able to substantiate the accuracy of the cash at bank balance for the TMA as at 31 December 2010.

The above anomalies indicated the laxity of the Principal Accounts Officer in ensuring that balances in the bank reconciliations to the cashbook, bank statements, unrepresented cheque list and the previous month's bank reconciliations are correct before certifying the reconciliations as correct.

There is a high risk of misappropriation of funds and fraud if cash management is not carried out properly and bank reconciliations effectively carried out and checked.

Recommendations

- **The Department should ensure that proper reconciliations are carried out and any errors arising out of the reconciliation are adjusted accordingly.**
- **Disciplinary actions should be instigated against the Principal Accounts Officer for failing to carry out proper checks and verification on the bank reconciliations.**
- **Since cash management is a high risk area, the senior management of the Ministry should ensure that accounting of cash and maintenance of cash records are properly carried out.**

Department's Comments

No comment provided.

29.16 Actual versus Approved Staff Establishment

Staffs on project posts are normally paid from *SEG 8 - Upgrading of Public Building*. Government wage earners are paid from their respective activity funds allocated to them under *SEG 2 – Government Wage Earners*.

A sum of \$2.8 million was allocated for government wage earners for *Programme 5, Activity 2 – Maintenance and Operation of Public Buildings*.

Audit noted that the following anomalies:

- There was no approved staff establishment listing from the Public Service Commission for Programme 5 - Activity 2.
- Our review of Pay 48/2010 revealed that most project workers and government wage earners of other budgetary activities were paid from SEG 2 of Programme 5 - Activity 2. Refer to *Appendix 29.1* for details.

The above indicated the lack of control in recruiting and remunerating workers which is susceptible to abuse of funds and unnecessary recruitments.

Recommendations

- **The Ministry should ensure that government wage earners are paid from the relevant budgetary allocations.**
- **The Ministry should rectify the above anomalies in consultation with the Public Service Commission and Ministry of Finance.**

Ministry's Comments

No comment provided

DIVISIONAL ENGINEER CENTRAL EASTERN - WORKS**29.17 Unsubstantiated Payments – Limitation of Scope**

In the performance of his or her functions and duties under the Audit Act, the Auditor-General or any person duly authorized by the Auditor -General shall be entitled –

- a) to have access to all records, books, accounts, vouchers, documents, cash, stamps, securities, stores or other Government property under the control of any officer;
- b) to send for and have the custody of any records, books, accounts, vouchers or documents under the control of any officer, and to keep such records, books, accounts, vouchers or documents for such time as he or she may require them.¹⁷

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.¹⁸

¹⁷ Section 7(2) – Audit Act

¹⁸ Finance Instruction 2005 19-(1)(b)

The Accounting Head is responsible for the safekeeping and proper maintenance of all accounting records or documents of the agency.¹⁹

The audit could not substantiate payments made from the Operating Fund Account and Trading and Manufacturing Account totalling \$995,186 as payment vouchers and other related source documents have been misplaced. Refer to **Appendix 29.2** for details.

Records provide evidence of transactions, therefore needed to be captured and managed through their legal minimum retention period. The risk of fraud and misappropriation of public funds increases when appropriate documents to support purchases and payments of goods and services are not maintained and provided for audit.

Recommendations

- **The Department should ensure that payment vouchers with relevant supporting documents are properly maintained and made available for audit when requested.**
- **The Department should carry out an investigation on the missing records to determine whether such purchases and payments were properly authorised.**
- **Access to accounting records should be restricted from unauthorised personnel including staffs from other Sections.**

Department's Comments

The 2010 documents are now being filed and numbered separately and kept properly in the locked computer room for safe keeping.

Access to the room has been restricted to only certain officers to ensure that no movements of documents are being carried out.

29.18 Excessive Procurement of Stationeries by the Plumber Shop

Any procurement of goods, services or works shall be issued so as to promote the following principles:²⁰

- (a) value for money;
- (b) maximise economy and efficiency and the ethical use of Government resources;
- (c) promote open and fair competition amongst suppliers and contractors;
- (d) promote the integrity of, fairness and public confidence in the procurement process; and
- (e) achieve accountability and transparency in the procedures relating to procurement.

The inventory officer shall maintain the inventory register/ledger to record incoming and outgoing inventories.²¹ The storekeeper shall keep an inventory card for each inventory item to determine the value of items.²²

Our audit noted the excessive procurements of stationeries by the Plumber Shop Section. The purchases were funded from the TMA. Between 02/03/10 and 01/07/10, the Plumber Shop purchased stationeries worth \$145,350. Refer to **Appendix 29.3** for details.

¹⁹ Finance Manual (MWTPU)- s18.1.3

²⁰ Procurement Procedure 2010 – Section 3

²¹ Finance Manual 2005 – s8.1.3

²² Finance Manual 2005 – s8.1.6

In addition, the audit could not ascertain whether all the stationeries were delivered to the Department as the LPOs were not certified by the Storeman to indicate that the stationeries have been received. There was no inventory/stock card maintained for the stationeries. In most cases, the delivery dockets were not provided by the company.

The above anomalies clearly indicate the abuse of TMA funds by the Department in the purchase of stationeries. The possibility of collusion between the Accounts Section, the Storeman and the suppliers of stationeries to commit fraud could not be ruled out.

Absence of proper controls over expenditures has resulted in the above purchases which contributed to the substantial loss incurred by the Plumber Shop TMA in 2010.

Recommendations

- **The Divisional Engineer should properly verify requisition forms and LPOs before approving purchases to ensure that they are justified.**
- **The Department should carry out further investigation, instigate appropriate actions and also provide justifications for the excessive stationeries purchased by the Plumber Shop in 2010.**
- **Records of stationeries ordered, received and issued out to staff should be maintained.**

Management Comments

The Division has streamlined the role of purchasing by centralizing those duties to the Accounts Section while Storeman at various stores will be concentrating more on the duties vested with the Stores under his/her responsibility.

29.19 Retrospective Approval of Local Purchase Orders – Plumber Shop

The procurement of any goods, services or works 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.²³

A purchases/payments cycle starts with a request in a form of a note, minutes or requisition. After approval by a delegated Officer, an order will be placed for the supply of goods and services.

There were instances where Local Purchase Orders (LPOs) for procurements of stationeries were initiated by the Storeman²⁴ after orders have been placed and invoices received from suppliers. The LPOs were then posted on to the General Ledger (FMIS) either by the Acting Accounts Officer Ana Laqere²⁵ or the Divisional Engineer (Works) Central Eastern, Sisaro Tupou²⁶ to facilitate payments.

The stores requisition forms from which the LPOs were prepared, were authorised by the Storeman. Refer to Table 29.13 for examples:

²³ Procurement Regulations 2010 – Section 21(3)

²⁴ Mr. Taniela Railala – EDP 91302

²⁵ EDP No. 53891

²⁶ EDP No. 14861

Table 29.13: Details of procurements made

Date	Cheque No.	Payee	Items	Qty	Unit price	Amount (\$)	Remarks
23/03/10	656308	On-time Stationery Supplies	Manila folders-Red	2	42.67	85.34	- Request form was signed or approved by the Plumber Shop storeman (Taniela Railala) - Payment was made on Pro-forma invoice dated 19/03/10. LPO 91011-012404 raised on 23/03/10.
			Manila folders-Green	2	42.67	85.34	
			Rapid stapler pin	15	21.66	324.90	
			Masking tape	1	195.56	195.56	
			Big paper punch	4	33.78	135.12	
			Lever files	100	5.51	551.00	
			Treasury tags	20	16.44	328.80	
			Suspension file	3	60.44	181.32	
			Computer files (foolscaps)	50	14.67	733.50	
24/03/10	656319	Crazy office supplies	Cartridge HP10 black	6	95.11	570.66	- Request for stores form no. 434665 approved by the Plumber Shop storeman (Taniela Railala) on 13/03/10.
			Cartridge HP10 cyan	6	91.56	549.36	
			Cartridge HP10 magenta	6	91.56	549.36	
			Cartridge HP10 yellow	6	91.56	549.36	
			Cartridge HP10 colour	6	68.44	410.64	
30/03/10	656333	Entire office supplies	Lexmark 27 black	2	185.00	370.00	- Request for stores form approved by the Plumber Shop storeman (Taniela Railala) on 23/03/10. - Invoice received on 25/03/10 and LPO 91011-012511 raised on 30/03/10.
			Lexmark 27 colour	3	195.00	585.00	
			Back up drive	1	385.00	385.00	
			Giant stapler	1	395.00	395.00	
			Paper punch – 2 hole	1	595.00	595.00	
			Rubber band	30	8.50	255.00	
01/04/10	656349	Entire office supplies	Samsung toner laser	1	365.00	365.00	- Request for stores form approved by the Plumber Shop storeman (Taniela Railala) on 01/03/10. - Invoice and items were received on 25/03/10 and LPO 91011-012512 raised 30/03/10
			KM1635 kyocera toner	2	385.00	770.00	
			Minute books	26	14.95	388.70	
			Plastic cover	6	65.00	390.00	
			Paper punch	5	38.50	192.50	
			Ink pad	3	12.95	38.85	
			Brother TN 1700 cartridge	1	485.00	485.00	
27/04/10	656418	Crazy office supplies	A4 photocopy paper	60	8.95	537.00	- Request for stores form approved by Plumber Shop storeman (Taniela Railala) - Invoice and items were received on 31/03/10 and LPO 91011-01274 raised on 23/04/10.
			Insert binder file	20	8.50	170.00	
			Manila pocket	4	57.78	231.12	
			White pocket 12" x 10"	4	64.89	259.56	
			A4 hard cover	6	65.00	390.00	
			A4 plastic cover	5	45.00	225.00	
			HB pencil	2	2.89	5.78	
			2B pencil	2	2.89	5.78	
			Twink	4	1.95	7.80	
			Staple pin	6	3.50	21.00	
			Cello tape 2"	24	2.50	60.00	
			Masking tape 2"	18	2.75	49.50	
			Highlighter	4	17.60	70.40	
			Plastic ruler	20	0.70	14.00	
			Whiteboard marker	4	26.00	104.00	
			Arch lever files	50	6.95	347.50	
			Manila folder	3	26.00	78.00	
			Minute book	3	17.00	51.00	
			Calculator	6	48.89	293.34	

Date	Cheque No.	Payee	Items	Qty	Unit price	Amount (\$)	Remarks
			Glue	5	5.29	26.45	

Moreover, the above LPOs were not certified to indicate that all items have been received in good condition. Inventory cards were not maintained to record all the items purchased and issued to staff.

The practice adopted by the Plumber Shop is a classic example of circumventing internal controls established to minimise or avoid mismanagement of public funds. The actions by the Acting Accounts Officer and the Divisional Engineer in allowing the above practice are viewed as serious breach of procedures and controls.

As proper procurement procedures were not followed, there is a high risk of unauthorised purchases, overcharging/oversupply by suppliers of goods and services and mismanagement of public funds.

Recommendations

- **The Department should instigate disciplinary actions against the relevant officers for failing to comply with Government's procurement procedures on numerous occasions.**
- **The Department should ensure that the Plumber Shop comply with Government's procurement procedures when purchasing and paying goods and services.**
- **All inventories purchased and issued out should be recorded in the Inventory Register and inventory stock cards.**

Department's Comments

The Storeman involved has been posted to Headquarters and later suspended effective from 12/10/2010 and the case is before the Disciplinary Tribunal from Public Service Commission and also Fiji Independent Commission Against Corruption (FICAC).

The system has been tighten up with all the requests to be authorized by the Supervisor and approved by the Heads of Section together attached with it will be the minute from site office to ensure proper monitoring and supervision in the acquisition of materials.

29.20 Breach of Procurement Authorities

The following officers are delegated authority to procure goods, services and works up to the following limits specified:²⁷

Chief Executive Officer	-	\$20,000
Deputy CEO	-	\$15,000
Directors, Accounting Head	-	\$10,000
Divisional Heads	-	\$3,000
Senior Accounts Officers	-	\$1,000
Sectional Accounting Heads	-	\$1,000

The officer authorising a purchase order must ensure that a purchase order is not artificially split to bring it within the limits above. Any officer who authorizes expenditure exceeding his/her procurement limits, including by splitting purchase orders, shall be liable for surcharge to repay the unauthorized amount.²⁸

²⁷ Finance Manual 2005 – s2.2.1

²⁸ Finance Manual 2005 – s.2.2

Our audit noted that Assistant Accounts Officer Vaciseva Lagai²⁹, who did not have the authority to approve Local Purchase Orders, authorized LPOs on behalf of the Divisional Engineer and Acting Accounts Officer Ana Laqere. The Assistant Accounts Officer was able to print and approve LPOs although she did not have the appropriate access level to the FMIS. Refer to *Appendix 29.4* for details.

In addition, audit also noted that a number of purchase requisitions made for the Plumber Shop Section were approved by the Buildings Section construction engineers³⁰. Refer to Table 29.14 for examples:

Table 29.14: Details of Requests approved by the construction engineers

Date	Cheque No.	Payee	Amount (\$)	Remarks
12/03/10	656270	Shavel Stationery	4,276.56	- Request forms for stores approved by Mesulame Ratumaiyale the Construction Engineer I (CE I) and Kini Tavoraki the Construction Engineer II (CE II)
17/03/10	656282	Shavel Stationery	2,659.56	- Request approved by Kini Tavoraki (CE II).
01/04/10	656348	Crazy office supplies	2,890.00	-Request approved by Kini Tavoraki (CE II)
22/04/10	656396	Entire office supplies	2,983.05	-Request form no. 4351 of 15/04/10 approved by Kini Tavoraki (CE II)
23/04/10	656403	Entire office supplies	2,981.00	- Request made on 21/04/10 and approved by Kini Tavoraki (CE II)

The following anomalies were also noted in relation to the above purchases:

- For the payment made on 01/04/10 via Chq No. 656348 for \$2,890, only 2 photocopy toners were approved to be purchased, however 10 toners were ordered by Acting Accounts Officer Ana Laqere from Crazy Office Supplies.
- LPOs relating to the above procurements were not certified by the Storeman to indicate that all items were received and in good condition.
- Invoice No. 171 received from Entire Office Supplies for which Chq No. 656403 of 23/04/10 was written, was not dated. Moreover, the delivery dockets were not stamped hence there is a possibility that fictitious source documents were used for the payment to be effected.
- Purchase requisitions were not properly verified by the Building Construction Engineers prior to approving the above purchases.
- Stock/Inventory cards for the above items were not available for audit, therefore, audit was not able to substantiate the receipt of items at the storeroom.

Procurement procedures were not fully complied with in the above purchases. In addition, there is a high risk of fraud and misappropriation of funds when those who do not have the authority to access certain levels in the FMIS are allowed access by those that have the authority.

Recommendations

- **Approving the issue of LPOs should be limited to those with the authority. The Acting Accounts Officer and the Divisional Engineer should refrain from allowing the Assistant Accounts Officer to approve the issue of LPOs on their behalf.**

²⁹ EDP No. 53833

³⁰ Mr. Kini Tavoraki and Mr. Mesulame Ratumaiyale

- The Department should instigate necessary disciplinary actions against the Divisional Engineer, the Acting Accounts Officer and the Acting Assistant Accounts Officer for breaching Government's procurement procedures.
- The Department should review its procurement process so that tasks of requisition for stores, approvals of requests, raising of LPOs, and receipting of items should be independently executed.
- All source documents should be properly verified to ensure that they are in order before releasing LPOs and approving payments.

Department's Comments

The officer concerned, Mrs. Vaciseva Lagai is on suspension effective from 12/10/2010. In the meantime, all Purchase Orders are released by officers authorized as per the guidelines of the Agency Finance Manual 2011 Section 2.2.1.

29.21 Losses – Plumber Shop TMA

The TMAs were created to facilitate, on a semi-commercial basis, the provision of goods and services that are needed by other government departments and also to the private sector when possible. However, it is required that the TMA should break even to ensure that all costs incurred in its operations are recouped.³¹

The Plumber Shop manufactures items from raw materials with the help of labour and machine available, which are then delivered to various building job sites. Monthly budgetary allocations for the urgent maintenance of all Public Buildings also contribute to the funding of the operation. An asset management system is established to ensure cost-efficient delivery of services.

Our review of the Business Plan revealed that the projected profit for the Plumber Shop for 2010 was \$16,570. One of the operational business strategies was proper planning, display of effective leadership traits and effective monitoring to ensure the viability of the operation.³²

Our analysis of the data for the Plumber Shop TMA operation extracted from the Financial Management Information System (FMIS) revealed a loss of \$1,175,227 in 2010 compared to a loss of \$480,788 in 2009. Refer to Table 29.15 below for details:

Table 29.15: Analysis of the plumber shop operations

Particulars description	2010 (\$)	2009 (\$)
<u>Manufacturing Account</u>		
Raw Materials (1/1/10)	25,001	23,019
Add: Purchases	1,061,974	578,295
Less: Raw Materials (31/12/10)	79,758	25,001
Raw Materials Used	1,007,217	576,313
Add: Direct Labour	639,809	655,402
Cost of Manufactured Goods	1,647,026	1,231,715
<u>Trading Account</u>		
Sales	523,073	805,379

³¹ Finance Circular 37 of 26 November 1984.

³² 2010 DECE TMA Plumber Shop Business Plan

Particulars description	2010 (\$)	2009 (\$)
Stock of Finished Goods (1/1/10)	13,092	15,960
Add: Cost of Manufactured Goods transferred from Manufacturing Account	1,647,026	1,231,715
Less: Stock of Finished Goods (31/12/10)	39,911	13,092
Cost of Finished Goods Sold	1,620,207	1,234,583
Gross Loss	(997,232)	(429,204)
Profit and Loss Account		
Income		
Gross Loss transferred from Trading Account	(997,232)	(429,204)
Total Income	(997,232)	(429,204)
Expenses		
Travelling & Communication expenses	14,023	7,141
Maintenance & Operation	135,784	6,679
VAT	28,188	37,764
Total Expenses	177,995	51,584
Net Loss	(1,175,227)	(480,788)

The substantial loss incurred in 2010 was attributed to excessive procurements of stationeries which were charged as purchases for direct materials. In addition, the following anomalies were noted:

- The Procurement Register containing records of materials/services purchased for the months of January to September 2010 had been misplaced.
- The Inventory Register only recorded items purchased from the months of September to December 2010 valued at \$93,635 compared to the total purchases of \$1,061,974 made during the year as reflected in the general ledger (FMIS). Inventory cards were not maintained for items procured from January to August 2010.
- Requisition books for the months of January to August 2010 were not made available for audit verification. The Supervisor Plumber Shop, Lepani Tikomailautoka, explained that all requisition books that were used during the said period may have been misplaced by the former Storeman.
- Most payment vouchers and supporting documents to substantiate the purchases and payments of raw materials were missing. Refer to *Appendix 29.2* for details.
- TMA and bank reconciliations were not made available for audit verification.

The above anomalies are indications of poor management and control over the TMA operation in accordance with the Business Plan, which led to the substantial loss incurred in 2010. In the absence of adequate records, it was difficult to determine the accuracy and validity of procurements and whether all items purchased were delivered.

Recommendations

- **An internal review/investigation into the operation of the TMA should be conducted.**

- **Record keeping should be improved and necessary disciplinary actions should be instigated against those charged with record keeping and supervisory checks for failing on their responsibilities.**
- **Implementation of the TMA Business Plan should be monitored regularly and reported to management.**
- **The Principal Accounts Officer should thoroughly review all reconciliations including TMA for DECE to ensure that they are accurately prepared and on a timely basis.**

Department's Comments

The losses incurred by Plumbershop were a direct result of the fraudulent activity undertaken by the Storeman, Mr. Taniela Railala who was sent on suspension.

The Division has identified those weak areas and has put in stringent measures for better control and monitoring of activities of the Plumbershop in 2011.

29.22 Non Lodgement of TMA VAT

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 Commissioner³³.

A penalty of 10% will be charged on late lodgements of VAT Returns and 2.5% thereafter for every month the return is not lodged.³⁴

The Trade and Manufacturing Account (TMA) for the Division include Plant Hire, Fuel and Oil, Lubricants and Work shop, Joinery and Plumber Shop.

Our audit noted that VAT Returns for the Trade and Manufacturing Accounts were not prepared and submitted to the Fiji Revenue and Customs Authority (FRCA).

Failing to lodge VAT Returns is a breach of the VAT Decree which could result in penalty.

Recommendation

The Department should prepare and submit monthly VAT Returns on all Trade and Manufacturing Accounts with FRCA.

Department's Comments

The Department is now trying to clear VAT payment with FRCA.

29.23 Joinery Workshop TMA

All agencies that operate a trading manufacturing activity must prepare a business plan for the activity each year. The business plan should include the profit target for the year and the next two years and the strategies for achieving the profit target.³⁵ Some of the strategies to capitalise on the joinery

³³ VAT Decree 1991 s.33

³⁴ VAT Decree – section 60

³⁵ 2010 Finance Instruction – Part 5- section 29 (1) (b) & (c)

weakness and strengths is for management to be proactive for better planning, common up skilling of management to better use modern planning method tools, showroom set up to take advantage of control location and hiring of skilled labour to produce a wide range of furniture to the customer specification on the required time.³⁶

The TMA were created to facilitate on a semi-commercial basis for the provision of goods and services that are needed to other government departments and also to the private sector when possible. However it is required that the TMA should break even to ensure that all costs incurred in its operations are recouped.³⁷

The Joinery Shop is responsible for providing joinery services to other strategic business units within the Department and other Government Departments throughout the Central Eastern Division. This includes furniture fabrication and maintenance, renovation and provision of expert services in infrastructure development and capital works.

Our review of the Annual Report revealed the joinery operation recorded a loss of \$629,993 in 2010. Overspending on budget allocations for each job contributed to the net loss. The following anomalies were also noted:

- The current pricing structure used by the Joinery Workshop does not take into account overhead costs such as utility, transportation and administration charges.
- Standard overall mark-up is not charged to ensure the sustainability and growth of the workshop.
- Lack of awareness and marketing of products and services.

Inadequate costing, monitoring and administration of expenditures have contributed to loss incurred in 2010.

Recommendations

- **Costs incurred on each job should be contained within the budget allocated.**
- **The administration and monitoring roles should be strengthened to avoid idle/unproductive hours.**
- **Costing structure needs to be reviewed to include the overhead cost and a reasonable mark up should be included to allow sustainable and viable operation of the workshop.**
- **Increase awareness and marketing of products should be considered.**

Department's Comments

With the new management in Joinery in 2011, all measures highlighted have been taken on board to ensure that it records a profit for the year 2011 in accordance to the Business Plan.

29.24 Job Cards Not Properly Maintained

The production supervisor must record all manufactured jobs on a job record sheet. The job record sheet shall provide the following details:

- i. Job number
- ii. Type of work carried out
- iii. Number of hours spent on job

³⁶ 2010 DECE TMA Joinery Workshop Business Plan

³⁷ Finance Circular 37 of 26 November 1984.

iv. Material used³⁸

Funds for TMA jobs are deposited into the TMA bank account maintained by the Division. The Accounts Section then advice the Joinery Section through the issue of Job Record Sheets (JRS) stating the job description and funds allocated for the job.

The Joinery Section maintains job cards for each job received in order to record and control the expenditure. The audit noted that cards were not maintained for some jobs whilst some Job Cards have been misplaced by workmen. In addition, some jobs received for the year were not carried out. Refer to Table 29.16 below for examples:

Table 29.16: Details of job cards not properly maintained

Project Description	Allocation Reference No.	Allocation (\$)	Remarks
Supply of materials	TMA002	660.00	Card not written /Job not done
Mechanical	TMA035	120.00	Job card lost by workmen
Nasinu Secondary School	B031	5,513.00	Card not written
HQ –DSPD Office	OFA037/B087	6,022.12	Job not done
ACS Maintenance	BO69	3,362.00	Job not done/ Card not written
ACS Maintenance	BO72	1,099.00	Job not done/ Card not written
Mechanical	TMA063	210.00	Card missing
RS Eastern	TMA066	1,750.00	Job not done/ Card not written
ACS Maintenance	BO92	506.00	Card missing
Korovou Group Maintenance	B123	101.25	Card missing
RCU Suva	B153	630.00	Card not written
Naduruloulou Qtrs 6/7/12/26	TMA158	3,152.25	Jobs not started as at 31/12/2010
Qtrs 64/204	TMA161	3,298.50	Card not written
Total		30,507.62	

Without the job cards, the Division will not be able to control and monitor the actual expenditures incurred and materials utilised for a particular job, which may result in over-expenditures and oversupply of materials.

Recommendations

- **The Supervisor should ensure that job cards are properly maintained for all jobs.**
- **The Supervisor should ensure that jobs received during the year are properly monitored to ensure that they are completed within the budget and delivered on time.**

Department's Comments

The Joinery Section has now implemented a system whereby a card will be opened for any job that is given to them to manufacture.

Proper recording and storage of cards after completion of each job is closely monitored and supervised by the Chief Clerk.

³⁸ Department Finance Manual Section 6.2.3

DIVISIONAL ENGINEER CENTRAL EASTERN (MECHANICAL) - WORKS**29.25 Poor Record Keeping**

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.³⁹

The Accounting Head is responsible for the safekeeping and proper maintenance of all accounting records or documents of the agency.⁴⁰

The presence of a reliable and easy to follow audit trail is an indicator of good internal controls. Records provide evidence of transactions, therefore needs to be captured and managed through their legal minimum retention period.

From our review of expenditure records, we noted that payment vouchers and schedule of bills at the Mechanical Section were not properly filed in sequence, some lack supporting documents and in some instances; the payment vouchers have been misplaced. Refer to Table 29.17 for details of payments that could not be substantiated to appropriate source documents such as invoices and quotations:

Table 29.17: Details of missing source documents

Date	Chq No.	Payee	Amount (\$)
09/12/10	809094	Patterson Brothers Shipping	94.00
09/12/10	809090	BOC Gas	340.36
09/12/10	809091	Fiji Bandag	391.88
09/12/10	809092	Avinesh Rohit Lal	108.00
09/12/10	809093	Simione Drawe	117.00
10/12/10	809096	APCO	195.18
10/12/10	809097	BOC Gas	228.48
10/12/10	809098	Carpenters Shipping	356.72
10/12/10	809100	Joinery section	160.00
10/12/10	809099	Hotel North pole	255.00
10/12/10	809101	Office Product	550.00
10/12/10	809102	Rentokil	1,300.26
10/12/10	809103	Amelia Vunisea	180.00
10/12/10	809106	Paula Seru	117.00
10/12/10	809107	Ovini Baleinamau	72.00
13/12/10	809145	Akuila Vula	108.00
13/12/10	809146	Jeremaia Niulevu	81.00
17/12/10	809210	Paula Seru	111.00
17/12/10	809213	Sowane Puamau	108.00
23/12/10	809303	Avinesh Rohit Lal	108.00
23/12/10	809304	Simione Drawe	44.30
10/12/10	809141	Total Fiji Ltd	11,329.07
10/12/10	809108	Carpenters Shipping	282.47
10/12/10	809109	Joinery section	130.00
10/12/10	809110	Joinery section	248.99
10/12/10	809138	Government Shipping	41.40
10/12/10	809139	Jeke Pai	390.00
13/12/10	809142	Total Fiji Ltd	6,395.59

³⁹ Finance Instruction 2005 19-(1)(b)

⁴⁰ Finance Manual – s18.1.3

Date	Chq No.	Payee	Amount (\$)
13/12/10	809149	Sailosi Ramuramu	105.00
13/12/10	809147	Seaview	45.00
13/12/10	809143	FEA	29,734.80
14/12/10	809150	Luke Tuku	24.93
14/12/10	809151	Jeke Pai Vakaloloma	206.55
10/12/10	809105	Joape Nabouwalu	81.00
10/12/10	809104	BOC Gas	283.24
13/12/10	809148	Isikeli Raratabu	198.00
14/12/10	809190	Country allowance	1,295.00
14/12/10	809192	Sunset lodge	160.00
14/12/10	809193	Eremasi Saune	135.00
14/12/10	809194	Inoke Nakuluinalagi	42.00
14/12/10	809191	Consort Shipping	240.00
14/12/10	809197	Total Fiji Ltd	19,178.64
14/12/10	809196	Total Fiji Ltd	19,178.64
14/12/10	809195	Total Fiji Ltd	19178.64
15/12/10	809200	Patterson brothers	94.00
15/12/10	809199	Tukani Welder	525.00
15/12/10	809198	Neritak Industrial	111.60
30/12/10	809409	Dahia Shoes	135.00
30/12/10	809410	Total Fiji Ltd	7,195.95
30/12/10	809411	Total Fiji Ltd	7,195.95
30/12/10	809412	Total Fiji Ltd	7,195.95
30/12/10	809413	Akuila Vula	81.00
30/12/10	809414	Tavua Ravu	45.00
30/12/10	809415	Avinesh Rohit Lal	108.00
30/12/10	809416	Rajineshwar Pillay	99.00
30/12/10	809417	National Hire	1,250.00
30/12/10	809439	Amelia Vunisea	234.00
30/12/10	809440	Vilikesa Balekiwai	90.00
30/12/10	809441	Paula Seru	81.00
30/12/10	809442	Ovini Baleinamau	198.00
30/12/10	809443	Semi Kedrawaca	402.00
30/12/10	809444	Elizabeth Zecharaihs	90.00
30/12/10	809445	Marica Ratuki	72.00
30/12/10	809446	Mere Nasau	81.00
30/12/10	809447	Vilitati Ratucoga	135.00
30/12/10	809448	Asela Tabualevu	45.00
30/12/10	809449	Eremasi Saune	126.00
30/12/10	809450	Viti Air Condition	1,064.66
30/12/10	809451	Joep Nabouwalu	117.00
TOTAL			140,702.25

The absence of an easy to follow audit trail hindered the progress of the audit as substantial audit hours were exhausted in trying to locate and identify payments vouchers and supporting documents.

There is a high risk of fraud and misappropriation of public funds at the Mechanical Section as record keeping is poor.

Recommendations

- **The Department should seriously consider improving maintenance of accounting records not only for audit purposes but also an important internal control of mitigating the likelihood of fraud and mismanagement of public funds.**

- **The Department should provide the source documents that could not be identified during the audit for verification.**
- **Those in-charge with proper maintenance of accounting records have failed to carry out their responsibilities as such should be disciplined.**

Department's Comments

The Department has taken into account the recommendations in the audit report and will ensure that all records are maintained properly. We have assigned an officer who will regularly oversee the filing of records and are done promptly and in sequence for ease of reference.

As for missing documents, we are in the process of locating them as it has been noted that they have not been filed in sequence. The documents will be made for verification to audit once they have been located and filed properly.

29.26 Canteen Operations

The Ministry of Works and Transport provides policy, planning, coordination, design, construction, operation, maintenance and management of programmes or activities related to public buildings, mechanical and electrical services, roads, bridges and jetties.

The Office of the Mechanical Engineer Central Eastern rents part of its premises at Walu Bay, where vendors sell food to the public for a monthly rent of \$30.

A major renovation costing \$14,064 was carried out on the canteen at the approval of the Principal Engineer Mechanical⁴¹. The renovation was funded from the Trade and Manufacturing Account (TMA). Cash received as rental payments were also used to procure additional materials worth \$1,092 from various companies.

The following issues were noted from the review of records pertaining to the operation of the canteen:

- There was no approval by the Permanent Secretary and Divisional Engineer Central Eastern for funding the maintenance of the canteen from the TMA.
- Monthly rental payments were accounted as TMA sales and lodged into the TMA bank account since May 2009. From October 2010, the Section ceased lodging cash collected from vendors as rent into the TMA bank account. The cash is maintained in the Office by Mrs. Elizabeth Zechariah, a Clerical Officer, and in some instances issued to staff on loan.
- The rental charge is \$30 per month, which is insufficient to cover the cost of any renovation and fixed expenses such as water and electricity.
- Some vendors have not paid rent since 2009 and there is no Memorandum of Understanding between the Section and the vendors regarding the payment of rent. Refer to *Appendix 29.5* for details.

The audit could not determine whether the canteen is part of the official operation of the Mechanical Section or a private operation by the staff. Public funds were used to renovate the canteen and yet revenues from the canteen also were given out as loans to staff.

⁴¹ Mr. Isikeli Raratabu (EDP 58125)

Recommendations

- **It is recommended that the Department in consultation with the Ministry of Finance establish policies and procedures on how the canteen is to operate and funding of any improvements.**
- **All urgent and routine maintenance of public buildings should be funded from the Departments operating budget.**
- **A review should be carried out on the monthly rental and arrangements should be made with vendors to settle outstanding rent arrears.**

Department's Comments

The Canteen in question used to be the old PWD boxing gym where the likes of champion boxers such as Alipate Korovou, Sani Fine, and Igenisio Mow, e.t.c. had trained under and groomed.

Inside the gym there used to be a canteen rented to a Chinese (Michael) that sells foods for the PWD and Marine workers in the day during tea and lunch breaks. In addition, the canteen used to have proper tables and chairs for the workers to sit on during tea and lunch breaks. How much the Canteen was rented for we have no idea as the MOF was the sole handler of this operation.

The Canteen was however burned sometime between 1996 and 1997 and Mr. Michael left and vacated the place. It was left unattended for quite sometimes and with the absent of Mr. Michael, new food vendors moved in the near the Mechanical gates to sell foods to the workers but later stopped by the Public Health officers sometimes between 2002 and 2003 due to health hazards.

After the vendors approached, the mechanical section management team recognized the need of their service to its 421 workers in the mechanical/electrical sections and a major clean up was done to the canteen before they were allowed to move in.

The Mechanical Section TMA had been paying for the whole electricity and water bills for the whole premises which include the portion of the building used by Government Shipping Services and Electrical Section, canteen and APTC. In 2009, the management had noted the amount of electricity and water consumed by these food vendors and had decided to levy a \$30 bills to each vendor to cater for electricity and water.

