
REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI

Volume 3

Audit Report on Social Services Sector 2016



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File: 102

29 June 2017

The Honorable Dr. Jiko Luveni
Speaker of the Parliament of the Republic of Fiji
Parliament Complex
Gladstone Road
SUVA

Dear Dr. Luveni

Audit Report on the Whole of Government Financial Statements and Annual Appropriation Statement of the Republic of Fiji for the year ended 31 July 2016

In accordance with section 152 (13) of the Constitution of the Republic of Fiji, I am pleased to transmit to you my report on the audit of the Whole of Government financial Statements and the Annual Appropriation Statement of the Republic of Fiji for the year ended 31 July 2016.

A copy of the report has been submitted to the Minister for Finance who as required under section 152 (14) of the Constitution will lay the report before Parliament within 30 days of receipt, or if Parliament is not sitting, on the first day after the end of that period.

Ajay Nand
AUDITOR-GENERAL



Foreword

The financial year end for Government was changed from 31 December to 31 July in accordance with the Financial Management (Amendment) Act 2016. In February 2016, the nation was devastated by severe Tropical Cyclone Winston which became the strongest tropical cyclone to make landfall in Fiji and the South Pacific Basin in recorded history. Immediately following the cyclone, Government with the support of the local and international community engaged in rehabilitation works which are still continuing as a result of the large extent of damage to infrastructure.

The accounts of Whole of Government of Republic of Fiji together with 36 Ministries and Departments (Agencies) for the seven-month period ending 31 July 2016 were audited during 2016/2017. The audit reports and significant audit findings have been reported in accordance with section 152 of Constitution of the Republic of Fiji.

The audit of financial statements for Whole of Government for the period ending 31 July 2016 concludes with an unqualified audit report. The accounts have been faithfully and properly kept in accordance with section 152(2) of the Constitution, section 6 of the Audit Act 1969 and sections 46 and 47 of the Financial Management Act 2004.

However, emphasis has been made to improve expenditure authorization and budgetary control, reconciliation of Trust Fund and Trading and Manufacturing Accounts against the general ledger and funds kept in bank accounts. In addition, the accounts of government has not been consolidated with the financial statements of other controlled entities, as voluntary disclosure, to promote accountability and transparency.

The financial statements of the Republic of Fiji have been presented in accordance with the Financial Management Act 2004 with direct reference to the budget estimates of Government. Presentation and certain disclosures have also been made in accordance with cash-basis International Public Sector Accounting Standards (IPSAS).

The audit reports comprise of four volumes which have been presented in accordance with the budget sectors as follows:

Volume	1	Audit Report on the <i>Accounts and Finance</i> of Government
	2	Audit Report on the General Administration Sector
	3	Audit Report on the Social Services Sector
	4	Audit Report on the Economic Services and Infrastructure Sector

Volume 1 of the report should be read in conjunction with the 2016 financial statements for Whole of Government, the appropriation statement of the Republic of Fiji and my opinion expressed on them for the year ended 31 July 2016. Since the 2016 financial statements reflect transactions for a seven-month

period whereas the 2015 financial statements is for a 12-month period, there are significant variances with the comparative balances.

Audit Opinion on respective Ministry/Department (Agency) Financial Statements

A total of 36 Agency Financial Statements were prepared in accordance with the Financial Management Act 2004 and Finance Instructions 2010. Of these, unqualified audit reports were issued on 23 financial statements while audit reports on 13 financial statements were qualified on the following grounds:

- Closing account balances were not always properly reconciled or not reconciled at all resulting in unexplained variances which were significant in some cases ; and
- Financial transactions were not always properly supported or not supported at all by relevant supporting documents.

Trust Fund Accounts

Large amounts of funds are held in Trust Fund account and transactions of significant value were made from these accounts during the financial year. However, proper books of records were not maintained for some accounts while others were operated without documented and approved Standard Operating Procedures. In addition, definite plans on how the substantial closing balances in some accounts would be utilized in the next twelve months, was not sighted. Due to these reasons, there is a high risk of funds held in trust being utilized for purposes which were not intended.

Trading and Manufacturing Accounts

Financial transactions of significant value are also effected through Trading and Manufacturing Accounts (TMAs) operated by Ministries and Departments. Similar to Trust Fund accounts, Standard Operating Procedures have not been documented and approved for the operation of some TMAs. The operation of TMAs which were set-up by Government years ago, have not been reviewed in view of their need in the current business environment. Hence some TMAs seem to have outlived their purpose.

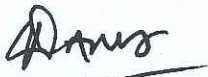
Public debt

At the end of financial period ended 31 July 2016, the percentage of national debt relative to GDP (provisional figure) at 46% when compared to 2015. The percentage growth in Government debt was same as the percentage growth in the economy resulting in no change in the debt burden of individuals in 2016.

The Government needs to sustain its existing resources to fund its current programs, commence new projects as well as meet existing creditor obligations in order to maintain the level of borrowings at a sustainable level.

Root Cause Analysis

The root-cause for the issues highlighted in *Volumes 1 – 4 of the 2016 Audit Reports* can be attributed to the quality of human resources employed in Ministries and Departments which needs to be improved immediately. Permanent Secretaries, who have been assigned the responsibility for efficient, effective and economical management of Ministries and Departments by section 127(3) of the Constitution, should use the authority provided to them by section 127(8) of the Constitution to design policies, processes and procedures which hold staffs accountable for non-performance of assigned roles and responsibilities.



Ajay Nand
AUDITOR GENERAL



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6. Ministry of Defence, National Security and Immigration
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Section 21**Ministry of Education, National Heritage, Culture and Arts****Role and Responsibilities**

The Ministry is responsible for the delivery of Education and Training Services to schools, pre - schools, and training centres and it is also responsible for the preservation of the different cultures in Fiji. These include the provision of curriculum frameworks, policy – guidelines, qualified teaching personnel, and programmes support to controlling authorities and education. The Ministry also has responsibilities for ensuring that standards in education are met and maintained through the regulation and recognition of education. Through advisory services, support is rendered to school management for the effective running of schools as well as financial assistance for construction and maintenance of school facilities. The Ministry is also tasked with improving rural education standards and the education opportunities of disabled students and out of school youths. The Ministry has undertaken three (3) new initiatives and these include the establishment of the Fiji Teachers Registration Board, the formulation of the language policy and the establishment of seed capital for Poverty Relief Fund, which also co – funded by private public partnership scheme.

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PART A: FINANCIAL STATEMENTS**21.1 Audit Opinion**

The audit of the 2016 accounts of the Ministry of Education resulted in an unqualified audit opinion.

21.2 Statement of Receipts and Expenditures

The Ministry of Education recorded revenue totalling \$1,022,900 and incurred expenditures totalling \$251,484,276 for the seven months period ended 31 July 2016.

Table 21.1: Statement of Receipts and Expenditures for 2016

Description	31 July 2016 (\$)	31 December 2015 (\$)
RECEIPTS		
State Revenue		
Fees Examination	11,148	39,968
Fees Government Day Schools	27,838	41,484
Fees Government Boarding Schools	258,131	434,578
Registration	141,985	360,592
Commission	61,267	101,717
OPR in Previous Years	3,550	11,735
Sale of School Farm Produce	2,168	7,089
Sale of Items from Technical College	3,044	-
Technical College Recovery	481,001	-
Student Fees-Technical College of Fiji	-	615,199
Total State Revenue	990,132	1,612,362
Agency Revenue		
Miscellaneous Revenue	32,768	59,108
Total Agency Revenue	32,768	59,108
TOTAL RECEIPTS	1,022,900	1,367,247
EXPENDITURE		
Operating Expenditure		
Established Staff	163,398,507	267,580,510
Government Wage Earners	2,877,716	4,673,078
Travel & Communications	1,254,633	1,386,178
Maintenance & Operations	1,219,118	1,309,864
Purchase of Goods & Services	8,834,503	11,311,957
Operating Grants & Transfers	63,829,554	94,536,336
Special Expenditure	5,453,344	10,004,625
Total Operating Expenditure	246,867,375	390,802,548
Capital Expenditure		
Construction	666,297	553,660
Purchases	764,924	147,234
Grants & Transfers	1,867,460	3,434,552
Total Capital Expenditure	3,298,681	4,135,446
Value Added Tax	1,318,220	3,437,179
TOTAL EXPENDITURE	251,484,276	398,375,173

The financial year end for Government was changed from 31 December to 31 July in accordance with the Financial Management (Amendment) Act 2016. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period, thus the significant variances with the comparative balances.

A total of \$3,044 was collected by the Technical College for the sale of consumable materials which students produced during their practical lessons.

The Nabua Technical College received a total of \$480,001 from Tertiary Scholarship and Loans Board (TSLB) for tuition fees of students who obtained loans under Tertiary Education Loans Scheme (TELS) in 2015.

The increased in expenditure for Capital Construction was due to increased rehabilitation works carried out in schools after these were damaged by Cyclone Winston. Similarly, increase in expenditure for Capital Purchase was due to purchase of furniture for damaged schools and distribution of boats and engines to the needy schools.

21.3 Appropriation Statement

The Ministry of Education incurred expenditures totalling \$251,484,276 in 2016 against a revised budget of \$432,249,150 resulting in a savings of \$180,764,874 or 42%. The large savings was due to the budget being for the whole of 2016 while expenditures were only for seven months up to 31 July 2016.

Details of expenditure against the revised budget are provided in Table 21.2.

Table 21.2: Appropriation Statement for 2016

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	287,108,056	(2,359,257)	284,748,799	163,398,507	121,350,292
2	Government Wage Earners	3,978,009	754,588	4,732,597	2,877,716	1,854,881
3	Travel & Communications	1,890,000	(50,086)	1,839,914	1,254,633	585,281
4	Maintenance & Operations	2,501,776	(86,921)	2,414,855	1,219,118	1,195,737
5	Purchase of Goods & Services	18,875,814	(3,262,886)	15,612,928	8,834,503	6,778,425
6	Operating Grants & Transfers	98,072,370	743,580	98,815,950	63,829,554	34,986,396
7	Special Expenditure	2,421,000	4,237,531	6,658,531	5,453,344	1,205,187
	Total Operating Costs	414,847,025	(23,451)	414,823,574	246,867,375	(167,956,199)
	Capital Expenditure					
8	Construction	2,878,500	-	2,878,500	666,297	2,212,203
9	Purchases	5,532,250	-	5,532,250	764,924	4,767,326
10	Grants & Transfers	5,924,175	-	5,924,175	1,867,460	4,056,715
	Total Capital Expenditure	14,334,925	-	14,334,925	3,298,681	11,036,244
13	Value Added Tax	3,067,200	23,451	3,090,651	1,318,220	1,772,431
	TOTAL EXPENDITURE	432,249,150	-	432,249,150	251,484,276	180,764,874

21.4 Statement of Losses

The Ministry reported loss of money and items due to theft totalling \$34,847 and \$91,531, respectively for the financial period ending 31/07/16. Items worth \$91,531 were written-off following a board of survey.

PART B: AUDIT FINDINGS

21.5 Anomalies on Building Grant

The District Education Officers shall check that records are kept properly, information in the acquittal report corresponds to records kept by the recipient and the progress of the project is satisfactory. The District Officers shall prepare an inspection report on each project inspected and submit it to the Director- Assets Management Unit.¹

The work of the National Building code which was done by the Fiji Building Standards Committee; begun in response to the disastrous cyclone which hit Fiji in 1983 and 1985. The Committee formulates practical measures to combat cyclones and thus to significantly reduce repeated suffering and destruction.²

At present, the only legal requirement for design of building and Public Utilities is the Public Health Act.³ Building Permits are issued by local authorities under the *Building Act*. The purpose of building permits is to certify - for public health and safety - that construction methods are sound.⁴

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

- i. details of grant money expended and unexpended;
- ii. grant objectives and targets achieved;
- iii. financial statement (audited if practicable) for grants of \$20,000 or more.⁵

Applications for grants should be thoroughly scrutinised by the grant officers to ensure they contain the required information.⁶

Government finances must be managed lawfully and according to the Education Act and Ministry of Education Regulations and procedures, including audit requirements.⁷

A minimum of three competitive quotes must be obtained for the procurement of goods, services or works valued at \$1000 and more but \$50,000 and less.⁸ A tender must be called for the procurement of goods, services or works valued at \$50,001 and more.⁹

Audit review of the Building Grant records revealed the following anomalies:

¹ Ministry of Education Finance Manual 2013 section 3.5.6

² National Building Code of Fiji – Fiji Island Schedule (Regulation 3) Preface page 4.

³ Report on the Fiji National Building Code by the Fiji Institutions of Engineering - Section 2(4th paragraph) http://www.pacificdisaster.net/pdnadmin/data/original/FJI_FIE_2001_draft_DOCU05.pdf

⁴ Department of Town and Country Planning websites - <http://www.townplanning.gov.fj/index.php/developing/planning-to-develop/other-approvals>

⁵ Ministry of Education Finance Manual 2013 section 3.5.1

⁶ Ministry of Education Finance Manual 2013 section 3.3.1

⁷ Financial Management In Schools Section 3.0 No. 4

⁸ Procurement Regulation 2012 – Section 29 (1)

⁹ Finance Circular 2012, Circular No : 9/2012

- There was no evidence of monitoring done on certain building grant projects. The acquittal reports and the project monitoring reports were prepared and signed-off by school heads and sent directly to the Ministry's Headquarters without being verified by either the District Education Officers (DEO) or the Asset Monitoring Unit (AMU). Refer to Table 21.3 for examples.

Table 21.3: Details of Building Grants Not Verified and Inspected by AMU/DEO

School Registration No.	Date	Amount (\$)	Project	Acquittals and Project Monitoring Reports		
				Prepared/signed by School Head	Verified by District Offices	Inspected by AMU
1069	05/01/16	40,000	Construction of 3 classrooms	✓	x	x
9607	05/03/16	51,000	Construction of new Year 1 classrooms	✓	x	x
1309	02/02/16	100,000	Construction of Boys/Girls dining Kitchen facilities	✓	x	x
1025	08/02/16	50,000	Completion of classroom block	✓	x	x
9439	29/01/16	65,000	Construction of classroom and ablution block	✓	x	x

- Financial Reports (audited if practicable) and Progress Reports not submitted:**

Certain schools did not submit financial reports and progress reports. Refer to Table 21.4 for examples.

Table 21.4: Submission of Audited Financials and Progress Report

School Registration No.	Date	Amount (\$)	Projects	Financial Reports	Progress Reports
1069	05/01/16	40,000	Construction of 3 classrooms	x	✓
1309	02/02/16	100,000	Construction of Boys/Girls dining Kitchen facilities	x	✓
9607	05/03/16	51,000	Construction of new Year 1 classrooms	x	x
9439	29/01/16	65,000	Construction of classroom and ablution block	x	x

- Tender , quotation and approved plan not attached to Building Grant applications:**

The Ministry continued to approve and disburse grant to schools, even though the schools failed to submit the required documentation listed below with the grant application:

- Quotation for works costing \$1,000 or more but less than \$50,000.
- Buildings plans with the proper approval from the Local Authorities and Building Engineers ensuring that the schools building plans are in accordance to the National Building Code.
- Tender approval for works valued \$50,001 or more.

Refer to Table 21.5 below for details.

Table 21.5: Details of Anomalies Noted for Building Grant Disbursed to Schools

School Registration No.	Date	Amount Paid (\$)	Project	Anomalies
1013	02/03/16	95,000	Construction of 2 quarters, 2 classrooms and repair of ablution block	No tender called & no approved plan attached.
1309	02/02/16	100,000	Construction of boys and girls hostel, dining and kitchen facilities and renovation of classrooms	No tender called & no approved plan attached.
1069	05/01/16	40,000	Construction of 3 classrooms	No quotations & no approved plan attached.
9439	29/01/16	65,000	Construction of additional classroom and ablution block	No tender called, plan submitted was for 2 x 2 bedroom quarters.
9607	05/03/16	51,000	Construction of new Primary School block for Year 1	No tender called.
2586	06/07/16	48,000	80% boarding grant for boarding facilities	No quotations, no approved plan attached
9020	05/01/16	95,000	Construction of 3 classrooms and 3 quarters	No tender called & no approved plan attached.

In the absence of effective monitoring, it is evident that the Ministry did not employ proper controls to ensure that the schools buildings were constructed in accordance with the relevant standards or building codes. Similarly, in the absence of audited financial statements and progress reports, the Ministry will not be able to substantiate whether the government grants have been utilised effectively.

Absence of approved plan, tender report or quotation indicates that some schools did not follow proper procurement process of the Ministry when awarding the contracts for school improvement works. Hence the contractor engaged by the schools may not be the best and most economical supplier and projects may not have been completed and certified in accordance with the National Building Code.

Recommendations

The Ministry should:

- ensure that the Assets Monitoring Unit and District Education Officers verify and inspect the construction of school buildings which have been completed;
- required documents are submitted with the building grant applications; and
- obtain progress report and audited financial statements from the recipients of grants to ensure that all grant moneys are properly accounted for.

Management Comments

Audit is noted.

21.6 Absence of Signed Agreement

The agency administering a grant must enter into a grant agreement with any organisation or person who either receives a one-off grant or on-going grant assistance in excess of \$5,000. The Permanent Secretary of the administering agency must ensure that each grant agreement is adequate and legally binding.¹⁰

The audit noted that the Ministry did not have a grant agreement for the grant of \$931,086 paid to Fiji Higher Education Commission. Refer to Table 21.6 for details.

Table 21.6: No signed agreement between the Ministry and FHEC

Statutory Authorities	Actual Operating Grant (\$)	Comments
Fiji Higher Education Commission	931,086	No signed agreement between Ministry and Commission

Hence, the basis for monitoring of the utilisation of funds and measurement of the output achieved may be difficult without a formal grant agreement.

Recommendation

The Ministry should ensure that a grant agreement is signed with the Higher Education Commission prior to disbursement of any further funds.

Management Comments

Audit is noted.

21.7 Administration of Free Education Grant

Student roll shall be submitted by all school to the Ministry by week two of each School term to determine the total grant to be dispersed.¹¹

Tuition Free Fee Grant shall be distributed and utilized into six different percentage allocations as follows: Administration/Management & Office operations 30%; Building and Compound maintenance 20%; IT, computer & Vocational materials 15%; Library and Textbooks 10%; PEMAC & Science equipment 10%; Stationery 15%.¹²

The format of the audited financial report should be reported on separately for revenue received as Tuition Free Fee Grant and its utilisation must be in accordance with the six components. Other revenues received from school donors, canteen sales or hire of school facilities with the matching expenses shall be reported on separately.¹³

Purchase of items in an exhausted allocation shall be vired from other allocations and a written approval must first be obtained from the Permanent Secretary by providing genuine reasons for justifying such a virement.¹⁴

¹⁰ Finance Instructions 2010 Paragraph 16 (1) and (2)

¹¹ Tuition Free Fee Grant Policy for Primary and Secondary Schools – Paragraph 3.1.2

¹² Tuition Free Fee Grant Policy for Primary and Secondary Schools – Paragraph 3.2.3

¹³ Ministry of Education, Heritage & Arts Circular Memorandum dated 09/01/15

¹⁴ Tuition Free Fee Grant Policy for Primary and Secondary Schools – Paragraph 3.1.3

The audit noted the following anomalies in the administration of the Free Education Grant (FEG) by the Ministry.

- **Utilisation of Grant** – Review of the schools audited financial statement for FEG for the 2015 financial period revealed that the grants were not always utilised in accordance with the percentage allocations prescribed in the FEG Policy. Refer to Table 21.8 for examples.

Table 21.7: Detail of Over-Expenditure for Exhausted Allocation for Free Education Grant

School Registration No.	Admin/Mgt. & Office Operations Req. = 30%	Building & Compound Maintenance Req. = 20%	IT, Computer & Vocational Materials Req. = 15%	Library & Textbooks Req. = 10%	PEMAC & Science Equipment Req. = 10%	Stationery Req. = 15%
3023	66%	9%	5%	7%	5%	8%
9025	54%	20%	4%	4%	7%	11%
9020	39%	23%	10%	7%	6%	15%
3064	26%	21%	17%	13%	7%	16%
3033	29%	17%	13%	19%	10%	12%
9026	28%	45%	4%	5%	6%	12%

However, the audit could not ascertain the authority to incur expenditure over the allocated percentage as requisite approval from the Permanent Secretary of Education was not provided.

- **Inconsistency in the audited financial statements format** – The audit further noted that some of the audited financial statements were not prepared in accordance with the format prescribed in Ministry's Circular Memorandum dated 09/01/15. Refer to Table 21.8 for details.

Table 21.8: Deviation from the Audited Financial Statement Format Requirements

Prescribed Financials Format	Audited School Registration No.	Format of Audited Financials submitted by schools
MOE Grant Revenue	2044	The Statement of Income & Expenditure for the year ended 31/12/15 did not show the breakdown of the six allocations as required by the Ministry.
Less MOE Grant Expenditure		
- Admin/Mgt. & Office Operation (30%)	2036	The Statement of Income & Expenditure for the year ended 31/12/15 did not show the breakdown of the 6 allocations as required by the Ministry.
- Building & Compound Maint. (20%)	9024	The Statement of Income & Expenditure for the year ended 31/12/15 did not show the breakdown of the 6 allocations as required by the Ministry.
- IT, Computer & Vocational (15%)		
- Library & Textbooks (10%)	2034	The Statement of Income & Expenditure for the year ended 31/12/15 did not show the breakdown of the 6 allocations as required by the Ministry.
- PEMAC & Science Equipment (10%)		
- Stationaries (15%)	3055	The Statement of Income & Expenditure for the year ended 31/12/15 did not show the breakdown of the 6 allocations as required by the Ministry.
Add Other Revenues		
Less Other Expenditure		

- **Variance in the audited school roll and that actually paid by the Ministry** – Further scrutiny of the grant disbursed to schools revealed variances between the records generated from the FEMIS¹⁵ report and the manual records maintained by the Ministry. Refer to Table 21.9 for details.

¹⁵ Fiji Education Management Information System

Table 21.9: Detail of Variance between FEMIS Report and Payment Voucher Records

Date	School Reg. No.	Details	EFT Number	Payment Voucher Amount (\$)	FEMIS Report Amount (\$)	Variance Amount (\$)
08/02/16	3048	50% payment of Term 1 Free Education grant	EFT 70934	67,003.00	66,531.85	471.15
29/03/16	3013	Payment of Term 1 Free Education grant	EFT 77350	58,110.00	58,240.00	(130.00)
08/02/16	9329	50% payment of Term 1 Free Education grant	EFT 70931	61,171.00	60,572.63	598.37
10/02/16	2563	50% payment of Term 1 Free Education grant	EFT 71888	65,290.50	63,879.33	1,411.17
04/02/16	1057	75% payment of Term 1 Free Education grant	EFT 70411	127,500.00	123,209.21	4,290.79

The audit findings indicate non-compliance with the Ministry's policies and procedures pertaining to Free Education Grants. Moreover, in the absence of due diligence processes, proper supervision and monitoring, there is a high risk of misuse of grants paid.

Recommendations

The Ministry should:

- regularly monitor the manner in which FEG recipients utilise the grant to ensure that they are utilised within the allocation percentages stipulated in the FEG Policy;
- ensure that approvals are obtained from Permanent Secretary for Education for utilisation of funds above the allocated percentage as stipulated in the FEG Policy.
- ensure that grants are paid to schools as per the audited school rolls;
- stamp date received all audited financials submitted and maintain database of financials submitted for compliance and other purposes; and
- ensure that all schools comply with the prescribed format of audited financial statement.

Management Comments

Audit is noted. Ministry would like to inform Audit that FEMIS was fully operational from 2017. Ministry is also closely monitoring the School Rolls together with the district offices. 84 schools were audited by the Internal Audit Team of the Ministry of Education apart from the District Officer's visits and checks.

21.8 Anomalies in Accountable Advance

A travelling officer shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents. If an advance has not been fully

expended, the travelling officer must repay the balance within seven days of completing travel.¹⁶ Where an advance has not been acquitted within seven days of travel, the Principal Accounts Officer shall affect recovery through a salary deduction from the concerned officer's salary within six (6) fortnights.¹⁷ Interest on all advances will accrue at the rate set by the Minister of Finance from time to time. The current rate is 12 % per annum.¹⁸

The audit noted the following anomalies in the administration of accountable advance by the Ministry;

- Although accountable advances were not retired within seven days of the completion of travel, recovery of the amount and interest was not made from the salaries of officers concerned. Refer to the table 21.10 for examples.

Table 21.10: Late retirement of Accountable Advance

Date of Issue	EDP No.	Details	Tour Period	Amount (\$)	Date acquitted	Days Lapsed
12/2/16	91073	Sigatoka National Book Drive	10/02/16 to 12/02/16	1,434	04/04/16	52
18/02/16	53840	DISMAC duties	23/02/16 to 27/02/16	2,064	11/04/16	44
26/02/16	82374	West Trip	25/02/16 to 28/02/16	400	04/05/16	66
22/02/16	57534	TC Winston Damage Assessment	23/02/16 to 29/02/16	7,617	15/04/16	46
22/02/16	65276	Koro Is School Damage Assessment	23/02/16 to 29/02/16	3,697	24/03/16	24
7/03/16	57787	TC Winston Damage Assessment	07/03/16 to 19/03/16	3,280	08/04/16	20
9/03/16	57508	TC Winston Textbook delivery	10/03/16 to 12/03/16	1,960	25/04/16	44
29/02/16	74157	DISMAC Assessment Nadroga/Navosa	29/02/16 to 03/03/16	2,588	04/05/16	62
11/03/16	56895	Commonwealth Meeting	11/03/16 to 14/03/16	575	12/04/16	29
22/03/16	67739	DISMAC to Koro Island	22/03/16 to 07/04/16	6,644	13/10/16	193
24/03/16	55051	Trauma Counselling Program	15/03/16 to 01/04/16	9,260	29/04/16	29
26/04/16	66603	Book Writers Meeting	25/04/16 to 30/07/16	343	08/11/16	101
11/7/16	63288	Scoping Work for 272 schools	11/07/16 to 24/07/16	3,220	04/10/16	72

- Advances were not correctly recorded as certain advances issued were directly charged to expenditure account instead of advance accounts of officers concerned. Refer to Table 21.11 for examples.

Table 21.11 Accountable Advance charged directly to Expenditure

Date of Issue	EDP No.	Details	Allocation	Voucher Number	Chq/EFT Number	Amount (\$)
12/02/16	91073	Sigatoka National Book Drive	1-21102-9101A-051599	407393	1048439	1,434
9/03/16	57508	TC Winston Textbook delivery	1-21402-91074-059108	411192	1048950	1,960
26/04/16	66603	Book Writers Meeting	1-21501-9101H-050799	417011	1049915	343

- Accountable advances totalling \$224,947 have not been retired as at 31 July 2016. The aging of the outstanding accountable advances indicates that advances totalling \$170,077 have been outstanding since 2015. Refer to Table 21.12 for details.

¹⁶ Ministry of Education, Heritage & Arts Finance Manual 2013 – Section 10.1.11 & 10.1.12

¹⁷ Ministry of Education, Heritage & Arts Finance Manual 2013 – Section 10.1.14

¹⁸ Ministry of Education, Heritage & Arts Finance Manual 2013 – Section 10.1.15

Table 21.12: Aging of Accountable Advances as at 31 July 2016

Aging number of Days	30 Days (\$)	60 Days (\$)	90 Days (\$)	120 Days + (\$)	Total (\$)
Accountable Advance	26,649	22,108	6,114	170,077	224,947

- Accountable advances were not always fully retired. Refer to Table 21.13 for details.

Table 21.13: Details of Accountable Advance Partially Retired as at 31 July 2016

EDP Number	Reconciliation Date	Amount Advanced (\$)	Amount Acquitted (\$)	Unaccounted Advance (\$)
56945	30/06/16	471.00	26.00	445.00
44028	30/06/16	2,100.00	1,564.14	535.86
42697	30/06/16	5,555.00	5,219.70	335.30
Total		8,126	6,809.84	1,316.16

Non-timely retirement of advances results in understatement of expenditure for the period. In addition, partial retirement of advances increases the risk of irrecoverable debts resulting on write-off.

The audit findings are a result of non-compliance to established procedures relating to accountable advances indicating that proper supervisory checks were not carried out by responsible officers.

Recommendations

The Ministry should:

- ensure that the staffs are regularly reminded to retire any accountable advance taken after on timely basis following completion of trips;
- investigate the reason for officers not fully retiring accountable advances and instigate necessary recovery actions on officers who failed to retire advances within seven days upon return from duty;
- ensure that accountable advances are properly accounted and promptly reflected in expenditures within the accounting period.

Management Comments

Audit is noted. Ministry would like to inform Audit that the Advances in table 8.8 were those of the TC Winston time. Ministry will review all advances for 2016 and ensure that officers are surcharged for late retirement and also if they have not fully retired.

On the other hand Ministry will review the details in table above and ensure that recoveries are done from the staff.

Moving on, Ministry would also like to highlight to Audit that the Accountable Advance is now well monitored and cleared on time.

21.9 Backlog Audited Accounts for Grant Recipients

A grant agreement must provide for the organisation or person receiving the grant to agree to keep proper files and accounting records in relation to the grant and to make these files and records available upon request by the administering agency or the Auditor-General. Grants must only be paid in accordance with the terms and conditions in the grant agreement.¹⁹

The audit noted that the grant recipients have not submitted the audited accounts and acquittals to the Ministry of Education. Refer to Table 21.14 for details.

Table 21.14: Details of Submission of Audited Accounts and Acquittals

Year	Grant Recipients	Grant Amount (\$)	Remarks
2015	Fiji Museum	330,000	2015 audited accounts yet to be submitted.
	Fiji Arts Council	200,000	
2016	Fiji Arts Council	280,183	2016 First quarter acquittal report not yet submitted even though the Ministry proceed to pay their 2 nd quarter grant
Total		2,310,183	

In the absence of audited financial statements, the Ministry cannot substantiate whether grants were used for the intended purpose.

Recommendation

- **The Ministry should closely monitor the submission of acquittal reports and audited financials to ensure the grant money are utilised for the purpose it was appropriated for.**

Management Comments

Audit is noted.

The Department of Heritage and Arts provided financial assistance to the Fiji Museum in 2013 to update its accounts. The Fiji Museum has therefore started on the process and has engaged Ernst and Young Company for auditing. To date audit has been done for 2006 to 2009 accounts and they are currently updating 2010 to 2012 accounts for auditing. Parts of their books are currently with FICAC as investigation against the former Director is still under way. This process will continue until auditing of Fiji Museum accounts is updated.