For transparency purposes, the funds collected from these vendors were channel to the Mechanical TMA and by 2010, the funds collected had accumulated to \$7,532.50 and by then the state of the canteen conditions had deteriorated further from when it got burned.

Following the Prime Minister's visit on the 13th March 2010, the Honorable Minister for Works and Transport visited the Mechanical section on the 30th of September 2010 and had suggested various improvements after he toured the whole mechanical section including the canteen. He was particularly concerned of the canteen operation and the physical state and he had indicated the need to upgrade government assets under our responsibility to an acceptable state especially the canteen. He was informed of the unavailability of the state fund for this matter at that time of his visit and he had suggested the use of TMA for this reason.

His instructions were to upgrade the Canteen to an acceptable condition and call for a suitable operator through tender processes. We had not let his instruction touch the ground and by December 2010 we had started the renovation by utilizing the fund accumulated through the years from the rent which was \$7,532.50 plus the additional fund of \$8,206 from TMA. The Permanent Secretary at that time Mr. Cama Tuiloma and the honorable Minister were fully aware of this activity.

The funds utilized was to be recovered from the rent of the new look canteen but unfortunately, before the initial plan actually eventuate, we had received a letter from PSC ON THE 25TH March 2011, reference 29/501/94 granting approval to transfer the abovementioned premises to the Department of Government Shipping Services, for the provision of waiting and terminal area for the public and officials awaiting departure on government vessels to the maritime islands.

We had written a letter to the Director of GSS dated 31/05/2011 ref PEM 20/10 requesting the separation of electricity meter from the main mechanical electricity meter and since then we yet to receive a reply from them.

To date, we have no other obligation over the canteen as the ownership had transferred to GSS and a few of the food vendors that sells foods to our workers continued to operate there but now under a new management team of GSS. The fund gained from the canteen was thrown back to the canteen in the form of renovation which has certainly increased the market value of the canteen.

29.27 Unnecessary Procurements

Proper management of expenditure is fundamental to ensuring the 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.⁴²

The Plant Pool store is a transit store and its primary responsibility is to facilitate the procurement of items required by the Mechanical or Service (Lube Bay) Section for their vehicle fleet(s).

The following anomalies were noted from the site visits and review of records at the Plant Pool stores:

- From our review of the Inventory Register, a substantial number of oil, air, fuel and hydraulic filter purchased in 2010 were still kept in stores as at the date of audit⁴³. Refer to *Appendix 29.6* for details.
- Stock cards were not maintained for items (filters) kept in stock. The Storeman explained that only the Inventory Register is maintained. On scrutiny of the register, audit noted that details such as cheque numbers, requisition numbers, delivery docket and the stock cards numbers were not recorded.
- There is no record maintained on tyres in stock, purchases made and those issued out.
- The current storeroom needs urgent maintenance and repair works as the roof leaks when it rains, which can damage items in stock.

The above weaknesses in the internal controls could be catalyst to unwarranted procurements, abuse and misappropriations of the inventory items without detection.

Recommendations

- **Inventory stock cards should be maintained for all stock items.**
- **Details such as cheque, requisition, delivery docket and the stock card numbers should be recorded in the Inventory Register.**
- **The excessive procurements of filters should be investigated and necessary actions taken.**
- **Proper planning procedures should be in place to ensure just in time (JIT) delivery of the items required by the Lube Bay and Mechanical Section for its vehicle fleets. Purchases in bulk should be avoided.**

⁴² Department Finance Manual Part 2

⁴³ 31 March 2011

Department's Comments

The filters that were in stock at the time of audit are those of heavy vehicles that are to be serviced. Those filters were orders two weeks prior to its service due. It has to be kept in store due to the PPM of these vehicles. Once the vehicle is out from the workshop, it will undergo its service schedule.

Plant Pool stores maintained Stock Cards and Inventory Register but the lack of proper handover of past two Storeman caused the misplacement of these internal records inside the store.

However, all our internal records are now in order when we have a storeman who has worked hard to ensure that all records are properly recorded, maintained and updated.

There was no bulk purchasing on our servicing items as we used JIT approach in ordering while the ordered stock was always kept in the stores due to the vehicle breakdown or vehicle out in the island.

There was no fund allocated for maintenance and repair works of stores even though the stores needed a thorough repair. Using of TMA funds for repair will need the Minister's approval and the availability of funds.

29.28 Faulty Speedometers

Each driver/operator must keep daily running sheets to records details of each run undertaken in any of the agency's vehicles. The running sheet shall document:

- Vehicle registration number
- Date and mileage at the start of the day
- Runs during the day and reasons for each run
- Arrival and departure times including mileage during each separate run
- Fuel details if vehicle is filled during the day.⁴⁴

The Plant Supervisor shall check the accuracy of all running sheets for the day and certify each sheet.⁴⁵

From the review of the running sheets for the Plant Pool, audit noted that speedometers for some vehicles were not in working condition. Refer to Table 29.18 below for details:

Table 29.18: List of vehicles with faulty speedometers

Vehicle Type	Registration No
Toyota Liteace Van	GL379
Toyota Land Cruiser	GL956
Toyota Utility	GL964
Mazda Utility	GN373
Mazda Twin Cab	GM529
Toyota Twin Cab	GL985
Mazda Twin Cab	GM883
Daihatsu Flat Top	GL791
Mitsubishi Flat Top	GK844
Hino Flat Top	GL698
Isuzu Tip Truck	GM241
Isuzu Tip Truck	GM242
Isuzu Tip Truck	GM243
Hino Service Truck	GJ626

⁴⁴ Department Finance Manual Section 12.3.4

⁴⁵ Department Finance Manual Section 12.3.10

Vehicle Type	Registration No
Hino Prime Mover	GL667

Explanations gathered during the audit indicated that the speedometers have not been in working conditions for many years. The vehicles are hired on an hourly basis with little significance placed on its mileage usage and also given the age of some of the vehicles, replacing the speedometer was considered uneconomical.

A speedometer is not only useful for gauging the mileage but is necessary for drivers to monitor the speed of the vehicle when on the road.

It is a concern that the above anomaly was overlooked during the annual examination carried out by the Land Transport Authority (LTA).

Recommendation

The Department should make concerted efforts to replace the above vehicles' speedometer in order to effectively monitor its journey and also to ensure safe driving.

Department's Comments

This is the problem with our heavy vehicles since the latest vehicle we have came 16 years ago. A good number of these vehicles spend most of their operation time in the island doing road maintenance and constructions which corrode and affect our vehicles components.

However, Plant Pool is working closely with the workshop personnel for the proper maintenance of these vehicles including the replacement of their speedometers. Quotations have been obtained and the sections will start to replace this part gradually once the fund is available.

29.29 Outstanding Revenue – Plant Pool

Where good or services are sold on credit, the accounts supervisor must ensure the customer has no previous arrears⁴⁶. For local sales, the credit period will be a maximum of 20 days from the issue of the sales invoice.⁴⁷ The accounts supervisor must maintain debtors register and adhere to the debt recovery procedures in accordance with Part 9 of the Finance Manual.⁴⁸

Review of the Debtors Register revealed that various Sections within the Department and a number of Government Departments owed a total amount of \$290,426 for plant hire and wages charges to the Plant Pool, as at the date of audit⁴⁹. Refer to Table 29.19 below for details:

Table 29.19: Details of outstanding plant hire and wages income

Department	Division	Section	Outstanding Hire Income (\$)	Outstanding Wages Income (\$)	Total Outstanding (\$)
Works	Headquarters	Headquarters Administration	6,559.90	3,686.51	10,246.41
		Architect	14,231.88	2,056.76	16,288.64
		Work Study	1,724.23	0	1,724.23
		Government Shipping	1,887.66	2,023.54	3,911.20

⁴⁶ Department Finance Manual Section 6.4.4

⁴⁷ Department Finance Manual Section 6.4.7

⁴⁸ Department Finance Manual Section 6.4.8

⁴⁹ 31 March 2011

Department	Division	Section	Outstanding Hire Income (\$)	Outstanding Wages Income (\$)	Total Outstanding (\$)
		Transport	0	942.24	942.24
	DECE	Joinery	771.77	2,361.98	3,133.75
		Plumber shop	2,517.52	3,317.90	5,835.42
		DECE Administration	11,231.20	8,791.37	20,022.57
		Government Building	7,985.89	1,321.42	9,307.31
		Building Section	17,221.31	16,996.01	34,217.32
Roads	Headquarters	Headquarters Roads	18,447.64	3,793.72	22,241.36
		Samabula Lab	0	276.44	276.44
		FRUP	0	864.52	864.52
Works	Mechanical	Services	1,223.87	1,937.28	3,161.15
		Boiler-shop	954.11	1,372.22	2,326.33
		Fitting Shop	2,456.67	1,355.42	3,812.09
		Machine Shop	0	330.76	330.76
DE Western		DE Western	5,047.27	14,175.45	19,222.72
DE Northern		DE Northern	68.32	0	68.32
Water	Central 2009	Suva Water Supply	42,896.93	23,557.72	66,454.65
	Central 2010	Suva Water Supply	44,888.28	19,402.05	64,290.33
Other Departments		Attorney General	689.85	0	689.85
		Rural Development	332.96	0	332.96
		PMs Office	132.30	0	132.30
		DPP	0	593.11	593.11
Total			181,269.56	109,156.42	290,425.98

Failure to settle hire charges will not only affect cash flow for subsequent periods but also the operation as a whole as the Plant Pool also has to pay its workers and suppliers. Delays in settling debt with suppliers have resulted in some not willing to provide goods and services on credit to the Plant Pool.

Recommendations

- **Debt recovery strategies need to be improved to ensure the recovery of outstanding debts.**
- **The Department should make a concerted effort to recover the outstanding debts without delay to avoid incurring losses in the operation of Plant Pool.**

Department's Comments

The Department has taken on board the recommendations by audit. The Plant Pool section provides vehicles and plants on hire to all sections of the Ministry at a very minimal hire rates so that the sections achieve their deliverables as required of them to ensure that service delivery to the community is provided unhindered.

All the sections of the Ministries and other Departments are supposed to make timely payments for the hire charges, but it is not done so. The Plant Pool is constantly liaising with the Debtors to make prompt payments, but failure on their part causes hindrance to the operations of Plant Pool.

The Plant Pool section has also written to relevant sections to settle their accounts. It has also notified the senior management, both verbally and in writing. All avenues are being pursued by the Plant Pool section to recover the outstanding dues from the defaulting sections/departments.

29.30 Electricity Generator – Rural Government Stations

Proper management of expenditure is fundamental to ensuring value for money in delivering services to the community.⁵⁰

Lakeba, Kadavu and Rotuma stations each run a generator that supply electricity to various government stations and communities. Repairs and maintenance of these generators including the supply of fuel and oil are carried out by the Department of Works. The consumers of electricity are billed on their monthly consumption and are required to make payments accordingly.

A cost-benefit analysis performed by audit revealed some serious concerns on the viability of the above stations. The audit noted that the cost of the operation significantly exceeded the expected revenue. In addition, significant amount of revenues are outstanding. Refer to Table 29.21 below and *Appendix 29.20* for details:

Table 29.20: Details of losses incurred

Station	Expected Revenue (\$)	Collected Revenue (\$)	Revenue Arrears (\$)	Maintenance Cost (\$)	Fuel Cost (\$)	Wages (\$)	Gain/(Loss) (\$)
Kadavu	114,722.21	40,458.94	74,263.27	98,343.97	223,779.07	30,408.00	(237,808.83)
Lakeba	113,190.85	67,661.07	45,529.78	59,731.59	230,946.93	29,808.00	(207,295.67)
Rotuma	24,623.51	17,412.55	7,210.96	50,498.07	234,582.75	30,408.00	(290,865.31)

Due to the unavailability of fuel station(s) at Lakeba and Rotuma, fuels are supplied by the Electrical Section in 200 litres drums on a monthly basis. Verification of the fuel records revealed that a total of 480 drums of fuel were purchased and supplied to cater for the Lakeba and Rotuma generators in 2010.

Recommendations

- With the increasing cost of fuel, it is imperative that the Department establish strategies to ensure that outstanding electricity charges are settled promptly to ensure that viability and sustainability of the stations.
- Regular reconciliations of the Station Officer's fuel record against the units of electricity supplied should be carried out in order to minimise the risk of any misappropriation of fuel.
- The ceiling on the arrears should be set and service should be temporarily suspended for those officers exceeding their limit.
- Salary deductions should be considered for those public officers with long outstanding arrears.

Department's Comments

The provision of power supply in the rural government station was a social obligation made by government to try and equalise the services provided in the urban areas as those with the rural communities.

The Department has in place a time duration for which customers are to pay their bills. If the bills are not paid within the 14 day duration from the day that they receive the bill, then the power supply to that resident is cut off till payment is made.

The recommendation for reconciliation of fuel records has been noted and the department is working on means to implement this.

⁵⁰ Department Finance Manual Part 2 Expenditure

DIVISIONAL ENGINEER WESTERN - WORKS**29.31 Stores records not properly maintained**

The inventory officer shall maintain the inventory register/ledger to record incoming and outgoing inventories. The inventory register/ledger shall provide the following information:

- Date of acquisition and order number reference
- Number of items received and cost price,
- Supplier details,
- Date of issue of inventory and nature of issue (for example, transfer or for processing)
- Issue reference (authority such as requisition order)
- Quantity issued.⁵¹

The inventory officer shall ensure that the register/ledger is kept up to date at all times.⁵²

Our review of records maintained by the stores of the various Sections revealed the following common anomalies:

- Inventory ledger cards were only maintained for items purchased in 2010 for the Joinery Section. There were no inventory stock cards maintained for items purchased for the Building Section in 2010 as well as in previous years.
- The Chief Clerk and the Accounts Officer explained that Inventory Registers are maintained instead of the cards. On scrutiny of the registers, audit noted that details such as cheque numbers, requisition numbers and the stock (tally) card number were not entered in the registers.
- Separate inventory stock cards were not maintained for project jobs and there were no documentary evidences available to verify the surplus items from the respective projects.
- The requisition books for all Sections (Building, Joinery and Plumber Shop) and their respective projects were maintained together.
- Scrutiny of a sample requisitions (book copy) revealed that the Storemens' signatures, dates and delivery details were not stated in the requisitions. The descriptions of the items procured could not be confirmed as they were unclear on some requisitions.

Issue specific to the Joinery Section

- The following items purchased for the Joinery Workshop was not recorded in the ledger/stock cards. Details are shown in Table 29.21:

Table 29.21: Items not Entered in the Register

LPO Number	Supplier	Description	Quantity	Valued (\$)
PO92011006023	Padarath Timber & Hardware Ltd	65 x 20 mm D/D Kaurvula	46 feet	73.60
		CTF Glue 20kg	10	146.67

⁵¹ Department Finance Manual Section 8.1.3

⁵² Department Finance Manual Section 8.1.4

LPO Number	Supplier	Description	Quantity	Valued (\$)
PO92011006024	Bomco Hardware	Grout	31	68.89
		Cemestic 4 Liter	4	63.29
PO92011006027	Bomco Hardware	Wood Putty	10	24.89
		Turpentine	10	40.89
		Mutton Cloth	1	57.78
PO92011006028	Reddy Diamond Hardware Ltd	40*20MM d/d Kauvula	46 feet	59.56
		Door Closer (Lockwood)	2	62.22
PO92011006036	Bomco Hardware	Yellow Tinter	1	53.33
		Green Tinter	1	57.78
		Red Tinter	1	57.78
PO92011006037	Bomco Hardware	Blue Tinter	1	57.60
		Enamel White	4	113.78
		Acrylic White	3	74.67
PO92011006034	Reddy Diamond Hardware Ltd	Silicone All Clear	25	288.89
		Solder Stick 50/50	15	66.67

Issues specific to the Building Section

- Reconciliations of replaced items such as galvanised roofing iron and door locks were not carried out. Old roofing irons are sold at \$1 each in contrast to replacement (new) procured on average of \$35 each.
- Delivery docket numbers for items issued were not entered in the Inventory Register. Refer to Table 29.22 for details:

Table 29.22: Delivery Dockets not Entered in the Register

Date	Supplier	LPO No.	Item Description	Quantity Issued As Per Register	Unit Cost \$	Total Cost \$
18/10/10	Reddy Diamond	PO96991003176	12ft Galvanised Roofing Iron	4	52.20	208.80
09/11/10	Bomco	PO96211002755	6MM Exterior Plyboard	2	30.66	61.33
13/10/10	S.K.Davey	PO96991003124	Facia Board 200*35	10 l/m	9.00	90.00
23/11/10	S.K.Davey	PO96211003150	100*50 Rough Kauvula	20l/m	3.77	75.56
26/10/10	Bombay	PO96211002804	50MM PVC Waste Pipe	2 l/m	18.22	36.45
10/11/10	Padarath	PO96211002885	1 ½ galvanised nail	1 kg	4.44	4.44
		PO96211002886	25mm galvanised "u" nail	2 kg	4.80	9.60
		PO96211002883	2' concrete nail	1 kg	4.26	4.27
			75 * 75 Hurricane Shutter	5 sht	42.66	213.34
25/11/10	S.K.Davey	PO96211003162	C.T.F Glue	4 bag	14.66	58.67
25/11/10	Reddy Diamond	PO96211003163	Grout (White)	4 bag	44.00	176.00
20/10/10	Sahay Brothers	PO96211002710	50*50 D/D Kauvula	30 l/m	2.26	68.00
			100*50 D/D Kauvula	30 l/m	4.16	125.07
20/10/10	Apco	PO96211002722	PVA White	7 Can	16.49	115.48
			Red Oxide	5 Can	28.38	141.91

Date	Supplier	LPO No.	Item Description	Quantity Issued As Per Register	Unit Cost \$	Total Cost \$
21/10/10	Bombay	PO96211002715	2" PVC Waste Pipe	1	18.22	18.22
			½" PVC P/Pipe	1	4.44	4.44
25/11/10	S.K.Davey	PO96211003152	75 * 75 *6 Hurricane Shutter	15	43.55	653.33
30/11/10	Bomco	PO96211003296	Cut Tacks	1	2.67	2.67
	Sahay Bro	PO96211003297	16" Galvanised Tee Hinges	2	8.88	17.78
	S.K. Davey	PO96211003667	6*2 Treated Kauvula	50l/m	5.66	283.34

Issues specific to the Plumbing Section

- The audit could not verify the recording of items against the stock cards as they were not available during the audit. Refer to Table 29.23 for details:

Table 29.23: Delivery Dockets Details not Entered in the Register

LPO No.	Supplier	Item	Qty	Amount \$	Remarks
PO96211002071	Reddy Diamond Hardware	Mortice Lock (ledge)	14	811.86	Stock/ledger card was unavailable for audit verification.
		Night Latch Lock (Lockwood)	14	683.06	
PO96211002065	Reddy Diamond	½ Brass non return valve	6	150.00	
PO96211002068	Kasabias	Cement	35	525.00	
PO96211002073	S.K.Davey Ltd	Night Latch Lock	6	321.00	
PO96211002097	Vinod Patel	Night Latch Lock (Lockwood)	1	55.00	
PO96211002289	Reddy Diamond Hardware	Night Latch (Lockwood)	12	660.00	
		Mortice Lock (Ledge)	12	720.00	
PO96211002402	Bomco Hardware	30mm * 2.4 * 18 Hoop Iron	50	346.65	
PO96211002559	Sahay Brothers	Soldering Sticks	50	225.00	
PO96211002562	Padarath Hardware	2" galvanised pipe "c" grade	4	586.67	
PO96211002563	Carpenters Hardware	½ galvanised pipe "c" grade	14	129.78	
PO96211002569	Bomco Hardware	Mortice Lock (Ledge)	1	56.45	
PO96211002570	Vinod Patel	Night Latch (Lockwood)	1	48.85	

- The galvanised roofing iron stock card was not updated. Refer to Table 29.24 for items not recorded in the card:

Table 29.24: Galvanised Roofing Iron not recorded

LPO Number	Supplier	Item	Qty	Amount \$
PO96211006234	Vinod Patel	Flat Galvanised Roofing Iron	50	1,767.50
PO92011006426	Vinod Patel		50	1,760.00
PO96211002401	Reddy Diamond		50	1,850.00
PO96211003510	Sahay Brothers		50	1,547.50

- Independent reconciliations of replaced items such as galvanised roofing iron, toilet sets and door locks were not carried out to authenticate usage.

The above weaknesses in the internal controls and maintenance of records in various stores could result in abuse and unauthorised usage of inventories. The risk of misappropriations of inventory items is high.

Recommendations

- **Inventory stock cards should be maintained for all stock items procured.**
- **Details such as cheque numbers, requisition numbers and the stock card numbers are to be recorded in the register.**
- **All the surplus/returned items from projects should be immediately taken on charge. The respective Project Supervisors should ensure that the surplus items are officially documented and verified by the independent officer prior to being returned to Stores.**
- **Separate requisition books to be maintained for each project for Building, Joinery and Plumber Shop sections.**
- **The book copy of the requisition should be filled accordingly that is the item description should be legible, the date of delivery, store-man's signature and other details are filled.**
- **The selling rate of old galvanised roofing iron should be increased from \$1 to a more appropriate amount.**
- **Management should ensure more regular internal inspections are carried out to ensure the effectiveness of the internal controls in place.**

Department's Comments

- *Tally cards are maintained for all project jobs done by the Building Section.*
- *Cheque number details is also included in the stores register*
- *The Department will ensure that all surplus items returned from jobs are to be recorded on separate cards.*
- *New requisition books for all jobs will be maintained separately*
- *The storeman will ensure that new carbon papers will be used to ensure that the book copies are legible.*

Issues Specific to Joinery section

*Items detailed on **Table 29.21** were purchased by Joinery and used in the Building Yard. These items were issued on delivery docket no. 40051 dated 26/02/10. The store man did not enter these on cards as it was utilised for internal use. He has now being advised to record all purchases for Joinery on tally cards.*

Table 29.22: ***Issues Specific to the Building Section***

Date	Supplier	LPO Number	D/Docket No.
18/08/10	Reddy Diamond	PO96991-3176	473337
09/11/10	BOMCO	PO96991-2755	473337
13/10/10	S.K.Davey	PO96991-3124	473486
23/11/10	S.K.Davey	PO96211-3150	473488
26/10/10	Bombay Trading	PO96211-2804	473322
10/11/10	Padarath	PO96211-2885	473392
		PO96211-2886	473392
		PO96211-2883	473459
25/11/10	S.K.Davey	PO96211-3162	473906
25/11/10	Reddy Diamond	PO96211-3163	473507
20/10/10	Sahay Brothers	PO96211-2710	473339
20/10/10	APCO	PO96211-2722	473314/473313
21/10/10	Bombay Trading	PO96211-2715	473322
25/11/10	S.K.Davey	PO96211-3152	473949

<i>Date</i>	<i>Supplier</i>	<i>LPO Number</i>	<i>D/Docket No.</i>
30/11/10	BOMCO	PO96211-3296	473925
30/11/10	Sahay Brothers	PO96211-3297	
30/11/10	S.K.Davey	PO96211-3667	

The storeman managed to identify copies of the delivery dockets issued for materials bought for the above Purchase Orders. He had overlooked these entries in the register but now has been advised to enter all delivery docket numbers against items issued. These are kept in the stores and are available for verification.

Items Specific to Plumbing Section

Table 29.23: Delivery dockets details not entered in the register

- Tally cards for the items listed in Table 25.29 were updated by the store man detailing quantity received, issued and the balance available. The store man has been informed to have tally cards and ledgers available in the stores at all times for verification by internal and external audit.
- Details of PO96211-002073 in the register recorded the purchase of toilet papers. Six night latch lock were purchased on 2074 and not 2073.

Table 29.24: Galvanized roofing iron not recorded.

Purchases of all flat iron detailed in table 25.30 were recorded in the tally card and this is kept at the Plumber shop stores. Further comments:

- The building section does maintain tally cards for all stock items at various job sites
- The recording of cheque numbers, requisition numbers and stock card numbers are now being entered in the stores register
- All surplus materials will be verified by the supervisor and an independent officer and recorded in a register. These items will be returned to the stores whereby tally cards will be opened and the materials taken on charge.
- The department will maintain separate requisition books for each job.
- The store man will be advised to use clear carbon papers to ensure legibility.
- A Board of Survey was carried out on all old roofing iron removed from various job sites. Recommendations were made and submitted to Ministry of Finance for approval.
- Management will ensure that internal inspection of stores will be done on a regular basis.
- The department will conduct in house training for store-man on proper store record keeping and new procurement procedures.

29.32 Joinery Shop - Damaged Stock

Inventory purchasing, storage and recording should be efficiently managed to ensure that there is a sufficient level of inventories when needed, while minimising the cost of holding inventory and the risk of stock becoming obsolete or damaged.⁵³ Storage of inventories shall be the responsibility to the storekeepers. The storekeeper must ensure that stocks are handled with care and well stored so as to reduce the risk of damage.⁵⁴

Physical inspection of inventories maintained at the Joinery Store revealed that 154 bags of concrete cement powder valued at \$2,356 and purchased on 24/11/10 for the Vio Lighthouse Project have become solid and cannot be utilised.

The above was due to the delay in works which was anticipated to be carried out in December 2010.

⁵³ Department Finance Manual Part 8 Inventory Management

⁵⁴ Department Finance Manual Section 8.2.1

The above indicated the lack of adequate planning on part of the Supervisors which has resulted in wastage of public funds. Management was fully aware of the delay and should have given a directive for the bags of cement powder to be economically used for some other ongoing projects.

Recommendations

- **Management should ensure that proper planning and confirmations are made prior to procuring such inventories. This is most relevant if proper storage spaces are not available.**
- **It is recommended that stocks are used for alternative jobs/projects if there is a risk of stock getting obsolete. Proper records should be maintained in such cases.**

Department's Comments

- *The cement was bought for Vio light house towards the end of the year and due to unavailability of the barge the project was put on hold until 2011*
- *Part of the cement was used on another project. The construction of Vio Light House has commenced and the remainder will be used for the project.*

29.33 Missing Fixed Assets Register – Plant Pool

The inventory officer shall be responsible for maintaining the Fixed Assets Register (FAR). The FAR shall provide the following details:

- Date of acquisition (including if asset was acquired by transfer, gift or second hand) and cost:
- Description
- Serial number and model
- Location
- Other relevant information (example if asset is sold or written off)⁵⁵

Audit noted that the FAR maintained for the Plant Pool and Joinery Section was only updated for 2010. The register containing records for previous years has been misplaced.

The above indicated negligence by the Storeman in safe keeping of records. The absence of the FAR could result in misappropriation of fixed assets without being detected.

Recommendations

- **Concerted efforts should be made to locate the missing FAR; otherwise a special board of survey should be carried out immediately and stock records to be updated accordingly in the new register.**
- **Access to Plant Pool store room should only be limited to authorised personnel to avoid misplacement of vital stores records.**

Department's Comments

Efforts were made to locate the missing assets register for Plant Pool and Joinery Section.

DIVISIONAL ENGINEER NORTHERN - WORKS**29.34 Operation of Nabouwalu and Taveuni Generators**

The Nabouwalu and Taveuni stations each run a generator that supplies electricity to the various government and non-government buildings. Repairs and maintenance of these generators including the supply of fuel and oil are carried out by the Department of Works. The recipients of the supply of electricity are billed on their monthly consumption and are required to make payments accordingly.

A cost and revenue analysis on the supply of electricity by the generators in Nabouwalu and Taveuni indicated that the operations had been carried out at substantial losses. Although the loss decreased from \$749,953 to \$679,445 in 2010 due to the decrease in fuel and oil expenses, it is still considered substantial in terms of the revenue collected. Refer to Table 29.25 for details:

Table 29.25: Cost vs Revenue analysis

Government Station	2009 (\$)	2010 (\$)
Summary of revenue collected		
Taveuni	11,859.93	7,924.48
Nabouwalu	15,155.47	44,099.97
Total	27,015.4	52,024.45
Summary of expenses incurred		
Wages and meals	121,519.05	135,738.08
Fuel and oil	503,299.06	394,963.09
Repairs and maintenance	152,150.75	200,767.90
Total	776,968.86	731,469.07
Loss	749,953.46	679,444.62
Arrears for Taveuni as at year end	59,481.90	30,657.77
Arrears for Nabouwalu as at year end	31,401.47	25,329.43

It was also noted that the electricity rate charge has not been reviewed despite the increase in fuel price over the years. All electricity consumers including domestic and commercial at Nabouwalu and Taveuni are paying a flat rate of \$0.2046 per unit on their electricity consumption while the current FEA rate for domestic consumers is \$0.1720 per unit for consumers that consume less than 130 units and \$0.3484 for consumers that consume more than 130 units in a month. Commercial consumers are charged \$0.3747 per unit.

The generators will continue to operate at a loss if the Department does not establish and implement strategies that will ensure that the operations of both generators are cost effective.

Recommendations

- It is recommended that the Department review the operations of both generators including the rates charged for domestic and commercial customers.
- The Department should institute strategies to help improve the collection of electricity charges from consumers.
- The performance of both generators should be closely monitored and reviewed on a quarterly basis.

Department's Comments

At state, the Division would be carrying out a cost analysis on our rates in comparison to the FEA rate and request to the Permanent Secretary for submission to be forwarded to the Ministry of Finance for the increase in rate. In addition, we are also trying to upgrade some of our meter to FEA standards.

A team has been set up late last year to improve the collection of revenue. This is inclusive of monthly billing, collection and disconnection for those who do not pay.

Monitoring systems has been put in place in terms of fuel consumption, servicing and maintenance. Donkey men has been given awareness and safe keeping of Gen-sets.

29.35 Arrears of Revenue Quarterly Return

Within one month after the end of each quarter, each agency with accounts receivable must submit a quarterly report on outstanding and overdue debts to the Ministry of Finance.⁵⁶

The report must outline:⁵⁷

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

The arrears of revenue as at 31 December 2010 for the Nabouwalu and Taveuni stations were \$25,329 and \$30,658 respectively.

Our audit noted that the Divisional Engineer (Works) Northern did not prepare and submit Arrears of Revenue Return (supply of electricity), for Nabouwalu and Taveuni, to the Ministry of Finance. This issue was also highlighted in the audit for the year 2009. As a consequence, the arrears of revenue for the Department have been understated in previous years.

Outstanding electricity charges will increase if the Accounts Officer at the Divisional Engineer Northern does not properly monitor and follow-up on the payments of outstanding bills.

Recommendations

- **The Department should ensure that the Arrears of Revenue Return are prepared and submitted to the Ministry of Finance on a quarterly basis.**
- **The recovery of arrears of revenue should be regularly monitored and salary deduction considered for officers with long outstanding arrears.**
- **The DEN should also consider disconnecting the supply of electricity to households and other commercial consumers if they continuously fail to settle their electricity bills on time.**

Department's Comments

The team that was set up has started with this year's first quarter arrears of revenue return has been submitted to Headquarters.

Consultation has been made to various District Officers to ensure that before a tenant vacates the quarters, he has to ensure that particular person clears off all relevant bills including electricity. In addition, a recommendation would be submitted to the Permanent Secretary to inform all other Department in Nabouwalu

⁵⁶ Finance Instructions 2005 – s50(1)

⁵⁷ Finance Manual 2005 – s9.3.3

and Taveuni that direct salary deduction would be made if respective officers vacates the quarters without clearing off their bills.

Disconnection of meters for those who fail to clear their outstanding bills has been in progress without a reconnection fee.

29.36 Diversion of Funds

The Permanent Secretaries of agencies may authorize the transfer of budgeted funds from the operating SEGs (SEGs 1, 2, 3, 4, 5, 6, or 7) to the capital SEGs (SEGs 8, 9, or 10) but not from capital to operating or from capital to capital.⁵⁸

A total of \$197,075 (VEP) was paid from SEG 4, fuel and oil allocation, for the Divisional Engineer (Works) Northern to the Central Eastern Mechanical Engineer (CEME) for plant hire charges and wages for drivers allocated to the Minister and the Permanent Secretary.

Of the total amount, \$80,596 consisted of charges for 2009 while \$116,479 (VEP) was for 2010. The audit noted that the payments were authorised by the Principal Accounts Officer although there was no evidence to indicate the virement of funds was approved by the Permanent Secretary. Refer to Table 29.26 below for details.

Table 29.26: Details of Payments made to CEME

Date	Cheque no.	Payee	Amount	Remarks
2009				
12/11/10	872499	CEME	5,825.03	Plant hire 12/11 various
07/12/10	872668	CEME	8,888.89	Plant hire 09
07/12/10	872683	CEME	25,202.12	Plant hire 09
08/12/10	872689	CEME	15,236.24	Wages for 2009
10/12/10	872728	CEME	14,683.12	Plant hire 09
14/12/10	872741	CEME	9,176.88	Wages 09
14/12/10	872741	CEME	1,584.10	Debit note 279/09
Total			80,596.38	
2010				
12/11/10	872499	CEME	11,061.41	Plant hire 12/11 various
16/12/10	872783	CEME	44,156.83	Plant hire 2010
16/12/10	872784	CEME	13,914.04	Plant hire 2010
29/12/10	872874	CEME	47,347.18	Plant hire 2010
Total			116,479.46	
Total Payments to CEME			197,075.84	

From the review of the Plant Hire charges stated above, the audit also noted that most vehicles were operating overtime on a daily basis from nine to sixteen hours. The reasons for working overtime were not provided during audit.

Explanation from the Clerical Officer at Plant Pool Section in Walu Bay revealed that it is a policy for vehicles to be charged with sixteen hours per day when respective drivers failed to submit their running sheets. However, audit noted that this policy is not documented in any operational manual of the Department.