The Fiji Arts Council account was last audited in 2003. Several attempts have been made by FAC and the Auditor General's Office to address the issue but have no in-road progress have been made till to date. The latest correspondence with Auditor General was in December 2015 when FAC was advised to update its account before audit is undertaken. The Department in consultation with the Fiji Arts Council has taken the matter seriously now and has treated the updating of the accounts as a special project with financial support from the Department. A team has been mobilized comprising of 2 project staff to commence updating the FAC account as from March 2016. This project will be monitored by the Department until all FAC accounts are updated so that auditing could commence as soon as possible.

¹⁹ Finance Instructions 2010 – Section 16 (3) & (4).

21.10 Stale Cheques/EFT in Unpresented Listing

The Accounting Head must make all attempts to issue stop notices for all cheques that have remained un-presented for more than 6 months.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

The agencies are required to formulate appropriate processes and procedures to ensure the efficient and effective use of the Electronic Fund Transfers (EFT). The agencies Head of Sections are required to put in place internal control measures to safeguard the processes and procedures of EFT as stipulated under section 59 - (1) of the Finance Instructions.²²

Audit review of the Ministry's unpresented cheque and Electronic Funds Transfer (EFT) listing revealed the following anomalies:

- Stale cheques totalling \$21,401 were still appearing in the unpresented cheque listing as at 31/07/16. Refer to Appendix 21.2 for details.
- A total of \$1,021,279 of EFTs are yet to be transferred after a period of six-months since the date of notification to the bank for the transfer. Refer to Appendix 21.1 for details of the EFT pending transfers.

Stale cheques and EFTs pending transfer at financial year-end place undue stress on cash flows for the beginning of the new financial year.

Recommendation

The Ministry should ensure strict adherence to controls such as review of bank reconciliations and timely follow up of stale cheques and pending EFTs by supervisors in the Accounts Section.

Management Comments

Audit is noted. Ministry would like to inform Audit that the majority of the entries appearing in the Unpresented cheque listing relates to EFT transactions which should always be matched off. We are still currently working with FMIS regarding this issue. Lastly, the drawings reconciliation was still being carried out by ministry of economy during the last financial year. This process is currently being handed over to our ministry and this should resolve the issue once and for all.

²⁰ Finance Instruction Section 33, subsection 2

²¹ Finance Instruction Section 33, subsection 3

²² Electronic Money Transfer Policy 2011 - Section 5.6, 5.7

APPENDIX 21.1: Pending Electronic Fund Transfers after 6 Months

EFT Number	Date	Amount (\$)
64648	04/01/16	375.00
64649	04/01/16	437.00
45427	12/01/16	37.50
45429	12/01/16	63.00
45430	12/01/16	70.50
45434	12/01/16	306.00
45435	12/01/16	140.00
45436	12/01/16	156.00
45448	12/01/16	306.00
45456	12/01/16	410.00
46656	12/01/16	53.50
47980	12/01/16	92.99
48003	12/01/16	917.50
66542	22/01/16	117.24
66543	22/01/16	185.29
66544	22/01/16	186.21
66545	22/01/16	193.09
66546	22/01/16	194.30
66547	22/01/16	235.80
66548	22/01/16	245.75
66549	22/01/16	267.72
66550	22/01/16	286.71
66551	22/01/16	286.71
66552	22/01/16	295.89
66553	22/01/16	295.89
66554	22/01/16	365.22
66555	22/01/16	381.71
66556	22/01/16	390.27
66557	22/01/16	390.27
66558	22/01/16	399.89
66559	22/01/16	428.14
66560	22/01/16	428.14
66561	22/01/16	430.28
66562	22/01/16	457.02
66563	22/01/16	466.02
66564	22/01/16	476.27
66565	22/01/16	476.27
66566	22/01/16	476.27
66567	22/01/16	483.76
66568	22/01/16	483.76
66569	22/01/16	485.27
66570	22/01/16	485.27
66571	22/01/16	485.27
66572	22/01/16	485.27
66573	22/01/16	485.27
66574	22/01/16	485.27
66575	22/01/16	485.27
66576	22/01/16	485.27
66577	22/01/16	485.27
66578	22/01/16	485.27
66579	22/01/16	485.90
66580	22/01/16	523.15

EFT Number	Date	Amount (\$)
66581	22/01/16	542.40
66582	22/01/16	547.30
66583	22/01/16	547.30
66584	22/01/16	547.30
66585	22/01/16	547.30
66586	22/01/16	547.30
66587	22/01/16	547.30
66588	22/01/16	568.07
66589	22/01/16	568.07
66590	22/01/16	568.07
66591	22/01/16	568.07
66592	22/01/16	568.07
66593	22/01/16	568.07
66594	22/01/16	694.15
66595	22/01/16	1,138.00
66596	22/01/16	5,145.27
66597	22/01/16	24,198.73
66598	22/01/16	68,133.13
66599	22/01/16	69,531.78
66600	22/01/16	148,895.10
66601	22/01/16	150,263.18
66602	22/01/16	527,494.40
Total		1,021,278.99

APPENDIX 21.2: Stale Cheques

Cheque Number	Date	Amount (\$)
1046807	04/01/16	418.10
1046821	04/01/16	256.45
1046831	05/01/16	331.75
1046963	08/01/16	850.00
1047010	08/01/16	1,300.00
1047040	11/01/16	408.00
1047071	11/01/16	1,300.00
1047073	11/01/16	1,394.00
1047090	11/01/16	1,710.00
1046966	24/01/16	4,496.80
1047698	25/01/16	38.86
1047771	26/01/16	97.65
1047793	26/01/16	129.85
1046957	27/01/16	654.00
1046984	27/01/16	879.60
1047824	27/01/16	23.17
1047841	27/01/16	504.00
1047866	27/01/16	803.78
1047935	28/01/16	23.17
1042986	12/01/16	892.54
1043018	12/01/16	139.55
1047178	13/01/16	395.00
1047250	13/01/16	200.00

Cheque Number	Date	Amount (\$)
1047280	13/01/16	95.00
1047285	13/01/16	756.45
1047368	14/01/16	241.00
1047443	15/01/16	691.85
1046928	19/01/16	1,417.00
1047693	22/01/16	952.98
Total		21,400.55

Section 22**Ministry of Health and Medical Services****Role and Responsibilities**

The Ministry of Health's goal is to provide a health care system that is accessible, affordable, responsive, equitable and of a high quality to the people. In doing so, the Ministry of Health and Medical Services will address its strategic themes of provision of health services, protection of health, promotion of health, productivity in health and people in health to achieve the major outcomes summarised below. To achieve this goal, the Ministry will develop from available resources a comprehensive health delivery system dedicated to primary health care, health promotion and disease prevention. Improvements to the delivery of health services will continue to be pursued by the Ministry and in partnership with key stakeholders including the private sector and development partners. The Ministry will also continue with the training of personnel to address critical staff shortages in health institutions, together with the maintenance and upgrading of health facilities in the rural areas. In addition, services will continue to be provided for the care of the elderly.

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PART A: FINANCIAL STATEMENT

22.1 Audit Opinion

The audit of the 2016 accounts of the Ministry of Health and Medical Services resulted in the issue of a qualified audit report. The qualification issues were as follows:

Agency and State Revenue - Statement of Receipts and Payments

1. Included in the Miscellaneous State Revenue of \$844,360 is License & Other revenue of \$679,454.93 which was posted in error thus overstating Miscellaneous State Revenue by the same amount.

Main Trust Fund Accounts

1. Net adjustments totaling \$875,569 (Note 5 to the accounts) relating to prior year trust fund receipts and payments were made in the current year's general ledger for the (1) Cardiology Services Trust Fund and (2) Sahyadri Trust Fund Accounts to reconcile the closing cash balances held against the two trust fund accounts. Details of the adjustments were not provided for audit review.
2. Proper monthly reconciliation of the cash at bank balance, cash general ledger and cash book for trust fund accounts were not carried out for whole period ending 31 July 2016.

Without further qualifying the accounts, attention was also drawn to the following:

1. The total retention sums calculated on contractual progress payments for capital works made by the Ministry were neither transferred to a separate operating trust fund account nor were they recognised as capital expenditures during the period. The Ministry was also unable to provide reconciliation for all the retention monies as at 31 July 2016. The Ministry was liaising with the Ministry of Economy on the procedures to record the retained sums.

22.2 Statement of Receipts and Expenditure

The Ministry of Health and Medical Services collected revenue totalling \$3,999,762 and incurred expenditure totalling \$146,617,844 for the seven months period ended 31 July 2016.

Table 22.1: Statement of Receipts and Expenditure for 2016

Description	31 July 2016 (\$)	31 December 2015 (\$)
RECEIPTS		
State Revenue		
OPR	2,123	-
Rental for Quarters	8,341	12,113
Commission	40,675	53,518
Miscellaneous Revenue	844,360	527,193
Total State Revenue	895,499	592,824
Agency Revenue		
Health Fumigation & Quarantine	891,529	1,696,697
Hospital Fees	1,226,316	3,166,652
License & Others	980,485	1,147,381
Miscellaneous Revenue	5,933	(112,008)
Total Agency Revenue	3,104,263	5,898,722
TOTAL RECEIPTS	3,999,762	6,491,546
EXPENDITURE		
Operating Expenditure		
Established Staff	67,588,298	111,613,327
Unestablished Staff	6,828,008	13,110,237
Travel & Communication	2,322,153	4,599,599
Maintenance & Operations	8,220,584	12,775,696
Purchase of Goods & Services	28,934,288	42,745,792
Operating Grants & Transfers	679,283	1,045,988
Special Expenditure	4,604,767	10,205,271
Total Operating Expenditure	119,177,381	196,095,910
Capital Expenditure		
Capital Construction	12,595,978	21,503,832
Capital Purchases	10,713,110	9,506,003
Total Capital Expenditure	23,309,088	31,009,835
Value Added Tax	4,131,375	11,907,563
TOTAL EXPENDITURE	146,617,844	239,013,308

The financial year end for Government was changed from 31 December to 31 July in accordance with the Financial Management (Amendment) Act 2016. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period, thus the significant variances with the comparative balances.

The increase in expenditure for Capital purchases by 13% in 2016 despite the shorter financial year was due to phased payments of contracts relating to prior year and advance payments made from the current years' budgetary allocation. The contractual payments include phased payments for procurement of biomedical equipment for use in various divisional hospitals, payments for installation and commissioning of operating theatre equipment at Lautoka hospital, payments for supply, installation and commissioning of Intensive Care Unit equipment at the CWM Hospital and supply and installation of the Picture Archiving Communication System/Radiology Information System.

22.3 Appropriation Statement

The Ministry of Health and Medical Services incurred expenditures totalling \$146,617,844 in 2016 against the revised budget of \$280,082,947, resulting in savings of \$133,465,103 or 48%. The large savings was due to the budget being for the whole of 2016 while expenditures were only for seven months up to 31 July 2016.

Details of expenditure against the revised budget are provided in Table 22.2.

Table 22.2: Appropriation Statement For 2016

SEG	Item	Budget Estimate (\$)	Appropriation Changes (\$)	Revised Estimate (\$) a	Actual Expenditure (\$) b	Lapsed Appropriation (\$) (a-b)
1	Established Staff	119,370,885	(15,000)	119,355,885	67,588,298	51,767,587
2	Unestablished Staff	11,597,640	-	11,597,640	6,828,008	4,769,632
3	Travel & Communication	5,116,139	31,998	5,148,137	2,322,153	2,825,984
4	Maintenance & Operations	14,445,549	9,002	14,454,551	8,220,584	6,233,967
5	Purchase of Goods & Services	49,827,589	(23,651)	49,803,938	28,934,288	20,869,650
6	Operating Grants & Transfers	1,447,520	-	1,447,520	679,283	768,237
7	Special Expenditure	12,625,908	(2,349)	12,623,559	4,604,767	8,018,792
	Total Operating Costs	214,431,230	-	214,431,230	119,177,381	95,253,849
	Capital Expenditure					
8	Capital Construction	39,833,014	-	39,833,014	12,595,978	27,237,036
9	Capital Purchases	14,048,403	-	14,048,403	10,713,110	3,335,293
10	Capital Grants & Transfers	-	-	-	-	-
	Total Capital Expenditure	53,881,417	-	53,881,417	23,309,088	30,572,329
13	Value Added Tax	11,770,300	-	11,770,300	4,131,375	7,638,925
	TOTAL EXPENDITURE	280,082,947	-	280,082,947	146,617,844	133,465,103

22.4 TMA Profit And Loss Statement

The Bulk Purchase Scheme (BPS) operates as a Trading and Manufacturing Account (TMA) and is the commercial arm of the Ministry of Health's Fiji Pharmaceutical and Biomedical Services. It started operations in 1981, and since then has sourced pharmaceuticals both for the government and non-government sectors. The main aim of Bulk Purchase Scheme Trading and Manufacturing Account is to engage in the acquisition and the sale of affordable pharmaceutical products in Fiji and the region by providing an efficient and effective operating system.

Table 22.3: BPS TMA Profit and Loss Statement for period ended 31/07/16

Profit And Loss Statement	31 July 2016 (\$)	31 December 2015 (\$)
INCOME		
Gross Profit Transferred to Profit & Loss Statement	110,738	18,378

Profit And Loss Statement	31 July 2016 (\$)	31 December 2015 (\$)
EXPENSES		
Salaries and Related Payments	25,674	43,752
Travel & Communications	1,286	1,967
Maintenance & Operations	10,392	16,944
Special Fees and Charges	2,909	4,143
Total Expenses	40,261	66,806
NET PROFIT / (LOSS)	70,477	(48,428)

22.5 TMA Balance Sheet

Table 22.4: BPS TMA Balance Sheet as at 31/07/16

Balance Sheet	31 July 2016 (\$)	31 December 2015 (\$)
Current Assets		
Cash at Bank	576,736	563,028
Account Receivables	601	2,339
Finished Goods	34,773	-
VAT	8,712	11,906
Total Current Assets	620,822	577,273
Current Liabilities	-	-
Total Current Liabilities	-	-
NET ASSETS	620,822	577,273
EQUITY		
TMA Surplus Capital Retained to CFA	(424,843)	(397,915)
TMA Accumulated Surplus	975,188	1,023,616
Net Profit / (Loss)	70,477	(48,428)
TOTAL EQUITY	620,822	577,273

22.6 Trust Fund Account - CWM Hospital Staff Amenities

This trust account was set up for the emergency purchase of medicines, consumables or other medical items that the CWM Hospital staff members urgently require for patient care.

Table 22.5: CWM Hospital Staff Amenities Trust Receipts and Payments

Trust Fund Account –CWM Hospital Staff Amenities	31 July 2016 (\$)	31 December 2015 (\$)
Receipts	3,860	24,616
Total Receipts	3,860	24,616

Trust Fund Account –CWM Hospital Staff Amenities	31 July 2016 (\$)	31 December 2015 (\$)
Payments	4,013	21,939
Total Payments	4,013	21,939
Net (Deficit) / Surplus	(153)	2,677
Opening Balance as at 01/01/16	25,469	22,792
Closing Balance as at 31/07/16	25,316	25,469

22.7 Trust Fund Account – Cardiac Taskforce

This trust account was set up to assist in the catering of the annual visit by the SDA Open Heart Cardiac Surgery team. Cash donations from sponsors and supporting companies are deposited into the trust account and funds are used for registration fees for doctors and nurses and farewell functions for the team at the end of the visit.