⁵⁸ Finance Instructions 10 (1) (c)

The risk of mismanagement and abuse of funds will increase if virements are not properly authorized or plant hire charges not properly verified before payments.

Recommendations

- **The Principal Accounts Officer should comply with the Finance Instructions and ensure that the approval of the Permanent Secretary is obtained prior to utilising funds for purposes other than that initially approved. Evidence for such approval should be provided for audit when requested.**
- **The Principal Accounts Officer should be disciplined for authorising the above transactions.**
- **All plant hire charges should be properly verified with relevant supporting documents before payments are made.**

Department's Comment

The recommendations of the audit are noted and will be adhered to in future.

29.37 Value Added Tax Not Charged to SEG 13

From the review of capital expenditures, the audit noted that the Department did not charge Value Added Tax (VAT) to SEG 13 for purchases related to *SEG 8 - Capital Construction*. Refer to Table 29.27 below for details:

Table 29.27: Details of Procurements from Capital Construction vote

Purchase Order No./ Date	Details			Amount (\$)
	Items	Qty	Unit Cost	
PO97991-013176 17/08/10	½" H/N peeler cock	5	59.50	297.50
PO97991-012314 26/04/10	Vinyl rubber tiles	25	36.00	900.00
PO97991-013816 27/08/10	150mm PVC waste pipe	7	104.65	732.55
PO97991-013722 11/08/10	100mm square junction	10	7.50	75.00
PO97991-012971 10/06/10	Safety boot	13	55.00	715.00
PO97991-013104	Internal memo	10	16.00	160.00
	D/docket	10	11.00	110.00
	Master t/book	1	125.00	125.00
	Tally card	500	0.50	250.00
PO97991-013886 23/09/10	Stainless steel auto cistern ceramic urinal bowl	2	2,900.00	5,800.00
PO97991-013694 10/08/10	Paint white acrylic gloss	75	38.93	2,919.75
PO97991-012458 28/04/10	2020*750 flyscreen door	1	250.00	250.00
	1900*650 timber louvered door	1	295.00	295.00
	160*25 D/D fascia board	15	7.50	112.50
	50*20 D/D batten	6	2.50	15.00
	70*70 D/D timber post	2.40	5.00	12.00
PO97991-012459	2060*895 rebated louvered	2	320.62	641.24

Purchase Order No./ Date	Details			Amount (\$)
	Items	Qty	Unit Cost	
28/04/10	door			
	70*20 D/D timber frame	20	5.46	109.20
	1185*1185 flyscreen double door	1	337.50	337.50
	1950*710 flush door	1	281.25	281.25
PO97991-012460 28/04/10	145*145 D/D timber post	50	7.50	375.00
	40*20 D/D timber	100	4.50	450.00
	180*20 D/D timber	5	6.50	32.50
	140*45 D/D door frame	6	6.85	41.10
	2580*2230 double door l/brace	1	300.00	300.00
PO97991-013354 16/07/10	3.6 * 2250 d/wooden gate	1	1,900.00	1,900.00
PO97991-013951 09/09/10	90*20 treated lining	335	1.96	656.60
PO97991-013809 27/08/10	Timber as per schedule	1	1,013.00	1,013.00
PO97991-013966 13/09/10	Amano pix-200 time recorder	1	1,194.75	1,194.75
PO97991-013355 16/07/10	6*24G.galv roofing iron	31	26.10	809.10

Discussion with the Accounts Officer revealed that VAT was not charged to SEG 13 due to non availability of funds under the VAT allocation.

The budget allocation for Capital Construction could be easily exhausted as a result of VAT inclusive charges under SEG 8. In addition, VAT will be understated and Capital Construction overstated in the Agency Financial Statements for 2010.

Recommendations

- VAT should be separately charged to SEG 13 for all purchases made from Capital Construction allocation as this has been provided in the Department's budget.
- The Department should conduct a thorough review of the expenditures charged to SEG 8 and pass the necessary adjustments to correct the anomalies highlighted above.

Department's Comments

Overspent on VAT allocation, FMIS does not allow expense on VAT on that particular allocation. Under the Capital Construction Allocation, the over expenditure by DECE has resulted on the over spending.

The attempts to do the adjustment manual failed since the system could not accept it as VAT allocation has been overspent.

29.38 Materials Received not Updated in Stock Card

The inventory officer shall maintain the inventory register/ledger to record incoming and outgoing inventories.⁵⁹ The storekeeper shall keep an inventory card for each inventory item to determine the value of items.⁶⁰

⁵⁹ Finance Manual 2005 – s8.1.3

Our audit noted that materials purchased and received were not taken on charge in the Inventory Register. Refer to Table 29.28 below for details:

Table 29.28: Details of Materials Received but not Recorded in Inventory Register

Project	Item	Qty	U/cost (\$)	Amount (\$)	Remarks
Urgent maintenance to Public Buildings	½" H/N Peeler cock	5	59.50	297.50	Materials supplied by Munaf Motors on 19/08/10 (delivery docket no. 14875)
Phase 1 Works of Group 1 Labasa Township	Aluminium G/wire (5*30mtrs)	2	395.55	791.10	Materials supplied by Northern Electrical & Hardware on 02/12/10 (delivery docket no. 1124)
	Rose wood stain	1	64.00	64.00	Materials supplied by Northern Electrical & Hardware on 02/12/10
	12mm pinex board	21	62.22	1,306.66	Materials supplied by A.Hussain Ltd on 23/11/10 (delivery docket no. 164101)
	4" single mattress with cover	3	195.33	195.33	Materials supplied by A.Hussain Ltd on 23/11/10 (delivery docket no. 164101)
	Galvanised roofing nail	38	4.44	168.72	Materials supplied by A.Hussain Ltd on 25/11/10 (delivery docket no. 161886)
Maintenance work at Group 3 Vaturekuka	½" PVC pressure pipe	2	4.40	8.80	Materials supplied by Munaf Motors on 24/11/10 (delivery docket no. 15163). Stock card for this item not yet opened.
	560*150*6mm louver blade	1	1.32	1.32	Materials supplied by Munaf Motors on 24/11/10 (delivery docket no. 15171).
	8 blade louver frame	6	9.11	54.66	Materials supplied by Munaf Motors on 24/11/10 (delivery docket no. 15171)
	4 blade louver frame	3	5.95	17.85	Materials supplied by Munaf Motors on 24/11/10 (delivery docket no. 15171)
	Polly filler	5	1.88	9.40	Materials supplied by Munaf Motors on 24/11/10 (delivery docket no. 15171)
	Sand paper P-320	12	0.47	5.64	Materials supplied by Munaf Motors on 24/11/10 (delivery docket no. 15171)
	25mm panel pin	2	4.98	9.96	Materials supplied by Munaf Motors on 24/11/10 (delivery docket no. 15171)

There is a high risk of the inventories being misplaced or misappropriated without being detected, if the inventory records are not properly updated and maintained.

Recommendation

The Department should ensure that all purchases and movements of inventory items are properly recorded.

Department's Comments

The problem has been rectified by the Accounts Section.

29.39 VAT Lodgments not made for TMA Accounts

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 Commissioner⁶¹.

A penalty of 10% will be charged on late lodgements of VAT Returns and 2.5% thereafter for every month the return is not lodged.⁶²

Our audit noted that the DEN has not prepared and submitted VAT Returns for its Trade and Manufacturing Account (TMA), to the Fiji Revenue and Customs Authority (FRCA). This has been an ongoing issue from previous years.

The non-submission of VAT Returns is a breach of the VAT Decree which could result in substantial penalty charged to the Department.

Recommendation

VAT Returns for TMA should be prepared and lodged on a timely basis to avoid late lodgement penalty.

Department's Comments

We have started paying VAT this year.

STORES - WORKS**29.40 Missing Fixed Asset Register – Plumber Shop (DECE)**

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

- Date of acquisition (including if asset was acquired by transfer, gift or second hand) and cost:
- Description
- Serial number and model
- Location
- Other relevant information (example if asset is sold or written off)⁶³

Audit noted that the Fixed Asset Register maintained by the Plumber Shop was only updated from September 2010. The register containing records for previous years has been misplaced.

⁶¹ VAT Decree 1991 s.33

⁶² VAT Decree s.60

⁶³ Department Finance Manual Section 11.2.1

There is a high risk of misappropriation of fixed assets if records are not properly maintained or have been misplaced.

Recommendation

Efforts should be made to locate the missing Fixed Assets Register and a board of survey should be carried out to update the current FAR.

Department's Comments

No comment received.

29.41 Records of Fixed Assets and Inventories – Mechanical (DECE)

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

- Date of acquisition (including if asset was acquired by transfer, gift or second hand) and cost:
- Description
- Serial number and model
- Location
- Other relevant information (example if asset is sold or written off)⁶⁴

Audit noted that the Fixed Assets Register was only maintained from 2010. From the review of the Board of Survey report carried out in 2010, audit noted that most tool codes have no items recorded against them, which audit found questionable given the size and period of operation of the Tractor Shop. A register containing records for previous years has been misplaced.

Our inspection of the store room revealed that a number of tractor spare parts were kept in stock; however, there were no stock cards or inventory register maintained for the items. A stock take was carried out during the audit to take on charge the items in stores. Refer to *Appendix 29.8* for details.

In absence of the proper records, it will be difficult to ascertain the details of items in stock, increasing the risk of misappropriation of inventories and fixed assets without being detected.

Recommendations

- **A board of survey should be carried out immediately and the Fixed Asset Register should be updated accordingly.**
- **The Department should immediately take on charge the tractor spare parts on hand.**
- **Regular inspection should be carried out on inventory records and any variance should be investigated accordingly.**

Department's Comments

Before 2010, there was a lot of reshuffling done to the storemen. This led to the non register of the plants that are under repair in the workshop and this led to the misplacing of the register book. As all plants and vehicles are registered with records and planning in Plant Pool, we in tractor shop have taken the initiative to have individual tally cards for machines that are under repair. Parts that are ordered for the machines will be entered in the tally cards and for the mechanic that receives the part shall sign off on the tally card.

⁶⁴ Department Finance Manual Section 11.2.1

On inventories of fixed assets, this has not been done or continued from the last dated date, this was due to the reshuffling of the storemen. For all fixed assets in the tractor shop, we now have a register book for all fixed assets and workshop tools to be recorded in. For workshop tools the workmen will have to sign out for the tools and upon returning the storeman shall initial.

For parts that are kept in stock, most of these are for machines that have been written off.

For spare parts in stock, some are quick moving parts that are needed daily and for other parts these will be fitted in machines of same make model because the actual machine has been written off. There will be a separate register book for this until stocked parts is fitted on machines and number of these machines shall be recorded.

29.42 Poor Fixed Assets and Inventory Records (DECE)

The proper management of expenditure is fundamental to ensuring the 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.⁶⁵

The inventory officer shall maintain the inventory register/ledger to record incoming and outgoing inventories. The inventory register/ledger shall provide the following information:

- Date of acquisition and order number reference
- Number of items received and cost price,
- Supplier details,
- Date of issue of inventory and nature of issue (for example, transfer or for processing)
- Issue reference (authority such as requisition order)
- Quantity issued.⁶⁶

Mechanical Workshops and Services Shops

Our review of records for the Central Parts stores and Services Section stores revealed the following anomalies:

Central Parts Stores

- Spare parts and filters in stock have not been recorded.
- Prior to 2010, there was no Fixed Asset Register (FAR) maintained by the stores. Only a few items have been taken on charge in the FAR for 2010, which included an industrial fan, two rust guard gun, three extension cord and one sander/polisher.

Service Section Stores

- Stock cards were not available for verification. Audit was informed that the cards were destroyed during a period of heavy rain which caused flash floods affecting the storeroom.
- The last board of survey was carried out on 30/06/09. However, the Fixed Assets Register maintained by the Section was last updated on 08/07/02; hence fixed asset purchased after 08/07/02 were not recorded in the register. Refer to Table 29.29 for examples:

⁶⁵ Department Finance Manual Part 2

⁶⁶ Department Finance Manual 8.1.3

Table 29.29: Details of Items Not Recorded In the Fixed Asset Register

Date	LPO No.	Item	QTY	Amount (\$)
15/07/08	PO95214000484	Calculators FX 82	5	77.50
24/09/08	PO91011005548	Hitachi Grinding Machine	1	425.00
24/10/08	PO91011006191	160 GB Drive	1	150.00
23/10/08	PO91011006207	Desk top computer	1	2,395.00
05/12/08	PO95991004055	Hitachi Drill	1	529.00
24/09/09	PO91011010404	4" Hitachi Grinder	1	180.00
07/10/09	PO91011010555	Digital Camera	1	349.00
17/01/10	PO91011050010	Jigsaw	1	617.00

Machine/Fitting Shop

The review of the inventory ledger maintained at the Fitting/Machine shop revealed following anomalies:

- There was no Inventory Register maintained by the machine shop until 28/04/10.
- Details such as cheque numbers, requisition numbers, delivery dockets and the stock cards numbers were not recorded in the register.
- The Section is not using the official government requisition books while making request for purchase instead they are using the internal order memorandum.
- The stock cards are not maintained for the materials procured during the year except for tools.

In absence of the proper records, it will be difficult to ascertain the details of the items in stock, increasing the risk of misappropriation of inventories and fixed assets without being detected.

Recommendations

- **The Department should ensure that details such as cheque, delivery docket, requisition and stock card numbers are entered in the register with immediate effect.**
- **A board of survey should be carried out and all fixed asset procured since 2002 should be identified and details recorded in the Fixed Assets Register.**
- **The Department should ensure that all requisition forms are filled properly with names of the officer and position receiving the items clearly stated.**
- **The official requisition book should be used for any purchase request.**
- **Stock cards should be maintained and updated with movements of all inventory items.**

Department's Comments***Central Parts Stores***

No proper handing over was done to the storeman when transferred to Central Stores in January 2010.

We have listed down all the workshop tools and equipment and handed over to the Storeman for entry to the fixed asset register that was opened – thus a proper board of survey to follow soon.

Some of the parts on shelves are obsolete, for boarded and auctioned vehicles and need to be written off or put off the shelves into boxes. Stock cards are left on top of the items on the shelves. Stock card rack being painted and to be re-used. Need for a filing cabinet.

The Storeman concerned has been told to update all records – fixed asset register, daily issue, inventory card and tally cards.

Those receiving parts from the stores to write their name, FNPF Number/EDP Number and signed clearly. Requisition forms are being filled clearly and signed when requesting for parts.

Service Section

The section has taken into consideration the recommendation by the audit department and is trying its utmost to improve in the daily running of its stores on the proper filing of requisition for stores, stock cards are to be maintained for all items received and issued out to workmen. Proper records are to be kept in a register for references.

Machine and Fitting Shop

The recommendation of the audit will be adhered to. Another register was maintained by the Storeman that was locked in his safe. All other register will be recorded in the register from now on.

The section was using government requisition books before and for transparency purpose, the Department had designed an internal order form whereby every order has to be sighted and approved by the Supervisors, Engineer and Heads of Sections. With the recommendation of the audit team, the section will now use the normal requisition book again together with the internal memorandum.

Stock cards were not maintained on most of the items purchased as they were used in the projects. Now the stock cards are maintained to record all items purchased and issued for.

29.43 Anomalies noted in Electrical Section Stores

The inventory officer shall maintain the inventory register/ledger to record incoming and outgoing inventories. The inventory register/ledger shall provide the following information:

- Date of acquisition and order number reference
- Number of items received and cost price,
- Supplier details,
- Date of issue of inventory and nature of issue (for example, transfer or for processing)
- Issue reference (authority such as requisition order)
- Quantity issued.⁶⁷

Access to the inventory stores shall be limited to the storekeeper all other officers shall be restricted from entering storage facilities unless approval is granted by the storekeeper.⁶⁸

The tender box shall be equipped with two separate locks. One key shall be kept by the chair of the tender board and the other by the tender board secretary.⁶⁹

Divisional Engineer Central Eastern (DECE)

A review of the inventory ledger and other records maintained at the Electrical Section – DECE revealed the following anomalies:

⁶⁷ Department Finance Manual Section 8.1.3

⁶⁸ Department Finance Manual Section 8.2.2

⁶⁹ Department Finance Manual Section 2.4.4

- Details such as cheque numbers, requisition numbers, delivery docket and the stock cards numbers were not recorded in the register.
- The access to the storeroom was not restricted as workmen were seen during the audit to be entering the storeroom without proper authority.
- Lack of separation of duties. The storeman receives the internal request, prepares the requisition, calls for tender (quotation), maintains the tender box and the key, prepares the local purchase order (LPO) and receives and issues the items.
- Requisition book were not adequately filled. The officer receiving the items was not filling in necessary details such as name and position.
- Mechanism in place to record the surplus items from the respective projects was inadequate. There was no documentary evidence available to verify against stock on hand.
- Fixed Assets Register was not maintained. However, individual workmen stock cards are maintained.
- Board of survey was not carried out in 2010. The timing of the last board of survey could not be determined.

Divisional Engineer Western (DEW)

Scrutiny of the inventory ledger maintained at the Electrical Section revealed the following anomalies:

- The inventory ledger card was only maintained for the items purchased in 2010 for internal use. No inventory stock cards were maintained for the Project Jobs.
- The inventory register did not include details such as Cheque Numbers, Requisition Numbers and the Stock Card Numbers were not entered in the register.
- A temporary officer (Usaia Vunisa) was responsible for the stores in 2010.
- Mechanism in place to record the surplus items from the respective projects were inadequate. There was no documentary evidence available to verify the stock on hand.
- Verification of the delivery dockets against the inventory register revealed some variances. Refer to Table 29.30 for details:

Table 29.30: Variance between Delivery Dockets and Register

Date	LPO Number	Delivery Docket (D/D) Number	Item Descriptions	Item As per D/D	Qty Issued As Per the Register	Variance Quantity
08/09/10	PO96211-002747	19253	20 w Fitting Comp Expro	0	2	2
08/09/10	PO96211002749	19254	35A Main Switch	0	1	1
08/09/10	PO96211002746	19254	2.5 tps Wire	100	120	20meter
18/10/10	-	19254	5/32 Machine s/nut	24	0	24
	-	19254	20mm adaptor	1	0	1
08/09/10	PO96211-002748	19214	5/32 Machine s/nut	0	24	24
			20mm Adaptor	0	1	1

Date	LPO Number	Delivery Docket (D/D) Number	Item Descriptions	Item As per D/D	Qty Issued As Per the Register	Variance Quantity
			Silver Spray	0	1	1
			Single Screw/Connector	0	24	24
			Double Screw Connector	0	24	24
21/09/10	-	19214	Plastic Bowl	1 ½	0	1 ½
18/09/10	PO96211	19212/ 19213	Entry Box	0	1	1
15/09/10	PO96991003057	19209	40MM Tape	0	4	4
15/09/10	-	19209	Circuit Breaker 40amps	0	1	1
22/09/10	PO96991003098	19231	25MM Grey Conduit	0	2	2
			25mm Elbow	0	4	4
18/10/10	PO96211002768	19527	1 phase entry box	0	1	1
			6mm cement bit	0	2	2
20/10/10	PO96211002773	19271	10A single gpo	0	3	3
20/10/10	PO96991003189	19271	6MM Aerial Main	0	50	50
			5/8 B/Nut	0	2	2
20/10/10	PO96211002780	19271	No 1 Aerial	0	1	1

- Instances were noted where delivery docket number was not entered in the register for items issued. Refer to *Appendix 29.9* for details.

The above weaknesses in the internal controls increase the risk of abuse and misappropriations of inventories.

With the lack of compliance with internal control, it would be difficult to ascertain whether all fixed assets purchased have been taken on charge. The delay in conducting the board of survey could also lead to misappropriation of fixed assets.

Recommendations

- Details such as cheque numbers, requisition numbers, delivery docket and the stock card numbers should be recorded in the Inventory Ledger.
- Access to the storeroom should be restricted and only allowed on a need basis.
- The Department should consider involving other officers in the purchases and procurement process under the sole responsibility of the Storeman.
- All the surplus/returned items from the projects should be immediately taken on charge. The respective Project Supervisors should ensure that the surplus items are officially documented and verified by the independent officer prior to being returned to Stores.
- Regular internal inspections should be carried out by the Supervisor/Chief Clerk to ensure the effectiveness of the internal controls in place.
- The Department should also maintain a fixed asset register and reconciled with the individual workman's stock card.
- A board of survey should be carried out to verify and record all fixed assets maintained by the Section.
- Stores is high risk area as they could be easily subject to abuse and misappropriation, therefore, officers on temporary employment should not be given the responsibility of maintaining and administering stores.

- **Inventory ledger/stock cards should be maintained and updated regularly for all items procured and issued.**

Department's Comments

DECE

A purchasing officer has been requested for the section to assist in the workload of the Storeman and ensure the clear separation of duties. This will also free up the storeman to carry out his other duties.

At the time of the audit, the officer noted the movements of staff in and out of the storeroom due to the material requirements of the various projects. His observation has been noted. These officers were in stores to assist the storeman in the logistics for the paperwork involved in the purchasing process while awaiting the arrival of the purchasing officer.

All other recommendations made by the audit officer have been received and actions taken accordingly.

DEW

- *The Department will now maintain tally cards for all Electrical items used for various projects. Details will be recorded onto the cards from the delivery dockets issued from the main electrical stores.*
- *Cheque numbers, requisition numbers and Ledger/Stock card numbers are now been recorded in the Electrical register. This will be updated on a regular basis.*
- *Materials left over from completed jobs were brought back to the stores for issue to other urgent maintenance jobs. However the management will ensure that a register will be kept for all unused materials from job sites detailing material description, quantities and the particular job it was brought from. These items will then be properly taken on charge in the tally cards for reissue.*
- *The internal inspection unit will carry out regular routine inspection to ensure that store keeping mechanisms are put in place at all times.*
- *The stores is now been looked after by a permanent store-man and will be responsible for all the receiving, recording and issuing of materials in and out of the stores.*

Table 29.30

A verification of the delivery docket against the inventory register was conducted, tabulated below are the findings:

PO #	DD #	Item Des	Item as per DD	Qty issued as per register	Diff	Remarks
96211-2747	19253	20w Comp Fitting	3	2	1	An additional 20w Comp fitting was also issued from the completed job
	19254	35a Main switch	0	1	1	The item was issued on DD# 19253. The wrong delivery docket was recorded instead.
96211-2746	19254	2.5mm tps wire	100	120	20	The remaining 20m TPS wire was issued on DD#19262.
	19254	5/32 Machine s/nut	24	0	24	The items were issued on DD# 19214. The wrong delivery docket was recorded instead
	19254	20mm adaptor	1	0	1	
96211-2748	19214	5/32 Machine s/nut	0	24	24	The items were issued on DD# 19254. The wrong delivery docket was recorded instead
	19214	20mm adaptor	0	1	1	The items were issued on DD# 19254. The wrong delivery docket was recorded instead

96211-2748	19214	Single S/connector	0	24	24	The items were issued on DD# 19223. The wrong delivery docket was recorded instead
		Double S/connector	0	24	24	
	19214	Plastic Dowel	1.5m	0	1.5m	Material was issued from the completed jobs.
96211-2743	19213/19212	Entry Box	0	1	1	Material was issued on DD# 19211
96991-3057	19209	4mm PVC tape	0	4	4	1 No. was issued on DD#19209. Verified with Electrician and the balance used on site
	19209	40A C/Breaker	0	1	1	Verified with electrician and items were used on site
96991-3098	19231	25mm grey conduit	0	2	2	Materials issued on DD# 19231
		25mm Elbow	0	4	4	Materials issued on DD# 19231
96211-2768	19527	Entry box	0	1	1	Verified with electrician and items were used on site
		6mm cement bit	0	2	2	
96211-2773	19271	10a single GPO	0	3	3	
96991-3189	19271	6mm Aerial Main	0	50	50	
		5/8 bolt & nut	0	2	2	
96211-2780	19271	No.1 Aerial Clamp	0	1	1	Material was issued on DD# 19271

Date	LPO Number
27/11/10	PO96211 – 3261
27/11/10	PO96211 – 3240
27/11/10	PO96211 – 3262
27/11/10	PO96211 – 3146
27/11/10	PO96211 – 3148
27/11/10	PO96211 – 3224
27/11/10	PO96211 – 3191
27/11/10	PO96211 – 3192
27/11/10	PO96211 – 3194
27/11/10	PO96211 – 3195
27/11/10	PO96211 – 3189
27/11/10	PO96211 – 3140
27/11/10	PO96211 – 3144

Items purchased from Purchase Orders recorded in the table above were obtained from the Electrical companies and delivered directly to the Nadi Group Maintenance job site. The use of these items were confirmed by the electricians based at that particular job, and were fitted accordingly in the respective quarters. Now all materials taken to the site will be received into the stores first and delivered out via delivery dockets to job sites.

QUARTERS - WORKS

29.44 Stock-take of Fixed Assets – Quarters

The Accounting Head shall nominate two stock-take officers to undertake an annual stock-take of fixed assets and expendable items at a specified date.⁷⁰ The stock-take officers shall physically identify each item, note its working condition and verify its existence to the fixed assets register and

⁷⁰ Department Finance Manual Section 11.4.1
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expendable items register. Details of the stock-take must be entered on the appropriate stock-take sheets and signed by the stock-take officers.⁷¹

The Public Works Department will be responsible for furniture in Pool quarters and for the maintenance of proper records of all furniture and non-expendable in such quarters. Furniture shall not be removed from, or transferred between, Pool quarters in Suva or the Districts without the prior consent in writing of the Permanent Secretary for Works or the Divisional Engineer respectively.⁷²

The Quarters Clerk is responsible for administering the operations of pool quarters in the Division. These include supervision, monitoring and maintenance of government quarters in consultation with other stakeholders such as the respective District Officers, Commissioner Central Eastern Division and Public Service Commission. Refer to Table 29.31 for the number of quarters within the Central Eastern and Western Divisions:

Table 29.31: Quarters Details

District	No of Quarters
Central Eastern Division	
Suva	263
Tailevu	34
Korovou	24
Navua	28
Total	349
Western Division	
Sigatoka	32
Nadi	64
Lautoka	167
Ba	26
Tavua	16
RakiRaki	22
Total	327

The audit could not ascertain from the records reviewed and discussions with the Quarters Clerks, the last quarter's asset stock take conducted for the Divisions. The Divisions only check and inspect the fixed assets maintained in the quarters when tenants move out and in most instances; the Quarters Clerks were informed after the tenant had vacated the quarters.

In addition, the audit noted a number of quarter's furniture such as tables, chairs and cabinets kept at the Joinery Workshops for considerable period of time awaiting repair. There was no documentary evidence made available for audit to confirm the status of the furniture and for which district and quarters.

There is a high risk of tenants removing fixed assets when they vacate the quarters as there are no record of fixed assets contained in each quarter and those taken in for repair.

Recommendations

- **The Department should conduct a general inspection on all the quarters and conduct stock take to update quarters' records.**
- **Separate files to be opened for each quarter in Central Eastern Division and correspondence to be filed in respective files for ease of reference.**

⁷¹ Department Finance Manual Section 11.4.2

⁷² General Order Section 631 (a)

- **The Quarters Clerk should ensure that all the furniture's brought for repairs are recorded properly and copies to be submitted to the Joinery Chief Clerk for his record.**
- **Efforts should be made to repair all damaged furniture's stored in the Workshop and returned to the quarters accordingly.**

Department's Comments

DEW Response:

- *The quarter's clerk has started conducting a general inspection and stocktake of all inventories of quarter's furniture in the western division.*
- *Occupancy card including tenants name and inventory detail are kept with the quarters clerk and will be updated after the survey is completed*
- *Furniture repairs are normally carried out during the normal group maintenance cycle. Those that are beyond repair are brought to the Joinery shop.*
- *Quarters furniture stored in workshop are repaired when funds are received.*

AUDIT FINDINGS – DEPARTMENT OF TRANSPORT AND FIMSA

29.45 Operating Trust Fund Account

Within three days of receiving the monthly general ledger reports from the Ministry of Finance, the ledger keeper shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement⁷³. Any errors or misallocations must be immediately adjusted by way of journal vouchers.⁷⁴

As at 31 December 2010, the Department of Transport and FIMSA had a closing balance of \$50,020 as Operating Trust Fund. It was noted that the balance was inclusive of Operating Trust Funds for the Government Shipping Services and FIMSA's Hydrographic Section of \$49,126 and \$175 respectively. The Government of Shipping Services and the Hydrographic Section of the Fiji Islands Maritime Administration (FIMSA) were reassigned to the Ministry of Defence, National Security and Immigration in 2009.

Refer to Table 29.32 below for details:

Table 29.32: Operating Trust Fund Account Balance

Department	Department's Reconciliation (\$)
Transport	(40,650.10)
Government Shipping Services	49,126.00
FIMSA - General Admin	2,121.46
FIMSA - Shipping Office	39,597.75
FIMSA - Hydrographic	(175.34)
Total	50,019.77

Furthermore, the Department of Transport's Operating Trust Fund account had an overdrawn balance of \$40,650. The Department was not able to provide any explanations for overdrawing the account.

⁷³ Finance Manual - Ministry of Works and Energy 2005 Section 16.3.3

⁷⁴ Finance Manual - Ministry of Works and Energy 2005 Section 16.3.4

The above indicates that trust fund reconciliations were not effectively carried out to ensure that variances are rectified on a timely basis and trust funds are not overdrawn.

Recommendations

- The Department must ensure that Trust Funds are not overdrawn at any time.
- The Department must investigate the overdrawn Trust accounts balance and take appropriate action.
- The Operating Trust Fund accounts for the Government Shipping Services and the Hydrographic Section of FIMSA should be transferred to the Ministry of Defence, National Security and Immigration.
- Trust Fund reconciliations must be properly carried out and checked for accuracy by the Head of the Accounts Section

Department's Comments

The Operating Trust Fund Account has been overdrawn because it was debited by \$55,710.23. The charges were for GSS Apprentice Tuition fee, food rations and wages. This posting was done because GSS's IDC account deactivated during their transfer from Ministry of Works to Ministry of Defence.

The Operating Trust Accounts for GSS and FIMSA Hydrographic have been transferred to Ministry of Defence. The corrections to Trust fund accounts have been made this year.

29.46 Revolving Fund Account (RFA) - Miscellaneous

Within three days of receiving the monthly general ledger reports from the Ministry of Finance, the ledger keeper shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement⁷⁵. Any errors or misallocations must be immediately adjusted by way of journal vouchers.⁷⁶

We noted that the closing balance for the Department's RFA balance as at 31 December 2010 did not reconcile with the General Ledger (FMIS). Refer to the Table 29.33 below for details:

Table 29.33: RFA – Miscellaneous Variance

Description	Department's Reconciliation (\$)	FMIS (\$)	Variance (\$)
RFA – Miscellaneous	141,383.21	130,960.45	10,422.76

No effort was made by the Department to investigate and rectify the variance.

Recommendations

- The Department should investigate and rectify the variance noted between its reconciliation and the General Ledger (FMIS).
- The Department should ensure that monthly reconciliations are carried out properly and accurately.

⁷⁵ Finance Manual - Ministry of Works and Energy 2005 Section 16.3.3

⁷⁶ Finance Manual - Ministry of Works and Energy 2005 Section 16.3.4

Department's Comments

The officer responsible for Reconciliation picked up a wrong figure for debits during December 2010. The correct debit for December should have been \$260,048.88 instead of \$135,356.18. This has now been rectified and the closing balance for December matches with FMIS figures.

AUDIT FINDINGS – METEOROLOGICAL SERVICES**29.47 Drawings Account**

All bank accounts shall be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.⁷⁷

The audit noted that the Meteorological Services' Drawings account balance as at 31 December 2010 did not reconcile with the General Ledger (FMIS). Refer to Table 29.34 below for details.

Table 29.34: Drawings Account Variance

Description	Department's Reconciliation (\$)	General Ledger (FMIS) (\$)	Variance (\$)
Drawings Account	70,724.73	101,223.58	30,498.85

The above findings indicate that monthly reconciliation was not properly carried out to ensure that variances are reviewed and rectified on a timely basis.

Recommendations

- The Department should investigate and rectify the variance noted between its reconciliation and the General Ledger (FMIS).
- The Department should ensure that monthly reconciliations are carried out properly and accurately and any variances identified are rectified immediately.

Department's Comments

The Department after the audited report has investigated and rectified the variances and has resubmitted its Drawings account from December 2010 as per Final audited report to FMIS. The Department will also ensure that the monthly reconciliations are carried out properly and accurately. The department was able to identify the variances and is now making correct adjustments.

29.48 Overdrawn Trust Fund Account

Trust Fund Accounts comprise monies, which are not the property of the state and are not utilized for the purpose of government.

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

⁷⁷ Finance Instructions 2010 - Section 32(6)

reconciliation statement. Any errors or misallocations must be immediately adjusted by way of journal vouchers.⁷⁸

From the review of the reconciliation for December 2010, the audit noted that the Department's Operating Trust Fund as at 31 December had an overdrawn (debit) balance of \$96,931.

The above indicated that incorrect postings were made to the Trust Fund account and proper reconciliation was not effectively carried out to identify and rectify mispostings of transactions.

Recommendations

- **The Department must ensure that Trust Fund accounts are not overdrawn and that reconciliations are effectively carried out.**
- **The Department must conduct a thorough review of the overdrawn Trust Fund account and take appropriate action.**

Department's Comments

The department was not able to effectively carry out reconciliation due to staffing issue. Due to the suspension of two of senior clerical officer the Accounts section had to employ temporary relieving clerical officers to carry out the duties. Department of Meteorology is a self accounting department where all accounting processes are carried out including payroll. The department has 79 establishments and 8 government wage earners. The Finance section then consists of only 1 Accounts Officer (Acting), 1 Assistant Accounts Officer (Acting), 1 Clerical Officer (Salaries) 1 Clerical Officer (Temporary) Payments.

The Payments and Salaries are two very critical areas therefore the Acting Assistant Accounts officer and the confirmed clerk was tasked to perform the duty since we were already with FMIS and accesses are given to confirmed officers. This left the Temporary Relieving Clerk to the duties of reconciliation with the supervision of the Acting Accounts Officer. Due to very little experience the TRCO was just able to prepare statements but could not have it rectified and cleared. This would have been different if we had a confirmed officer and another clerical officer to work on our General ledger. The department cannot really clearly define and segregate duties due to the limited staff by one and which has left us to open doors to inconsistency reporting and which has lead to past cases of misappropriation of funds. Segregation of duties is an internal control which should be a must in any Finance Section and it is only fair that we are given the right manpower to perform the duties to the fullest.

As per your recommendation on the overdrawn of Dr \$96,931.25, \$78,556 was carried forward from the JICA training in 2007 and \$18,375 is to be investigated and rectified. We are now working on the clearance of our trust account since we have our clerks reinstated.

29.49 Arrears of Revenue - Reimbursement of Meteorological Costs

On 16 August 2005, Cabinet ratified that Civil Aviation Authority of the Fiji (CAAF) and Airports Fiji Limited (AFL) reimburse the Fiji Meteorological Services (FMS) 50% of meteorological aviation costs for Nadi Terminal, Nausori International and En-Route only and backdating the same to 1 July, 1997⁷⁹.

Cabinet also approved that the sum accrued by the FMS for domestic aviation charges to 31 May 2005 be written off following the finalisation of audited accounts and approved that a review, to be funded by FMS, of the structure of costs be undertaken. A contract should be entered into between FMS and AFL for the provision of weather services to the aviation industry with effect from 1 January, 2006.

⁷⁸ Finance Manual - Ministry of Works and Energy 2005 Section 16.3.3

⁷⁹ Cabinet Decision CP(05)310 dated 16 August 2005

Our review of revenue records indicated that the arrears of revenue for the Meteorological Services as at December 2010 amounted to \$4,565,162, of which \$1,894,106 is owed by CAAF and \$2,671,056 by AFL.

The audit noted the challenges faced by the Meteorological Services in recovering the arrears due to the refusal of the relevant agencies to comply with a Cabinet decision made on 16 August 2005 regarding the reimbursement of meteorological costs. Moreover, the Meteorological Services failure to undertake a review on the structure of costs, as approved by Cabinet, on the provision of weather services to the aviation industry has also contributed to the delay in resolving the issue with CAAF and AFL.

The Department has not invoiced AFL on the reimbursement of meteorological aviation costs from 2008 and the arrears of revenue of \$4,565,162.62 have been carried forward since. However, AFL currently reimburses a fixed amount of \$50,000 per month to the Department, which was also effective from 2008.

The Meteorological Services will continue to face problems in recovering the arrears of revenue from the CAAF and AFL, if it fails to undertake a review on the structure of costs to support its claim of reimbursement from the aviation industry.

Recommendations

- **It is recommended that the Meteorological Services undertake a review of the cost structure on the provision of meteorological services to the aviation industry and resolve the issue with AFL and CAAF.**
- **The Department should consult the Ministry of Finance for the write off of arrears of revenue in accordance with a Cabinet decision made in 2005.**

Department's Comments

As per your recommendation the Department will undertake a review of the Cost Structure and review the issue with AFL and CAAF and also consult with Ministry of Finance on the written off of Arrears of Revenue in accordance with a Cabinet Decision made in 2005.

29.50 Installation of Weathers Surveillance Radar Station

Journal vouchers shall be used to correct accounting errors and make other required transfers between accounts. Journal vouchers must be numbered sequential order. Supporting documents shall be attached to the voucher.⁸⁰

The Accounting Head or accounts supervisor must check that -

- i. All relevant details are included on the voucher;
- ii. Balances are adequately supported; and
- iii. The correct accounts have been debited or credited.⁸¹

The installation of weather surveillance for the Northern Radar Station project was allocated a revised budget of \$548,720.

⁸⁰ Finance Manual (MWTPU) – s16.1.1

⁸¹ Finance Manual (MWTPU) – s16.1.4

From our review of the General Ledger (FMIS), we noted that the Department had incurred \$657,555 for the project, exceeding its revised budget allocation by \$108,835. Refer to Table 29.35 for details:

Table 29.35: Details of Over Expenditure

Allocation	Description	Allocation (\$)	Actual (\$)	Over expenditure (\$)
1-40203-81301-080499	Installation of Weather Surveillance for Northern Radar Station	548,720.00	657,555.32	108,835.32

Scrutiny of the Department's records revealed that the over expenditure was due to an adjustment of \$128,011 posted to the General Ledger (FMIS) on 07/02/11 in order to clear the Department's unreconciled Drawings account. Documents to support and justify the adjustment were not provided for audit.

It is evident from our audit that there is lack of control and monitoring of expenditure by the Accounts Officer as she failed to properly reconcile the drawings account. There is also a possibility of unauthorised expenditure being made since relevant supporting documents were not made available for audit.

Recommendations

The Department should provide the relevant supporting documents to the journal voucher; otherwise the adjustment should be reversed and proper reconciliation of the Drawings Accounts should be carried out.

Department's Comments

- The Northern Radar Station project was allocated a revised budget of \$550,000 and was later increased to \$710,000 in which \$160,000 was vired from Weather Radar Replacement Spare Parts as per V40 014/10 on 1/11/2010.*
- The Department had cleared its unreconciled Drawings Account from the savings of the Weather Surveillance Radar Station when there were still savings.*
- The Ministry of Works had vired from the Weather Surveillance Station later which resulted in the over expenditure of the provision.*
- As for the Drawings amount, please be advised that no proper reconciliation was done from previous years which has resulted in unreconciled Drawings as per documents attached. Due to this we had to find a solution to clear the books and to improve our Drawings Account Statement. As for going back to previous files it will be difficult since documents were not properly filed*

AUDIT FINDINGS – DEPARTMENT OF ROADS

29.51 Variances in Records

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.⁸²

Within three days of receiving the monthly general ledger reports from the Ministry of Finance, the ledger keeper shall reconcile the ledger balances to the general ledger reports and prepare a ledger

⁸² Finance Instruction 2010 - Section 32(6)

reconciliation statement⁸³. Any errors or misallocations must be immediately adjusted by way of journal vouchers.⁸⁴

The Department of Road's Drawings Account and Revolving Fund balances as at 31 December 2010 did not reconcile with the General Ledger (FMIS). Refer to Tables 29.36 and 29.37 below for details:

Table 29.36: Drawings Account Variance

Division	Department Balance (\$)	General Ledger (FMIS) Balance (\$)	Variance (\$)
Headquarters	3,583,913.91	3,582,841.15	1,072.76
DEW	3,404,595.43	2,426,012.34	978,583.09

Table 29.37: Revolving Fund Account Balance

Description	Department's Balance (\$)	General Ledger (FMIS) Balance (\$)	Variance (\$)
RFA – Miscellaneous	278,781.25	238,496.86	40,284.39

The variance in the Revolving Fund Account was due to the Department's failure to prepare the reconciliation for Prepayments and Clearing Accounts (Standard Asset Group 570000) and Accounts Payable (Standard Liability Group 840000) under the Revolving Fund Account – Miscellaneous.

The above findings indicated that monthly reconciliation was not properly carried out to ensure that variances between the Department's records and the General Ledger are identified and rectified on a timely basis.

Recommendations

- The Department should investigate and rectify the variances noted between its reconciliations and the General Ledger (FMIS).
- The Department should ensure that monthly reconciliations are carried out properly and accurately.
- The Department should maintain record of all Revolving Fund Account transactions and are made available for audit.

Department's Comments

Drawings

According to the IDC Clerk, this was the only IDC account 140601-84999-536101 of which the reconciliation was being carried out monthly. It had a zero balance at the end of the year, 2010.

These [140601-92041-536101] [140601-92061-536101] were created by Divisional Roads Western but was not utilized since they were using 140601-92991-536101.

[140601-93021-536101] this was created by Divisional roads Northern but not utilized since they were using 140601-93991-536101

⁸³ Finance Manual - Ministry of Works and Energy 2005 Section 16.3.3

⁸⁴ Finance Manual - Ministry of Works and Energy 2005 Section 16.3.4

Revolving Fund Account

Accordingly, only one account was reconciled within the RFA account, which was the accountable advance account. However, we have sighted the panel with the \$278,781.25 Department balance and we are now journalizing the charges accordingly.

Variances with headquarters figure were due to the Bank Fees not being accounted for and for the Divisional Engineer Western was due to some of their clearance not updated in the GL which reflected in the FMIS balance. Those charges that were not reflected in the GL have been journalized accordingly by our Western Division.

29.52 Overpayment of Leave Compensation

Officers may be allowed to carry over up to a maximum of ten working days leave entitlement from one leave year to the next.⁸⁵

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.⁸⁶

Although the approval of annual leave had been delegated to Permanent Secretaries and Heads of Departments, the approval of leave compensation for excessive leave still rests with the Secretary for the Public Service.⁸⁷

Our noted that an officer was overpaid leave compensation by \$6,786. Mr. Aisea Liwaiono was compensated his outstanding leave after being promoted to Roads Supervisor. Refer to Table 29.38 below for details:

Table 29.38: Overpayment of Leave Compensation

Particulars	Amount (\$)
Amount paid	8,752.94
Audit calculation	1,966.29
Overpayment	6,786.65

In addition, the Department also paid leave compensations to Mr. Jotame Mata, who was recalled back to work while utilizing his 52 days annual leave. The payments of leave compensation were not approved by the Public Service Commission as required. Refer to the Table 29.39 below for details:

Table 29.39: Payment of Leave Compensation

Name	EDP No.	Date	Cheque No.	No. of leave days compensated	Amount (\$)	Approved By
Aisea Liwaiono	60911	16/2/10	855838	34.5	8,752.94	Director Corporate Services
Jotame Mata	47862	25/2/10	855949	30	2,702.92	Permanent Secretary

The Department breached PSC's directives by compensating outstanding leave without proper approval.

⁸⁵ General Orders 1993 Edition Section 705(c)

⁸⁶ PSC Circular No. 53/2009 Section 5.0

⁸⁷ PSC Circular No. 48/2008 Section 7.0

Recommendations

- **The Department must ensure that approval is obtained from the Public Service Commission if outstanding leave are to be compensated.**
- **Appropriate disciplinary actions should be instituted against Officers that breached policies and procedures established by the PSC to govern administration of leave.**
- **Administration of leave should be improved and that officers are encouraged to utilize their leave when due.**
- **Overpaid leave compensation paid to Mr. Aisea Liwaiono should be recovered.**

Department's Comments

The overpaid amount to Mr Aisea Liwaiono is currently being recovered through fortnightly deductions of \$60.00 with effect from Pay 05/201.

29.53 Refund of PAYE to Former Director of National Roads

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

Former Director of National Roads, Mr. Mosese Nailumu⁸⁸, was overpaid salaries from 18/6/07 to 9/9/09 totalling \$96,142. In November 2009, the Department fully recovered the overpayment from Rock Tek Ltd, a company in which Mr. Nailumu is a Director. Refer to Table 29.40 for details:

Table 29.40: Breakdown of Overpayment to Mr. Nailumu

Particulars	Amount (\$)
Gross Pay	96,142.55
PAYE	20,690.19
FNPF	7,817.04
Other Deductions	12,940.85
Net Payment	54,694.47

On 22/3/10, Mr. Nailumu wrote to the Principal Accounts Officer of the Ministry of Works and Transport requesting the refund of the PAYE portion of \$20,690 which was subsequently paid to him on 14/4/10.

It was noted that the PAYE had already been paid to the Fiji Revenue and Customs Authority (FRCA) and that Mr. Nailumu should have claimed the amount from FRCA. Correspondences reviewed during the audit indicated that the Mr. Nailumu has not lodged a Tax Return since 2006 and that the Ministry did not provide him with a *P4-1 slip* although he was still employed with the Ministry in the early part of 2007.

The \$20,690 refunded to Mr. Nailumu is an unbudgeted expenditure.

Proper approval may not have been obtained by the Principal Accounts Officer before the amount of \$20,690 was refunded to Mr. Nailumu.

⁸⁸ EDP No. 15491

Recommendations

- **The Principal Accounts Officer should seek proper advice and approval before making such substantial payments.**
- **The amount of \$20,690 should be recovered and the Ministry issue Mr. Nailumu a P4-1 Slip to enable him to lodge a tax return with FRCA.**

Department's Comments

Indeed the refund was unbudgeted expenditure and proper verification and approval may not have been obtained by the Principal Accounts Officer.

Please note that actual PAYE deducted was already credited to government revenue.

Assurance is given that proper advice and approval will be observed in similar undertakings in the future.

29.54 Non-Recovery of Unauthorised Allowances

On 14/2/08, the Public Service Commission wrote to the Ministry regarding the conditions of employment covered under the Contract Agreement signed in 2007 between the Permanent Secretary of Works and Transport and Mr. Paula Baleilevuka, Project Management Engineer for Fiji Road Upgrading Project (FRUP) and had decided on the following:

- The payment of housing allowance of \$12,000 per annum was not approved therefore directed to cease payment of the allowance and all payments made since 16/3/07 be recovered immediately.
- The education allowance to be cancelled and all payments made since 16/3/07 should be recovered immediately⁸⁹.

The Permanent Secretary was further reminded that all contractual appointments were subject to clearance by the PSC.

The audit noted that a total of \$19,472 is yet to be recovered from Mr. Baleilevuka. Refer Table 29.41 for details:

Table 29.41: Total Allowance Paid

Description	Amount (\$)
Housing allowance	11,076.96
Education allowance	8,395.18
Total	19,472.14

Moreover, a total of \$1,550 of deductions is still outstanding for the non-clearance of accountable advance by the Officer since 2006.

It was evident from our audit that the Department disregarded directives from the PSC in recovering the allowances from Mr. Baleilevuka's salary. The officer will retire in the year 2012 and delay in the recovery by the Department could result in the non-recovery of unauthorised allowances.

⁸⁹ PSC letter dated 14/2/08 Ref:29/609
Ministry of Works and Transport

Recommendations

- **The Department should immediately recover \$21,022 from Mr. Paula Baleilevuka. If the amount cannot be immediately recovered in full, direct fortnightly deductions should be instituted against the officer's salary.**
- **The Department must ensure that employment contracts of Project Officers are approved by the PSC.**

Department's Comments

The department will immediately implement recovery of overpayment, taking into account the retirement age of the officer.

29.55 Appointment of Administrative Officer [Disciplinary Task Force]

On 8 April 2009, the Public Service Commission approved the creation of an Administrative Officer Project (SS03) for the Discipline Task Force Unit.

The Department appointed Mr. Aritema Utonivesi⁹⁰ to the project post effective from 08/04/09 to 31/12/09 with further extension to 31/12/10. The officer was paid a salary of \$25,990.

The audit noted that although the creation of the position was approved by the PSC, there was no evidence to indicate that the PSC had also approved the officer's salary to be pegged at maximum salary of \$25,990 in the salary grade for SS03. In addition, the Human Resource Department did not establish a job description for the project post of Administrative Officer [Disciplinary Task Force].

The discrepancies clearly indicated breaches of recruitment policies and procedures for civil servants. Such breaches increase the risk of unfair recruitment practices and favouritism in civil service.

Recommendations

- **The Department should comply with recruitments policies and procedures established for civil servants.**
- **The Department should only recruit officers who meet the minimum qualification requirement for a position; otherwise approval should be obtained from the Public Service Commission.**

Department's Comments

Authority to peg the officer at the maximum salary of \$25,990 was indeed approved by the Permanent Secretary and not from PSC.

Please be assured this will be strictly observed when renewing the officer's contract in 02/01/2012.

⁹⁰ EDP No. 53651

29.56 Non-submission of Monthly Progress Reports

Unless otherwise stated in the Particular Conditions, monthly progress reports shall be prepared by the Contractor and submitted to the Engineer in six copies. Reports shall be submitted monthly thereafter, each within 7 days after the last day of the period to which it relates.

Each report shall include:

- a) Photographs showing the status of manufacture and of progress on the site;
- b) Safety statistics, including details of any hazardous incidents and activities relating to environment aspects and public relations; and
- c) Comparisons of actual and planned progress with details of any events or circumstances which may jeopardize the completion in accordance with the Contract and the measures being (or to be) adopted to overcome delays.⁹¹

Contract WSC 27/09 was awarded to Proline Road Marking Ltd on 7/10/09 for routine maintenance line marking in thermoplastic material for the Central, Western and Northern Divisions. The contract sum of \$1,899,760.00 (VIP) is from 2009 to 2012.

Our audit noted that monthly progress reports were not submitted by Proline Road Marking Ltd exacerbated by the lack of monitoring by the Department on the submission of reports. On 5/5/10, an interim report was submitted for the months of February to April 2010, which only included the list of roads for which line marking was completed. The progress report prepared and submitted by the contractor was not in accordance with the requirement of the contract.

The submission of progress reports is important in monitoring the performance of contractors and the progress of work done.

Recommendations

- **Monitoring of work should be improved to ensure that the conditions of the contract are honoured by the contractors.**
- **Payment of contract fees should be based on whether the contracted company has met the requirements specified in the contract.**

Management Comments

The contractor normally submitted monthly bill for payment which indicated the nature of work completed in terms of quantity and value. This measurement is a best indicative of the progress on a monthly basis but the Engineer has approached the contractor to abide by the contract conditions.

Your recommendation is accepted.

29.57 Hire of Private Vehicle – FC 885

In its meeting on 15/10/09, the Major Tenders Board approved the engagement of AB Communications to provide vehicle⁹² for hire by the Department.

⁹¹ Contract for Proline Road Marking Ltd Section 4.21

⁹² Twin Cab with registration number FC 885

Scrutiny of the running sheets for vehicle FC885 revealed that the beginning speedometer readings were the same as the ending speedometer reading of the previous day, which indicated that the private runs of the contractor were also compensated by the Department. The contractor did not deduct mileages for runs from the official place of business to his residence. Refer to *Appendix 29.10* for details.

As at 29/10/10, the total amount paid to AB Communications was \$61,767.

The above anomaly indicated that the Senior Construction Engineer⁹³ did not properly verify the speedometer readings with the running sheets daily before endorsing them. There is a possibility that the Department were also paying for unofficial runs by the contractor.

Recommendation

The Department should establish strategies to improve the monitoring and verification of running sheets for vehicles contracted to the Department to minimise or avoid compensation of personal runs by the contractor.

Management Comments

We have established a compliance unit to deal with this issue on all respective three divisions. Your recommendation is accepted.

29.58 Missing Supporting Documents

Accounting officers and all other officers responsible for expenditure shall at all times exercise proper economy in the expenditure of public funds and thereby ensure that proper value is obtained for all sums spent.⁹⁴

A total of \$9,195⁹⁵ was paid to the Acting Director for National Roads for expenses incurred during the opening of the New Naqali Bridge on 26/02/10. The audit noted that the expenditures were not supported with appropriate documents. Refer to Table 29.42 for details:

Table 29.42: Payments made for various items without supporting documents

List of Items	Cost (\$)
Vu ni Yaqona (Sevusevu)	400
Wase ni Yaqona (Pig)	350
Band	630
Decorations	1,450
Cushions/Ribbon/Scissors	35
Transport (Minibus)	350
Utensils	900
Paper Plates/Cups	150
Umbrellas	100
Fiji Water	200
Lunch	4,370
Fiji Flag	150
Grog Items	60
Garland	50

⁹³ EDP No. 53548

⁹⁴ Finance Instruction 18

⁹⁵ Cheque No. 85507

List of Items	Cost (\$)
Total	9,195

Providing documents to support how funds paid out have been utilized is essential to proper accounting of public funds. Without the appropriate supporting documents, the risk of mismanagement and misappropriation of funds is high.

Recommendations

- The Department should ensure that supporting documents are provided to acquit funds paid out for official functions.
- The Acting Director National Roads should provide documents to account for the funds paid out to him.

Management Comments

Copies of receipts have been attached but please note that some have been faded which may have difficulties in providing the actual amount. The Audit team should have notified our officers during the time of audit to verify this.

29.59 Items not Taken on Charge - Samabula Laboratory

The inventory bookkeeper shall maintain the inventory register to record incoming and outgoing inventories. The inventory register/ledger shall provide the following information:

- date of acquisition and order number reference;
- number of items received and cost price;
- supplier details;
- date of issue of inventory and nature of issue
- issue reference
- quantity issued.⁹⁶

The inventory officer shall ensure that the register is kept up to date at all times.⁹⁷

Our audit noted that the Inventory Register was not always updated with inventory purchased and items issued at the Samabula Laboratory. A number of items purchased during the year were not recorded in the Inventory Register. Refer to Table 29.43 for examples:

Table 29.43: Inventories Not Recorded

Date	Cheque Number	Inventories	Cost (\$)
10/6/10	857078	Purchase of 9 pairs of safety boots	1,395.00
2/7/10	857315	Purchase of 15 reflective safety vests	420.00
9/7/10	857383	Purchase of 8 pairs of safety boots	1,240.00
27/8/10	27/8/10	Purchase of 20 liters methylene chloride	975.00
Total			4,030.00

Furthermore, physical count of stores on 23/11/10 revealed a variance in the stock of line marking spray paints. Refer to the Table below for details:

⁹⁶ Finance Manual - Works and Transport 2005 S8.1.3

⁹⁷ Finance Manual - Works and Transport 2005 S8.1.4

Description	Balance as per Tally Card	Physical Count	Variance
Line marking spray paints – yellow	21	13	8

The Samabula Laboratory also did not have a Storeman from February 2010.

There is a high risk of the inventories being misplaced or stolen without being detected, if inventory records are not properly maintained and updated.

Recommendation

The Department should ensure that all purchases and movements of inventory items are properly recorded.

Management Comments

Your recommendation is accepted. The storeman has been notified accordingly.

29.60 Penalties for Delays in Advance Payments and Supply of Piles

Contract WSC 26/08 was awarded to the China Railway First Group Company Ltd on 19/11/08. The contract was for the construction of the new Naqali Bridge for the sum of \$5,799,433 (VIP).

The advance payment will be made 14 days after the start date or fourteen days from satisfactory provision of acceptable security by the contractor, whichever is later.⁹⁸ The delayed payment of the advance payment is compensation events unless they are caused by the contractor.⁹⁹

On 5/01/09, the contractor submitted a Bank Guarantee for advance payment, of which the due date for payment was 23/1/09. However, the Department paid the advance of \$1,159,886 on 11/3/09.

Our audit noted that China Railway First Group Company Ltd was compensated for the 33 days delayed payment of the advance money and the loss due to 30 days delay in supply of piles. Refer to Table 29.44 below for details of compensations paid.

Table 29.44: Compensation Payments Made to the Contractor

Date	Chq No.	Details	Amount (\$)
21/10/10	858453	Being payment of Variation Claim Delay for advance payment - \$4,832.86 Loss due to delay in supply of piles (30days) - \$61,723.87	66,556.73

The compensation for the delay is substantial and considered an unwarranted expenditure, which should be avoided or minimised.

⁹⁸ General Conditions of the Contract No WSC 26/08 Section 3

⁹⁹ General Conditions of the Contract No WSC 26/08 Section 2 clause 38(h)

Recommendations

- **The Principal Accounts Officer in consultation with the technical officers should ensure that terms and conditions of all contracts are strictly complied with to avoid substantial compensation payments.**
- **Investigation should be conducted for the delay in the above payments which led to the compensation payment of \$66,556.**

Management Comments

The payment made was due to the delay in approval from Ministry of Finance for the advance payment. This issue was highlighted before by the Auditors which we have replied accordingly.

29.61 H-Piles Variations

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

Contract (WSC 21/09) for the construction of the Yasawa-i-Rara jetty was awarded to Templetec Fiji Construction Limited and Shanghai Urban Construction Group Corporation on 25/08/09 for a sum of \$917,446.41 (VIP). The contract was effective from 10/09/09 for the duration of 4 months.

On 27/07/10, the Public Works Tender Board (PWTB) approved a variation order of \$187,640 and 2 months to the initial contract. This was due to the shelving of construction work due to the hard strata encountered at shallower depths which required a change in materials used for constructing the jetty.

The audit noted that proper survey and soil testing may not have been carried out to determine the depth and the set of piles required before the initial design of the Yasawa-i-Rara jetty was drawn.

This has resulted in the increase in the contract amount and duration.

Recommendation

The Department should ensure that proper survey and ground works are to be carried out before awarding of tender to avoid substantial variations to contracts.

Management Comments

In terms of contractual works undertaken there are procedures that need to be followed by both parties until completion. Instruction was given by higher authorities to proceed with the works resulted in recommending timber piles for the design. Lab Testing was also not carried out to determine the depth level. During the time of construction the timber piles was not necessary because of the bed rocks level in the jetty site. This was however changed to H-Piles which required variation to the contract to proceed. The lab testing was not carried out because of the urgency to proceed with the work..

DIVISIONAL ENGINEER CENTRAL/EASTERN - ROADS**29.62 Engagement of Private Hire Vehicles**

In its meeting on 15/10/09, the Major Tenders Board approved the engagement of Waqa Senicaucan Services¹⁰⁰ and Laliqavoka Enterprises Services¹⁰¹ to provide vehicle for hire by the Department.

No officer below Permanent Secretary Level will be picked up or dropped off for official hours and this also applies to the use of both Government and private hire¹⁰².

Our review of motor vehicle records relating to the hiring of private vehicles revealed anomalies in the engagement of Waqa Senicaucan Services and Laliqavoka Enterprises Services. Details are shown in Table 29.45.

Table 29.45: Anomalies in Private Hire of vehicles

Private Hired Vehicles	Anomalies
Waqa Senicaucan Services (vehicle was assigned to the Road Supervisor, Mr. Isaia Tiko)	<ul style="list-style-type: none"> The speedometer reading for vehicle EA 539 was not clearly visible. Mr. Isaia Tiko revealed that they were estimating the mileage for individual runs. The speedometer was repaired on 09/12/10 after our discussion with Mr. Tiko. Full details of each trip were not stated in the running sheets. Total payments made to Waqa Senicaucan Services amounted to \$6,354.80 for the year ended 31/12/10.
Laliqavoka Enterprises Services (vehicle was assigned to the Assistant Accounts Officer, Mr. Jese Tui)	<ul style="list-style-type: none"> Details of individual runs were not provided in the running sheets. Laliqavoka Enterprises Services was ranked 6th by the Major Tender Board. However, the first five ranked private hires were not given preferences. Audit was not provided with the letter of inability to supply from the first five ranked vehicles. The Minister for Works & Transport requested for the hire of the vehicle on compassionate grounds. The vehicle was used to pick and drop the Assistant Accounts Officer to his residence. Total payment made to Laliqavoka Enterprises Services amounted to \$38,244.15 for the year ended 31/12/10.

The Road Supervisor was negligent in failing to take immediate action since being aware that the speedometer reading was not clearly visible and that the actual mileage could not be determined. Furthermore, audit could not ascertain the correctness of payments made to Waqa Senicaucan Services since mileage readings were based on estimations.

The hiring of Laliqavoka Enterprise Services is against the procedures set out by the Tender Board. The utilisation of the vehicle in transporting the Assistant Accounts Officer to and from his residence

¹⁰⁰ Twin Cab 4 x 4 registration number EA539

¹⁰¹ Mitsubishi Pajero 4 x 4 registration number DY260

¹⁰² Letter from Permanent Secretary for Works & Transport dated 10/08/10 Re:PSWTPU10/2

is a breach of the directive given by Permanent Secretary for Works and Transport with regards to official use of the Department's vehicles.

Recommendations

- **The Roads Supervisor should be cautioned for allowing payments based on estimated readings and failing to ensure that speedometers for all private hire vehicles are in working condition.**
- **The Department should ensure that all running sheets are completely updated and maintained with details for individual trip.**
- **Vehicles should be hired according to the preferences stated in the Tender Board's approval.**
- **No officer should be dropped off or picked up from his/her residence unless authorized by the Permanent Secretary.**

Management Comments

(i) Waqa Senicaucau Services

Payments for hire of vehicles are not processed on a "block mileage" basis but rather on every trip from Point A to Point B. All individual trips were endorsed on the Vehicle Dockets. The vehicle was assigned to Road Supervisor Isaia Tiko who was in charge of our Roads Maintenance Management System Unit. They are responsible for the Inventory of all our Road Assets, Inspection of our Roads and recording of all relevant data, etc.

Mr. Tiko had retired on 19/3/10 and the Audit remarks have been noted.

(ii) Laliqavoka Enterprises Services

The vehicle is not in our DERC/E Contract but was hired on Compassionate ground as per Minister (Works, Transport, & Public Utilities)'s Minute dated 22/3/10.

A copy is attached on Appendix B.

As endorsed earlier on item (i) all the individual trips are endorsed on the Vehicle Dockets. The vehicle was first used by our Eastern Office last year and later assigned to our Compliance Unit, Human Resources, and Payments Section. It was the only vehicle assigned for these three (3) Sections' errands.

AAO Jese Tui who leads our Compliance Unit only joined the Unit early last year in our dire effort to strengthen the Compliance functions of our two Divisions. He was assigned to oversee and verify all our Accounting functions and eradicate errors. A copy of the Compliance Duties is endorsed on Appendix C.

The officers from our Compliance Unit will be regularly seen visiting all our Depots especially to be there early in the morning to talk to the workmen and their Superiors to highlight their weakness and to stress the collective need for everyone to comply with the proper accounting practices. The vehicle will be surely assigned to pick them early in the morning when they are out on those errands and other "spot checking" or verification duties that they normally do and drop them off when they knocked off late. Instructions to pick them very early in the morning and drop them home late in the evening on "such" days will be surely endorsed on the Instruction Sheet for the day. Apart from that, the vehicle was not assigned to pick any officer in the morning or drop them in the afternoon as no endorsement to this effect will be written on the Vehicle Instruction for that day.

Moreover, we have noted the Audit findings and the above vehicle was off hired early January this year.

29.63 Discrepancies in Materials Issued and Used on Job Sites

All officers responsible for public stores shall at all times exercise proper economy with regards to public stores. The issue and receipt of public stores and the recording of such stores in departmental records, ledgers or inventories should be properly documented.

Our audit noted shortfalls between the quantity of materials received and used at the Ratu Dovi and Wainibuku roads job sites and quantity issued by the Road Construction Unit (RCU) Depot. Refer to Tables 25.46 and 25.47 for details:

TABLE 25.46: VARIANCE IN MATERIALS USED AT RATU DOVI PROJECT SITE

Description	Quantity Issued as per Tally Card (m)	Quantity Issued as per Tally Card (No.)	Quantity Used on Site ¹⁰³ (m)	Quantity Used on Site (No)	Variance (m)	Variance (No.)
300 x 2.44 Culvert	100.04	41	319.64	131	(219.6)	(90)
600 x 2.44 Culvert	122.00	50	414.80	170	(292.8)	(120)
750 x 2.44 Culvert	14.64	6	-	-	14.64	6
900 x 2.44 Culvert	580.72	238	812.52	333	(231.8)	(95)
1050 x 2.44 Culvert	65.88	27	-	-	65.88	27
Road Kerbs (0.9m)	1,867.5	2075	1,750	1944	117.5	131
Lintel & Lid	-	45	-	56	-	(11)
Type 3 Invert (1.84m)	47.84	26	-	-	47.84	26

TABLE 29.47: VARIANCE IN MATERIALS USED AT WAINIBUKU PROJECT SITE

Description	Quantity Issued as per Tally Card (m)	Quantity Issued as per Tally Card (No.)	Quantity Used on Site ¹⁰⁴ (m)	Quantity Used on Site (No.)	Variance (m)	Variance (No.)
300 x 2.44 Culvert	202.54	83	192.76	79	9.78	4
600 x 2.44 Culvert	305.00	125	-	-	305.00	125
900 x 2.44 Culvert	104.92	43	-	-	104.92	43
Road Kerbs	1,462.5	1625	1,540.0	1,711	(77.5)	(86)
Lintel & Lid	-	43	-	50	-	(7)
Type 3 Invert	18.4	10	-	-	18.4	10

The above findings indicated that materials issued to road job sites were not properly accounted. There is a high risk of misuse of materials.

Recommendations

- The Department must ensure that all stores issued are first taken on charge at the RCU Depot before they are delivered to the job sites.
- The Department should further investigate the variances noted and take appropriate actions on officers responsible.

Management Comments

From the outset the purported variance in the Culverts being used at Ratu Dovi and Wainibuku roads was wrongly assumed by the Auditors as they only verified the Tally Cards for 2010 whilst the Quantities endorsed as used on site are Progressive Quantities from the commencement of work for Wainibuku Road in 2009 and 2008 for Ratu Dovi/Kings/City Trunk Route Project.

These are the reasons why the Quantities used on Site were more than the Quantities issued as shown on the Tally Card. Other factors that need to be also considered are:

¹⁰³ Quantity used on site as per Cost Statement 44/10 for week ending 8/12/10

¹⁰⁴ Quantity used on site as per Cost Statement 44/10 for week ending 8/12/10

- Stock that were being used on different work sites from the ones earmarked earlier
- Stock loaned by other Depots and yet to be returned.