Table 22.6: Cardiac Taskforce Trust Receipts and Payments

Trust Fund Account – Cardiac Taskforce	31 July 2016 (\$)	31 December 2015* (\$)
Receipts	19	-
Total Receipts	-	-
Payments	163	10,859
Total Payments	163	10,859
Net Deficit	(144)	(10,859)
Opening Balance as at 01/01/16	1,168	12,027
Closing Balance as at 31/07/16	1,024	1,168

22.8 Trust Fund Account – Fiji Children Overseas Treatment

The Children's Overseas Treatment Trust Fund was initially established in the 1990's to assist in sending children overseas for operations and treatments not available in Fiji before the Ministry of Health and Medical had established its overseas treatment funding and guidelines. The source of funds for this account has been donations from sponsors and supporting companies. Over the years, with the Ministry providing more overseas treatment plus other CSO/NGOs assisting, the fund has been used to procure medicines, consumables, assist families with passports/visa preparation.

Table 22.7: Fiji Children Overseas Treatment Trust Receipts and Payments

Trust Fund Account – Fiji Children Overseas Treatment	31 July 2016 (\$)	31 December 2015* (\$)
Receipts	31,574	149,796
Total Receipts	31,574	149,796

Trust Fund Account – Fiji Children Overseas Treatment	31 July 2016 (\$)	31 December 2015* (\$)
Payments	16,796	130,843
Total Payments	16,796	130,843
Net Surplus	14,778	18,953
Opening Balance as at 01/01/16	213,656	194,703
Closing Balance as at 31/07/16	228,434	213,656

22.9 Trust Fund Account – Cardiology Services

The trust fund was set up for the purpose of purchase of expensive cardiology investigation consumables. These consumables are used for diagnostic and therapeutic angiography. The source of funds for this account is the fees charged for cardiology investigations offered.

Table 22.8: Cardiology Services Trust Receipts and Payments

Trust Fund Account –Cardiology Services	31 July 2016 (\$)	31 December 2015 (\$)
Receipts	284,335	321,745
Total Receipts	284,335	321,745
Payments	414	494,321
Total Payments	414	494,321
Net Surplus/ (Deficit)	283,921	(172,576)
Opening Balance as at 01/01/16	(270,730)	(98,154)
add prior year adjustments made in current year	875,577	-
Closing Balance as at 31/07/16	888,768	(270,730)

22.10 Trust Fund Account –Sahyadri

The Sahyadri Trust Fund was established following the Joint Venture agreement entered into between the Republic of Fiji through the Ministry of Health and the Sahyadri Speciality Pacific Hospital Ltd in July 2012 to provide various services in cardiology, neurology and joint replacement as well as providing expert doctors, trained paramedical staff, technicians and other health related speciality services to the general public of Fiji.

Table 22.9: Sahyadri Trust Receipts and Payments

Trust Fund Account – Sahyadri	31 July 2016 (\$)	31 December 2015 (\$)
Receipts	731,797	1,862,193
Total Receipts	731,797	1,862,193

Trust Fund Account – Sahyadri	31 July 2016 (\$)	31 December 2015 (\$)
Payments	724,653	1,803,183
Total Payments	724,653	1,803,183
Net Surplus	7,144	59,010
Opening Balance as at 01/01/16	59,010	-
add prior year adjustment of receipts made in current year	323,309	-
less prior year adjustment of payments made in current year	323,316	-
Closing Balance as at 31/07/16	66,147	59,010

PART B: AUDIT FINDINGS

22.11 Anomalies in Drawings Account Reconciliation

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.¹ Permanent Secretaries / Head of Departments and Ministries are to ensure that the drawings board of survey exercise is completed and a report on this is to be submitted to the Director FMIS and Auditor General's Office by 30/09/16².

If cheques remain in the unpresented cheques list for more than 3 months, the Accounting Head must attempt to locate the payees and have their cheques presented before they become stale.³ The Accounting Head shall review the unpresented cheque list and determine whether a replacement cheque should be issued for cheques that are stale.⁴

Audit review of the Ministry's Drawings Account reconciliations revealed the following anomalies:

- The Ministry did not perform the monthly reconciliations for both (headquarters/western division) drawings account. Instead, the reconciliation for the seven month period was carried out by the Ministry of Economy in consultation with the Ministry. Hence, the errors and omissions made in Drawings account during the seven month financial period were not detected and corrected on a timely basis.
- The Ministry of Economy prepared the seven months reconciliation based on the drawings account bank statements, FMIS system cash book (AP470 report) and drawing general ledger (GL621 report) without any manual cash book record provided by the Ministry. The reports generated from the FMIS old system to perform the reconciliation were noted to be incomplete and hence could not be relied upon to produce an accurate reconciliation of the Drawings Account.
- In this instance, it was noted that the FMIS system cash book (AP470 report in old production) for the period January to July 2016 was incomplete. Payments totalling \$10,648,976 made between 12/07/16 to 22/07/16 was not detected in the AP470 report when generated from the FMIS (old production) but was only available when generated from the FMIS (new production). Satisfactory

¹ Finance Instruction 2010 – section 31 (5)

² 2016 MoE Circular 04/2016 - Part 5.3.1

³ Ministry of Health Finance Manual 2014 – section 7.5.1

⁴ Ministry of Health Finance Manual 2014 – section 7.5.2

explanations were not provided by the Ministry for Economy for the above anomaly in the FMIS system.

- The drawings general ledger (GL621 report) was also incomplete and did not reconcile with the AP470 report as payments totalling \$2,420,283.80 was not recorded in the drawings general ledger but was in the system cash book (AP470 report). Similarly the total payments amounting to \$13,087,032.71 was not captured in the systems cash book (AP470 report) but was recorded in the general ledger.
- The audit also noted a huge amount of EFT payments being presented in the incorrect drawings bank account. It was noted from the reconciliation that payments totalling \$3,702,427 and \$3,979,067 was recorded as foreign EFTs in the Headquarters and Western drawings bank account, respectively. This indicates the amount of EFTs being presented in the wrong drawings bank account for both Headquarters and Western Division.
- Moreover, the Ministry of Health did not carry out an Annual Board of Survey on its Headquarters Drawings account as at 31/07/16.

The above anomalies are attributed to the following factors;

- Responsible accounting officers in the Ministry did not complete the full AP payment process, hence payments are neither recorded in the systems cash book nor in the drawings general ledger;
- Manual payments were not updated in the FMIS system on a regular basis. In addition, there was general lack of proper checks and balances to ensure that proper procedures are being followed;
- Payments were not being voided by the responsible officer at the Ministry;
- Vendor details were neither updated nor checked in the FMIS system before payments were made to ensure that EFT payments were made to the correct bank accounts; and
- The inability of the bank to identify the correct drawings account in which the EFT payment is to be credited, hence the EFTs are presented in any of the two drawings account.

Given that the above major constraints with the FMIS generated reports and the Ministry not maintaining manual cashbook records, the reconciliation provided cannot be relied upon in order to confirm the un-presented cheques listings for the period ended 31/07/16.

The audit also notes with concern that management have failed to take necessary actions despite anomalies in drawings account being raised in prior years. Failure to address the above anomalies may lead to double payments and concealment of losses of public funds through theft and fraud in the Ministry's drawings account.

Recommendations

The Ministry should:

- **carry out a Board of Survey on the Drawings account to verify the drawings accounts reconciliation and general ledger records;**
- **ensure that the Ministry's drawings account is reconciled on a monthly basis;**
- **review its un-presented cheques listing on a regular basis and make attempts to locate the payees and ensure cheques are presented before they become stale;**
- **measures are put in place to ensure that proper processes are strictly adhered to when**

processing payments in the FMIS system;

- **consider maintaining a manual cashbook to record details of all payments made during the year; and**
- **vendor details including bank account details are regularly updated in the FMIS and properly checked before payments are processed.**

Management Comments

MOHMS acknowledges the findings of the Audit and takes the recommendations as a way forward of improvements of financial monitoring.

- (i) *The Ministry did not perform the reconciliations of the drawings account as the EFT system was new to the whole of government. There were teething issues which the FMIS and the banks were dealing at their level. (this was an issue for whole of government)*
- (ii) *Ministry of Economy processed reconciliations of whole of Government Drawings accounts with consultations with all user Ministries as FMIS unit was well versed with the new reconciliation format. The trainings were provided by FMIS in 2017 and the Ministry is carrying out its reconciliations, trainings are ongoing.*
- (iii) *AP470 is the electronic version of the cash book for all drawings accounts and is matched with the bank statements of individual drawings accounts*
- (iv) *The transfer of balances from the old FMIS production to the new FMIS productions system was carried out by FMIS and our Ministry had made numerous enquiries with FMIS and MOHMS was always told that such issues will be taken care of by FMIS.*

Improvements

- (i) *Board of Survey on both Drawings accounts are completed for the year ending 31st July 2016 which is only possible after the completion of the drawings account reconciliation*
- (ii) *Current drawings reconciliations completed till March 2017.*
- (iii) *Unpresented cheques are updated and followed with respective banks, any payments which do not complete process is voided and a new EFT is processed.*
- (iv) *Requested FMIS to insert in the original order to ask vendors to supply bank accounts for correct payments*

22.12 EFTs in the Unpresented Cheques Listing

Electronic Funds Transfer (EFT) is the electronic exchange, transfer of money from one account to another, either within a single financial institution or across multiple institutions, through computer-based systems. EFT numbers are automatically generated in the FMIS system for individual payments and bank files are sent in batches to the banks for processing or transfer of cash to the respective vendors.

The agencies are required to formulate appropriate processes and procedures to ensure the efficient and effective use of the EFT.⁵ It is the responsibility of the EFT agency to put in place internal control measures to ensure that the processing of payment and receipts via EFT is secure. It is also the responsibility of the EFT agency to conduct monthly reconciliation in order to review the monthly account statement against all original receipts and payments.⁶

The Ministry operates two Drawings Bank Accounts with the Bank of the South Pacific where all cheques and electronic fund transfer payments made by the Ministry are drawn from during the day. Refer to Table 22.10 for details.

Table 22.10: Drawings Account balance as at 31/07/16

Drawings Account	Account Number	Unpresented Cheques (\$)
Headquarters	107534 (BSP)	1,026,042
Western	9827146 (BSP)	172,317
Total		1,198,359

Audit review of the Drawings Account reconciliation as at 31 July 2016 prepared by the Ministry of Economy revealed the following anomalies:

- Out of the \$1,026,042 recorded as unpresented cheques for Headquarters, a total of \$813,430 or 79% of the total UP listing comprises of EFT payments dating back to 13 January 2016 to 22 July 2016.
- Similarly, for the Western Division unpresented cheques listing, a total of \$170,450 or 99% of the total UP listing comprising of EFT payments dating back to 24 March to 22 July 2016.
- total payments processed through EFT amounting to \$56,042 dating back to 2015 were cleared as stale in the 2016 general ledger and reconciliation for Headquarters in order to reconcile the Drawings Account general ledger balance to the unpresented cheques listing. Similarly, a total of \$254,250 worth of EFTs dating back to 2015 were also cleared as stale in the general ledger and reconciliation for the Western Division. There was no evidence that the unpresented cheque listings were reviewed to determine whether a replacement cheque should be issued.

It was noted from discussion with the responsible officers at the Ministry of Economy that the above anomalies are attributed to responsible officers at the Ministry of Health not sending the EFT bank file to the bank or the bank file was sent but was not processed by the bank as at year end. Moreover, the EFTs are processed in batches of payments by the bank hence the constraint to identify individual EFT payments when part of the EFT batch is reversed by the bank due to incorrect vendor account being provided.

Given the high number of EFTs and various vendors involved, the clearance of these EFTs as stale is highly questionable as there is a high risk that these EFTs have actually been presented and payment made to the relevant vendors in 2015.

Hence, the unpresented cheques listing as at 31/07/16 could not be relied on. The findings indicate that proper supervisory checks on the reconciliation of Drawings Accounts were not carried out by the Ministry.

⁵ Electronic Fund Transfer Policy 2011 – s5.6

⁶ Electronic Fund Transfer Policy 2011 – s7.2 & s7.5

Recommendations**The Ministry should:**

- ensure that reconciliation of the Ministry's drawings account is reconciled on a monthly basis.
- review the unpresented cheques listing on a regular basis and attempt to locate the payees and encourage them to present the cheques before they become stale; and
- consider maintaining a manual cashbook to record all the payment details made during the year for reconciliation purposes.

Ministry's Comments

EFTs was implemented to have a quicker payments of the creditors and to reduce the unpresented cheques. Currently MOHMS is issuing BSP bank account to transfer funds to the respective vendor account. The banks are passing charges to BSP (MOHMS) bank account in a lump sum figures for the day, whereas the vendors are paid to individual bank accounts. The challenge here is that the corresponding bank and FMIS formation of files does not synchronise, the bank then sends a foreign charge to BSP account and the total sum of the payments remains as unpresented.

Way forward the FMIS and the banks need to agree on a formation acceptable to FMIS and the banks.

22.13 Operating Trust Account balances carried forward from prior year

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

The Operating Trust Fund Account balance for the Ministry as at 31/07/16 was \$2,275,294; an increase of \$116,021 or 5% when compared to the balance outstanding as at 31/12/15.

Audit review of the individual balances revealed that the following trust account balances have been carried forward from the previous year without any or minimal movement noted during the year. Refer to Table 22.11 for details.

Table 22.11: Details of trust fund account balances carried forward

Allocation	Particulars	Balance as at 31/12/15 (\$)	Balance as at 31/07/16 (\$)	Increase / (Decrease) (\$)
1-22101-22999-861106	390 PD Gov Water Rates Charges	33,891.68	33,925.68	34.00
1-22101-22999-861107	391 PD Gov Quarters Electricity	102,544.34	102,544.34	---
1-22101-22999-861309	388 PD PSC Scholarship Loan	70,239.37	71,559.67	1,320.30
1-22101-22999-863201	VAT on revenue	684,573.43	882,257.01	197,683.58

The majority of the trust fund account balance of \$2,275,294 as at 31/07/16 was made up of the outstanding FNPF deductions, VAT on revenue and Government quarters electricity which have credit balances of \$940,251, \$882,257 and \$102,544, respectively.

The increase in the trust fund account balance indicates delayed payment by the Ministry to the respective stakeholders.

Recommendations

- **The Ministry should ensure that all the monies kept in the trust are cleared and paid to the respective payees accordingly on a timely basis during the month end; and**
- **The Ministry should also ensure that funds carried over from previous years are investigated and necessary measures are taken to clear them.**

Management Comments

MOHMS is in liaison with MOE salaries section to process the due payments sitting in trust fund. MOHMS is currently reconciling balances to confirm the amounts. MOHMS will make submissions to the respective stakeholders to move forward if there are any adjustments needed.

Major trust fund namely FNPF is paid a month in arrears and the ministry has paid reconciled FNPF till the month April. As ways of improvements payments clerks are now advise to support payments vouchers with copies of GL balances for verifications.