29.64 Inventory Records at Naqali Depot

The inventory officer shall ensure that the register/ledger is kept up to date at all times.¹⁰⁵

Physical verification of items in stores revealed discrepancies in the inventory records. Refer to Table 29.49 for details:

TABLE 29.48: VARIANCES IN STORES

Item	Balance as per Stock Card	Physical Verification	Variance	Remarks
Safety Boot	156	47	109	The safety boots are with the officers, however inventory records were not updated
Knapsack Sprayer	13	12	1	No comments were provided by the storeman
Cane Knife	40	35	5	No comments were provided by the storeman
Roofing Iron 9'	9	6	3	No comments were provided by the storeman
Mattresses	58	45	13	No comments were provided by the storeman
Culvert – 600 x 2.44	7	4	3	No comments were provided by the storeman
Culvert – 750 x 2.44	4	0	4	No comments were provided by the storeman
Culvert – 900 x 2.44	10	3	7	No comments were provided by the storeman
Culvert – 1200 x 2.44	8	6	2	No comments were provided by the storeman
Ply board 2400 x 1200 x 6mm x3 ply	2	0	2	No comments were provided by the storeman
Aluminum Ladder	3	2	1	No comments were provided by the storeman

On 30/8/10, 4 photocopying toners valued at \$1,060 were purchased from Toner Tech Fiji Ltd for Naqali Depot. However, audit noted that only two toners were received at the Depot and that the Department has yet to follow-up on the supply of the remaining toners. Refer to Table 29.50 for details of purchases:

TABLE 29.49: PURCHASE OF TONERS FOR WHICH PAYMENT HAS ALREADY BEEN MADE

LPO No.	LPO Date	Cheque No.	Details	Qty Purchased	Qty Received	Payee	Amount (\$)
933726	28/4/10	853106	Toner Konica Minolta	4	2	Toner Tech Fiji Ltd	1,060.00

The above findings indicate that proper records of inventory were not maintained, which increases the risk of items being misplaced or stolen.

Recommendations

- **Inventory register must be updated for all inventory items received and issued.**
- **The Department should investigate the missing items and appropriate actions taken.**

¹⁰⁵ Section 8.1.4 of Ministry of Works Finance Manual 2005

Management Comments

The Audit at Naqali was carried out on 22/12/2010 just a day before the Annual shutdown on 23/12/10 and everyone would agree that the hive of activities and festivities normally expected and found on the eve of closing down may have contributed to the **purported** missing of stores.

The 2010 Board of Survey was carried out on 31.3.11 and our findings as shown below showed that all the items (except Cane Knives) that were in variance during the Audit were later accounted by the Board of Survey.

<u>No.</u>	<u>Item</u>	<u>Bal. as per StockCard/Inventory</u>	<u>Physical Verification</u>	<u>Variance</u>	<u>Remarks</u>
1.	Safety Boots	146	146	NIL	1) The Inventory Ledger Balance should be 146 instead of 156. The error was due to some wrong subtraction of Balances and being corrected by the Board of Survey. 2) Qty being Issued – 39 Qty to be written off – 106 Balance in Stock - 1

Note:

There were many Labour intakes in 2010 because of the Storm Damage Rehabilitation works and there were vast numbers damaged because of our workmen toiling in adverse weather and in water logged areas in clearing water ways, culverts, kerbs, and channels and other restoration works.

<u>No.</u>	<u>Item</u>	<u>Bal. as per StockCard/ Inventory</u>	<u>Physical Verification</u>	<u>Variance</u>	<u>Remarks</u>									
2	Knapsack Sprayer	13 nos.	35	NIL	The one (1) missing during the Audit was later retrieved from the Chief Clerk's residence.									
3	Cane Knife	40	NIL	5	The store man cannot explain the variance and he should be accountable for the relevant costs.									
4	Roofing Iron 9'	NIL	NIL	NIL	The 9nos endorsed by the Auditors was the balance on Stock Card as at end of Nov. 2010 as seen on Copy of Tally Card on Appendix D. However they were all issued in mid December as per: <table><tr><td><u>Date:</u></td><td><u>Issued to:</u></td><td><u>Quantity</u></td></tr><tr><td>14/12/10</td><td>5</td><td>Chief Clerk Quarters</td></tr><tr><td>20/12/10</td><td>5</td><td>Camp Quarters</td></tr></table>	<u>Date:</u>	<u>Issued to:</u>	<u>Quantity</u>	14/12/10	5	Chief Clerk Quarters	20/12/10	5	Camp Quarters
<u>Date:</u>	<u>Issued to:</u>	<u>Quantity</u>												
14/12/10	5	Chief Clerk Quarters												
20/12/10	5	Camp Quarters												
5	Mattresses	58	58	NIL	Quantity being issued – 5 Quantity to be w/off – 7 Balance in Stock - 46									
6	Culvert 600 x 2.44	2	2	NIL	These were seen inside the Depot.									
7	Culvert 750 x 2.44	NIL	NIL	NIL	The four (4) nos. endorsed by the Auditors were issued to Sawanikula Delivery #391353 dated 2/12/10. Copy attached on Appendix E.									
8	Culvert 900 x 2.44	7	7	NIL	These were seen located at the Sawanikula work site.									

9	Culvert 1200x 2.44	8	8	NIL	B.O.S confirmed New ones – 6nos. Old ones T.O.C – 2nos Copies of Stores Tally Card attached on Appendix F.
10	Plyboard 2400x1200 x 6mm x 3pcs	NIL	NIL	NIL	The two (2) nos issued on 13/12/10. Copy of stores Tally Card attached on Appendix G
11	Aluminium Ladder	3	3	NIL	The B.O.S noted that one Ladder was loaned by workman Tauyasa Tiko (YK 891) during the Audit and was returned on 30/3/11.

12. Purchase of 4Nos. Toners – LPO. 933726

The B.O.S has verified that the items were all received well before the Audit was convened and issued as per below: Copies of Deliveries are attached on Appendix H.

<i>Delivery</i>	<i>Date</i>	<i>Quantity T.O.C</i>
13544	11/5/10	2 Nos. received by Chief Clerk
13722	13/7/10	2 Nos. received by Storeman

29.65 Supplying of Materials without Delivery Dockets

The Accounting Head or accounts supervisor must not certify a payment correct unless they are satisfied that there is documentation that the goods, services or works have been received.¹⁰⁶

The requests for purchases of goods are prepared by the respective Depots and goods are directly delivered to the Depots. Payments to suppliers are processed by the Accounts Section in the Division.

The audit noted that there were no delivery dockets for some road materials purchased from the Nasinu Quarry. Refer to *Appendix 29.11* for details.

Furthermore, the Department paid out funds totalling \$176,063 on 31/12/10 for materials that have yet to be supplied to the Department. Refer to *Appendix 29.12* for details.

With the absence of delivery dockets, audit could not determine whether the materials were actually supplied. Furthermore, the advance payments for materials yet to be received are perceived as an effort to avoid lapsing of funds.

Recommendations

- The Department must ensure that payments are only made for goods supplied.
- The Department should follow up with the respective suppliers on the outstanding materials that are yet to be delivered.

Management Comments**Nasinu Quarry**

Records at Nasinu Quarry were verified and found to be in order. The weighbridge records were also verified. The details of deliveries made are endorsed below.

¹⁰⁶ Ministry of Works & Energy Finance Manual 2005 section 2.8.3 (ii)

<u>Depots</u>	<u>Project</u>	<u>Amount</u>	<u>Materials Purchased</u>	<u>Details of Delivery as per Nasinu Quarry Tallysheet Records</u>	
1. Naqali	Vunidawa Road	\$10,415.00 JRS R02/10 CHQ # 847711	Supply of 500 Tons 3" A material	<u>Date</u>	<u>Qty Delivered</u>
				11/1/10	37.16 ton
				12/1/10	84.20 ton
				13/1/10	58.94 ton
				14/1/10	75.78 ton
				15/1/10	33.68 ton
				16/1/10	156.37 ton
				18/1/10	42.10 ton
				4/3/10	11.77 ton
				Total	500 tons
2. Naqali	Vunidawa Road	\$4,166.00 JRS R09/10 CHQ # 847711	Supply of 200 Tons 3" A material	<u>Date</u>	<u>Qty Delivered</u>
				4/1/10	16.84 ton
				5/1/10	16.84 ton
				6/1/10	16.84 ton
				7/1/10	16.84 ton
				8/1/10	33.68 ton
				9/1/10	58.94 ton
				11/1/10	40.02 ton
				Total	200 tons
3. RCU	RCU	\$7,253.50 JRS 67/10 CHQ#848984	Supply of 326 Tons of 65mm material NB Short supplied by 5.88tons	<u>Date</u>	<u>Qty Delivered</u>
				30/3/10	16.30 ton
				31/3/10	16.30 ton
				1/4/10	32.60 ton
				6/4/10	16.30 ton
				27/5/10	32.60 ton
				28/5/10	97.80 ton
				29/5/10	108.22 ton
				Total	320.12ton
4. RCU	RCU	\$5,844.90 JRS 144/10 CHQ #852186	Supply of 280.6tons of 3" A 75mm NB: 0.6Tons short supplied.	3/6/10	8.40 ton
				4/6/10	42.09 ton
				5/6/10	14.03 ton
				29/9/10	53.32 ton
				30/9/10	30.87 ton
				4/10/10	16.84 ton
				8/10/10	84.18 ton
				11/10/10	14.03 ton
				12/10/10	14.03 ton
				30/10/10	2.21 ton
				Total	280 tons
5. RCU	RCU	\$36,267.50 JRS R 12/10 CHQ # 852365	Supply of 1630 tonnes of 65mm Sub base	<u>Date</u>	<u>Qty</u>
				3/2/10	554.20 tons
				2/2/10	48.90 tons
				4/2/10	521.60 tons
				5/2/10	293.40 tons
				6/2/10	211.90 tons
				Total	1630 tons

6. RCU	RCU	\$18,133.75 JRS R 22/10 CHQ # 854810	Supply of 815 tonnes of 65mm sub-base <u>NB:</u> Oversupplied by 3.26 tonnes	<u>Date</u> 3/9/10	<u>Qty</u> 567.24 tons
				3/9/10	251.02 tons
				Total	818.26
7. RCU	RCU	\$36,267.50 JRS 142/10 CHQ # 847908	Supply 1630tonnes 65mm sub-base	<u>Date</u> 29/6/10	<u>Qty</u> 81.50 tons
				30/6/10	211.90 tons
				2/7/10	32.60 tons
				3/7/10	228.20 tons
				5/7/10	130.40 tons
				6/7/10	433.58 tons
				7/7/10	195.60 tons
				8/7/10	244.42 tons
				9/7/10	16.30 tons
				10/7/10	48.90 tons
				10/7/10	6.60 tons
				Total	1630 tons
8. RCU	RCU	\$49,172.95 JRS R62/10 CHQ #848855	Supply 2210.02 tons of 65mm sub base <u>NB</u> Oversupplied by 0.18 tons	<u>Date</u> 19/2/10	<u>Qty</u> 130.40tons
				20/2/10	114.10 tons
				22/2/10	309.70 tons
				23/2/10	277.10 tons
				24/2/10	603.10 tons
				24/2/10	433.58 tons
				25/2/10	342.22 tons
				Total	2210.20tons
9. RCU	RCU	\$18,133.75 JRS R 228/10 CHQ # 850137	Supply 815 tons of 65mm sub-base <u>NB:</u> Oversupplied by .20tons	<u>Date</u> 20/9/10	<u>Qty</u> 453.14 tons
				21/9/10	362.06 tons
				Total	815.20 tons

10. RCU	RCU	\$40,252.08 JRS r 145/10 CHQ # 852365	Supply of 1544 tons of 40mm Base Course	<u>Date</u> (2010) 3/4/10 7/4/10 8/4/10 9/4/10 10/4/10 12/4/10 15/4/10 20/4/10 21/4/10 23/4/10 10/5/10 21/5/10 26/5/10 1/6/10 3/6/10 12/11/10 20/11/10 23/11/10 25/11/10 26/11/10	<u>Qty</u> 46.32 tons 137.36 tons 58.66 tons 9.26 tons 64.82 tons 9.26 tons 46.32 tons 15.44 tons 46.32 tons 61.76 tons 25.74 tons 3.09 tons 15.44 tons 15.44 tons 15.44 tons 19.56 tons 19.56 tons 3.25 tons 278.58 tons 77.20 tons <hr/> 968.83 tons
				<u>2011</u> 28/1/11 11/2/11 15/2/11 16/2/11 17/2/11 18/2/11 21/2/11 22/2/11 23/2/11 2/3/11 4/3/11	23.16 tons 6.18 tons 46.33 tons 69.48 tons 95.73 tons 84.14 tons 33.96 tons 38.60 tons 77.20 tons 7.72 tons 86.54 tons
				Total	815 tons
11. RCU	RCU	\$20,123.04 JRS r 212/10 CHQ 853537	Supply of 772tons of 40mm sub base <u>NB: Oversupplied by 0.04tons</u>	<u>Date</u> 23/8/10 21/9/10 22/9/10	<u>Qty</u> 92.64 442.08 237.32
				Total	772.04

12. RCU	RCU	\$18,133.75 JRS 108/10 CHQ #854810	Supply of 815 tons of 65mm Sub Base	Date 3/5/10 4/5/10 12/5/10 13/5/10 14/5/10 17/5/10 Total	Qty 244.50 tons 293.40 tons 48.90 tons 16.30 tons 32.60 tons 179.30 tons 815 tons
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Materials Not Supplied and Services Not Rendered

<u>LPO #</u>	<u>PAYEE</u>	<u>COST</u>	<u>REMARKS</u>
958794	Highway Stabilizer	9559.20	Balance of Qty delivered on 11.1.11 CHQ # 858372 released
959978	K. Lal & Sons Inv.	4631.85	Contractor and Korovou Depot failed to submit supporting documents (Dockets, Invoices, Instructions, Tally sheets, etc) Cheque credited to Revenue. Copy of RR 716484 is attached on appendix I
961848	Metro Mix Concrete Ltd	8742.50	Balance of qty delivered on 14.1.11 CHQ # 858374 released.
961849	Metro Mix Concrete Ltd	8742.50	Balance of qty delivered on 10.3.11 CHQ # 858375 released
976452	K. Lal & Sons Inv.	8000.00	Balance of qty delivered on 13.1.11 CHQ # 858376 released
976453	Highway Stabilizer	26,061.35	Balance of qty delivered on 28.2.11 CHQ # 858377 released
976456	Highway Stabilizer	26,061.35	Balance of qty delivered on 25.2.11 CHQ # 858378 released
976457	Highway Stabilizer	26,061.35	Balance of qty delivered on 1.3.11 CHQ # 858379 released
976458	Highway Stabilizer	26,061.35	Balance of qty delivered on 9/3/11 CHQ # 858380 released
959341	Highway Stabilizer	9104.40	Balance of qty delivered on 19.1.11 CHQ # 858381 released
976282	Humes Industry	3759.80	Full qty delivered on 7/2/11 CHQ # 858382 released
976281	Humes Industry	10,810.00	Full qty delivered on 8/2/11 CHQ # 858383 released
976892 976897	Chand Truckers	8605.25 8605.25	An initial outstanding claim of \$43,170.25 was received from the Contractors. A copy of their claim is attached on Appendix J. R/S Taunovo requested that an initial payment of \$17,210.50 be made pending reconciliation of Account and the cheque to be held in the office until the reconciliation is done. The cheque was later released by the directive of the then DERCE Mr. Atu Nayago as per their conversation with A/SAO Mrs. Namuaira on 26/1/2011 as recorded by Compliance Unit Officer Mrs. Tunisau. A copy of Mrs. Tunisau's journal entries is attached on Appendix K. We have verified that some invoices have already been paid and we also have reasons to believe that in some instances duplicate

			<i>statements/dockets may have been made. In view of that, we are reconciling all the relevant documents at Taunovo Depot and also the payment section in Walu Bay.</i>
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29.66 Hire of Vehicles at Nasinu Quarry

All officers responsible for expenditure shall at all times exercise proper economy in the expenditure of public funds and thereby ensure that proper value is obtained for all sums spent.

On 5/10/09, the Major Tender Board approved the hire of plants, vehicles & equipments for Central Eastern Division to various companies.

If the 1st option contractor cannot supply the required vehicles then the Ministry should have something in writing for the inability to supply the machines or vehicles before moving to 2nd or 3rd options and if the Ministry is found not following the system then the officers responsible for misusing the options will be disciplined.¹⁰⁷.

The Major Tender Board (MTB) in its meeting No. 16/09 held on 5/10/09 approved the hire of plants, vehicles & equipments as shown in Table 29.50:

Table 29.50: Major Tender Board approval for hire of contractor's plants & vehicles (extract)

Item	Category	Contractor	Reg. No	Tendered Hourly Rate	Ranking
Nasinu Quarry					
36	Tipper 7m & Over	Trucking Supplies Ltd	DE 818	\$45.00	1
36	Tipper 7m & Over	Trucking Supplies Ltd	DA 242	\$45.00	1
36	Tipper 7m & Over	Arvins Transport Ltd	FI 049	\$70.00	2
36	Tipper 7m & Over	Daulomani Plant	FF 019	\$70.00	3
Road Construction Unit (RCU)					
37	Tipper 7m & Over	Trucking Supplies Ltd	DE 818	\$61.80	2
37	Tipper 7m & Over	Daulomani Plant	FF019	\$65.00	4

The following irregularities were noted:

- Both Trucks under Trucking Supplies Ltd were supposed to be operating at the Nasinu Quarry at \$45 per hour. However, only one truck¹⁰⁸ was operating as a truck from Daulomani Plant Hire¹⁰⁹ was also engaged for \$70 per hour.
- There was no written confirmation from Trucking Supplies on its inability to supply trucks.

¹⁰⁷ Major Tender Board Approval dated 7/10/2009 Ref:GS1/10/1

¹⁰⁸ Registration number DA 242

¹⁰⁹ Registration number FF 019

- A letter of complaint was received from Trucking Supplies Limited on 27/01/10 for not being engaged with the services at the quarry even though their tender price was \$25 less than the rate offered by Daulomani Plant Hire.
- The second truck under Trucking Supplies was engaged at the Roads Construction Unit (RCU) at a rate of \$61.80 per hour.
- A total of \$81,325 was paid for the engagement of Daulomani Plant Hire at the Quarry in 2010, which was \$29,045 more had both trucks under Trucking Supplies Ltd were engaged at the Nasinu Quarry.

The lack of control over procedures in hiring of private vehicles at the Nasinu Quarry has led to the Department paying \$29,044.82 more for services which could have cost less.

Recommendations

- **Appropriate action should be taken against the Chief Clerk for not engaging both trucks from Trucking Supplies Ltd at the Nasinu Quarry, at a cheaper rate.**
- **The Department should monitor the engagement of private vehicles on hire to ensure compliance with Major Tender Board decisions.**

Management Comments

The hired of Tipper Trucks under Category # 36 of Contract #216/08 at Nasinu quarry was implemented according to the Contract. There was NIL allotment for Trucking Supplies in the Contract until notice to that effect was received through DNR 1/5/3 of 5/2/10 as per copy attached on Appendix L but received at the Quarry on 3/3/10.

It has been noted that Trucking Supplies complained in a letter dated 27/1/10 for not being engaged with the services at the Quarry but some facts have also need to be considered:-

- *The notification for their Engagement was dated 5/2/10.*
- *The Bond of DE 818 was paid on 25/2/10 (Receipt # 661021) and the one for DA 242 was paid on 1/4/10 (Receipt # 661027).*

Only one truck (DE 818) was hired until 5/7/10 when it was hired by RCU and both Trucks cannot be hired at that time due to the difference in bond payment timings and also the Quarry's need had dwindled to only one (1) Truck.

The Quarry then reverted to Daulomani Transport when the work rate escalated and the need for an additional truck arose. DE 818 was still committed at RCU whilst Arvin's Trucks were not keen in working at the Quarry.

29.67 Non-disclosure of Liabilities

A liability is a present obligation of the enterprise arising from past events, the settlement of which is expected to result in an outflow from the enterprise of resources embodying economic benefits¹¹⁰.

The Trading and Manufacturing Account (TMA) annual financial statements are in three parts; Trading and Manufacturing Statement, Profit and Loss Statement and Balance Sheet.¹¹¹

Audit noted that the December 2010 electricity bill of \$13,586.57 was not disclosed as a liability in the TMA Balance Sheet as at 31 December 2010.

¹¹⁰ Fiji Accounting Standards 37 (10)

¹¹¹ Schedule 1: TMA Annual Financial Statements of Finance Manual (Ministry of Works)

The Department was understating its expenditure and liability and overstating its net income.

Recommendation

The Department should disclose the outstanding liabilities in the TMA Balance Sheet at the end of its financial year.

Management Comments

The error is regretted as the Liabilities were not disclosed by the Quarry and it was overlooked when the Financial Statements were compiled.

The Audit Recommendation has been noted and in future we will disclose all Outstanding Liabilities by the Section and all Outstanding Account should be verified by the Section before preparations of TMA Financial Statements are done.

DIVISIONAL ENGINEER WESTERN - ROADS

29.68 Overpayment of Charges for Private Vehicles on Hire

The proper management of expenditure is fundamental to ensure value-for-money in service delivery to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that wastage of public funds and over-expenditure do not occur.

The Fiji Procurement Office approved the contract for the engagement of Vinay Vikash Hire Truck Services¹¹² at Ba Depot effective from 01/09/10 for a period of three years.¹¹³ Refer to Table 29.51 below for the approved rates:

Table 29.51: Approved rates for truck dumpers

Description	Rate (\$)
Tendered hourly rate	50.00
3 – 50 km	0.58
Over 51 km	0.50
Standby hourly rate	0

The audit noted that the contractor was paid standby hourly rate¹¹⁴ of \$25 although there was no such rate specified in the contract. Furthermore, the contractor overcharged for journeys over 51 km. The rate charged was \$0.58 instead of \$0.50 per kilometre. Refer to Table 29.52 below for examples:

Table 29.52: Examples of Overpayment to contractor

Date	Cheque No.	LPO No.	Description	Amount Paid (\$)	Audit Calculation (\$)	Overpayment (\$)
31/12/10	840594	972277	Hire of dumper - FC 590 18/11/10 – 24/11/10	6,324.80	5,715.20	609.60

¹¹² Hino, Truck Dumper registration number EG 318 and FC 590

¹¹³ Ministry of Finance Memorandum dated 30/08/10

¹¹⁴ Applied when vehicle is on standby – idle rate

Date	Cheque No.	LPO No.	Description	Amount Paid (\$)	Audit Calculation (\$)	Overpayment (\$)
31/12/10	840595	972652	Hire of dumper - FC 590 09/12/10 – 15/12/10	7,051.60	6,200.00	851.60
31/12/10	840607	972651	Hire of dumper - FC 590 16/12/10 – 22/12/10	7,534.00	6,750.00	784.00
31/12/10	841021	972708	Hire of dumper - EG 318 02/12/10 – 08/12/10	4,300.00	3,735.00	565.00
		972654	Hire of dumper - FC 590 25/11/10 – 01/12/10	6,311.10	5,729.50	581.60
		972709	Hire of dumper - EG 318 25/11/10 – 01/12/10	3,136.95	2,757.50	379.45
31/12/10	840602	972707	Hire of dumper - EG 318 09/12/10 – 15/12/10	5,110.50	4,973.50	137.00
31/12/10	840655	972086	Hire of dumper - EG 318 18/11/10 – 24/11/10	3,538.70	3,488.70	50.00
Total				43,307.65	39,349.40	3,958.25

Furthermore, audit noted the company claimed excessive charges as it claimed for both hours and mileage. Refer to *Appendix 29.13* for examples.

Total payments made to Vinay Vikash Hire Truck for November and December 2010 were \$148,675.

The above anomalies indicated that the contract payments were not properly verified by the Accounts Section to ensure that the rates charged are in accordance with the approved tendered rates.

Recommendations

- All plant hire contract claims should be properly verified against approved tendered rates before payments are made.
- The Department should review all payments made to Vinay Vikash Truck Hire and recover the overpayments.
- Supervisory checks in the Accounts Section should be improved.

Management Comments

In Section 1.1 of the Special Conditions of the Contract, 6.5.4 states that:

- Journeys not exceeding 3km will be paid on hourly basis*
- Journeys in excess of 3km will be paid on a distance basis in kilometers.*

Therefore, we can pay both Hrs and Kilometers' basis according to the type of Hire.

Nadi Depot had cross-hired 2 dumpers from Ba Depot. Both companies that usually catered for Nadi Depot (Prem's Grading and Nand's Civil) were both suspended during that period. Therefore, they managed to hire both dumpers (FC590, EG318) from Vinay Vikash Hire Truck.

During closing of Accounts in December 2010, Nadi Depot, whilst trying to clear all pending payments, overlooked that there was no standby rate and charging the wrong rate of over 51km at 0.58c instead of 0.50c per km. The Accounts staff also overlooked this matter as they were trying their best to clear all payments by 31/12/10.

The overpayment to Vinay Vikash Hire Truck of \$3958.25 will be recovered this year since we will continue to hire him under the current contract. Discussions with the Company Directors regarding this issue came to the solution of deducting the amount within a 6 month period.

The costing clerk from Nadi Depot has been briefed on checking the contracted rates properly before raising the requests (GP86). Accounts staff have also been advised to refer to the contracts before submitting the requests for LPO writing.

Internal training will be carried out for the accounts staff and monthly meetings for Road Supervisors and Chief Clerks will continue.

29.69 Misuse of Vehicle on Private Hire – ET 460

No officer below Permanent Secretary Level will be picked up or dropped off for official hours and this also applies to the use of both Government and private hire¹¹⁵.

The Major Tender Board approved the engagement of Valley Riders¹¹⁶ for providing vehicle for hire at Lautoka.

The audit noted the Acting Road Engineer¹¹⁷ was picked daily from Ba to work at the Lautoka Depot and dropped off in the afternoon using a vehicle (ET 460) engaged for hire at Lautoka.

Explanations provided during the audit indicated that the officer resides in Ba due to the non-availability of the government quarters in Lautoka. Total payments made to Valley Riders for hiring of its vehicles amounted to \$371,875 for the year ended 31/12/10.

Using private hire vehicles for picking and dropping off officers from their residences without approval is a breach of the Permanent Secretary's directive and has contributed to high charges incurred by the Ministry for hiring of private vehicles.

Recommendations

- **No officer should be picked and dropped off at his or her residence using official vehicles or those on hire unless prior approval is given by the Permanent Secretary.**
- **Stringent controls should be instituted by the Department to eliminate or minimize the abuse of private vehicles on hire.**

Management Comments

Instructions for Private Vehicles

The issuing of instructions is to authorize the use of this contracted vehicle to make official runs to their official destinations. It can be centralized or decentralized to the Depots or wherever the vehicle is contracted to. Though the vehicle is contracted to Lautoka, its area of operation covers the whole Western Division. In this instance, the officer concerned resides in Ba due to lack of quarters in Lautoka. In other words, the vehicle can be issued with instructions from Ba and then travel straight to Rakiraki or Sigatoka or wherever he is officially assigned to travel to. So, in this sense, we are saving more if he was to be issued with instructions from Lautoka and then traveling to Ba for pick up and drop. Until he is allocated a government quarters in Lautoka, he has no choice but to start from Ba Depot where he officially resides.

Huge Expenditure for one Contractor

The three vehicles concerned incurred the amount mentioned due to the scarcity of good government vehicles to make the trips or runs to the rugged and isolated destination within our roading network. Our network reaches the borders of Tailevu and Naitasiri inland towards Nadroga and Navosa and the interiors of the province of Ba. The three vehicles were widely used in the inspection of our roading network and also new contracts that were undertaken during that period of time.

¹¹⁵ Letter from Permanent Secretary for Works & Transport dated 10/08/10 Re:PSWTPU10/2

¹¹⁶ Toyota Hilux, 4x4, registration number ET 460

¹¹⁷ Mr. Aisea Liwaiono

29.70 Lack of Internal Controls in Public Stores

A stock take must be undertaken each year to verify the existence and condition of inventories on hand.¹¹⁸

The storeman in charge of a government store is responsible for checking, recording, storage of goods received, regular inspection of all public stores under his control, and undertaking regular stocktake to ensure that the public stores under his control are physically present and secured.

At the Waiyavi Depot, items are issued by the storeman to Divisional labourers and these should be returned once the allocated works are completed.

Our review of the stores records revealed that items were not always returned to the stores by Divisional labourers. Instances were noted where the same labourers would be issued additional items while items issued to them previously were still yet to be returned. Refer to *Appendix 29.14* for details.

Lack of control over the management of inventory/stores increases the risk of misappropriation.

Recommendations

- **Control over the management of inventory at the Depot should be improved.**
- **The storeman should follow-up with the Divisional labourer on the items that have yet to be returned.**
- **If items have been damaged or misplaced, explanations should be documented and provided for audit purposes if requested.**

Management Comments

All items on have been returned to the stores before the Christmas Shut Down period. But the Storeman forgot to update his Daily Issue Register. Store man has been briefed and verbally warned as to not to repeat this issue again. A Board of Survey is usually carried out at the end of each year and the latest before the end of January the following year.

29.71 Updating of Payroll System – Manual Payment of Wages

In order to capture accurate payroll expenditures in all pay periods, manual payments must not be encouraged. If manual payments are made it should be updated in the payroll system at the earliest.¹¹⁹

The salaries officer shall record the manual payment on the appropriate input form. The form shall be used to update the payroll records in the automated payroll system to ensure that an employee's true earnings are reflected at the end of the year.¹²⁰

Manual payment of wages totalling \$19,808 for the 'Upgrading of Yasawa Island Rural Roads' was not recorded in the input form and consequently, the record in the automated government payroll system was not updated. Details are shown in Table 29.53 below:

TABLE 29.53: MANUAL WAGES NOT UPDATED

¹¹⁸ Finance Instructions 2010 Section 38

¹¹⁹ Finance Circular No.13/2009 section 3

¹²⁰ Ministry of Works Finance Manual 2005 section 4.5.16

Employee	FNPF No.	Gross Wages not Updated in Payroll System (\$)
Iveri Ratu	2582324	1,162.50
Kaminieli Cagi	TL958	1,233.75
Manasa Ravusali	PS939	1,734.30
Waisea Ratubusa	2241R	1,737.06
Ponipate	2549784	1,742.60
Leone	HA239	1,742.60
Pita Turua	NM412	1,742.60
Aporosa Vunisa	2238R	1,742.60
Sionetani Banuve	2237R	1,742.60
Sakaraia Ravave	2239R	1,742.60
Samuela Bale	VL296	1,742.60
Peniasi Rasowaki	2240R	1,742.60
Total		19,808.41

Payroll expenditures¹²¹ will be understated in the Agency Financial Statements if manual payments of salaries and wages are not taken on charge in the payroll system.

Recommendations

- **In instances where approvals have been given for manual payments of wages, the Accounts Officer should ensure that such transactions are updated in the payroll system.**
- **It is recommended that the Accounts Officer carry out a thorough review of all manual payments of wages to ensure that they have been updated in the payroll system.**
- **Supervisory checks in the Accounts Section should be improved.**

Management Comments

In regards to the Updating of Payroll System – Manual Payment of Wages for the Upgrading of Yasawa Island Rural Roads, we overlooked the source documents because there was a lot of manual payments of wages was prepared on the same week as closing and updating of accounts.

We will do updating in the system this year and ensure that all manual payments are updates in the Payroll System.

DIVISIONAL ENGINEER NORTHERN - ROADS

29.72 Monitoring of Costs – Capital Projects

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

In 2010, 64 capital projects were undertaken by the Divisional Engineer North with a budgetary allocation of \$6,135,000.

¹²¹ SEG 1 – Established and SEG 2 - Unestablished

The actual costs of 25 capital works exceeded their budgetary allocations as at 31/12/10. Refer to Table 29.54 below for details.

Table 29.54: Overspending on Capital Works

Description	Allocation	Actual Expenditures (\$)	Over Expenditures (\$)	Percentages Overspent %
Storm Damage				
R/West	30,000	292,125	(262,125)	874
Savusavu	90,000	528,015	(438,015)	487
Nabouwalu	20,000	174,290	(154,290)	771
Natua	50,000	136,938	(86,938)	174
R/East	30,000	600,556	(570,556)	1,902
R/East – Lagi Road	50,000	87,423	(37,423)	75
Tavueni	80,000	525,163	(445,163)	556
Saqani	70,000	399,832	(329,832)	471
Sealing	15,000	597,207	(582,207)	3,881
Road Construction Unit	25,000	516,942	(491,942)	1,968
New Roads and Bridges				
Ura/Soqulu Road	650,000	1,009,597	(359,597)	55
Lagi Road	400,000	436,602	(36,602)	9
Rehabilitation				
RMSU-Periodic Works Management	20,000	34,859	(14,859)	74
Periodic Maintenance				
Lesiaceva Road	100,000	122,541	(22,541)	23
Cane Access Road	60,000	63,284	(3,284)	5
Lakeba	30,000	36,319	(6,319)	21
Bulileka Road	50,000	140,850	(90,850)	182
Navidamun Road	100,000	114,640	(14,640)	15
Taganikula	10,000	10,233	(233)	2
North Coastal	15,000	40,221	(25,221)	168
Soisoi	10,000	10,744	(744)	7
Salialevu drainage	15,000	36,138	(21,138)	141
North Coastal drainage	40,000	61,936	(21,936)	55
Lesiaceva Road	85,000	109,113	(24,113)	28
Nubutu Culvert Crossing	30,000	34,440	(4,440)	15
Total	2,075,000	6,120,008	4,045,008	

The Accounts Officer¹²² explained that the over-expenditures were results of adverse weather conditions and the contractors' inability to supply materials.

A factor which may have contributed to the costs overrun is officers authorising expenditures above their approved limits through the issue of manual LPOs. Refer to *Appendix 29.15* for details.

The above indicated that cost analysis and estimation for the above capital projects were not properly carried out which resulted in the excessive overspending. Costs of capital projects were not been properly monitored to ensure that they are contained within their budgetary provisions.