22.14 TMA Sales revenue understated in VAT Returns

The PAO is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.⁷

The TMA sales amount as per the FMIS/GL as at 31/07/16 was \$229,464. However, the Ministry stated total sales as \$178,132.62 in its VAT returns for the period ended 31/07/16 resulting in the total sales amount being understated by \$51,331.38 in the VAT Returns.

Failure to disclose correct sales revenue in the VAT returns could result in penalties being imposed by the FRCA and understatement of VAT receivable amount.

Recommendations

The Ministry should:

- **strengthen its supervisory checks in the accounts section; and**
- **investigate and take appropriate action to rectify the anomalies noted.**

Ministry's Comments

MOHMS TMA vat returns are prepared after the compilations of all sales invoices for the month and paid accordingly. The final GL postings have shown some misallocations and TMA operator is in consultations with TMA FMIS in MOE to correct the figures. There have been some variances posted by FMIS (during change over from old production to the new production) whereas MOHMS postings are correct.

⁷ Ministry of Health Finance Manual 2014, Part 16

22.15 Trust Fund Account Not Maintained for Retention Sum

The Ministry should maintain a Trust Fund account to deposit all retention sums deducted from the progress payments made to the Contractors where applicable.

The receipts and payments of trust money must be recorded in a separate cashbook or set of ledger accounts. Each month, the Trust Fund account must be balanced and reconciled with the Trust Fund bank account. Any variance identified should be investigated and resolved promptly.

The Ministry was allocated \$39,833,014 in its 2016 budget for capital works. Out of the total amount allocated the Ministry utilized \$12,595,978 for capitals works undertaken in 2016.

The audit noted that the Ministry did not maintain a Trust Fund bank account to deposit retention sums deducted from the progress payments made to the Contractors for capital works. Instead the Ministry retains the retention fund allocation within its budgetary allocation. On the lapse of authority, the funds are returned to the Ministry of Economy and requested again in the following year's budget submission.

A similar concern was raised in previous years audit report but the Ministry is yet to implement the audit recommendations.

Since the Ministry has made the commitment and funds are due to the contractor on the expiration of the defect liability period, not maintaining a separate Trust Fund account to cater the retention funds indicates the Ministry's capital expenditure is understated.

There is a risk if the budget request for payment in the following years is declined, the Ministry would face difficulties in making the retention funds payments to its contractors.

Recommendation

The Ministry should expedite its consultation with the Ministry of Economy for the approval to open up operating trust fund liability account to cater for the retention funds.

Ministry's Comments

MOHMS (AMU) has met with CIU MOE, and will implement the deduction of retention sum. Retention is held to cover cost of any inferior standard of work if not attended by the contractor during the defect liability period. In the previous instances the DBGA was certifying invoices subtracting the retention amounts. Currently there are no procurement regulations as such that MOHMS has breached by not deducting. This practice has been there and the Budget section has been approving funds for the payments of retention as and when requested.

22.16 Unexplained Variance (TMA Cash)

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.⁸

The Ministry stated Cash at Bank balance of \$576,735.73 in its TMA Balance Sheet as at 31/07/16. However, an unexplained variance of \$8,957.90 was noted between the Cash at Bank balance as per

⁸ Finance Instructions 2010, Section 32 (6)

the GL/FS and the Cash at Bank reconciliation which had a balance of \$567,777.83. The variances were carried forward from prior years in the bank reconciliation without any corrective action being taken by the Ministry.

In addition, a variance of \$4,263.16 was noted between the actual cash receipts (\$247,238.35) and total debits (\$251,501.51) balances.

The above finding indicates that reconciliations were not properly checked by responsible officers prior to finalisation increasing the risk of errors, omissions and fraud not being detected on a timely basis.

Recommendations

The Ministry should ensure that:

- all reconciliations prepared are thoroughly checked by the Senior Accounts Officer; and
- the variances are investigated and appropriate action taken to rectify them.

Ministry's Comments

TMA bank reconciliations are prepared in accordance with the revenue receipts raised for the financial month and reconciled with bank with the lodgements. Ministry is in consultations with FMIS to detect the over posting of receipts in the system and ways of masking system to avoid postings on charges after the close of system.

22.17 Main Trust Fund Account Anomalies

A Standard Operating Procedure (SOP) is a set of step-by-step instructions created by an organization to help employees carry out routine operations. The purpose is to achieve efficiency, quality output and uniformity of performance, while reducing miscommunication and failure.

All bank accounts must be reconciled monthly. The bank reconciliation shall list all outstanding cheques and other reconciling items and be signed and dated by the responsible officer.⁹

The receipt and payment of trust money must be recorded in a separate cashbook or set of ledger accounts. Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.¹⁰

The Ministry maintains following trust funds accounts with different bank accounts.

Table 22.12: Details of Trust Fund Account Balances

Trust Funds	Balance as at 31/07/16 (\$)
CWM Hospital Staff Amenities	25,316
Cardiac Force	1,022
Fiji Children Overseas Treatment	228,434
Cardiology Services	888,768

⁹ Finance Instructions 2010 – Section 32(6)

¹⁰ Finance Instructions 2010 – Section 58 (2& 3)

Trust Funds	Balance as at 31/07/16 (\$)
Sayhadri Trust	66,147
Total	1,209,687

Audit review of the above main trust fund records revealed the following anomalies:

- approved Standard Operating Procedures (SoPs) were not prepared for all the five trust funds administered by the Ministry;
- monthly trust fund account reconciliations were not prepared; and
- monthly bank reconciliations were not prepared.

The above may indicate lack of proper supervisory checks on the work of subordinates.

Absence of SoPs indicates that there is a high risk of inconsistency in the operation of the trust funds while lack of reconciliations increases the risk of errors, omissions and fraud not being detected and rectified on a timely basis.

Recommendations

The Ministry should:

- **formulate SoPs for the administration of all trust funds; and**
- **ensure that the trust fund/bank reconciliations are prepared on a monthly basis.**

Management Comments

The Ministry will ensure that trust fund reconciliations are prepared on a monthly basis. This is one area that the Ministry is facing constraints with due to lack of human resources within accounts to effectively administer all five (5) trust fund accounts together with its reconciliations. The updated reconciliations for the 3 trust accounts maintained at CWMH have been submitted to the Office of the Auditor General.

22.18 Accounting of TMA Expenditures

The PAO is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports¹¹

The Bulk Purchase Scheme (BPS) TMA buys drugs from the Fiji Pharmaceutical and Biomedical Services and sells it to members of the public at a markup.

Audit review of the BPS TMA procurement made from the Fiji Pharmaceutical and Biomedical Services revealed that the BPS purchase payment to FPBS are based on the actual cash sales made during the month (total sales invoices raised for the month less total outstanding sales invoices) less the VAT (9%), markup (20%). In addition, payments made by the BPS TMA for the purchase of drugs were not supported with proper invoices from the Fiji Pharmaceutical and Biomedical Services. Moreover, postings in the FMIS general ledger are delayed.

The audit finding indicates a high risk in the misstatement of balances in the BPS TMA.

¹¹ Ministry of Health Finance Manual 2014, Part 16

Recommendations

The Ministry should ensure that:

- internal requisition order is raised by the BPA TMA for FPBS to prepare invoices;
- payments are made on the invoices are submitted by the FPBS ; and
- posting to the general ledger is done regularly and reviewed for accuracy.

Ministry's Comments

BPS (MOHMS) TMA has now introduced a manual invoice book where it raises taxed invoices for the purchased goods from FPBS bulk store and process payments. TMA operator will also monthly purchase order for all its purchases.

22.19 Expenditure incurred without budget

The authority to incur expenditures is subject to:

- i. Appropriations from Cabinet;
- ii. Requisitions to incur expenditure ¹²

The audit noted that the Ministry had incurred payroll expenditures from the FMIS general ledger allocations which had nil budgets. Refer to Table 22.13 for details.

Table 22.13: Details of expenditures with nil budgets

Allocation	Particulars	Revised Budget (\$)	Actuals (\$)	Deficit (\$)
1-22101-22101-010306	Allow-housing	-	1,600.00	(1,600.00)
1-22201-81201-010306	Allow-housing	-	1,175.00	(1,175.00)
1-22201-83101-010306	Allow-housing	-	2,850.00	(2,850.00)
1-22201-83201-010306	Allow-housing	-	10,950.00	(10,950.00)
1-22201-84201-010306	Allow-housing	-	18,825.00	(18,825.00)
1-22202-81701-010306	Allow-housing	-	700.00	(700.00)
1-22202-81801-010306	Allow-housing	-	350.00	(350.00)
1-22202-81901-010306	Allow-housing	-	1,125.00	(1,125.00)
1-22202-81904-010306	Allow-housing	-	350.00	(350.00)
1-22202-83302-010306	Allow-housing	-	400.00	(400.00)
1-22202-83401-010306	Allow-housing	-	300.00	(300.00)
1-22202-83501-010306	Allow-housing	-	650.00	(650.00)
1-22202-83601-010306	Allow-housing	-	900.00	(900.00)
1-22202-84101-010306	Allow-housing	-	4,300.00	(4,300.00)
1-22202-84401-010306	Allow-housing	-	1,300.00	(1,300.00)
1-22202-84601-010306	Allow-housing	-	600.00	(600.00)

¹² Finance Instructions 2011- Section 7

Allocation	Particulars	Revised Budget (\$)	Actuals (\$)	Deficit (\$)
1-22202-84701-010306	Allow-housing	-	1,700.00	(1,700.00)
1-22202-84702-010306	Allow-housing	-	1,150.00	(1,150.00)
1-22202-84901-010306	Allow-housing	-	3,000.00	(3,000.00)
1-22203-81101-010306	Allow-housing	-	750.00	(750.00)
1-22203-83101-010306	Allow-housing	-	450.00	(450.00)
1-22203-84101-010306	Allow-housing	-	14,675.00	(14,675.00)
1-22201-84201-020201	FNPF-urban hospitals	-	47,070.80	(47,070.80)
1-22301-81501-020301	Allow-meal	-	1,080.00	(1,080.00)
Total				116,250.80

Discussion with the responsible officers that the above were misallocations which were due to the allocation change from previous financial year (2015) to the new financial year (2016) and regularization of the above misallocations were to be done by the Ministry of Economy as postings to these allocations are done by the Ministry.

The findings indicate lack of coordination between the Ministry and the Ministry of Economy to ensure that misallocations are adjusted to correct allocations.

Recommendation

The Ministry should ensure that expenditure ledger accounts are reconciled on a timely basis and any misallocations noted are adjusted to the correct allocations accordingly.

Management Comments

The Ministry had discussed with the Ministry of Economy (Salaries section) and noted that the funds for Housing allowance was never budgeted for the Ministry (head 22). However, charges were passed to the Ministry of Health by Ministry of Economy, and this was supposed to be journalized by Ministry Of Economy and charged to Head 50.

22.20 Anomalies noted in the Sahyadri Trust Fund Account

All payments must be immediately recorded in the Financial Management Information System.¹³ Every revenue collector who receives public money, other money or trust money must record the details in a cash book, or in the Financial Management Information System.¹⁴

Each year the trust officer shall prepare an annual trust receipts and payments statement within two weeks of the end of the year.¹⁵ Accountability of the trust account shall be with the accounting head of the division or the unit where the trust account is held.¹⁶

The Ministry maintains a Trust Fund Account for treatment of patients by Sahyadri Speciality Pacific Hospital Limited. The trust fund includes receipts of patients' contributions for the treatment and disbursements from the account for expenses incurred including refunds to patients. The trust fund is maintained at Ministry of Health Headquarters. The Ministry has a separate bank account which was

¹³ Financial Instruction 2010, Section 15

¹⁴ Financial Instructions 2010, Section 20 (7)

¹⁵ Ministry of Health and Medical Services Finance Manual 2014, Section 15.4.6

¹⁶ Ministry of Health and Medical Services Finance Manual 2014, Section 15.4.9

opened on 29/10/13 with Bank of South Pacific (BSP) which had a general ledger balance of \$66,147 as at 31/07/16.

Audit review of the Sahyadri Trust Fund Account records revealed the following anomalies:

- The Ministry did not maintain a cashbook to record details of receipts and payments for the period ended 01/01/16 to 31/07/16;
- The monthly reconciliation of the cash at bank balance, general ledger and cash book for the Sahyadri Trust Fund Account for all the seven months period ending 31 July 2016 was not carried out on a timely manner. As a result, errors were not detected on time resulting in an unreconciled variance between the Bank statement and general ledger balances. It was noted that trust fund related payments totalling \$822,889.60 were made from the consolidated bank account of government instead of the trust account resulting in excess bank balance of trust monies at the end of the year. This error was corrected after 31 July 2016; and
- The Statement of Receipts and Payments for the Sahyadri Trust Fund Account had receipts and payments totaling \$1,055,106 and \$1,047,969, respectively. In contrast, the bank statement for the period 01/01/16 to 31/07/16 had total receipts of \$731,797 and the total payments of \$21. Refer to Table 22.14 for details.

Table 22.14: Variance noted in Receipts and Payments between FMIS GL and Bank Statement

Statement of Receipts and Payments	Amount Recorded in the FMIS (\$)	Amount in the Bank Statement from 1/1/16 to 31/07/16 (\$)	Variance (\$)	Ministry's Comment
Receipts	1,055,106	731,797	323,309	Unexplained variance.
Payments	1,047,970	21	1,047,949	<ul style="list-style-type: none"> • A payment amounting \$822,889 was erroneously made from the consolidated fund account during the year. <p>This was rectified in late July 2016. The cheques were presented in August 2016 bank statement.</p> <ul style="list-style-type: none"> • Unexplained variance \$225,060.

Lack of cashbook and timely reconciliations has resulted in non-detection of errors in a timely manner.

Recommendations

The Ministry should:

- ensure that all receipts and payments are promptly posted in the FMIS general ledger;
- maintain a cash book to record receipts and payments for each main trust fund account; and

- **ensure that monthly reconciliation of the cash at bank balance, general ledger and cash book are performed.**

Ministry's Comments

The Ministry is currently working (and near completion) for the reconciliation of the above account which commenced in 2012. The Ministry will provide full reconciliation to the office of the Auditor General.

22.21 Anomalies noted in the Cardiology Trust Fund Account

All payments must be immediately recorded in the Financial Management Information System.¹⁷ Every revenue collector who receives public money, other money or trust money must record the details in a cash book, or in the Financial Management Information System.¹⁸

Each year the trust officer shall prepare an annual trust receipts and payments statement within two weeks of the end of the year.¹⁹ Accountability of the trust account shall be with the accounting head of the division or the unit where the trust account is held.²⁰

The Ministry maintains a trust fund account for the Cardiology Services to record the receipt of fees for the use of facilities and makes disbursements from the account for expenses incurred. The trust fund is maintained by the Accounts Section at Colonial War Memorial Hospital. The Ministry operates a separate bank account with Bank of South Pacific (BSP) which had a balance of \$888,768 as at 31/07/16.

Audit review of the Cardiology Services Trust Fund Account records revealed the following anomalies:

- The total receipts of \$1,159,912 as per the Cardiology Services Trust Statement of Receipts and Payments include prior year's net receipts of \$865,767 which was not previously recorded in the FMIS general ledger;
- The Ministry did not maintain a cashbook to record the details of receipts and payments for the period 01/01/16 to 31/07/16. The records on receipts and payments were maintained in MS Excel worksheet; and
- The monthly reconciliation of the cash at bank balance, general ledger and cash book for the Cardiology Services Trust Fund Account for all the seven months period ending 31 July 2016 was not carried out on a timely manner.

The audit finding indicate that work of officers responsible for maintaining proper records and controls was not properly supervised hence increasing the risk of result of errors, omission and misappropriation.

Recommendations

The Ministry should:

¹⁷ Financial Instruction 2010, Section 15

¹⁸ Financial Instructions 2010, Section 20 (7)

¹⁹ Ministry of Health and Medical Services Finance Manual 2014, Section 15.4.6

²⁰ Ministry of Health and Medical Services Finance Manual 2014, Section 15.4.9

- ensure that all receipts and payments are promptly posted to the FMIS general ledger;
- maintain a cash book to record receipts and payments for each main trust fund account; and
- ensure that monthly reconciliation of the cash at bank balance, general ledger and cash book are performed.

Ministry's Comments

The Ministry is currently working (and near completion) for the reconciliation of the above account which commenced in 2012. The Ministry will provide full reconciliation to the office of the Auditor General.

22.22 Late Submission of Draft Agency Financial Statement

In light of this new financial year and the transitional period of 7 months financial report all agencies are required to prepare their respective agency accounts and submit to the Office of the Auditor General one month after closing of account. Permanent Secretaries of Ministries and Departments are requested to ensure that your Accounting Heads comply with the requirement and financial accounts are properly closed off and be ready in time for audit by 31 August 2016.²¹

The audit noted that the Ministry submitted its draft Agency Financial Statement for the period ended 31 July 2016 on 4 April 2017. A hard copy was submitted on 12 April 2017 or seven months after the due date.

Not submitting the draft agency financial statement on a timely manner could delay the finalization of the Ministry's audited accounts.

Recommendation

The Ministry should ensure to submit the draft agency financial statement in accordance with the Finance Instruction 2010 and directive issued by the Ministry of Economy.

Ministry's Comments

The Agency Financial Statement is only be prepared when the accounts are finalized by the Ministry of Economy (FMIS unit), MOE. There have been positional changes in the accounts department and staff had been occupied on the operational work. However, the Ministry has noted the findings and will ensure that timelines are complied with accordingly.

22.23 Significant control weaknesses and misallocation of revenue receipts

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.²²

²¹ 2016 MoE Circular 04/2016 - Part 18.1

²² Ministry of Health Finance Manual 2014 - s5.3.2

Audit review of the revenue receipt books and related records of the Ministry revealed the following weaknesses:

- Incorrect revenue allocations were entered on the revenue receipts and on some instances, the revenue allocations on the receipt books did not match with the revenue allocations on the revenue collectors' analysis sheets;
- Revenue allocations entered on the revenue receipt books were not clear as it was only scribbled on the receipt books making it difficult to establish whether the receipts were posted to correct allocations; and
- In some cases, revenue allocations were not entered at all on the receipt books. Hence, it was difficult to determine the accuracy of the revenue posted. The above anomalies were prevalent in the hospitals within the Central Division especially the Colonial War Memorial Hospital. Refer to Appendices 22.4 to 22.6 for examples.
- Moreover, the Ministry recorded a significant increase of \$317,167 or 60% in the Miscellaneous Revenue allocation (1220000000229900) from \$527,193 to \$844,360 for the period ended 31 July 2016. It was noted that a number of misallocations were made which was not rectified through adjustment. Refer to Table 22.15 for examples.

Table 22.15: Examples of Misallocation noted in the Miscellaneous Revenue Allocation

Receipt no / date	Journal	Amount (\$)	Description
468889 of 31/03/16	AR2598	150,000	Tobacco products manufacturing and importers licence fee which should have been posted/disclosed in Licence Allocation
428616 of 29/03/16	AR7646	229,454.93	
606674 of 08/06/16	AR7021	300,000	
	Total	679,454.93	

The above internal control weaknesses are attributed to the lack of oversight by supervising officers to ensure that proper details are entered on the receipts. Failure to address these weaknesses will result in misstatement of revenue.

Recommendations

The Ministry should ensure that:

- **supervisory checks are strengthened and correct revenue allocations are legibly entered in the receipt books and posted to appropriate general ledger allocations; and**
- **further investigation is carried out and necessary disciplinary action is instigated against responsible officers.**

Ministry's Comment

The audit findings and recommendations are acknowledged. The incorrect revenue allocations entered on revenue receipt books and other anomalies stated therein are recurring issues from past years. Apart from the lack of oversight by supervisor which attributed to these weaknesses, the following were also seen as the contributing factors which the Ministry is facing and trying to improve:

- *Mapping exercise for revenue allocations was not correctly done.*

- *Regular turnover of staff who are revenue collectors (especially the dental officers and health inspectors who are being trained and advised appropriately on the relevant/correct allocations to use). Newly appointed revenue collectors sometimes need time and regular coaching on the appropriate allocation to use.*
- *Significant number of transactions/revenue received per day and the number of receipt books which needs to be updated (especially to the busy sub-divisions such as Rewa), there is tendency for mistakes.*
- *Laxity of revenue collectors in not correctly identifying the actual fees and match it accordingly with the corresponding revenue allocation (they are given appointment letters and should exercise due care in conducting their work).*
- *Laxity of inputting officers (who inputs the receipts to Accounts Receivable module in FMIS) in not correctly checking the relevant fees paid against the allocation number (before input is made to the FMIS system)*

As a way forward for improvements, the Ministry (HQ Accounts) had issued an Internal Circular on 08.12.2016 regarding Accounting and Journalizing of Revenue. Cost center accounting heads were also advised to strictly monitor the adherence of this circular and other relevant guidelines (regarding revenue) at their relevant sub-divisions and health centers. Appropriate discussions have also been done with the Ministry of Economy (FMIS) on how best the mapping exercise can be made to correctly reflect the different revenue/fees and its allocation.

22.24 Payments made without contract being signed

The Government Tender Board approval is subject to a legally binding contract vetted by the Solicitor General's Office being entered into by both parties.²³

Audit review of procurements made by the Ministry revealed the following anomalies:

- The Government Tender Board in its meeting no. 8/2016 held on 01/06/16 partially awarded the supply, installation and commissioning of operating theatre equipment at Lautoka Hospital to Company A at the total cost of US\$365,420 or F\$792,840 VEP.

The Ministry had made an advance payment of \$752,687.35 to Company A via cheque no. 36676 dated 15/07/16 without the contract document being signed by the Ministry. The payment was made for the supply of medical equipment for the Lautoka operating theatre as per tender no. CTN 233/2015. In addition, it was noted as at the date of audit²⁴ the items were not delivered.

- Fiji Pharmaceutical and Biomedical Services had issued the Indents and Local Purchase Orders amounting \$727,734.69 to the following contractors/suppliers prior to signing of contract. Refer to Table 22.16 for details.

Table 22.16: Details of Indents/Orders issued prior to signing of contracts

Date	Cheque / EFT* Number	Payee	Amount (\$)	Remarks
01/06/16	385601	Company B	88,198.39	<ul style="list-style-type: none"> Several indents were issued between 04/12/15 and 23/02/16 to the supplier before the contract

²³ GTB approval dated 03/06/16

²⁴ 01/02/17

Date	Cheque / EFT* Number	Payee	Amount (\$)	Remarks
				<p>was signed on 29/09/16.</p> <ul style="list-style-type: none"> The purchase was related to the Medical Laboratory items and was authorised by the Chief Pharmacist. As at the date of audit²⁵ the items were partially received.
25/05/16	36250	Company C	74,816.55	<ul style="list-style-type: none"> Indent no. MD85101-005229 was issued on 27/01/16 whilst the contract was later signed on 21/10/16, approximately nine months later. The indent was related to the purchase of Dental Prosthetic materials and was authorized by the Permanent Secretary.
26/04/16	35995	Company D	251,318.15	<ul style="list-style-type: none"> Indent no. MD85101-005040 of \$266,707.03 for the supply of 2 automated tissue processor was issued to the supplier on 29/10/15 prior to the contract being signed. The contract was later signed by the two parties on 15/03/16 at NZD170,100, approximately 138 days after indent was issued The indent was authorized by the Chief Pharmacist.
21/07/16	843	Company E	313,401.60	<ul style="list-style-type: none"> The local purchase order no. PO85101-002830 was issued on 08/07/16 before the contract agreement was signed by the two parties. The contract agreement as per CTN 233/2016 was later signed by both parties on 21/07/16, the same day the payment was made. The purchase was related to the bio medical equipment and authorised by the Director FPBS.
Total			727,734.69	

The above practice is in breach of procurement regulations. In the absence of signed contracts, government's interests are not fully protected in case of a disputes or disagreements with the suppliers..

Recommendations

The Ministry should:

- ensure that contracts are signed before indents/purchase orders and payments are processed; and
- follow up on the delivery of the pending items.

²⁵ 01/02/17

Ministry's Comment

The audit findings and recommendations is acknowledged. As per the Government Tender Board approval, there needs to be a legally binding contract (by the both parties) vetted by the Solicitor General's Office. However, it was beyond the Ministry's control when the delay (in vetting the contract) is from the SG's office and this contributed to the delay in finalizing the contract document. Due to the urgency of the items to be procured, the long procurement process that needs to be followed for overseas procurement, the long delivery lead time, and the unidentified processing time/turnaround time of the completion/finalization of contract from SG's office, the Ministry went ahead and facilitated the procurement process accordingly (based on GTB approval) before the finalization/signing of the contract document. This was done in good faith taking into consideration the Ministry's obligation (in providing adequate medical supplies and pharmaceutical products to health facilities) and also the Ministry's duty of care (to ensure that the risk of patients losing lives (due to out of stock or late medicines) is minimized).

The comment related to the issues highlighted in table 22.17 above is as follows:

Items purchased from Company B were critical lab items which require longer manufacturing time and short expiry. Orders needs to be sent to suppliers who intern raise orders to manufacturers in advance for the items to be manufactured and supplied. FPBS sent orders to the supplier after receiving GTB approvals whilst the contract agreement was in process. FPBS has to stock these items for laboratory operations. In absence of the contract, FPBS still has to commence to the procurement process to enable it to be supplied on time as the suppliers only manufacture upon receipt of official order. Split shipments are received to have better expiry dates.

Purchase from Company C (Dental Prosthetic materials) was facilitated to meet dental activities through CTN 181/2015. This order was raised while the contract was in the process of being finalized. However, for unknown reasons, the contract was finalized late by SG's office.

The order for purchase of tissue processors was raised to Company D on 29th of October 2015 because the project was budgeted in 2015 financial year. However, with the delays of contract, the prepayment of items was not processed until the signing of contract (15.03.2016). The payments were processed as per GTB approvals on 03rd of May 2016.

The order was raised to Company E on 08.07.2016 to meet the FMIS deadlines of raising orders (change of financial year). Payments /Order was not released to the supplier until the signing of the contract.

22.25 Outstanding Patients Surgery Costs – Sahyadri Trust

All costs of services pertaining to this agreement shall be entered into a supplementary agreement between the parties and any fees at costs owing or required to be paid and any liabilities or rights or claims arising from the fees or costs shall be determined in the supplementary agreement. The fees, operational cost, other payments shall be collected by the government and shall be disbursed to SSPHL according to the terms of payment which are going to be decided by the parties by executing supplementary agreement within the stipulated period agreed upon between the parties.²⁶

The trust officer shall properly file correspondences, reports, trust agreements and other relevant trust documents. Each trust account shall have its own file. The trust officer shall keep a trust ledger to record movement of trust money. The ledger shall record the following information, name of the trust account, date and amount if receipts and payee, date, amount paid and payer including reference number, balance to date.²⁷

²⁶ Joint venture agreement – s5

²⁷ Ministry of Health Finance Manual 2014 - s15.3

Standard Operating Procedures (SoPs) are step-by-step instructions created by an organization to help employees carry out routine operations. The purpose is to achieve efficiency, quality output and uniformity of performance, while reducing miscommunication and failure.

Cabinet endorsed the following fee structure which was proposed by Sahyadri Specialty Pacific Hospital Ltd on 11 September 2012.

Disease treatment	Average cost (\$)		
	Cost for uninsured residence	Cost for insured residence (22% top up)	Non residence treatment cost (25% top up)
Cardiology			
Angioplasty single medicated stent	18,000 – 22,000	21,960 – 26,840	22,500 – 27,500
CABG	20,000 – 25,000	24,400 – 30,500	25,000 – 31,250
Valve Replacement			
Metallic	21,000 – 23,500	25,620 – 28,670	26,250 – 29,375
Biological	25,000 – 33,000	30,500 – 40,260	31,250 – 41,250
Neurology and Spine			
Normal tumour and procedures	18,000 – 22,000	21,960 – 26,840	22,500 – 27,500
Complex tumour and spine procedures	20,000 – 35,000	24,400 – 42,700	25,000 – 43,000
Orthopedic joint replacement			
Single hip / knee replacement	14,000 – 17,000	17,080 – 20,470	17,500 – 21,250
Total single hip / knee replacement	18,500 – 21,500	22,570 – 26,230	23,125 – 26,875
Bilateral	22,000 – 28,000	26,840 – 34,160	27,500 – 35,000

Audit review of the Sahyadri Trust Fund records revealed the following anomalies:

- No supplementary agreement was entered into by the Ministry and the Sahyadri Specialty Pacific Hospital Ltd on the approved fees and charges as required under the Section 5 of Joint Venture agreement;
- The Ministry does not have approved SOPs for the Sahyadri Trust Fund Account;
- As at the date of audit,²⁸ a sum of \$105,554 was owed by patients to government after having undergone surgery in 2016. It was noted that concerted efforts were not made by the Ministry to recover the outstanding amount from the concerned patient/relatives. Refer to Table 22.17 for details;

Table 22.17 Details of amounts owed by patients

Name	Cost of Surgery (\$)	MOHMS contribution (\$)	Patient Contribution (\$)	Amount paid (\$)	Amount owed to government (\$)
Patient A	25,000	5,000	20,000	10,000	10,000

²⁸ 09/02/17

Name	Cost of Surgery (\$)	MOHMS contribution (\$)	Patient Contribution (\$)	Amount paid (\$)	Amount owed to government (\$)
Patient B	25,000	0	25,000	20,650	4,350
Patient C	25,000	5,000	20,000	19,596	404
Patient D	25,000	5,000	20,000	11,000	9,000
Patient E	25,000	5,000	20,000	8,000	12,000
Patient F	25,000	5,000	20,000	0	20,000
Patient G	25,000	5,000	20,000	10,000	10,000
Patient H	25,000	0	25,000	12,500	12,500
Patient I	25,000	5,000	20,000	10,000	10,000
Patient J	25,000	5,000	20,000	14,700	5,300
Patient K	25,000	5,000	20,000	18,000	2,000
Patient L	25,000	0	25,000	15,000	10,000
Total	300,000	45,000	255,000	149,446	105,554

- The Ministry does not maintain a patient register or centralized database to keep proper record of all patients that have undergone surgery since 17/09/12; and
- The Ministry did not maintain proper cash books and did not prepare bank reconciliations for the account since its inception in 17/09/12.

The above findings are attributed to weakness in the administration of the Sahyadri Trust Fund Account.

In absence of the proper policy and procedures and supervisory checks in place, there is a high risk of errors, omissions, inconsistencies and fraud in the administration of the trust fund account.