Recommendations

- **The Department must ensure that proper project costing and management is carried out to avoid cost over runs.**

¹²² Accounts Officer – K C Kumar

- The Department must rigorously monitor expenses incurred to ensure that they are within the approved budget.
- The Department should ensure that procurements of goods and services are in accordance with government's procurement procedures.
- The Department must ensure that officers do not approve expenditures beyond their approved limits. On the other hand, approval limits for Divisional Engineers should be revised taking into account the difficulty of obtaining approval from HQ due to their locations.

Management Comments

All the projects indicated in the report are part of our 69 projects undertaken in periodic maintenance. As indicated some projects had exceeded their respective allocations but actually it was within our budget allocation.

<i>Allocation</i>	<i>Total Allocation (\$)</i>	<i>Total Expenditure (\$)</i>	<i>Balance</i>	<i>Percentage Used</i>
1-40-6-3	3,222,000	3,200,654	19,346	99%

As per explanation provided by the Road Engineer, some projects were really critical compared to the time of projection, which is why some exceeded the estimated figures provided.

29.73 Advance Payment of Goods

The Accounting Head or accounts supervisor must not certify a payment correct unless they are satisfied that there is documentation that the goods, services or works have been received.¹²³

The requests for the purchases of goods are prepared by the respective Depots and are passed for payment by the Accounts Section. Goods are directly delivered to the Depots and payments made by the Accounts Officer at the Divisions to the suppliers.

On 31/12/10, the Division paid Technix Bitumen a total of \$72,000 for the purchase of road materials. As at the date of audit¹²⁴, these materials have yet to be delivered by the company. Refer to Table 29.55 below for details:

Table 29.55: Materials paid in advance

Date	Cheque No.	LPO Date	LPO No.	Details	Amount (\$)
30/12/10	853063	2/12/10	952264	Purchase of 9,600 litres of emulsion for road seal works	16,896.00
		3/12/10	952283	Purchase of 9,600 litres of bitumen for Savusavu Tax Free Zone job	19,104.00
		3/12/10	952292	Purchase of 9,600 litres of emulsion for sealing patching works	16,896.00
31/12/10	853195	9/11/10	975906	Purchase of 9,600 litres of bitumen for resealing Tuatua road	19,104.00
Total					72,000.00

It was further noted that the Resident Engineer, Mr. Jioji Mate, certified the Local Purchase Orders that materials have been received although the materials had not been supplied by Technix Bitumen.

¹²³ Ministry of Works & Energy Finance Manual 2005 section 2.8.3 (ii)

¹²⁴ 21/01/2011

The action by the Resident Engineer is perceived to facilitate payments and tantamount to fraud.

Recommendations

- The Department must ensure that payments are only made for goods that have already been supplied.
- The Department must follow up with Technix Bitumen on the delivery of the outstanding materials.

Management Comments

Yes the management agrees there was an advance payment regarding the purchase of bitumen, as it was coming towards the end of the year. The Road Engineer (Mr. Jioji Mate) had made alternative arrangements for the supply in January. All the items had been received January. The office has been forwarded with all source documents. The Engineer has been reminded that this practice is not to be repeated again.

29.74 Crusher not in Operation - Korotari

A crusher is a machine designed to reduce large rocks into smaller rocks, gravel, or rock dust. These crushed rocks are used on the roads for re-sheeting and reconstruction purposes.

Our audit noted that the Government Crusher registration number GJ 642 at Korotari Road has not been operating on full capacity since 2008 because of mechanical problems. The Department has yet to take any action to upgrade the crusher.

The Government through the Divisional Engineer Northern had spent \$4,140,756 from 2006 to 2010 to purchase base course materials from private contractors. Refer to Table 29.56 below for details.

Table 29.56: Suppliers of base course materials from 2006 to 2010

Year	Viti Plant Hire Amount (\$)	Viti Vanua Holdings Ltd Amount (\$)	Quality Quarries Ltd Amount (\$)	Total Amount (\$)
2006	2,170.14	210,839.57	-	213,009.71
2007	-	419,230.05	72,092.80	491,322.85
2008	623,139.83	203,904.48	185,022.36	1,012,066.67
2009	1,068,048.35	293,768.14	196,959.83	1,558,776.32
2010	488,076.83	78,653.28	298,850.00	865,580.11
TOTAL	2,181,435.15	1,206,395.52	752,924.99	4,140,755.66

It was also noted that the crusher, at its present state, does not have the capacity to supply road materials for road works in the North. There have been no analysis/study done by the Department to determine the economic viability of operating the crusher.

Recommendation

The Department should carry out a cost benefit analysis on the operation of the crusher and it should consider selling the crusher immediately if the cost outweighs the benefits.

Management Comments

The crusher was commissioned in Korotari in June, 2010. After a few months of operation the engine gave up as it was quite old (more than 20 years). Therefore difficulties were faced in getting the parts and operating costs incurred were high.

29.75 Payment of Tuition Fees

On 17/02/10¹²⁵, the Permanent Secretary for Works, Transport & Public Utilities informed Laisiasa Saladugutiva that the continuation of funding of his studies by the Department will be dependent on his performance in the current Semester, wherein the officer is required to attain 75% pass rate of the total units undertaken.

Laisiasa Saladugutiva¹²⁶, a Leading Hand at the Natua/Seaqaqa Depot, undertook First Line Supervision Course at the Fiji National University (FNU) commencing from Semester II 2008. He continued studying for his Diploma in Civil Engineering from Semester I of 2009 after successful completion of the First Line Supervision Course. The Officer was on study leave with pay.

The following anomalies were noted:

- The officer's tuition fees was paid from the Periodic Maintenance allocation of the Division as the Ministry's training budget was exhausted in 2010. Refer to Table 29.57 below for details.

Table 29.57: Training Fees

Date	Cheque Number	Details	Amount (\$)
6/8/10	850690	Payment of Semester I fees Tuition fees - \$1,089.00 Hostel Room fees - \$1,460.00	2,549.00
31/12/10	853163	Payment of Semester II fees Tuition fees - \$1,149.00 Hostel fees - \$1,060.00	2,209.00
Total			4,758.00

- The Officer studied 6 units in Semester I 2010 but only passed 3 units or 50%. However, the Department continued to fund his studies for Semester II although he did not obtain a 75% pass rate.

The Training Officer explained that there is no requirement for officers to pass all units or certain percentage for the Department to continue funding studies, which contradicted the directive by the Permanent Secretary.

Recommendations

- The Department should ensure that only the expenses appropriated in the budget estimates are incurred.**
- The Department should discontinue funding studies if officers do not meet the required pass rate as indicated by the Permanent Secretary.**

Management Comments

The approval was sought from the Permanent Secretary for Works, Transport and Public Utilities for the above said officer.

¹²⁵ Memorandum Referenced: 19/31/5/2-17

¹²⁶ FNPF No. VH 349

APPENDICES**Appendix 29.1: Details of Workers Paid from SEG 2 Program 5 - Activity 2**

Division	Section	FNPF/EDP Nos.	Wage Earner	Allocation	Post
DECE	Building (51)	95575	Ilaitia Ratumai	14050295212020101	Apprentice
		XU367	Niko N		Apprentice
		95622	Puspa Lata S	14050295211020101	Assistant Clerk
		95623	Shivan Deepak		Assistant Painter
		HL320	Alifereti Bani		Assistant Carpenter
		VI259	Lepani Qalo		Assistant Carpenter
		Kk740	Saimone K	14050295212020101	Assistant Plumber
		OG329	Tevita Toga Ubit	14050295211020101	Assistant Carpenter
		XQ132	Josateki Vatanit		Labour
		95667	Waq B	14050295212020101	Carpenter B
		HC535	Alipate Gukibau		Carpenter A
		KC316	Anasa S		L/hand A
		KS997	Bishwa Chand		L/hand A
		OI179	Niumaia Natoqi		Assistant carpenter
		WF768	Acura L		Assistant carpenter
		XP475	Cokanasiga B		Labour
		QN940	Mareko Koro	14050295211020101	Assistant Plasterman
		TP197	Josateki Maibola		Assistant Carpenter
		UD138	Pradip Chand		Plumber B
		UM113	Mitieli Rokocala		Painter
		WF 650	Esala Nadruku	14050295212020101	Assistant Painter
		95420	Asaeli Vola		Assistant Carpenter
		95742	Semi Ralagi		Assistant carpenter
		95829	Rajneev Prasad		Assistant carpenter
		HX732	Isikeli Boladuadua		Cook
		MN619	Ponipate Daveta	14050295212020101	Assistant Painter
		95800	Tevita Puamau		Assistant Plumber
		NT664	Atueta Voravora	14050295212020101 Government Building Workers	Cleaner
		95683	Ilisapeci Kales		Cleaner
		GL399	Nacanieli Navodo		Carpenter A
		HT111	Waisake Cagica		Watchman
		HY378	Lanieta Qlmaqima		Cleaner
		MC428	Mohammed Tazim		Assistant Plumber
		MR223	Josefa Beci		Assistant store man
		NH681	Isireli Lasaga		Cleaner
		NL520	Vijendra Sami		Cleaner
		OI174	Pita Mataiasi		Store man B
		OR143	Asivorosi Delai		Cleaner
		OR609	Salote Vakatalai		Cleaner
		OS284	Jone Simeci		Cleaner
		OT 977	Laisa Ledua		Labour
		PQ272	Timoci Soro		Assistant painter
		QY293	Elton Richard		Cleaner
		QZ760	Ilimotama K		Assistant Carpenter
		UK258	Vilive Rainima		Cleaner
		UP915	Usaia Sotutu		Assistant Carpenter
		VB911	Alena Salusalu		Clerk
		VV224	Ilaisa Sllimaiba		Assistant Carpenter

Division	Section	FNPF/EDP Nos.	Wage Earner	Allocation	Post
		WH416	Viliame Bogidua	14050295212020301	Assistant Carpenter
		WV426	Vatilai Tuisabe		Labour
		XO614	Delores Christin		Assistant Clerk
		FG293	Faiz Mohd		Assistant painter
		LH790	Manueli Vatanita		Assistant Carpenter
	Electrical	30424	Ulamila Saqatu	14050295214020101	Assistant clerk
		FV293	Valerio Nawasa		Electrician A
		KF256	Asesela Kadavu		Electrician B
		OH935	Simeli Batiratu		Electrician B
		PE898	Vilikesa R Tuca		Trades Assistant
		YQ450	Nafeez Bin Ali		Trade Assistant
North		53096	Jone Sokia	14050297212020101	Assistant Painter
		53197	Moreen Sangeeta		Assistant Clerk
		53203	Navneel Rinal CH		Site clerk
		53209	Esala Nukumasia		Labourer
		53214	Laisiasa Koliniw		Assistant Painter
		53228	Selenai Vaisova		Assistant Plumber
		OF620	Anare Maravu		Labourer
		PK651	Jitendra Nand		Electrician B
		QA543	Eroni Vero		Assistant Carpenter
		VF018	Revoni Matawaqa		Assistant plumber
West		YL241	Emori Dugcagi	14050296212020101	Mechanic 'B'
		MZ207	Sunia Cama	14050296212020101	Cleaner
		JK684	Arun Kumar	14050296211020101	Plasterer 'B'
		TK543	Steven Joseph	14050196212020101	Asst Painter
		VV605	Isireli Rokoua		Asst Painter
		OT765	Kiniviliame	14050296211020101	Assistant Carpenter
		QE746	Ratu Netava		Carpenter 'A'
		YI418	Manasa Radiriki		Assistant Storeman
		YL239	Josaia Navetau		Apprentice
		YL240	Ratu Banuve		Apprentice
		YY099	Shaneel Kumar		Apprentice
		2283B	Praneel Vikash	14050296212020101	Labourer
		2296B	Joveci Givaki		Labourer
		25012	Meli Rokonatavo		Assistant Painter
		GX328	Joni Raini		Assistant Plasterer
		GZ472	Subhas Chand		Assistant Plasterer
		KB316	Pita Lotu		Assistant Carpenter
		KE577	Saimone Banuve		Assistant Clerk
		KF161	Tevita Laulau		Carpenter "B"
		LK480	Sairusi D		Cook
		LY902	Josaia		Assistant Painter
		MC888	Tomasi Waqa		Painter
		MK129	Josaia B		Carpenter 'B' L/Hand
		MN284	Jone Eya		Assistant Carpenter
		MY352	Viliame T		Watchman
		NX966	Jolame Turagabeci		Assistant Plasterer
		NZ255	Viliame Silatolu		Labourer
		OB466	Kamal Goundar		Assistant Painter
		OC797	Samuela Lele		Watchman
		PM597	Kaliova Balei		Assistant Carpenter
		PP315	Alipate Dakevu		Labourer

Division	Section	FNPF/EDP Nos.	Wage Earner	Allocation	Post
		QE746	Ratu Netava		Carpenter 'A'
		QL409	Aseri Robarobale		Painter 'B' L/Hand
		QN945	Viliame Bula		Assistant Carpenter
		TK543	Steven Joseph		Assistant Painter
		VD068	Taniela Qeremait		Plumber 'B'
		VV605	Isikeli Rokoua		Assistant Painter
		WS380	Eroni Cinavicake		Assistant Painter
		2248M	Meli Tuiqali	14050296214020101	Apprentice
		2256M	Juta Seniuanilau		Apprentice
		OH794	Muni Nadan		Electrician 'A'
		QY622	Lesu Dau Taloga		Electrician 'B'

Appendix 29.2: Details of Missing Payment Vouchers – Plumber Shop

Date	Cheque No.	Payee	Amount (\$)
Operating Fund Account			
28/04/10	835516	On-Time Stationery Supplies	2,840.00
12/05/10	835794	Professional Stationary	8,290.00
20/05/10	835972	Crazy Office	2,980.00
20/05/10	835974	Kumars Hardware	2,700.00
26/05/10	836092	RB Patel Group Ltd	40.41
26/05/10	836093	Joinery Shop	2,190.00
26/05/10	836094	Plumbershop	2,992.17
26/05/10	836095	Deoji and Sons Ltd	450.00
26/05/10	836097	Safeequip Fiji Ltd	1,116.00
26/05/10	836098	VT Solutions	4,518.00
26/05/10	836099	Electrical	608.11
26/05/10	836100	Ashok Kumar	273.00
26/05/10	836107	Bligh Water Shipping	2,814.00
26/05/10	836111	Bluescope Lyslight	254.63
26/05/10	836112	Joinery shop	3,362.00
26/05/10	836113	Kumars Hardware	2,050.00
26/05/10	836115	Neritak	151.26
26/05/10	836116	Carpenters Hardware	210.58
26/05/10	836117	Protech Electrical	1,593.25
26/05/10	836118	RC Manubhai	220.40
26/05/10	836119	Xtra Electrical & Hardware	125.00
26/05/10	836120	Mean Products	255.00
26/05/10	836121	Mass Stationery	885.00
26/05/10	836122	Crazy Office Supplies	348.70
26/05/10	836123	HP Kasabias	195.30
26/05/10	836124	Cheapest Timber	1,991.50
26/05/10	836125	Ponipate	194.80
26/05/10	836126	DECE	756.00
26/05/10	836127	Post Fiji	1,387.20
26/05/10	836128	Patterson Brothers Shipping	384.00
26/05/10	836129	Joinery Section	900.00
26/05/10	836130	HP Kasabias	912.00
26/05/10	836131	Suncourt Hardware	2,526.80
26/05/10	836132	GMR Muhammed	92.00
26/05/10	836133	Plant Pool	580.00
26/05/10	836135	Joape	144.50
26/05/10	836136	FNPF	12.50
26/05/10	836137	Radhesh Transport	1,755.00
26/05/10	836138	Ramesh Crane Services	1,998.80
26/05/10	836142	Bligh Water Shipping	8,602.50
26/05/10	836143	SK DAVEY Ltd	3,592.5
26/05/10	836144	Colonial Insurance	122.00
26/05/10	836145	Dominion Insurance	34.00
26/05/10	836146	LICI	251.00
26/05/10	836194	Abdul Gaffar	765.00
26/05/10	836195	Adarsh Hire Services	125.20
26/05/10	836196	Ramesh Crane Hire	909.41
26/05/10	836197	Rentokil Initial Ltd	118.64

Date	Cheque No.	Payee	Amount (\$)
26/05/10	836198	Marica Ratuki	135.00
26/05/10	836199	DECE Joinery	2,062.81
26/05/10	836200	Kumars Hardware	2,997.50
26/05/10	836201	Adarsh Hire Services	391.60
26/05/10	836202	Jeke Pai	453.47
26/05/10	836203	Qaranivalu	380.77
26/05/10	836204	Southern Haulage	855.12
26/05/10	836205	Professional Stationary	2,900.00
26/05/10	836206	Naveen Prasad	144.00
26/05/10	836207	Filimoni Rokocanavanua	448.20
26/05/10	836208	Ramesh Crane	487.50
26/05/10	836209	Adarsh Hire	147.20
26/05/10	836210	Bligh Water	2,000.00
26/05/10	836211	Zade Supplies	228.38
01/06/10	836232	ANZ	6,642.93
01/06/10	836233	CNB	8,523.87
01/06/10	836234	DECE- Cash	3,652.20
01/06/10	836235	Post Fiji Ltd	1,134.34
01/06/10	836236	WBC	2,465.07
03/06/10	836251	Shavel Stationery	2,256.00
03/06/10	836263	Fitting Shop	14,250.00
03/06/10	836264	Joinery Section	68,745.00
03/06/10	836265	Naveen Prasad	135.00
03/06/10	836266	Lube Tuku	189.00
03/06/10	836267	Etuate Ratabuli	29.69
03/06/10	836273	Bligh Water Shipping	632.00
03/06/10	836274	On Time Stationery	2,830.00
03/06/10	836329	RESL	10,145.00
03/06/10	836330	HP Kasabias	2,680.00
03/06/10	836331	Mean Products	315.00
03/06/10	836332	Power Electrical	10,831.49
03/06/10	836333	Protech Electrical	1,075.00
03/06/10	836334	Austech Electrical	1,820.00
03/06/10	836335	East West Engineering	565.00
03/06/10	836336	Protech Electrical	1,160.75
03/06/10	836337	R.C. Manubhai	46.50
03/06/10	836338	Xtra Electrical	2,057.67
03/06/10	836339	RC Manubhai	5.50
03/06/10	836340	RESL	576.50
03/06/10	836341	Neritak	351.00
03/06/10	836342	Sigatoka Electrical	281.00
03/06/10	836350	Chand Concrete	9,938.16
03/06/10	836351	Cheapest Timber	6,619.81
03/06/10	836352	Southern Security and Fire	2,500.00
02/07/10	837242	Xtra Electrical	23.00
02/07/10	837243	Austec Electrical	117.00
02/07/10	837244	Neritak Industrial	96.94
02/07/10	837245	RC Manubhai	1,089.00
02/07/10	837246	AVO Engineering	1,575.00
02/07/10	837247	Dahia Shoes	1,080.00
02/07/10	837248	HP Kasabias	3,642.78
02/07/10	837249	Mass Stationary	630.00
02/07/10	837250	Mean Products	85.00
02/07/10	837251	Dahia Footwear	270.00

Date	Cheque No.	Payee	Amount (\$)
02/07/10	837252	SNP(Fiji) Ltd	120.00
02/07/10	837253	HP Kasabias	331.71
02/07/10	837254	Neritak Industrial	670.18
02/07/10	837255	Protech Electrical	3,371.00
02/07/10	837256	RC Manubhai	1,432.55
02/07/10	837257	RESL	4,546.10
02/07/10	837258	Xtra Electrical	445.50
02/07/10	837259	Emdees Marine	1,099.00
02/07/10	837260	HP Kasabia	763.70
02/07/10	837261	RC Manubhai	209.20
13/07/10	837314	Fiji Gas	133.50
13/07/10	837315	Patterson Brothers	171.00
13/07/10	837319	Extreme Business Solution	1,950.00
13/07/10	837320	FNPF	8.32
13/07/10	837322	Tevita Bilivakaturaga	198.00
13/07/10	837323	Austec Electrical	1,240.00
13/07/10	837324	HP Kasabias	690.90
13/07/10	837325	Protech Electrical	116.00
13/07/10	837326	RC Manubhai	634.00
13/07/10	837327	Kaminieli Turaga	147.00
13/07/10	837328	Josefa Nuku	117.00
13/07/10	837329	Avinesh Lal	117.00
13/07/10	837330	Savenaca Nataqa	207.00
13/07/10	837337	Mass Stationery	295.00
13/07/10	837338	Mean Products	75.00
13/07/10	837339	RB Patel	42.11
13/07/10	837340	RESL	138.70
13/07/10	837341	Cheapest Timber	1,553.52
29/07/10	837718	Patterson Brothers	100.00
29/07/10	837719	Cathy Hotel	199.82
30/07/10	837720	Professional Stationary	990.00
30/07/10	837721	FNPF	6,925.92
30/07/10	837736	Blue Gas	160.00
30/07/10	837737	Cheapest Timber	5,665.27
30/07/10	837738	Filimoni Rokocavanua	525.02
30/07/10	837739	COGS	1,813.18
30/07/10	837740	GMR Muhammed	1,373.50
30/07/10	837741	Mataisau Engineering	2,212.00
30/07/10	837742	Miteli Seru	54.00
30/07/10	837743	Vernon Michael Smith	81.00
Total OFA			295,234.61
Trading and Manufacturing Account			
04/03/10	656220	Adarsh Hire Services	1,406.30
04/03/10	656221	Buca Transport	295.59
04/03/10	656222	Mataisau Engineering	2,600.10
04/03/10	656223	Modern Stationery	8,104.38
05/03/10	656224	HP Kasabia	64.00
05/03/10	656225	Professional Stationary	1,984.28
05/03/10	656226	Kimono Sales Ltd	98.00
05/03/10	656227	Kelevi Matakada	63.00
05/03/10	656228	Netava Vunivalu	34.44
05/03/10	656229	Tomasi Balebulu	63.00
05/03/10	656230	FNPF	2.96
05/03/10	656231	Leahlangi cakes and catering	276.00

Date	Cheque No.	Payee	Amount (\$)
05/03/10	656232	On time Stationary	7,750.00
05/03/10	656233	Water Authority of Fiji	16.84
05/03/10	656234	Viliame Lovotala	48.20
05/03/10	656235	FNPF	4.16
08/03/10	656236	GMR Muhammad & Son	972.00
08/03/10	656237	R C Manubhai	1,708.32
08/03/10	656238	Shailend Prakash General Trad	2,600.10
09/03/10	656239	DECE Plant pool	2,517.15
09/03/10	656240	Savenaca Nataqa	126.00
09/03/10	656241	Silipa Rogoiruwai	72.00
10/03/10	656242	Blue Gas	149.50
10/03/10	656243	Government Supplies	1,625.63
10/03/10	656244	HP Kasabia	34.50
10/03/10	656245	Modern Stationery	5,100.00
10/03/10	656246	Taubmans	1,053.00
10/03/10	656247	Entire Office Supplies	5,863.75
10/03/10	656248	Government Supplies	2,955.94
10/03/10	656249	Kumars Hardware Supplies	297.50
10/03/10	656250	Losena Trading Co. Ltd	2,970.00
10/03/10	656251	Kasabias	15,782.58
10/03/10	656252	Government Supplies	2,854.13
10/03/10	656253	Government Supplies	4,849.88
16/04/10	656379	Crazy Office Supplies	2,915.00
16/04/10	656381	Mataisau Engineering	2,900.00
16/04/10	656386	On time Stationery	1,005.00
27/05/10	656531	Cheapest Timber Hardware	2,848.80
04/06/10	656545	Cheapest Timber Hardware	2,841.55
10/06/10	656555	Cheapest Timber Hardware	2,999.03
10/06/10	656556	Cheapest Timber Hardware	2,999.03
10/06/10	656557	Cheapest Timber Hardware	2,901.00
18/06/10	656568	Cheapest Timber Hardware	13,333.91
21/06/10	656575	Cheapest Timber Hardware	5,002.00
24/06/10	656585	Cheapest Timber Hardware	2,301.02
25/06/10	656586	Cheapest Timber Hardware	2,619.81
01/07/10	656606	Cheapest Timber Hardware	2,739.89
02/07/10	656611	Cheapest Timber Hardware	2,850.00
02/07/10	656613	Cheapest Timber Hardware	7,554.13
02/07/10	656617	Cheapest Timber Hardware	4,879.00
09/07/10	656644	Cheapest Timber Hardware	2,830.10
15/07/10	656653	Cheapest Timber Hardware	2,721.67
15/07/10	656671	Cheapest Timber Hardware	5,442.00
21/07/10	656687	Cheapest Timber Hardware	7,882.25
22/07/10	656691	Cheapest Timber Hardware	618.75
22/07/10	656698	Cheapest Timber Hardware	7,300.00
30/07/10	656756	Cheapest Timber Hardware	2,850.08
30/07/10	656763	Cheapest Timber Hardware	2,701.70
06/08/10	656792	Cheapest Timber Hardware	7,819.06
13/08/10	656812	Cheapest Timber Hardware	6,200.00
13/08/10	656813	Cheapest Timber Hardware	4,900.00
19/08/10	656830	Cheapest Timber Hardware	8,278.67
12/05/10	656453	Professional Stationery Supplies	888.75
02/07/10	656612	Professional Stationery Supplies	1,389.99
07/07/10	656632	Professional Stationery Supplies	1,080.00
23/07/10	656710	Professional Stationery Supplies	11,730.18

Date	Cheque No.	Payee	Amount (\$)
29/07/10	656735	Professional Stationery Supplies	2,966.50
29/07/10	656751	Professional Stationery Supplies	2,534.00
13/08/10	656816	Professional Stationery Supplies	2,970.01
27/08/10	656849	Professional Stationery Supplies	2,259.99
07/05/10	656437	Kumar's Hardware	11,878.09
26/05/10	656504	Kumar's Hardware	872.49
16/06/10	656565	Kumar's Hardware	1,955.00
18/06/10	656569	Kumar's Hardware	2,998.49
01/07/10	656607	Kumar's Hardware	10,247.99
15/07/10	656657	Kumar's Hardware	1,792.00
22/07/10	656700	Kumar's Hardware	960.00
22/07/10	656704	Kumar's Hardware	1,036.70
23/07/10	656709	Kumar's Hardware	10,762.82
29/07/10	656743	Kumar's Hardware	3,987.39
07/05/10	656440	Shavel Stationary	2,957.00
12/05/10	656452	Shavel Stationary	2,801.00
09/06/10	656552	Shavel Stationary	2,990.00
11/06/10	656559	Shavel Stationary	2,970.00
18/06/10	656571	Shavel Stationary	2,975.00
25/06/10	656593	Shavel Stationary	1,185.00
01/07/10	656609	Shavel Stationary	2,976.00
08/07/10	656635	Phoenix Hardware	8,872.82
08/07/10	656637	Phoenix Hardware	8,883.70
15/07/10	656655	Phoenix Hardware	8,846.40
15/07/10	656658	Phoenix Hardware	8,098.66
16/07/10	656675	Phoenix Hardware	14,655.05
22/07/10	656689	Phoenix Hardware	8,846.15
22/07/10	656693	Phoenix Hardware	11,792.50
22/07/10	656701	Phoenix Hardware	11,894.90
22/07/10	656706	Phoenix Hardware	2,998.50
27/07/10	656718	Phoenix Hardware	5,946.10
27/07/10	656720	Phoenix Hardware	8,938.50
27/07/10	656724	Phoenix Hardware	8,823.25
29/07/10	656734	Phoenix Hardware	11,870.35
30/07/10	656757	Phoenix Hardware	2,952.50
30/07/10	656760	Phoenix Hardware	2,949.80
09/08/10	656798	Phoenix Hardware	11,913.50
09/08/10	656799	Phoenix Hardware	11,690.00
09/08/10	656800	Phoenix Hardware	11,732.40
09/08/10	656802	Phoenix Hardware	11,734.80
09/08/10	656803	Phoenix Hardware	11,839.20
19/08/10	656825	Phoenix Hardware	4,651.15
19/08/10	656829	Phoenix Hardware	4,733.00
07/05/10	656436	Crazy Office Supplies	5,939.50
11/05/10	656448	Crazy Office Supplies	8,681.71
26/06/10	656501	Crazy Office Supplies	5,947.50
19/05/10	656461	DECE - Plumber shop	10,000
07/09/10	656856	DECE - Plumber shop	882.00
07/09/10	656870	DECE - Plumber shop	882.00
05/10/10	656885	DECE - Plumber shop	945.00
20/05/10	656464	Entire Office Supplies	8859.05
26/06/10	656502	Entire Office Supplies	2,981.00
20/05/10	656468	Mataisau Engineering	2,999.00
15/06/10	656562	Mataisau Engineering	2,990.00

Date	Cheque No.	Payee	Amount (\$)
18/06/10	656572	Mataisau Engineering	2,999.00
25/06/10	656591	Mataisau Engineering	6,000.00
23/07/10	656711	Mataisau Engineering	7,000.00
10/08/10	656807	Mataisau Engineering	11,873.30
13/08/10	656814	Mataisau Engineering	5,700.00
13/08/10	656815	Mataisau Engineering	5,500.00
19/08/10	656831	Mataisau Engineering	8,321.67
26/06/10	656503	HP Kasabia	9,148.50
27/07/10	656717	HP Kasabia	4,821.60
27/07/10	656719	HP Kasabia	4,610.40
29/07/10	656742	HP Kasabia	5,187.00
28/05/10	656537	3SA Carpets	31,500
09/06/10	656551	On time Office Supplies	2,958.50
10/06/10	656558	On time Office Supplies	2,964.00
18/06/10	656570	On time Office Supplies	2,950.00
01/07/10	656608	On time Office Supplies	2,958.00
TMA Total			648,003.03
TOTAL			943,237.44

Appendix 29.3: Details of Stationeries Purchased - Plumber Shop

Date	Cheque No.	Payee	Items	Qty	Unit Price (\$)	Amount (\$)
March						
02/03/10	656209	Crazy Office Supplies	Toner 349	2	395	790
			Konica Minolta	2	395	790
			HP21	5	80	400
			HP22	5	85	425
			P638	3	85	255
			P38	3	85	255
			KM 1635 kyocera toner	3	385	1,155
			Samsung laser toner	3	485	1,435
02/03/10	656210	Entire office supplies	Lexmark black toner	3	295	795
			Lexmark colour toner	3	295	885
			Samsung laser toner	2	365	730
12/03/10	656267	Modern Stationery	Kyocera TK410 toner	1	408.89	408.89
			Brother TN 1700 toner	1	631.11	631.11
12/03/10	656268	Professional Stationery	Samsung toner	3	345.50	1,036.50
			HP cartridge 21A	5	56.60	283.00
			HP cartridge 22A	5	68.70	343.50
			Harddrive 250GB with case	3	249.90	749.70
			USB 8GB	3	74.95	224.85
			8mm spirals	5	20.00	100.00
			12mm spirals	5	28.00	140.00
			18mm spirals	5	40.00	200.00
			25mm spirals	5	55.00	275.00
			50mm spirals	5	75.00	375.00
			Front binding cover	10	65.00	650.00
			Back binding cover	10	55.00	550.00
			Arch lever files	50	6.50	325.00
			Brother catridge black	5	65.00	325.00
			Brother catridge cyan	5	55.00	275.00
			Brother catridge magenta	5	55.00	275.00
			Brother catridge yellow	5	55.00	275.00
			HP all in one 6310	5	75.00	375.00
			HP all in one 6310	5	95.00	475.00
12/03/10	656270	Shavel Stationery	Blue ink stamp bottle	10	5.95	59.50
			Stamp pads	3	6.85	20.55
			Stamp certified item not paid	2	33.50	67.00
			Certified true copy	2	33.50	67.00
			DECE work fund available	2	45.00	90.00
			Stamp (DECE inspection pass for payment)	2	29.78	59.56
			Stamp (Please pay cash)	2	18.22	36.44

Date	Cheque No.	Payee	Items	Qty	Unit Price (\$)	Amount (\$)
			Paid stamp (Date changeable)	2	120.89	241.78
			DE(W)CE	3	20.44	61.32
			DED inspection (check/verified) stamp	3	34.00	102.00
			MFC-290 black	20	56.89	1,137.78
			MFC-290C yellow	10	48.89	488.89
			MFC-290C magneta	10	48.89	488.89
			MFC-290CC	10	48.89	488.89
			Mouse heavy duty	1	55.11	55.11
			HP6210 office jet 94	7	79.00	553.00
			HP6210 office jet 95 tri colour	7	82.00	574.00
			HP B310 office jet 95 black	5	98.00	490.00
17/03/10	656282	Shavel Stationery	MFC-290 black	20	56.89	1,137.78
			MFC-290C yellow	10	48.89	488.89
			MFC-290C magneta	10	48.89	488.89
			MFC-290CC	10	48.89	488.89
			Mouse heavy duty	1	55.11	55.11
17/03/10	656283	Modern Stationery	HP11 black cartridge	1	106.67	106.67
			HP11 cyan cartridge	3	124.44	373.32
			HP11 magneta cartridge	3	124.44	373.32
			HP11 yellow cartridge	3	124.44	373.32
18/03/10	656289	Professional Stationery	PV missing from the batch			2,677.50
23/03/10	656304	Shavel Stationery	HP10A cartridge	10	96	960.00
			HP11A cartridge magneta	8	84	672.00
			HP11A cartridge yellow	8	84	672.00
			HP11A cartridge cyan	8	84	672.00
23/03/10	656308	On-time Stationery Supplies	Manila folders-Red	2	42.67	85.34
			Manila folders-Green	2	42.67	85.34
			Rapid stapler pin	15	21.66	324.90
			Masking tape	1	195.56	195.56
			Big paper punch	4	33.78	135.12
			Lever files	100	5.51	551.00
			Treasury tags	20	16.44	328.80
			Suspension file	3	60.44	181.32
			Computer files (fullscaps)	50	14.67	733.50
24/03/10	656310	Mass Stationery	Samsung toner black	2	422.22	844.44
			Samsung toner colour	4	440.00	1,760.00
24/03/10	6563139	Crazy office supplies	Cartridge HP10 black	6	95.11	570.66
			Cartridge HP10 cyan	6	91.56	549.36
			Cartridge HP10 magneta	6	91.56	549.36
			Cartridge HP10 yellow	6	91.56	549.36
			Cartridge HP10 colour	6	68.44	410.64
26/03/10	656328	Shavel Stationery	Collins book (32 column)	6	102.00	612.00