Recommendations

The Ministry should:

- **formalize the fee structure through a supplementary agreement;**
- **formulate a Standard Operating Procedures for the administration of the Sayhadri Trust Fund account;**
- **take necessary action to recover the amounts by patients ; and**
- **maintain a patient register including payment details, up-to-date cash book and prepare monthly bank reconciliations for the account.**

Ministry's Comment

The audit findings and recommendation is acknowledged. The Ministry is currently verifying the amounts owed by patients (as stated therein in table 22.18) and will make necessary follow up to recover the amount pending.

22.26 Anomalies in payments to Company F

It is the responsibility of the EFT agency to put in place internal control measures to ensure that the processing of payment and receipts via EFT is secure.²⁹

Wherever possible, an agency must process and pay accounts by the due date so that discount for prompt payment are not lost, interest charges for late payment are not incurred and suppliers do not quote higher prices to Government agencies to compensate for late payments. Subject to sub regulation (5), where no due date is specified, payments must be settled within 30 days from the date of the invoice.³⁰

A local purchase order shall be issued when procuring any goods, services or works from an organization within Fiji, irrespective of whether a contract or agreement has been entered into or not. An LPO must be approved on line and signed by the authorizing officer (i.e. the officer with the necessary procurement authority) before being issued to the supplier.³¹

Audit review of the food rations procured from the Company F revealed that a payment of \$9,752.72 was made to Company F via EFT no. 216 on 15/07/16. The payment related to prior years invoices dating back to 2013 and 2014 and was made on the strength of photocopied invoices. Refer to Table 22.18 for details.

Table 22.18: Details of prior years' invoices

EFT No./ Date	Payee	Particulars	LPO No./Date/ Amount (\$)	Invoice No./Date/Amount (\$)	Remarks
216 of 15/07/16	Company F	Being payment for supply of goods from 02/01/14 – 06/01/15	PO81210-001908 of 10/01/14 \$ 1,658.00	162828 of 12/12/13 \$1,658.00	LPO was only raised by the Ministry on 10/01/14 to regularize the procurement process after the invoice dated 12/12/13
			PO81210-002100-of 24/03/14 \$940.70	164458 of 26/03/14 \$1,600.00	Invoice amount exceeded the LPO amount by \$659.30 (unauthorized procurement)
			PO81210-002131 of 07/04/14 \$1,953.40	164734 of 07/04/14 \$1,953.40	---
			PO81210-002184 of 24/04/14 \$1,808.21	165094 of 2/05/14 \$1,809.40	Invoice amount exceeded the LPO amount by \$1.19 (unauthorized procurement)
			PO81210-002732 of 21/11/14 \$1,681.40	169551 of 25/11/14 \$2,033.40	Invoice amount exceeded the LPO amount by \$352.00 (unauthorized procurement)
			PO81210-003190 of	172413 of	Short payment of

²⁹ EFT Policy 2011 - s7.2

³⁰ Finance Instruction 2011 - s14(5),s14(6)

³¹ Ministry of Health Finance Manual 2014 - s2.5.1 & 2.5.10

EFT No./ Date	Payee	Particulars	LPO No./Date/ Amount (\$)	Invoice No./Date/Amount (\$)	Remarks
			28/05/14 \$1,933.50	01/06/15- \$1,933.50 (\$698.52 was paid)	\$1,234.98. ---
Totals			\$9,975.21	\$9,752.72	

In addition, Local Purchase Orders were not issued for rations procured amounting to \$3,263.60. Refer to Table 22.19 for details.

Table 22.19: Details of invoices paid without an LPO being issued

Cheque No./ Date	Payee	Particulars	LPO #/ Date	Invoice #/ Date	Amount (\$)
29424 of 3/6/2016	Company F	Being payment for numerous invoices	No Local Purchase order was raised	176915 of 29/02/16	3,263.60
				176881 of 26/02/16	
				176914 of 29/2/16	
				176027 of 04/01/16	
				176051 of 06/01/16	
				176069 of 08/01/16	

Entertaining payments on the strength of the photocopied invoices and without LPOs denotes weaknesses in controls over the payments process within the Ministry.

Failure to address the above anomalies could result in fraudulent and duplicate payments which not be detected detected on a timely basis.

Recommendations

The Ministry should ensure that:

- internal controls are strengthened to ensure all payments are processed within the year;
- payments are not made on photocopied documents; and
- all procurements are made through a LPO and in case of emergency/urgency, arrangements are with the Ministry of Economy to issue manual LPOs.

Ministry's Comment

The audit findings and recommendation is acknowledged. The 2014 and 2015 purchase orders as highlighted in table 22.19 were processed for payments in those years. However, due to invalid bank files created in the system (FMIS), the payments were not received by the supplier during those years. According to the Ministry, the payment process was complete and payment was made accordingly to the suppliers. However, the company sent their statements in 2016 and highlighted that those invoices (as highlighted in table 22.19) were still pending. The Ministry then did the verifications and noted that the payments did not hit the supplier's bank accounts (due to the invalid bank files) and then process the payment (through direct vouchering/payment) again to clear the payments in the current year (2016). For these payments, the copies of the documents were used (for processing payment) as the originals were filed in the year it was first facilitated for payments (year of the PO). There was a real need to keep the payments updated to the supplier for future supply of the Rations to the hospital. The Ministry has verified that there was no double payment made and the payments were in order.

As a way forward for improvement, the Ministry is currently following a process whereby all the invalid bank files sent back by the banks are voided accordingly and payments re-processed again then and there. Furthermore, all the cost centres accounting heads and relevant accounting personnel were also advised (in an email on 22.02.2017) to establish and update the Purchase Order register to ensure that all invoices received are verified accordingly before it is paid.

22.27 Payments processed without payment Vouchers

All payments must be processed through payment vouchers in the FMIS (voucher entry) or the purchase order prepared by the delegated purchasing or payments clerk. Separate vouchers are to be used for separate payees and for the payment of different services after receiving and closing the original order on line.³²

The Accounts Officer preparing a payment voucher must ensure that all information required under the Finance Instruction 14(1) has been included on the payment voucher or attached to it, before passing it to the accounting head or accounts supervisor for certification.³³

All manual payment vouchers or invoices must be endorsed by the certifying officer before it is entered into the system. The certifying officer must also check for availability of funds before the voucher is passed to the voucher clerk. The certifying officer must check and sign the cash requirement report for all the vouchers or invoice to be paid before the payment clerk prints the cheques, matches and accepts payments in the system.³⁴

Audit review of payment records revealed that the Ministry was not raising manual payment vouchers for several payments made during the year. Refer to Appendix 22.1 for examples.

In the absence of payment vouchers being prepared, it was not possible to determine whether proper checks, verification and authorization was done by the responsible officers before payments was processed.

Recommendation

The Ministry should ensure that payment vouchers are raised for all payments made with the relevant details recorded in the vouchers as required by the Finance Instructions.

Ministry's Comment

The audit findings and recommendation is acknowledged. After the implementation of FMIS, all Payment vouchers were raised electronically by the Ministry. The FMIS fields captured all details of vendor invoice, amount, and services through Purchase Order vouchering or direct vouchering.

However, as per audit advice, improvements have been made now that all types of payments is supported with the manual payment voucher (as per stipulated in the Finance Instructions) although the vouchers are already raised in the FMIS system. The cost centres accounting heads and relevant accounting personnel were formally advised through email (sent on 14th October 2016) to commence the use of Payment vouchers and this has been consistently followed from then on till now.

³²

8.2

³³ Ministry of Health Finance Manual 2014 - s2.8.4

³⁴ Finance Instruction 2011 - s35(3)

22.28 Local Purchase Orders not raised to engage Aeromedical Services

A local purchase order shall be issued when procuring any goods, services or works from an organization within Fiji, irrespective of whether a contract or agreement has been entered into or not. All stations should keep a copy of the PO and attachments for recording purposes.³⁵

However, the audit noted that Local Purchase Orders (LPOs) were not always raised for engaging the aeromedical services amounting to \$103,428 in 2016. Refer to Table 22.20 for examples.

Table 22.20: Examples of payments made without LPOs

Cheque Date	Cheque/ EFT No.	Payee	Particulars	Amount (\$)
22/07/16	1082	Company O	Being payment for mercy flight as per below; Patient A - \$11,340.00 INV#: 16356 – 9/07/16 (Nadi/CWM/Moala/CWM/Nadi) Patient B - \$8,316.00 INV#: 16368 – 11/07/16 (Nadi/CWM/Levuka/CWM/Nadi)	19,656
18/07/16	381	Company P	Being payment for mercy flight as per below; Patient C- \$11,250.00 INV#: 717 – 06/07/2016 (CWM/Levuka) Patient D - \$25,650.00 INV #: 715 - 30/06/2016 (CWM/Vanuabalavu)	36,900
22/06/16	30526	Company O	Being payment for MEDIVAC services for numerous invoices listed below. INV#: 15908 - 28/05/16 \$17,388.00 INV#: 15910 - 29/05/16 \$8,316.00 INV#: 15939 - 02/06/16 \$12,474.00 INV#: 16071 - 16/06/16 \$8,694.00	46,872
Total				103,428

In the absence of approved LPOs being issued, the above procurements are deemed unauthorized.

Recommendation

The Ministry should ensure that all procurements are made through LPOs. In case of emergency/urgency such as aeromedical mercy flights, arrangement should be made with the Ministry of Economy to issue manual LPOs.

Ministry's Comment

Audit findings and recommendation is acknowledged. In this instance, the Ministry did not raise local purchase orders and opted for direct vouchering since the timeline for raising Purchase orders was already closed (in the FMIS system) and there was a need to pay for the flight so future services could not be affected at the hospital. Furthermore, since it was towards the closing of account, the cost for the Charter of Aircraft was incurred from the budget available for that financial year. The Mercy Flight arrangement at CWMH are facilitated by various

³⁵ Ministry of Health Finance Manual 2014 - s2.5.1

departments including the head telephone operators, and the accounts section are only notified by the companies on pending invoice on services already provided.

22.29 Payment Records not stamped "Paid"

Immediately after payment has been effected, the cashier must stamp 'paid' on all vouchers and supporting documentation to avoid any double payments.³⁶

The audit noted that payment vouchers and supporting documents was not always stamped "Paid". Refer to Table 22.21 for examples.

Table 22.21: Examples of Payment Vouchers not stamped "Paid"

Cheque Date	Cheque/ EFT No.	Payee	Particulars	Amount (\$)
22/07/16	1082	Company O	Being payment for mercy flight as per below; Josua Waqairaru - \$11,340.00 Maika Vuniwaqa - \$8,316.00 INV#: 16356 - 9/07/16 (Nadi/CWM/Moala/CWM/Nadi) INV #: 16368 - 11/07/16 (Nadi/CWM/Levuka/CWM/Nadi)	19,656.00
20/07/16	563	Company Q	Payment for cleaning services at CWMH for week 01/07 - 07/07/2016	23,794.26
22/07/16	1081	Company Q	Cleaning chargers at CWMH for P/E 08/07/2016 to P/E 14/07/2016 & Cleaning Chargers at CWMH for P/E 15/07/2016 to P/E 21/07/2016	47,588.52
22/07/16	1170	Company R	'Being Payment to Grid Security Services for the Grid security services tax at the islands, northern & western division	37,717.29
22/07/16	-	Company S	Being payment to Fiji Revenue, Customs and Authority for the Grid Security services provisional tax at the islands, northern & western division.	1,730.15
22/07/16	1176	Company R	Being Payment to Grid Security Services for the security services at the central division.	37,270.81
22/07/16	-	Company S	Being payment to Fiji Revenue, Customs and Authority for the Grid Security services provisional tax at the central division	1,709.67
18/05/16	28312	Company R	Being payment to Grid Security Services for the security services at the central division. INV#: 500316 - 31/03/16	25,559.26

It was noted that the Cashier was responsible to stamp the payment vouchers. In addition to that, the cashier was supposed to prepare Drawings Account reconciliations and file payment vouchers. The audit also noted that payment vouchers were piled in the Cashiers Room pending stamping and filing.

The above audit findings indicate lack of segregation of the duties of the Cashier indicating high risk of double payments and collusion of staff and supplier. Failure to file paid vouchers promptly could result in missing vouchers.

³⁶ Ministry of Health Finance Manual 2014 - s2.8 (7)

Recommendations**The Ministry should:**

- ensure that all vouchers and supporting documents are promptly stamped "PAID" and filed; and
- ensure that the roles and responsibilities of the Cashier are properly segregated and supervised.

Ministry's Comment

The audit findings and recommendation is acknowledged. The Ministry (headquarters accounts cashier) was in the process of filing the documents when this oversight (failure to stamp the payment vouchers) occurred. However, the cashiers have been regularly advised to ensure that all vouchers and supporting documents are stamped paid and filed appropriately. Furthermore, regular checks are also implemented now (by the immediate supervisors) to ensure consistency of adherence by the cashiers.

22.30 Payments made on photocopied invoices

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.³⁷

The audit noted that the Ministry on several occasion made payments on the strength of photocopied invoices. Refer to Appendix 22.2 for examples. In addition, the photocopied invoices were not certified as true copy of originals by the Ministry.

Although similar concern has been raised in previous years audit reports, no improvements have been made by the Ministry. Hence the risk of duplicate and fraudulent payments arising from payments on photocopied and uncertified documents is yet to be mitigated.

Recommendation

The Ministry should ensure that all payments are processed on original copies of invoices and the use of photocopied invoices is ceased with immediate effect.

Ministry's Comment

The audit findings and recommendation is acknowledged. The company raised herein (Island Hoppers) is based in Nadi and they always sent their invoices through emails. Payments were made based on the email and scanned invoices sent. However, the Ministry had notified the company to send their original invoices and payments will be processed only based on this.

As a way forward for improvement, the Ministry have obtained and use appropriate stamps (for certified correct and not previously paid stamps) to ensure that internal controls are enhanced in this regard.

³⁷ Ministry of Health Finance Manual 2014 – Part 2

22.31 Missing Records

The Principal Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents³⁸

The audit noted that payment vouchers amounting \$613,065 for payments made in 2016 were missing and the Ministry officials could not locate/produce the payment vouchers for audit verifications. Some of the missing payment vouchers were used to make large payments. Refer to Table 22.22 for examples.

Table 22.22: Examples of Missing Payment Vouchers

Date	Cheque / EFT* Number	Payee	Amount (\$)
16/03/16	26257	Company X	21,553.81
20/05/16	28530	Company Y	3,492.50
06/07/16	31368	Company Z	13,074.00
30/05/16	29150	Company AA	4,955.53
23/06/16	30623	Company R	153,787.76
01/06/16	29242	Company U	252,655.06
25/05/16	28873	Company U	163,546.76
Total			613,065.42

*EFT – Electronic Fund Transfer

The audit finding indicates poor record keeping and supervisory checks in place. In absence of the vouchers audit could not substantiate payments made.

Recommendations

The Ministry should:

- ensure that all payment vouchers are properly filed and kept in secured place; and
- investigate and locate the missing payment vouchers.

Ministry's Comment

The audit findings and recommendation is acknowledged. There have been regular audits undertaken at the Ministry by not only the external auditor, but the internal audits and FICAC officers as well. Thus, some of the records might have been used simultaneously during the time of the audit. The Ministry have also noted that FICAC investigation officers always pull out the original vouchers without notifying us or even making copies for our records. However, the Ministry will investigate and locate the missing payment vouchers as stated therein in table 22.23.