Date	Cheque No.	Payee	Items	Qty	Unit Price (\$)	Amount (\$)
			Collins book (27 column)	6	85.00	510.00
			HD rapid stapler	2	2.85	5.70
			Whiteboard marker black	10	29.50	295.00
			Whiteboard marker blue	10	29.50	295.00
			Whiteboard marker red	10	29.50	295.00
			Spiral combs 10mm	5	19.50	97.50
			Spiral combs 10mm	5	24.80	124.00
			Spiral combs 10mm	5	28.50	142.50
			Spiral combs 10mm	5	32.00	160.00
			Flash drives 8GB	7	64.00	448.00
30/03/10	656333	Entire office supplies	Lexmark 27 black	2	185.00	370.00
			Lexmark 27 colour	3	195.00	585.00
			Back up drive	1	385.00	385.00
			Giant stapler	1	395.00	395.00
			Paper punch – 2 hole	1	595.00	595.00
			Rubber band	30	8.50	255.00
01/04/10	656348	Crazy office supplies	Photocopy toner T-K410	10	289.00	2,890
01/04/10	656349	Entire office supplies	Samsung toner laser	1	365.00	365.00
			KM1635 kyocera toner	2	385.00	770.00
			Minute books	26	14.95	388.70
			Plastic cover	6	65.00	390.00
			Paper punch	5	38.50	192.50
			Ink pad	3	12.95	38.85
			Brother TN 1700 cartridge	1	485.00	485.00
21/04/10	656391	Crazy office supplies	Samsung toner	3	345.50	1,036.50
			HP black cartridge	5	56.60	283.00
			HP22A colour cartridge	5	68.70	343.50
			Hard drive 250GB	3	249.90	749.70
			USB 8GB	3	74.95	224.85
21/04/10	656395	Entire office supplies	Lexmark black toner	3	265.00	795.00
			Lexmark colour toner	3	295.00	885.00
			Samsung laser colour toner	2	365.00	730.00
			Lexmark 27 black	3	185.00	555.00
			Lexmark 27 colour	3	195.00	585.00
			Back up drive	1	385.00	385.00
			Giant stapler	1	395.00	395.00
			Paper punch – 2 hole	1	595.00	395.00
22/04/10	656396	Entire office supplies	USB 8GB	3	74.95	224.85
			Samsung toner	4	345.50	1,382.00
			HP21A toner	5	56.60	283.00
			HP22A toner	5	68.70	343.50
			Hard drive – 250GB	3	249.90	749.70
23/04/10	656403	Entire office supplies	Vanguard sheet	100	2.45	245.00
			Carbon paper	8	37.95	303.60

Date	Cheque No.	Payee	Items	Qty	Unit Price (\$)	Amount (\$)
			Casio calculator	5	69.95	349.75
			Minute book	20	14.98	299.00
			Paper clips –large	3	30.00	90.00
			Permanent marker	30	22.20	666.00
			White board marker	8	33.50	268.00
			A4 hard cover	4	45.00	180.00
			A4 Clear plastic	4	65.00	260.00
			Scissors	12	5.95	71.40
			Calendar stand	6	16.50	99.00
			File fastener	15	8.95	134.25
			Coloured chalk	3	5.00	15.00
23/04/10	656413	Shavel Stationery	Samsung toner	2	345.00	690.00
			HP27 cartridge	5	68.00	340.00
			HP28 cartridge	5	72.00	360.00
			HP78 cartridge	5	87.00	435.00
			HP79 cartridge	5	89.00	445.00
			Minolta toner	2	340.00	680.00
23/04/10	656412	Professional Stationery	HP printer office jet with p/copier doc.	1	1,695.00	1,695.00
27/04/10	656418	Crazy office supplies	A4 photocopy paper	60	8.95	537.00
			Insert binder file	20	8.50	170.00
			Manila pocket	4	57.78	231.12
			White pocket 12" x 10"	4	64.89	259.56
			A4 hard cover	6	65.00	390.00
			A4 plastic cover	5	45.00	225.00
			HB pencil	2	2.89	5.78
			2B pencil	2	2.89	5.78
			Twink	4	1.95	7.80
			Staple pin	6	3.50	21.00
			Cello tape 2"	24	2.50	60.00
			Masking tape 2"	18	2.75	49.50
			Highlighter	4	17.60	70.40
			Plastic ruler	20	0.70	14.00
			Whiteboard marker	4	26.00	104.00
			Arch lever files	50	6.95	347.50
			Manila folder	3	26.00	78.00
			Minute book	3	17.00	51.00
			Calculator	6	48.89	293.34
			Glue	5	5.29	26.45
29/04/10	656420	Professional Stationery	PV missing from the batch			2,170
05/05/10	656426	Entire office supplies	A4 photocopy paper	50	8.95	447.50
			Stamp pad	5	8.65	28.25
			Stapling pin	6	3.50	21.00
			Stapler pin remover	7	1.95	13.65
			Cello tape 2"	12	1.85	22.60
			Drawing pin	12	3.50	42.00
			Large cutter	5	3.65	18.25
			Small cutter	5	2.65	13.25
			Stapler	5	38.50	192.50
			Glue stick	12	5.50	66.00
			Manila folder	7	28.00	196.00
			Ball pen	5	8.50	42.50

Date	Cheque No.	Payee	Items	Qty	Unit Price (\$)	Amount (\$)
			Twink	2	27.00	54.00
			Suspension file	3	62.00	186.00
			Arch lever file	50	6.95	347.50
			Paper punch-2 hole	1	595.00	595.00
			Giant stapler	1	395.00	395.00
			Green tag	1	54.00	54.00
07/05/10	656436	Crazy office supplies	Payment voucher is missing			5,939.50
07/05/10	656440	Shavel Stationery	Payment voucher is missing			2,957.00
11/05/10	656448	Crazy office supplies	Payment voucher is missing			8,681.71
12/05/10	656452	Shavel Stationery	Payment voucher is missing			2,801.00
12/05/10	656453	Professional Stationery Supplies	Payment voucher is missing			888.75
20/05/10	656464	Entire office supplies	Payment voucher is missing			8859.05
27/05/10	656529	Professional Stationery Supplies	Payment voucher is missing			1,660.00
31/05/10	656539	Professional Stationery Supplies	Payment voucher is missing			1,173.00
01/06/10	656541	Shavel Stationery	Payment voucher is missing			2,937.50
09/06/10	656551	On-time office supplies	Payment voucher is missing			2,958.50
09/06/10	656552	Shavel Stationery	Payment voucher is missing			2,990.00
10/06/10	656558	On-time office supplies	Payment voucher is missing			2,964.00
11/06/10	656559	Shavel Stationery	Payment voucher is missing			2,970.00
18/06/10	656570	On-time office supplies	Payment voucher is missing			2,950.00
18/06/10	656571	Shavel Stationery	Payment voucher is missing			2,975.00
25/06/10	656593	Shavel Stationery	Payment voucher is missing			1,185.00
26/06/10	656601	Crazy office supplies	Payment voucher is missing			5,947.50
26/06/10	656602	Entire office supplies	Payment voucher is missing			2,981.00
01/07/10	656608	On-time office supplies	Payment voucher is missing			2,958.00
01/07/10	656609	Shavel Stationery	Payment voucher is missing			2,976.00
TOTAL						145,349.74

Appendix 29.4: Details of LPOs Authorised by the A/Assistant Accounts Officer

LPO No. and Date	Supplier	Amount \$	Remarks
91011-012297 of 10/03/10	Professional Stationery	2,615.00	- Request form and LPO both authorised by Vaciseva Lagai (A/AAO).
91011-012137 of 26/02/10	Professional Stationery	2,000.00	- LPO released by Sisaro Tupou (DE) but authorised by Vaciseva Lagai (A/AAO)
91011-012307 of 10/03/10	Shavel Stationery	304.05	- LPO released by Ana Laqere but authorised by Vaciseva Lagai (A/AAO).
91011-012176 of 04/03/10	Shavel Stationery	501.10	- Request form and LPO approved and authorised by Vaciseva Lagai (A/AAO)
91011-012266 of 09/03/10	Shavel Stationery	2,659.56	- LPO released by Sisaro Tupou (DE) but authorised by Vaciseva Lagai (A/AAO).
91011-012296 of 09/03/10	Shavel Stationery	1,617.00	- LPO released by Sisaro Tupou (DE) but authorised by Vaciseva Lagai (A/AAO).
91011-012335 of 12/03/10	Shavel Stationery	2,659.56	- LPO released by Sisaro Tupou (DE) but authorised by Vaciseva Lagai (A/AAO).
91011-012251 of 09/03/10	Modern Stationery	1,226.63	- LPO released by Ana Laqere but authorised by Vaciseva Lagai (A/AAO).
91011-012511 of 30/03/10	Entire office supplies	2,585	- LPO release by Ana Laqere but authorised by Vaciseva Lagai (A/AAO).
91011-012512 of 30/03/10	Entire office supplies	2,630.05	- LPO release by Ana Laqere but authorised by Vaciseva Lagai (A/AAO).
91011-011760 of 12/02/10	Crazy office supplies	2,637.55	-LPO released by Ana Laqere but authorised by Vaciseva Lagai (A/AAO).
91011-012854 of 30/04/10	Entire office supplies	2,735.00	-LPO released by Ana Laqere but authorised by Vaciseva Lagai (A/AAO).
PO91011-012447 of 24/03/2010	Mataisau Engineering	2,953.00	LPO release by Divisional Engineer but authorised by Vaciseva Lagai (A/AAO). The company did not bid or submit a quotation for this purchase.
PO91011-012448 of 24/03/2010	Mataisau Engineering	2,953.00	LPO release by Divisional Engineer but authorised by Vaciseva Lagai (A/AAO). The company did not submit a quotation for this purchase.

Appendix 29.5: Canteen Rent Arrears

Vendor	Month/ Year	Amount (\$)
Ema	Sep-09	30.00
	Oct-09	30.00
	Nov-09	30.00
	Dec-09	30.00
	Jan-10	30.00
	Feb-10	30.00
	Mar-10	30.00
	Apr-10	30.00
	May-10	30.00
	Jun-10	30.00
	Jul-10	30.00
	Sep-10	20.00
	Oct-10	30.00
	Nov-10	30.00
	Dec-10	30.00
	Total	440.00
Koto	Jul-09	30.00
	Dec-09	15.00
	Jan-10	15.00
	Mar-10	30.00
	Apr-10	30.00
	May-10	30.00
	Jun-10	30.00
	Jul-10	30.00
	Aug-10	30.00
	Sep-10	30.00
	Dec-10	30.00
	Total	300.00
Iva	Jan-10	30.00
	Feb-10	30.00
	Mar-10	30.00
	Apr-10	30.00
	May-10	30.00
	Jun-10	30.00
	Jul-10	20.00
	Sep-10	10.00
	Oct-10	30.00
	Nov-10	30.00
	Dec-10	30.00
	Total	300.00
Colati / Viliame	Mar-10	30.00
	Apr-10	30.00
	May-10	30.00
	Jun-10	30.00
	Jul-10	30.00
	Aug-10	30.00
	Sep-10	30.00
	Oct-10	30.00
	Nov-10	30.00

Vendor	Month/ Year	Amount (\$)
	Dec-10	30.00
	Total	300.00
Karolina	Mar-10	30.00
	Apr-10	30.00
	May-10	30.00
	Jun-10	30.00
	Jul-10	30.00
	Sep-10	10.00
	Oct-10	30.00
	Nov-10	30.00
	Dec-10	30.00
	Total	250.00
Milika	Feb-10	30.00
	Apr-10	30.00
	Nov-10	30.00
	Dec-10	30.00
	Total	120.00

Appendix 29.6: Details of Filters Ordered and not Installed

Date	JRS	Description	QTY	LPO No.	Vehicle No.	Company	Amount \$
23/02/10	39/10	Air Filter	1	PO91011012107	GN114	Asco Motors	110.79
		Oil Filter	2				69.28
		Fuel Filter	1				117.51
17/03/10	95/10	Oil Filter	2	PO91011012431	GM 187	Niranjans	44.74
		Fuel Filter	1				26.67
		Air Filter	1				88.89
		Oil Filter	2	PO91011012455	GM241	Carpenters	72.12
		Fuel Filter	1				31.11
		Oil Filters	1	PO91011012455	GL667	Niranjans	106.67
		Fuel Filters	1				15.11
		Oil Filters	2				62.22
27/05/10	115	Oil Filters	2	PO91011013290	GM330	Nivis	161.70
		Fuel Filters	1				86.55
		Air Filters	1				92.18
	116	Oil Filters	2	PO91011013292	GM538	Nivis	161.70
		Fuel Filters	1				86.55
		Air Filters	1				92.18
	120	Oil Filters	2	PO91011013297	GK733	Filter Suppliers	49.78
		Fuel Filters	1				40.80
		Air Filters	1				34.89
21/06/10	31/10	Oil Filter	2	PO91011012625	GN438	Niranjans	Not Stated
		Air Filter	1				
		Fuel Filter	1				
	36/10	Oil Filter	2	PO91011012622	GM529	Niranjans	Not Stated
		Air Filter	1				
21/07/10	119	Oil Filter	2	PO91011013288	GM783	Niranjans	Not Stated
		Air Filter	1				
		Fuel Filter	1				
28/08/10	121	Oil Filter	1	PO91011013169	GM241	Nivis	26.66
		Oil Filter	1				57.78
		Fuel Filter	3				58.67
		Air Filter	1				80.00
		Air Filter	1				46.22
21/09/10	117	Oil Filter	2	PO91011013258	GM231	Nivis	153.50
		Fuel Filter	1				36.44
		Air Filter	1				302.88
		Oil Filter	1				88.52
28/10/10	199	Air Filter	1	Not Stated	GM223	Filter Supplies	176.00
		Air Filter	1				120.00
		Oil Filter	1				71.11
		Fuel Filter	1				48.89
		Hydraulic Fuel Filter	1				80.00
	197	Air Filter	1	Not Stated	GM221	Filter Supplies	176.00
		Air Filter	1				120.00
		Oil Filter	1				71.11
		Fuel Filter	1				48.89
		Hydraulic Fuel Filter	1				80.00
28/10/10	16/10	Oil Filter	2	PO91011012109	GN683	Asco Motors	67.28
		Air Filter	1				89.75

Date	JRS	Description	QTY	LPO No.	Vehicle No.	Company	Amount \$
23/10/10	11/10	Fuel Filter	1	PO91011012121	GM871	Nivis	114.65
		Oil Filter	2				139.50
		Fuel Filter	1				89.44
		Air Filter	1				91.45
	18/10	Oil Filter	2	PO90011012122	GM018	Nivis	139.56
		Fuel Filter	1				89.40
		Air Filter	1				70.77
	19/10	Oil Filter	2	PO91011012123	GN704	Nivis	139.56
		Fuel Filter	1				89.40
		Air Filter	1				90.77
	20/10	Oil Filter	2	PO91011012124	GN705	Nivis	139.56
		Fuel Filter	1				89.40
		Air Filter	1				70.77
	21/10	Oil Filter	2	PO91011012125	GM777	Nivis	139.56
		Fuel Filter	1				89.94
		Air Filter	1				91.45
28/10/10	170	Oil Filter	1	PO91011014695	GM987	Niranjans	32.89
		Air Filter	1				91.84
		Fuel Filter	1				71.11
	180	Air Filter	1	PO91011014696	GM829	Niranjans	58.67
		Oil Filter	1				32.89
		Fuel Filter	1				102.16
	194	Fuel Filter	1		GN437	Niranjans	71.11
		Oil Filter	1				32.89
		Air Filter	1				117.65
	175	Fuel Filter	1		GN438	Niranjans	71.11
		Oil Filter	1				32.89
		Air Cleaner	1				117.65
28/10/10	177	Fuel Filter	1	PO91011014728	GM745	Niranjans	31.11
		Air Filter	1				31.11
		Oil Filter	1				35.56
	149	Air Cleaner	1	PO91011014129	GM801	Niranjans	91.84
		Fule Filter	1				102.16
		Oil Filter	1				32.89
	176	Oil Filter	1	PO91011014730	GM529	Niranjans	35.56
		Air Filter	1				31.11
		Fuel Filter	1				31.11
	150	Oil Filter	1	PO91011014733	GM813	Carpenters	10.54
		Air Filter	1				19.73
		Fuel Filter	1				40.64
28/10/10	183	Air Filter	1	Not Stated	GK844	Filters Supplies	111.11
		Air Filter	1				79.11
		Oil Filter	1				69.34
		Fuel Filter	1				31.11
	125	Oil Filter	1		GM798	Nivis	69.70
		Fuel Filter	1				96.76
		Air Element	1				98.38
25/11/10	210	Oil Filter	1	PO91011014593	GN387	Nivis	96.76
		Fuel Filter	1				98.38
		Air Element	1				46.13
	218	Oil Filter	1	PO91011014604	GN417	Nivis	96.76
		Fuel Filter	1				98.38
		Air Element	1				46.13
	135	Oil Filter	1	PO9101101465	GN418	Nivis	96.76

Date	JRS	Description	QTY	LPO No.	Vehicle No.	Company	Amount \$
	206	Fuel Filter	1	PO91011014606	GK755		98.38
		Air Element	1				46.13
		Oil Filter	1				96.76
		Fuel Filter	1				98.38
		Air Element	1				46.13
30/11/10	123	Oil Filter	1	PO91011014615	Gk813	Nivis	96.76
		Fuel Filter	1				92.36
		Air Element	1				46.13
	144	Oil Filter	1	PO91011014670	GN603	Nivis	68.68
		Fuel Filter	1				93.28
		Air Element	1				46.13
	145	Oil Filter	1	PO91011014671	GN604	Nivis	68.68
		Fuel Filter	1				93.28
		Air Element	1				46.13
	205	Oil Filter	1	PO91011014674	GM660	Nivis	69.70
		Fuel Filter	1				96.76
		Air Element	1				98.38
	204	Oil Filter	1	PO91011014675	GM330	Nivis	69.70
		Fuel Filter	1				96.76
		Air Element	1				98.38
	203	Oil Filter	1	PO91011014676	GL741	Nivis	96.76
		Fuel Filter	1				98.38
		Air Element	1				46.13
	132	Oil Filter	1	PO91011014678	GN593	Nivis	68.68
		Fuel Filter	1				93.28
		Air Element	1				46.13
	187	Oil Filter	1	PO91011014679	GL422	Nivis	28.44
		Fuel Filter	1				203.49
		Air Element	1				75.61
	216	Oil Filter	1	Po91011014680	GN411	Nivis	96.76
		Fuel Filter	1				73.80
		Air Element	1				46.13
	158	Oil Filter	1	PO91011014388	GL976	Asco	36.82
		Fuel Filter	1				128.01
		Air Element	1				129.13
	157	Oil Filter	1	PO91011014389	GL975	Asco	36.82
		Fuel Filter	1				129.13
		Air Element	1				128.01
	153	Oil Filter	1	PO91011014390	GM177	Asco	34.03
		Fuel Filter	1				81.63
		Air Element	1				158.49
	159	Oil Filter	1	PO91011014392	GM559	Asco	36.82
		Fuel Filter	1				109.14
		Air Element	1				129.13
	167	Oil Filter	1	PO91011014793	GM176	Asco	34.03
		Fuel Filter	1				81.63
		Air Element	1				158.49
	169	Oil Filter	1	PO91011014625	GM397	Asco	36.84
		Fuel Filter	1				109.14
		Air Element	1				129.13
	162	Oil Filter	1	PO91011014401	GL967	Asco	36.82
		Fuel Filter	1				128.01
		Air Element	1				129.13

Date	JRS	Description	QTY	LPO No.	Vehicle No.	Company	Amount \$
	186	Oil Filter	1	PO91011014691	GK887	Fitting Supplies	120.00
		Fuel Filter	1				69.33
		Air Element	1				31.11
		Hydraulic Filter	1				176.45
30/11/10	200	Oil Filter	1	PO91011014735	GJ626	Fitting Supplies	137.78
		Fuel Filter	1				44.44
		Air Filter	1				33.78
	201	Oil Filter	1	PO91011014736	GK846	Fitting Supplies	149.33
		Fuel Filter	1				44.45
		Air Filter	1				93.33
	181	Oil Filter	1	PO91011014570	GK682	Fitting Supplies	49.78
		Fuel Filter	1				40.00
		Air Filter	1				51.55
	183	Oil Filter	1	PO91011014682	GK844	Fitting Supplies	111.11
		Fuel Filter	1				79.11
		Air Filter	1				69.34
		Air Filter	1				31.11
	192	Oil Filter	1	PO91011014683	GM188	Fitting Supplies	71.11
		Fuel Filter	1				37.73
		Air Filter	1				33.78
		Oil Filter	1				31.11
	185	Oil Filter	1	PO91011014684	GJ488	Fitting Supplies	137.78
		Fuel Filter	1				44.44
		Air Filter	1				33.78
	184	Air Filter	1	PO91011014689	GK845	Fitting Supplies	111.11
		Air Filter	1				79.11
		Oil Filter	1				69.34
		Fuel Filter	1				31.11
	198	Air Filter	1	PO91011014690	GM221	Fitting Supplies	176.00
		Air Filter	1				120.00
		Oil Filter	1				71.11
		Fuel Filter	1				48.89
		Hydraulic Filter	1				80.00
	109	Oil Filter	1	PO91011014282	GM397	Asco	68.84
		Fuel Filter	1				114.20
		Air Filter	1				116.65

Appendix 29.7: Electricity Cost and Revenue Details

Kadavu – 2010							
Month	No of Customers	Expected Revenue (\$)	Collected Revenue (\$)	Revenue Arrears (\$)	Maintenance (\$)	Fuel (\$)	Wages (\$)
March	322	19,568.00	10,340.21	9,227.00	1,612.50	22,788.00	3,620.00
April		17,091.24	9,042.54	8,048.00	-	-	2,896.00
May		10,226.46	3,956.21	6,270.00	679.50	23,328.00	2,896.00
June		11,540.63	12,124.31	583.00	20,328.60	23,328.00	3,620.00
July		11,803.07	1,603.24	10,199.00	912.32	23,220.00	2,896.00
August		11,695.38	754.67	10,940.00	25,904.39	19,584.07	2,896.00
September		Consumers were not billed, hence no record was made available.			1,712.01	19,392.00	2,896.00
October					16,346.04	22,155.00	2,896.00
November					12,492.26	-	2,896.00
December		32,797.43	2,637.76	19,675.57	18,356.35	69,984.00	2,896.00
Total		114,722.21	40,458.94	64,942.57	98,343.97	223,779.07	30,408.00
Lakeba -2010							
Month	No of Customers	Expected Revenue (\$)	Collected Revenue (\$)	Revenue Arrears (\$)	Maintenance (\$)	Fuel (\$)	Wages (\$)
March	303	10,426.30	1,588.25	6,395.75	1,470.00	22,788.00	3,020.00
April		10,893.20	2,315.35	6,245.30	-	-	2,896.00
May		10,940.60	1,906.40	6,021.40	-	23,328.00	2,896.00
June		11,130.65	1,347.80	6,384.50	3,432.50	23,328.00	3,620.00
July		11,178.05	1,129.40	6,535.00	2,668.20	-	2,896.00
August		11,644.95	2,717.30	6,758.90	647.00	23,760.00	2,896.00
September	305	11,680.80	1,137.03	6,761.15	-	19,584.18	2,896.00
October		11,725.55	3,109.69	6,783.15	8,173.02	23,328.00	2,896.00
November		11,760.00	51,070.75	6,705.10	24,984.52	24,846.75	2,896.00
December		11,810.75	1,339.10	6,810.20	18,356.35	69,984.00	2,896.00
Total		113,190.85	67,661.07	65,400.45	59,731.59	230,946.93	29,808.00
Rotuma -2010							
Month	No of Customers	Expected Revenue (\$)	Collected Revenue (\$)	Revenue Arrears (\$)	Maintenance (\$)	Fuel (\$)	Wages (\$)
March	79	1,375.58	1,304.23	71.35	1,700.00	22,788.00	3,620.00
April	81	1,502.27	1,437.62	64.65	0	0	2,896.00
May	80	2,413.95	2,276.06	137.89	2,040.00	24,846.75	2,896.00
June	80	3,987.23	3,654.08	333.15	0	23,328.00	3,620.00
July	80	4,077.34	3,118.90	958.44	4,986.44	0	2,896.00
August	81	2,122.86	878.13	1,244.73	2,750.00	23,760.00	2,896.00
September	0	2,200.86	1,792.34	408.52	0	23,220.00	2,896.00
October	81	2,619.76	1,819.71	800.05	8,173.02	23,328.00	2,896.00
November	81	2,282.08	986.31	1,295.77	12,492.26	23,328.00	2,896.00
December	81	2,041.58	145.17	1,896.41	18,356.35	69,984.00	2,896.00
Total		24,623.51	17,412.55	7,210.96	50,498.07	234,582.75	30,408.00

Appendix 29.8: Details of Unaccounted Tractor Parts

In stock Parts List	Quantity
Silencer Muffler	2
Tail Pipe	1
Caliper Brakes	2
Clips – Hose	3
Clamp Pipes	5
Radiator Cap	1
Universal Joint	3
Starter Drive	1
Water Hose	3
Radiator Hose	6
Dust Boot	1
Water Pump	1
Oil Pump (Rotary)	1
Gasket (Paper)	Assorted
Gasket Push Rod	1
Thermometer	1
Compressor Fittings	2
Seal Kits/Seals	Assorted
Pre Cleaner	2
Turntable Brass Bushing	15
Turntable Adjustment brass bushing	8
Blade slide brass bushing	6
Tie Rod End	4
Bearing Bushing	8
Bearing Sleeve (small)	5
Tandom Bushing	6
Clutch Plate	50
Sleeve Bearing (Large)	4
Valve	30
Pin Bushing	3
NTN Bearing	9
Tappered Roller Bearing	2
Crankshaft Bearing Kit	1
End Crankshaft Bearing	2
C.R Bearing	1
Rebuilt Kit Bearing	2
Single Roller Bearing – Large	1
Single Roller Bearing – Small	4
Brass Washer	3
Brass Bearing	3
Double Contact Bearing	14
Final Drive Bearing D6	3
Steel Rings	10
Lock Rings	5
Clutch Disc	19
Seal & Wear Sleeve	4
Seal Kit	2
Thrust Bearing	1
Control Cable	1

Appendix 29.9: Details of Items Issued Without Delivery Reference Number

Date	LPO No.	Item Description	Quantity	Unit Cost (\$)	Total Cost (\$)
27/11/10	PO96211003261	Single Screw/Connector	24	0.18	4.32
		Double Screw Connector	24	0.27	6.48
		5/32 M/S Nut	12	0.09	1.08
		Spray Paint	1	6.67	6.67
		PVC Glue	1	2.54	2.54
		6MM Dowel	4	0.89	3.50
27/11/10	PO96211003240	Battern Holder	6	7.02	42.12
		2.5 TPS Wire	50	1.86	93.00
		1.5 TPS Wire	50	1.15	57.50
		1.0 TPS Wire	20	0.70	14.00
		Wiring Clip No 1	2	3.06	6.12
		Wiring Clip No 2	2	3.06	6.12
		Wiring Clip No 3	2	3.06	6.12
27/11/10	PO96211003262	5/8 b/nut	1	2.22	2.22
		Entry Box	1	13.77	13.77
		Thread Aaptor	1	0.71	0.71
		7 hole n/link	1	4.00	4.00
		5/8 earthrod clip	1	7.55	7.55
		Insulating tape	3	1.60	4.80
		6mm PVC Red	4	1.51	6.04
		6mm PVC Black	4	1.51	6.04
		6mm PVC Green	4	1.51	6.04
27/11/10	PO96211003146	1.0 TPS Wire	10	1.15	11.50
		Wiring Clip	2	3.06	6.12
		Wiring Clip	2	3.06	6.12
		Wiring Clip	2	3.06	6.04
		35A Main Switch	1	7.55	7.55
27/11/10	PO96211003148	6mm PVC single black	2	1.51	3.02
		6mm PVC single green	2	1.51	3.02
		Single screw/connector	24	0.17	4.08
		Double screw /connector	24	0.26	6.24
		5/32 m/screw	6	0.08	0.48
		Spray paint	1	6.66	6.66
		PVC Glue	1	2.53	2.53
27/11/10	PO96211003224	Double Screw Connector	12	0.26	3.12
		5/32 m/nut	6	0.08	0.48
		Spray paint	1	6.66	6.66
		PVC Glue	1	2.53	2.53
27/11/10	PO96211003191	35A Main Switch	1	7.55	7.55
		25mm Flexible	4	2.22	8.88
		10mm Single Red	2	3.37	6.74
27/11/10	PO96211003192	10mm PVC single red	2	3.37	6.74
		10mm PVC Single Green	2	3.37	6.74
		TRS Junction Box	2	4.00	8.00
27/11/10	PO96211003194	Entry Box	1	13.77	13.77
		Thread Adaptor	1	0.71	0.71
		7 hole n/link	1	4.00	4.00
		5/8 Earthrod clip	1	7.55	7.55
		¾ * 8 s/screw	100	0.07	7.00
27/11/10	PO96211003195	Insulating Tape	1	1.60	1.60
		6mm PVC Single Red	2	1.51	3.02
		6mm PVC Single Black	2	1.51	3.02

Date	LPO No.	Item Description	Quantity	Unit Cost (\$)	Total Cost (\$)
		6mm PVC Single Green	2	1.51	3.02
		Single s/connector	12	0.17	2.04
27/11/10	PO96211003189	1.5 TPS Wire	20	1.15	23.00
		1.0 TPS Wire	10	0.70	7.00
		Wiring Clip No1	2	3.06	6.12
		Wiring Clip No 2	2	3.06	6.12
		Wiring Clip No 3	2	3.02	6.04
27/11/10	PO96211003140	35A Main Switch	1	7.55	7.55
		25mm F/HOSE	4	2.22	8.88
		10mm PVC Black	1	3.37	3.37
		10mm PVC Red	1	3.37	3.37
		10mm PVC Green	1	3.37	3.37
		TRS Junction Box	2	4.00	8.00
27/11/10	PO96211003144	6mm PVC Single Red	2	1.51	3.02
		6mm PVC Single Black	2	1.51	3.02
		6mm PVC Single Green	2	1.51	3.02
		Single Screw Connector	12	0.17	2.04
		5/32 M/nut	6	0.08	0.48
		Spray paint	1	6.66	6.66
		PVC Glue	1	2.53	2.53
		Double S/Connector	12	0.26	3.12

Appendix 29.10: Unofficial Runs for Vehicle FC 885 - Roads

Instruction Date	Docket No	Speedometer Readings		Distance travelled
		Start	End	
5/1/10	103	94571	94597	26
6/1/10	104	94597	94879	282
12/1/10	108	95444	95721	277
13/1/10	109	95721	95968	247
15/1/10	114	96370	96530	160
16/1/10	115	96530	96750	220
19/1/10	119	97434	97572	138
20/1/10	122	97572	97721	149
21/1/10	123	97721	97932	211
22/1/10	126	97932	98139	207
23/1/10	127	98139	98337	198
27/1/10	136	99004	99110	106
28/1/10	137	99110	99216	106
3/2/10	145	100372	100433	61
4/2/10	146	100433	100548	115
9/2/10	158	101581	101635	54
10/2/10	160	101635	101922	287
11/2/10	161	101922	102042	120
18/2/10	175	103615	103673	58
19/2/10	176	103673	103793	120
2/3/10	190	105763	105881	118
3/3/10	191	105881	106116	235
31/3/10	216	110364	110518	154
1/4/10	217	110519	110660	141
4/5/10	255	116842	116962	120
5/5/10	256	116962	117086	124
10/5/10	263	117911	118120	209
11/5/10	264	118120	118347	227
12/5/10	265	118347	118481	134
17/5/10	270	119326	119477	151
18/5/10	271	119477	119665	188
19/5/10	272	119665	119808	143
21/6/10	307	126030	126143	113
22/6/10	308	126143	126355	212
23/6/10	311	126355	126528	173
24/6/10	312	126528	126683	155
25/6/10	313	126683	126864	181
30/6/10	316	127227	127381	154
1/7/10	317	127381	127517	136
5/7/10	320	127963	128119	156
6/7/10	321	128119	128325	206
7/7/10	323	128325	128536	211
8/7/10	325	128536	128793	257

Appendix 29.11: Materials without Delivery Dockets - DECE

Depots	Payment Date	Project	Amount/Cheque No.	Material Purchased	Materials Without Delivery Dockets
Naqali	16/2/10	Vunidawa Road	\$10,415.00 Chq no. 847711	Payment for the supply of 500 tons 3" A material	260.04 tonnes costing \$5,416.63
Naqali	29/2/10	Vunidawa Road	\$4,166.00 Chq no. 847711	Payment for supply of 200 tonnes 3" A material	124.22 tonnes costing \$2,587.50
RCU	9/4/10	Suva/Nausori Corridor	\$7,253.50 Chq no. 848984	Payment for supply of 326 tonnes 65mm base	114.1 tonnes costing \$2,538.73
RCU	29/7/10	Rt. Dovi/Kings Road	\$5,844.90 Chq no. 852186	Payment for supply of 280.6 tonnes 3" A material	151.53 tonnes costing \$3,156.37
RCU	6/8/10	Suva/Nausori Corridor	\$36,267.50 Chq no. 852365	Payment for supply of 1630 tonnes 65mm base	55.02 tonnes costing \$1,224.20
RCU	20/10/10	Suva/Nausori Corridor	\$18,133.75 Chq no. 854810	Payment for supply of 815 tonnes 65mm base	815 tonnes costing \$18,133.75
RCU	24/9/10	Suva/Nausori Corridor	\$27,000 Chq no. 854175	Payment for supply of 300m ³ 20mm sealing aggregate	300m ³ 20mm costing \$27,000
RCU	17/2/10	Rt. Dovi/Kings Road	\$36,267.50 Chq no. 847908	Payment for the supply of 1630 tons 65mm base	55 tonnes costing \$1,224.20
RCU	26/3/10	Rt. Dovi/Kings Road	\$49,172.95 JRS no. R62/10 of 26/3/10 Cheque no. 848855	Payment for the supply of 2210.02 tonnes 65mm base	2210.02 tonnes 65mm base costing \$49,172.95
RCU	11/5/10	Rt. Dovi/Kings Road	\$18,133.75 Chq no. 850137	Payment for the supply of 815 tonnes 65mm base	228.2 tonnes costing \$5,077.45
RCU	21/6/10	Rt. Dovi/Kings Road	\$40,252.08 JRS no. R145/10 of 21/6/10 Cheque no. 852365	Payment for the supply of 1544 tons 40mm base	1,171.35 tonnes costing \$30,537.09
RCU	31/8/10	Rt. Dovi/Kings Road	\$20,126.04 JRS no. R212/10 of 27/8/10 Cheque no. 853537	Payment for the supply of 772 tons 40mm base	108.10 tonnes costing \$2,818.17
RCU	20/10/10	Suva/Nausori Corridor	\$18,133.75 Chq no. 854810	Payment for supply of 815 tonnes 65mm base	13.04 tonnes costing \$290.14

Appendix 29.12: Materials Not Supplied and Services Not Rendered

Date	Cheque No.	LPO Date	LPO No.	Payee	Details	Amount (\$)	Remarks
31/12/10	858372	3/12/10	958794	Highway Stabilizer	Purchase of 20 tonnes premix	9,559.20	15 tonnes supplied before 31/12/10. Balance of 5 tonnes supplied on 11/1/11
31/12/10	858373	3/12/10	959978	K. Lal \$ Sons	Hire of large excavator. Registration no. DY 254	4,631.85	No delivery dockets attached to SOB. Chief clerk still has to verify dockets
31/12/10	858374	3/12/10	961848	Metromix Concrete Ltd	Purchase of 50m ³ 25 mpa ready-mix concrete	8,742.50	Materials not yet supplied
31/12/10	858375	3/12/10	961849	Metromix Concrete Ltd	Purchase of 50m ³ 25 mpa ready-mix concrete	8,742.50	Materials not yet supplied
31/12/10	858376	3/12/10	976452	K. Lal & Sons	Purchase of 400m ³ sand	8,000.00	Materials not yet supplied
31/12/10	858377	3/12/10	976453	Highway Stabilizer	Purchase of 57.25 tonnes asphalt	26,061.35	Materials not yet supplied
31/12/10	858378	3/12/10	976456	Highway Stabilizer	Purchase of 57.25 tonnes asphalt	26,061.35	Materials not yet supplied
31/12/10	858379	3/12/10	976457	Highway Stabilizer	Purchase of 57.25 tonnes asphalt	26,061.35	Materials not yet supplied
31/12/10	858380	3/12/10	976458	Highway Stabilizer	Purchase of 57.25 tonnes asphalt	26,061.35	Materials not yet supplied
31/12/10	858381	3/12/10	959341	Highway Stabilizer	Purchase of 20 tonnes asphalt	9,104.40	Materials not yet supplied Materials not yet supplied
31/12/10	858382	976282	3/12/10	Humes Industries	Purchase of 10 Nos. 600 x 2.44 culverts	3,759.80	Materials not yet supplied
31/12/10	858383	976281	3/12/10	Humes Industries	Purchase of 46 Nos. 450 x 2.44 culverts	10,810.00	Materials not yet supplied
31/12/10	858384	967892	3/12/10	Chand Truckers	Hire of truck. Registration no. EG 293	8,605.25	Chief clerk still has to verify dockets. No delivery dockets attached to SOB.
		967887	3/12/10	Chand Truckers	Hire of truck. Registration no. Ex 031	8,605.25	
Total						176,063.65	

Appendix 29.13: Plant Hire Charges – Vinay Vikash Hire (DEW)

LPO Date	LPO No.	Job Instruction Number	Job Instruction Date	Total Hours	Amount (\$) Hours x \$50	Mileage (km)	Amount (\$) km x 10 x 0.58	Total Amount (\$)
12/11/10	972277	129554	18/11/10	6	300	144	835.20	1,135.20
		129569	19/11/10	5	250	144	835.20	1,085.20
		129585	20/11/10	4.5	225	44	255.20	480.20
		129708	22/11/10	6	300	144	835.20	1,135.20
		129726	23/11/10	5.5	275	182	1,055.60	1,330.60
		129743	24/11/10	6	300	148	858.40	1,158.40
24/11/10	972652	1369612	09/12/10	6	300	146	846.80	1,146.80
		1369626	10/12/10	5.5	275	146	846.80	1,121.80
		1369648	11/12/10	1.5	75	113	655.40	730.40
		1369652	12/12/10	1.0	50	66	382.80	532.80
				4.0	100	0	0	0
		1369673	13/12/10	6.0	300	146	846.80	1,146.80
		1369697	14/12/10	6.0	300	146	846.80	1,146.80
		1369718	15/12/10	5.5	275	164	951.20	1,226.20
24/11/10	972651	1369735	16/12/10	5.0	250	156	904.80	1,154.80
		1369746	17/12/10	3.5	175	176	1,020.80	1,195.80
		1369773	18/12/10	7.5	375	112	649.60	1,024.60
		1369778	19/12/10	4.5	225	68	394.40	619.40
		1369803	20/12/10	6.0	300	146	846.80	1,146.80
		1369820	21/12/10	4.5	225	176	1,020.80	1,245.80
		1369829	22/12/10	6.0	300	146	846.80	1,146.80
24/11/10	972708	1368281	02/12/10	4.5	225	68	394.40	619.40
		1369503	03/12/10	6.5	325	86	498.80	823.80
		1369515	04/12/10	2.0	100	107	620.60	720.60
		1369534	05/12/10	1.0	50	64	371.20	546.20
				5.0	125	0	0	0
		1369556	06/12/10	3.5	175	45	261.00	436.00
		1369566	07/12/10	2.5	125	30	174.00	399.00
				4.0	100	0	0	0
		1369595	08/12/10	3.5	175	100	580.0	755.00
24/11/10	972654	129763	25/11/10	6.0	300	148	858.40	1,158.40
		129777	26/11/10	6.0	300	164	951.20	1,251.20
		129784	27/11/10	7.75	387.50	30	174.00	561.50
		1368208	29/11/10	6.0	300	144	835.20	1,135.20
		1368222	30/11/10	5.5	275	133	771.40	1,046.40
		1368254	01/12/10	6.0	300	148	858.40	1,158.40
24/11/10	972709	129759	25/11/10	3.5	175	67	388.60	563.60
		129779	26/11/10	3.5	175	70	406.00	581.00
		129783	27/11/10	2.5	125	70	406.00	531.00
		1368215	29/11/10	1.0	50	72	417.60	480.10
				0.5	12.50	0	0	0
		1368231	30/11/10	1.25	62.50	59	342.20	448.45
				1.75	43.75	0	0	0
		1368253	01/12/10	3.0	150	66	382.80	532.80
24/11/10	972707	1369611	09/12/10	1.75	87.50	96	556.80	644.30
		1369632	10/12/10	2	100	97	562.60	662.60
		1369649	11/12/10	3	150	97	562.60	712.60
		1369658	12/12/10	5	250	54	313.20	588.20
				1	25	0	0	0

LPO Date	LPO No.	Job Instruction Number	Job Instruction Date	Total Hours	Amount (\$) Hours x \$50	Mileage (km)	Amount (\$) km x 10 x 0.58	Total Amount (\$)
		1369680	13/12/10	2	100	95	551.00	651.00
		1369699	14/12/10	3	150	106	614.80	764.80
		1369712	15/12/10	5.5	275	140	812.00	1,087.00
24/11/10	972086	129552	18/11/10	2.75	137.50	55	319.00	456.50
		129564	19/11/10	5	250	70	406.00	656.00
		129586	20/11/10	4	200	79	458.20	658.20
		129707	22/11/10	1	50	92	533.60	633.60
				2	50	0	0	0
		129722	23/11/10	5	250	40	232.00	482.00
		129742	24/11/10	4	200	78	452.40	652.40
Total				239.25	11506.25	5483	31,801.4	43,307.65

Appendix 29.14: Items Taken but not Returned

Date	Name of Employee	Item Description	Quantity
6/1/10	Laisiasa Qiolevu	Safety glass	1
12/4/10	Mukesh	Rain coat	1
12/4/10	Prakash	Rain coat	1
14/4/10	Setareki Waqairoba	Shovel	1
15/4/10	Vila Sekona	Knife	1
16/4/10	Mahendra Prasad	Safety jacket	1
18/4/10	Inia Tuni	Rain coat	1
19/4/10	Aisea	Helmet	1
21/4/10	Ritesh	Knife	1
22/4/10	Pita	Calculator	1
26/4/10	Navinesh	Rain coat	1
26/4/10	Navinesh	Gum boot	1 pair
27/4/10	Emosi	Knife	1
24/5/10	Jioji	Flat spade	1
24/5/10	Sunia Bogidrau	Knife	1
24/6/10	Taitusi Raicuwa	Knife	1
5/7/10	Laita	Knife	1
12/7/10	Laisiasa Qiolevu	Rain coat	1
5/8/10	Navinesh	Rope	1
5/8/10	Waisea	Conference table	
24/8/10	Alifereti Cokanasiga	Knife	1
25/10/10	Usaia	Sign board	2
25/10/10	Usaia	Cones – big	2
25/10/10	Usaia	Cones - small	3
2/11/10	Epi Seruvatu	Safety helmet	1
5/11/10	Amena	Knife	1
12/11/10	Vatili Saidora	Shovel	1
22/11/10	Saijad Ali	Wheelbarrow	1
23/11/10	Alipate	Safety jacket	1
24/11/10	Taito	Safety jacket	1
24/11/10	Apisai Tadulala	Tripod (silver & black)	1
29/11/10	Ratu Keni	Gum boot – size 12	1 pair
14/12/10	Ifereimi Seru	Flat shovel	1
14/12/10	Ifereimi Seru	Crow bar	1
16/12/10	Semi T	Rock breaker portable	1
22/12/10	Sudesh	Jacket	1

Appendix 29.15: LPO Authorized by Officer(s) Above their Procurement Limits

Date	LPO No.	Authorizing Officer	Authorized Limit (\$)	Payee	Details	Amount (\$)
1/9/10	975028	Temo Vosaki	3,000	Viti Plant Hire	Supply of 40mm Crushed Rock	14,176.80
9/9/10	975046	Temo Vosaki	3,000	Viti Plant Hire	Supply of 40mm Crushed Rock	14,176.80
22/9/10	974872	Temo Vosaki	3,000	Viti Plant Hire	Supply of 40mm Crushed Rock	14,320.00
7/10/10	975286	Temo Vosaki	3,000	Viti Vanua Holdings Ltd	Supply of 40mm Crushed Rock	7,900.00
30/9/10	974746	Kagcharita Kumar	3,000	Natua Civil Contractors	Payment for hire of 10 wheeler truck – FH 826	4,134.50
6/4/10	940027	Kagcharita Kumar	3,000	Hussain's Plant Hire	Payment for hire of D6 Reg # DV 943	3,927.00
6/4/10	940033	Kagcharita Kumar	3,000	Hussain's Plant Hire	Payment for hire of D6 Reg # DV 943	3,927.00
3/3/10	921967	Temo Vosaki	3,000	Highway Stabilizers	Payment for the Supply of Hotmix for Labasa	12,290.94
11/6/10	942075	Temo Vosaki	3,000	Quality Quarries Ltd	Supply of 14mm crushed metals	10,000.00
16/6/10	942076	Temo Vosaki	3,000	Quality Quarries Ltd	Supply of 20mm crushed metals	10,000.00
7/6/10	941682	Temo Vosaki	3,000	Free Market Ltd	Supply of 40mm sub-base	13,225.00
2/9/10	975030	Temo Vosaki	3,000	Free Market Ltd	Supply of 40mm sub-base	13,300.00
7/10/10	975287	Temo Vosaki	3,000	Viti Plant Hire	Supply of 14mm sealing chips	11,520.00

Section 30 Ministry of Public Utilities & Energy

Roles and Responsibilities

The Ministry of Public Utilities and Energy is responsible for any policy, planning, coordination, design, construction, operation, maintenance and management of programme or activities related to public water supplies, sewerage services and energy.

Department of Water and Sewerage

The Department of Water and Sewerage focuses on the creation and establishment of sound policy and regulatory frameworks conducive for the provision of a sustainable water sector. This entails the formulation of a National Water Policy and the review of the Water Act.

Department of Energy

The Department of Energy focuses on accelerating electricity infrastructure development to expedite the provision of electricity services to the rural population. These include assisting rural communities with connections to FEA electricity network, provision of stand- alone diesel and gasifier power systems and implementing Sustainable Energy Financing Program (SEFP) and individual solar home systems.

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PART A: CONSOLIDATED FINANCIAL STATEMENT

30.1. Audit Opinion

The audit of the 2010 accounts of the Ministry of Public Utilities and Energy resulted in the issue of a qualified audit report as it failed to provide the Trust Account Statement of Receipts and Payments for rural electrification projects. This is contrary to Section 71 (1) of the Finance Instructions 2010.

30.2. Statement of Receipts and Expenditures

The Ministry of Public Utilities and Energy collected revenue amounting to \$196,673 and incurred total expenditure of \$94,106,837 in 2010.

Table 30.1: Statement Of Receipts And Expenditure For 2010

Description	2010 (\$)	2009 (\$)
RECEIPTS		
State Revenue		
Operating Revenue	-	14,578,628
Total State Revenue	-	14,578,628
Agency Revenue		
Miscellaneous Revenue	196,673	155,505
License Others	-	11,128
Total Agency Revenue	196,673	166,633
TOTAL REVENUE	196,673	14,745,261
EXPENDITURES		
Operating Expenditure		
Established Staff	1,981,270	4,050,018
Unestablished Staff	266,477	8,420,865
Travel & Communication	64,654	217,526
Maintenance & Operations	118,564	26,894,697
Purchase of Goods & Services	50,048	62,878
Operating Grants & Transfers	43,531,304	---
Special Expenditures	245,712	4,239,159
Total Operating Expenditure	46,258,029	43,885,143
Capital Expenditure		
Capital Construction	1,076,365	34,423,712
Capital Purchases	---	139,706
Capital Grants & Transfers	46,601,081	21,269,063
Total Capital Expenditure	47,677,446	55,832,481
Value Added Tax	171,362	7,728,379
TOTAL EXPENDITURE	94,106,837	107,446,003

- The Ministry did not collect any state revenue in 2010 which mainly comprised of water and sewerage charges due to the establishment of the Water Authority of Fiji (Authority) which is now responsible for collection of such revenue.
- The decline in total expenditure by \$13,339,166 or 12% was due to some of the Ministry's expenditure transferred across to the Authority.

30.3. Appropriation Statement

The Ministry incurred expenditures totalling \$94,106,837 in 2010 against the budget of \$100,339,066 resulting in a savings of \$6,232,229 or 6%.

Table 30.2: Appropriation Statement For 2010

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Lapsed Appropriation \$
1	Established Staff	1,674,200	258,700	1,932,900	1,981,270	(48,370)
2	Unestablished Staff	627,300	(339,661)	287,639	266,477	21,162
3	Travel & Communication	59,700	18,000	77,700	64,654	13,046
4	Maintenance & Operations	113,000	20,000	133,000	118,564	14,436
5	Purchase of Goods & Services	60,600	5,000	65,600	50,048	15,552
6	Operating Grants & Transfers	37,858,600	2,302,750	40,161,350	43,531,304	(3,369,954)
7	Special Expenditure	757,600	32,586	790,186	245,712	544,474
	Total Operating Costs	41,151,000	2,297,375	43,448,375	46,258,029	2,809,654
	Capital Expenditure					
8	Capital Construction	1,400,000	(250,000)	1,150,000	1,076,365	73,635
9	Capital Purchases	400,000	(400,000)	---	---	---
10	Capital Grants and Transfers	61,250,000	(5,863,484)	55,386,516	46,601,081	8,785,435
	Total Capital Expenditure	63,050,000	(6,513,484)	56,536,516	47,677,446	8,859,070
13	Value Added Tax	348,800	5,375	354,175	171,362	182,813
	TOTAL EXPENDITURE	104,549,800	(4,210,734)	100,339,066	94,106,837	6,232,229

30.4. Statement of Losses

The Ministry did not record any losses in either cash or assets in 2010.

30.5. Delays in Submission of Agency Financial Statement

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.¹

The draft financial statement for the Ministry was submitted on 16/05/11 after numerous follow up.

The delay in submitting the draft financial statements for audit had delayed the audit of agency financial statements and issuance of Audit Opinion as required by the Finance Instructions.

¹ Financial Instructions 2010 -Section 70 (3)

Recommendation

The Ministry must ensure that draft financial statements are submitted for audit by 31 March.

Ministry's Comments

No Comments.

30.6. Variance in FNPF Reconciliation

Every employer shall pay to the Fund in respect of each of his employees, in every month during which such employee 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.²

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

A reconciliation of FNPF contributions against salaries and wages reported in the financial statements revealed a variance of \$6,917. Refer to Table 30.3 for details.

Table 30.3: Variance In FNPF Payments

Details	Amount (\$)
(a) Total FNPF against salaries and wages for 2010:	
FNPF as per financial statement	140,982
Less: December 2009 FNPF	32,789
	108,193
Add: December 2010 FNPF	3,555
8% FNPF contribution by Employer for 2010 (A)	111,748
(b) Salaries and Wages for 2010 subject to FNPF	
Salaries, wages and allowances as per financial statement	1,483,308
Less: Salaries, wages and allowances for 2010 not subject to FNPF	0
	1,483,308
8% FNPF contribution by Employee for 2010 (B)	118,665
Un-reconciled Variance (A) – (B)	(6,917)

There were no reconciliations carried out by the Ministry for FNPF.

Recommendation

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

² Chapter 219 – Fiji National Provident Fund – Section 13 (1)

Ministry's Comments*No Comments.***30.7. 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.³

The review of VAT Returns and supporting documents and VAT reconciliations revealed an un-reconciled balance of \$29,202 existed between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer to Table 30.4 for details.

Table 30.4: Un-Reconciled Variance Vat Return

Details	Amount (\$)
Total expenditure as per Expenditure Statement	1,726,226
Less: Expenditure not subject to VAT - SEG 1, 2, 6 & 10	1,619,998
Total expenditure/income subject to VAT	106,228
Less: Total taxable supplies as per VAT Returns	77,026
Un-reconciled variance	29,202

In addition, a difference of \$5,771 was noted between the actual VAT payments for the year and the balance disclosed in the general ledger as reflected in Table 30.5 below.

Table 30.5: Un – Reconciled Vat Payments

Details	Amount (\$)
VAT payments (VAT payments to FIRCA and VAT input) as per Statement of Receipts and Expenditure	9,259
VAT payments (VAT payments to FIRCA and VAT input as per VAT Returns for 2010)	3,488
Un-reconciled variance	5,771

No explanation was provided for the variance.

Recommendation

The Ministry should investigate the variance and take corrective action.

Ministry's Comments*No Comments.*

³ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

PART B: AUDIT FINDINGS**30.8. Head Office****30.8.1 Reinstatement of Mr. Usaia Daunivalu (EDP19301)**

The Public Service Commission at its meeting held on 28/10/10 deliberated on the recommendations made by the Permanent Secretary for Works, Transport & Public Utilities for the reinstatement of Mr. Usaia Daunivalu.⁴

Mr. Daunivalu, an Accounts Officer in the grade AC 03 was reinstated and posted to the technical section of the Department as acting Principal Engineer on the scale EP 03. He was paid a salary equivalent to the grade AC 03 in the salary scale of \$22,799 - \$29,735.

A discussion⁵ held with the Post Processing Unit of the Ministry of Works, Transport and Public Utilities indicated that the post of Principal Engineer was normally for personnel's with technical background and qualifications.

We are of view that even though Mr. Daunivalu was paid at his substantive post as an Accounts Officer, he may not be able to perform the tasks of Principal Engineer as he does not have technical background and qualifications required of the position. Other well qualified and experienced officers within the Department with technical background and expertise were also not considered for the position held by Mr. Daunivalu.

Appointing unqualified employees will affect efficiency and productivity in any work place.

Recommendations

- **The Department should appoint a person with technical qualification and experience to the position of Principal Engineer.**
- **The Department should appoint Mr. Daunivalu to accounting position within the Department or seek PSC's assistance in appointing him to another Department.**
-

Department's Comments

Mr. Daunivalu was temporarily held against the Principal Engineer position but still paid the Accounts Officer salary after his reinstatement and while waiting for postings. Although an Accountant, Mr. Daunivalu has a wide experience on Water Management issues and was also heavily involved in the reform process towards Water Authority of Fiji.

The new Water and Sewerage Department was just newly formed in 2010 but had no Principal Engineer to fill the vacancy. All other technical staffs lack the management experience to act on the vacant Principal Engineer position. At this early stage of the department, the day to day management of the technical section is high priority since we will need to meet with stakeholders a lot. Technical expertise are provided by technical staff but not high in priority at this early stage. We tried out Mr. Daunivalu on this role for 2 months and was fully

⁴ PSC Reinstatement Letter (28/10/2010)

⁵ 28/04/2011

satisfied with the progress made by him. The department had utilized Mr. Daunivalu to perform the Principal Engineer's management function but still paid the Accountant salary.

30.8.2 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.⁶

The following Standard Expenditure Groups (SEG) within the Department were overspent by \$3,403,695 in 2010. Refer to Table 30.6 for details.

Table 30.6: Details Of Over – Expenditures

SEG	Revised Budget (\$)	Actual Expenditure (\$)	Overspent Sum (\$)
Established Staff	1,404,200	1,432,729	28,529
Purchase of Good & Services	12,000	17,213	5,213
Operating Grants & Transfers	40,161,350	43,531,303	3,369,953
Total			3,403,695

Virements to regularise the over expenditures were applied to the Ministry of Finance but were not processed.

The overspending reflected in Operating Grants for Water Authority of Fiji arose after the balances from other programme and activity under the Ministry of Public Utilities and Energy (Head 41) were transferred to Operating Grants and Transfers (SEG 6). This was done by the Ministry of Finance without notifying the Department of Public Enterprise which was the controlling agency for Water Authority of Fiji.

The finding shows poor financial management control and lack of coordination.

Recommendations

- **The Department should ensure that virements of funds are approved by Ministry of Finance before funds are utilised for other purposes.**
- **The Department should verify postings done by Ministry of Finance to SEG 6 which resulted in overspending in SEG 6.**

Department's Comments

We will in future ensure that virements are approved before funds are utilized from other purposes. Posting will be verified with Ministry of Finance in respect of SEG 6, Water Authority of Fiji.

⁶ Finance Instruction 2010: Part 3, Division 1, Section 7

30.8.3 Accountable Advance

Travelling advances must be recouped within 7 days of the completion of travel by submission of a voucher with documents to support the claim.⁷ Also where a travelling advance is not cleared within 7 working days of the completion of travel, recovery must be made from the concerned officer's salary within 6 fortnights.⁸

In addition, a travel advance for an officer will not be approved if he/she had taken an earlier advance and it has not yet been cleared.⁹

Accountable advances had not been retired by the following officers:

Table 26.7: Advances not Cleared/Retired

Name of Officer	Advance Particulars	Cheque No.	Amount (\$)	Remarks
Francis Pillay	Trip to Solevu School on 28/10/10 to 30/10	017313	2,016	Not yet cleared/retired
Tomasi Qabale	Trip to Cakaudrove on 22/12/10 to 30/12/10	017568	476	Not yet cleared/retired
	Additional given to Tomasi Qabale	017580	800	Not yet cleared/retired
Viliame Pareti	Trip to Lau Group on 21/07/10	016595	390	Not yet cleared/retired
	Trip to Buca on 22/09/10	016963	3,337	Not yet cleared/retired
	Trip to Buca on 27/11/10 to 10/12/10	017433	2,794	Not yet cleared/retired
Mikaele Belena	Advance for Kadavu trip on 20/04/10	016254	180	Not yet cleared/retired
Peceli Nakavulevu	Trip to Buca on 13/01/11	017637	8,062	Not yet cleared/retired
Paulini Koli	Trip to Nacamaki on 08/03/10	015861	1,753	Not yet cleared/retired
Losena Tudreu	Trip to Nadi on 014/11/10	017248	364	Not yet cleared/retired
	Trip to Lautoka on 01/12/10	017408	54	Not yet cleared/retired
	Trip to Macuata on 19/12/10	017471	1,370	Not yet cleared/retired
Isireli Rarawa	Trip to Kadavu on 20/12/10	017544	1,889	Not yet cleared/retired
Mikaele Dokonivalu	Trip to Kadavu on 18/11/10	017328	2,760	Advance given to Mikaele for Isireli Rarawa's trip to Kadavu as Isireli has not retired his previous advance.
Total			26,245	

The Accounts Officer has failed to follow up on the retirement of accountable advances as a result funds that could be used for other activities are unnecessarily held up in these outstanding accounts.

Recommendations

- The Department should ensure that Section 44 of the Finance Instruction 2010 is strictly complied with.
- The Department may consider not providing further advances to Officers who have not cleared their previous advances.

⁷ Section 44 (3) – Finance Instructions 2010

⁸ Section 44 (5) – Finance Instructions 2010

⁹ Section 10.1.6 – Profoma Finance Manual 2011

Department's Comments

The findings/recommendations of the audit are acknowledged and duly noted. Apart from the clearance of the advance the Department also ensures that officers submit reports from the field visits or trip taken. The arrangement inadvertently creates a delay in the clearance of advance.

At times even after arriving from the trip, officers are required to go on another trip. Subsequently, the reporting and clearance of the advance is delayed. Alternatively for others there may be other engagements that prevent them from clearing their advance on time.

Notwithstanding the above, the Department strictly adheres to not processing the advance request from officers that have outstanding advance. This ensures that all advance taken are cleared. In addition reminders are sent to staff to clear their advance.

30.8.4 Payment to Westside Motorbike Rentals

The Accounts Officer 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;
- There is documentation that the goods, services or works have been received;
- Sufficient uncommitted funds are available for payment of the account;
- The account is not fraudulent and has not been previously paid;
- The expenditure account it is charged to is correct.¹⁰

The Department purchased 3 electrical scooters amounting to \$6,413 from Westside Motorbike Rentals for Department staffs. However, these scooters were not been received by the Department as at the date of audit.¹¹ Refer to Table 30.8 below for details.

Table 30.8: Purchase of Electrical Scooters

Date	Cheque No.	Particulars	Amount (\$)	Remarks
31/12/10	017679	Being payment to Westside Motorbike Rentals for the purchase of 3 electrical scooters for Department of Energy staff.	6,413	The scooters were not received when the payment was made. Audit verification on 26/01/11 and again on 02/03/11, the scooters were still not supplied by the supplier.

It was revealed by Bio Fuel Engineer that the scooters were to be used by staffs for mail and bank runs. However, the purchase of these scooters was questionable as the Department had a vehicle GN525 to carry out such duties.

The Department breached the procurement procedures by making advance payment to the supplier and not receiving the scooters.

¹⁰ Section 2.8.4 – Profoma Finance Manual 2011

¹¹ 2 March 2011

Recommendations

- **Appropriate action should be taken against Officers authorising the advance payments to the supplier.**
- **The Department should ensure that procurement procedures are strictly complied with when procuring goods and services.**
- **Proper assessment should be undertaken when such goods are purchased to be in line with the Department's goals of reducing fuel and energy consumption.**

Department's Comments

One of the programs implemented in the Department is on Energy Efficiency and Conservation. With this program the Department tries to put in place and implement strategies aimed at reducing the use of fossil fuels. At the moment our fuel bill is currently sitting at a little over One billion dollars and constituting around 25% of our total import bill. With the very small budget provided for the program, the Department focuses its campaign on informing the people of the need to save energy. To this effect we have specific programs implemented that target the various sectors of our economy.

One of these important areas is the Transport Sector. The sector on its own consumes around 40% of the total imported fuel into the country. Notwithstanding our campaign of trying to get our people to change their behavior in terms of embracing energy efficiency and conservation, we also implement practical programs to allow the public to see what we are trying to achieve.

For the transport sector we already have the Biofuel Development Program. However, with the quantum that we are dealing with, more still needs to be done. To this effect we are trying to get the public to buy small cars, travel by bus, car pool and so forth. In addition we have also embarked on trying to introduce the use of motor cycles not only in Government but for the whole travelling public. Also for the motor cycles we are looking at situations in which we can have the motor cycles use biofuel alone in its combustion process. These are in fact the logic of trying to invest or purchase these motor cycles.

With regards to the actual purchase our people had found that the motor cycles were sold at very cost effective prices (\$2,000.00 per unit) late last year at West Motorbike Rentals. Since it was to the end of the year the supplier was not confident with the Government LPO and requested that the cheque be forwarded to them before they can process the order. In forging ahead to issue our cheque to the vendor, we were beaten to the supplier by other customers such as the Fiji Police. Therefore with the limited stock the Department had to await new shipment from abroad, thus the delay in the supply of the scooters.

30.9. Department of Energy**30.9.1 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.¹²

The following Standard Expenditure Groups (SEG) within the Department were overspent by \$33,649 in 2010.

¹² Finance Instruction 2010: Part 3, Division 1, Section 7

Table 30.9: Details of Over – Expenditures

SEG	Revised Budget (\$)	Actual Expenditure (\$)	Amount Overspent (\$)
Established Staff	528,700	548,541	19,841
Government Wage Earners	65,400	79,208	13,808
Total			33,649

No explanation was provided by the Department for the over expenditures. The finding shows poor financial management control and lack of coordination between Ministry of Finance and the Department.

Recommendation

Appropriate control should be exercised over expenditures to ensure these are contained within the approved budget.

Department's Comments

The over expenditure was due to a redundancy package payable to Mr. Ifereimi Dau (Former Director of Energy) in November last year and salary of Mr. Vamarasi Kafoa.

30.9.2 Main Trust Fund Account

Trust money is money that the agency is holding in trust. Trust money is to be kept in a separate bank account and accounted for separately from “public money” and “other money”¹³

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).¹⁴

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.

The overdrawn trust fund indicates unauthorized expenditures which show lack of adequate internal control and supervision from senior officers.

¹³ Finance Manual 2005, Part 15.

¹⁴ Finance Instruction 2010. Section 71(1)

Recommendations

- The Department should ensure that Trust Funds are not overdrawn at any time.
- The Department should 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.

Department's Comments

A summary of receipts and payments was prepared for the Main trust account. The account was not overdrawn. There was a credit balance as at 31st December, 2010 (\$684,827.17 – Cr).

30.9.3 Variance in FNPF Reconciliation

Every employer shall pay to the Fund in respect of each of his employees, in every month during which such employee 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.¹⁵

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

A reconciliation of FNPF contributions against salaries and wages reported in the financial statements revealed a variance of \$6,099. Refer Table 30.10 for details.

Table 30.10: Variance In FNPF Payments

Details	Amount (\$)
(a) Total FNPF against salaries and wages for 2010:	
FNPF as per financial statement	43,025
Less: December 2009 FNPF	16,003
	27,022
Add: December 2010 FNPF	13,160
8% FNPF contribution by Employer for 2010 (A)	40,182
(b) Salaries and Wages for 2010 subject to FNPF	
Salaries, wages and allowances as per financial statement	587,360
Less: Salaries, wages and allowances for 2010 not subject to FNPF	8,848
	578,512
8% FNPF contribution by Employee for 2010 (B)	46,281
Un-reconciled Variance (A) – (B)	(6,099)

No reconciliation carried out by the Department on FNPF contributions during 2010.

¹⁵ Chapter 219 – Fiji National Provident Fund – Section 13 (1)

Recommendation

The Department should reconcile FNPF contributions paid with general ledger and any variance arising is investigated.

Department's Comments

No Comments.

30.9.4 Variance on 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.¹⁶

Review of VAT Returns and supporting documents and VAT reconciliations revealed an un-reconciled balance of \$76,592 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer to Table 30.11 for details.

Table 30.11: Un – reconciled VAT Returns Variance

Details	Amount (\$)
Total expenditure as per Expenditure Statement	7,799,869
Less: Expenditure not subject to VAT - SEG 1, 2, 6 & 10	6,350,754
Total expenditure/income subject to VAT	1,449,115
Less: Total taxable supplies as per VAT Returns	1,525,707
Un-reconciled variance	76,592

In addition, a difference of \$105,588 was noted between the actual VAT payments for the year and the balance disclosed in the general ledger as reflected in Table 30.12 provided.

Table 30.12: Unreconciled VAT Payments

Details	Amount (\$)
VAT payments (VAT payments to FIRCA and VAT input) as per Statement of Receipts and Expenditure	162,102
VAT payments (VAT payments to FIRCA and VAT input as per VAT Returns for 2010)	56,514
Un-reconciled variance	105,588

No explanation was provided for the variance.

Recommendation

The Department should investigate the variance and take corrective action.

¹⁶ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

Department's Comments

No comments provided.

Thus with the above uncertainties the implementation of the program was greatly affected.