As a way forward for improvement, the Ministry have implemented a process where all payment vouchers despatched & returned by the auditors/investigators are recorded accordingly.

³⁸ Ministry of Health Finance Manual 2014 - s18.1.3

22.32 Delay in Procurement of Scales

The contract (CTN 56/2015) to supply the 200*SECA 385-Baby Scales and 100*SECA 310-Hanging Scales was awarded to Yuli Trading Corporation at the cost of US \$178,000 with payment scheduled in three phases as per below:

- Phase 1 – US\$89,000
- Phase 2 – US\$44,500
- Phase 3 - US\$44,500

The terms and conditions required 60% of total phase 1 cost US\$89,000 to be paid within 14 days upon signing of Purchase Order Agreement and 40% to be paid within fourteen days after delivery & training. The delivery period from the factory to Commissioning will be 21 weeks after receiving the official PO.³⁹

The audit noted that the signed agreement was not dated and the indent was issued on 03/11/15 with items expected to be received on 29/03/16.

In contrary, the actual 60% payment of the phase 1 cost was made on 23/06/16, or 233 days after the indent was issued and the goods were received on 07/10/16, or 191 days after the expected delivery date.

The above indicates poor execution of procurements under contract which could affect the service delivery of the Ministry.

Recommendation

The Ministry should ensure that a proper procurement plan is put in place to ensure that terms and conditions of the contracts are complied with at all times.

Ministry's Comment

The delay encountered in the procurement of scales was due to the delay in signing of the contract by the two parties. Draft contract was sent to the supplier on 21st January 2016 to which they had replied on 18th February 2016 (lapse of 26 days) received by Ministry of Health on the 19th of February 2016. Unfortunately the whole of Fiji was affected by the disastrous TC Winston on the 20th of February 2016. Emails and communications were disrupted. Although there was a payments clause which needed amendment, MOHMS (FPBS) could manage to send a final contract vetted by SG's office to the supplier on the 9th of March 2016 (within twelve days turnaround time). The delays in Fiji were mostly due to staff concentrating on TC rehabilitations as the country was in a state of emergency. After the signing of the contract on 6th April 2016 (with the supplier), the supplier then issued pro forma invoice on 11th of May 2016 and payment was processed accordingly on 23rd of June 2016.

22.33 Written confirmations not obtained for engaging 2nd/3rd aeromedivac service options

The GTB board in its meeting No. 22/2014 held on 26/11/2014 deliberated on the ministries request. The board directed that option 2 is to be used only if option 1 is unable to provide the services, likewise option 3 is to be used only if option 1 & 2 is unable to provide the same which must be confirmed in writing.⁴⁰

³⁹ CTN56/2015 – Supply, installation and commissioning of medical equipment.

⁴⁰ Tender No. CTN 84/2014 - Ministry of Health and Medical Services.

The audit noted that the Ministry did not obtain written confirmations from Options 1 and 2 for not being able to provide the aeromedical service whilst it had engaged the more expensive options (Options 2 and 3), therefore not complying with the GTB approval for Tender No. CTN 84/ 2014.

Refer to Table 22.23 for examples.

Table 22.23: Examples of expensive options engaged without confirmations obtained

Date	Cheque / EFT No.	Payee	Particulars	Amount stated in Invoice (VIP) \$	Option Used	Option 1 approved rates \$
30/05/16	29164	Company P	Being payment for medevac to Levuka – Okat Kara (CWM) stretcher case: patient Akuila Taoi (23 years old) acute abdomen. INV #:2069 - 17/11/2015 (Helicopter Charter) CWM/Levuka/CWM	7,400	Option 3 GTB Rate - \$ 7,400	2,880 Company O
30/05/16	29164	Company P	Being payment for Medical evacuation – Helicopter – CWM 968/2016: Vika/Biu INV #: 2332 - 8/01/2016 (Nadi/Nausori/Totoya Lau/Nausori/Nadi)	12,580	Option 3 GTB Rate – \$ 12,580	7,200 Company O
29/06/16	30788	Company AB	Being payment of air passage (Charter Flight FW) charges to Labasa Hospital INV#: 15019 - 19/04/16 Nausori/Labasa/Nausori	5,750	Option 2 GTB Rate – \$ 5,750	5,400 Company O
29/06/16	30788	Company AB	Being payment of air passage (Charter Flight) charges to Labasa Hospital. There were 2 chartered flights, first chartered flight the patient was denied travel, patient leaped over the pilots and pulled the power lever back after start on DQ-JJS, patient was taken back to be sedated and stabilized, prior 2 nd charter on DQ-AFO INV#: 15012 - 15/04/16 Nausori/Labasa/Nausori	14,690.00	Option 2 GTB Rate – \$ 5,750	5,400.00 Company O

The above findings indicate non-compliance to GTB directives and in the absence of written confirmations, it is not possible to determine whether services were procured from the most economical source.

Recommendations

The Ministry should ensure that:

- **written confirmations are obtained from the cheaper options (option 1 and 2) if they are not able to provide the service on a particular date; and**
- **if it is not possible to obtain the written confirmation due to emergency situations, this should be formalized subsequently.**

Ministry's Comment

The audit findings and recommendation is acknowledged. The aeromedivac arrangements were done according to the approved rate, and also after verbal confirmation had been received by the head operator (that aeromedical services cannot be provided by options 1 and 2). However, the written confirmation from options 1 and 2 (to identify the reasons why the services cannot be provided) were not obtained due to non-accessibility of emails. As a way forward, the Ministry will review and improve the current process to ensure that written confirmations are obtained and well documented.

22.34 Delivery Lead times

The achievement of expected lead times on delivery of acquired items will ensure that quality of items is not reduced in terms of expiration dates and adequate stock level is consistently maintained.

The audit noted instances where actual lead time for delivery of certain drugs/consumables were more than the expected period specified in the indent forms, in some cases up to 26 weeks. Refer to Appendix 22.3 for examples.

The audit finding highlighted above indicates that lead time specified in the indent number may not realistically reflect the actual delivery time which could lead to crisis situation particularly in case of essential drugs and consumables.

Recommendations

- **Given the significant delays noted in delivery, the Ministry should ensure that a proper inventory planning is done to ensure that required drugs/vaccines/consumables are in adequate stock at all time; and**
- **The Ministry should report the matter to the Fiji Procurement Office for necessary action.**

Ministry's Comment

The audit findings and recommendation is acknowledged. With the current challenges encountered from the EPICOR system, FPBS was not able to accurately calculate the delivery lead times. With the volume of items FPBS purchases, sometimes it is left with the mercy of the supplier as to what quantities they supply. FPBS is now working with a consultant to change the procurement plans.

22.35 Procurement above Delegated Authority

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

Limit (\$)	Authorised Officer
50,000	Permanent Secretary for Health
20,000	Deputy Secretary Administration and Finance,
15,000	Chief Pharmacist, Divisional Medical Officer – CEHS/NHS/WHS, Hospitals' Medical Superintendents, Hospital Administrators
5,000	Principal Accounts Officer, SDMOs
2,000	Divisional Senior Accounts Officers
1,000	Accounts Officers/ Delegated Executive Officers

The PSHMS has the authority to increase the signing limit to any of the above from time to time

The indent forms must be signed by the Senior Accounts Officer and counter signed by the Chief Pharmacist with the authority to approve the international procurement or otherwise approved by the PSHMS (Require for Quotation) or an officer delegated by the PSHMS.⁴¹

Audit review of procurement records at the Fiji Pharmaceutical and Biomedical Services revealed that although the approval limit for Director FPBS was not specified in the Finance Manual, instances were noted where the Director was approving local purchase orders and international procurement indent forms up to \$127,880. Refer to Table 22.24 for examples.

Table 22.24: Examples of LPO and Indents approved by Director FPBS

Indent Number	Total Indent Amount (\$)	Approved By	Approval Limit
PO85101-002674	127,880.00	Director FPBS	Not specified
MD85101-005034	25,806.32		
MD85101-005033	26,383.73		
MD85101-005035	53,280.36		
MD85101-005031	66,919.53		
MD85101-005125	42,779.20		
MD85101-005126	66,591.03		
MD85101-005093	28,354.47		
MD85101-005495	97,323.60		

There was no evidence to indicate that Director FPBS was authorized by PSHMS to approve the purchases.

Delay in formalizing the delegated procurement authority for the Director FPBS could result in unauthorized procurements being made.

Recommendations

The Ministry should ensure that:

⁴¹ Ministry of Health Finance Manual 2014 - s2.2.1.

- **Section 2.2.1 of the Finance Manual is complied with; and**
- **the approval limit for Director FPBS be specified, approved and included in the Finance Manual.**

Ministry's Comment

The audit findings and recommendation is acknowledged. The Ministry use to have a mutual understanding that, the Director FBPS or Chief Pharmacist will always facilitate the procurement regardless of the limit, since it was a contracted items (under GTB approval). However, as a way forward for improvement the Ministry will ensure that the clauses in the Ministry's finance manual (which is currently under review) will be updated accordingly to reflect the authority given to Director FPBS and Chief Pharmacist especially in cases where it is a contracted item under GTB approval.

22.36 Payments made from incorrect Capital Projects vote

Expenditure must not be incurred on an item that is noted as "Requisition to Incur Expenditure" until written approval has been obtained from the Ministry of Finance ⁴²

The audit noted that an amount of \$62,397.23 was paid on 20/07/16 for works done at the Keiyasi Health Centre. The expenditure was charged to maintenance of health centre and nursing station allocation (1-22101-22101-080424) instead of the Keiyasi Health Centre allocation (1-22101-22101-080431).

A proposed audit adjustment to correct the misallocation was rejected due to sufficient funds in the Keiyasi Health Centre allocation as the RIE for the contract payment was not approved. Similar observation was noted for other capital projects which were rectified through adjustments which were approved.

The above findings indicate that proper planning was not carried out for capital projects by the Ministry.

Recommendation

The Ministry should ensure that capital projects are properly planned and expenditures incurred are charged to correct allocations.

Ministry's Comment

The audit findings and recommendation is acknowledged. The Ministry will ensure that future capital project payments are charged to the relevant and correct allocations by providing a more vigilant and regular monitoring at the accounts section (to identify misallocations in a timely manner). Furthermore, relevant officers in charge of postings will be regularly advised to be more vigilant and cautious when postings are made.

⁴² Ministry of Health Finance Manual 2014 - s2.1.9 - 2.1.10:

22.37 Delays in Lodgements of Revenue to the Bank

The banking officer shall bank money received on a daily basis at least. Should there be a collection of ten (\$10.00) dollars or less the lodgement could be done with the following day's collection. The lodgement form shall be prepared in triplicate detailing the deposits to be made.⁴³

Audit review of revenue records in the Central Division revealed instances of delayed banking with cash being kept at the respective hospitals for 3 to 98 days. Refer to Appendix 22.7 for details.

It is evident from the audit finding that work of the revenue collectors was not properly supervised hence increasing the risk of loss of funds through theft and misappropriation.

Recommendations

The Ministry should ensure that:

- **all revenue collected is banked intact promptly;**
- **revenue receipts issued are reconciled to the revenue collector's analysis sheets and verified to the bank lodgement forms on a daily basis by supervising officers; and**
- **the substantial delay in lodgement is investigated and disciplinary action is considered against responsible officers.**

Ministry's Comment

The audit comment is acknowledged. The delay in lodgement of revenue to the bank has been one of the recurring issues for the Ministry in the past. Two of the contributing factors which contributed to the issue raised herein (apart from the lack of oversight over revenue collectors by supervising officer as highlighted herewith in this report) which have not been identified are as follows:

- *The human resource component of sub-division was not well addressed. As for SDMO (Rewa), there was no Executive Officer at the sub-division (as per the approved structure) for the period under review (2016) and the Clerical Officer supervising SDMO Rewa/Nausori (which includes Nakasi, Nausori, Wainibokasi, & Mokani HC) was the only administrative officer facilitated both the finance and administrative issues. Apart from revenue collection and banking (the officer is always required (daily) to collect revenue from Dental Department & Health Office(outside of hospital), count them and bank accordingly) , the officer was also in charge of raising purchase orders, processing and payment of bills (FEA, Water, Telecom) issue and replenish imprest, issue stores and other orders requested by HOD's, filling of timesheets & overtime for GWE, wages reconciliations, late arrivals and absenteeism returns, checking of tally cards at Wainibokasi & Maternity kitchens, organizing transport for the sub-divisions, and ensuring the maintenance and cleanliness of the hospitals and health centres. These duties were supposed to be segregated/shared between the Clerical officer and Executive officer (as according to the setting/structure of some big sub-division within the Ministry). Furthermore, Executive Officer was supposed to be the immediate supervisor of the Clerical Officer in the sub-division and both headed by the Sub-Divisional Medical Officer (SDMO). However, this contributing factor should not be used as an excuse for the late lodgements of revenue (noted from SDMO Rewa) which far surpasses the required 1 or 2 days of late lodgement. The Ministry is also mindful of the late lodgement period which ranges from 3 to 98 days and had conducted its own internal investigation regarding this. Officers implicated are currently suspended and their case is with the Ministry's disciplinary committee.*

⁴³ Ministry of Health Finance Manual 2014 - s5.4.2

- For CWM hospital, it is operated on a twenty four hour basis (24/7) especially the collection of revenue for the emergency department. These are referral cases from health centres, private hospital and clinic, embassy, insurance companies etc. Thus all the revenue collected on Friday afternoon (from 3pm), Saturday and Sunday will be lodged to banks on Monday morning (after 3 days) and if it is a Public Holiday then its 4 days delay because banking will be done on Tuesday . However, for improvement purposes, management at CWM Hospital have implemented two bank runs on Monday (one in the morning to bank the revenue collected over the weekend and one in the afternoon to bank the normal revenue collected on Monday).

As a way forward for improvements, the Ministry (HQ Accounts) had issued an Internal Circular on 08.12.2016 regarding Accounting and Journalising of Revenue. A follow up email on Monitoring of Revenue was also sent to the cost centres accounting head. Furthermore, they were also advised to strictly monitor the adherence of the internal circular and other relevant guidelines (regarding revenue & especially the daily lodgement of revenue) at their relevant sub-divisions and health centres.

22.38 Anomalies in trust fund account payments

All payments from the trust account shall be adequately supported and made only for the purpose of the trust. Payment procedure outlined in Part 2 of the finance manual must be complied with.⁴⁴

Standard Operating Procedures (SoPs) is a set of step-by-step instructions created by an organization to help employees carry out routine operations. The purpose is to achieve efficiency, quality output and uniformity of performance, while reducing miscommunication and failure.

Audit review of payment records of the Fiji Children's Overseas Treatment Fund trust account revealed the following anomalies:

- the Ministry did not have approved SoPs for the operation of the Trust Fund Account;
- official local purchase orders were not issued for various procurements made. Instead orders were placed through emails;
- three competitive quotations were not obtained for procurements made; and
- payments were made on the strength of quotations and invoices and delivery dockets were not attached to confirm that the quantity of items ordered were delivered in full before payment was made.

Refer to Table 22.25 for details.

Table 22.25: Anomalies noted in the Trust Fund account payments

Date	Cheque No.	Payee	Amount (\$)	Remarks
02/11/16	192	Company AC	1,013.70	Only 2 quotations obtained
18/04/16	198	Company AD	4,292.82	Only 1 quotation was obtained and payment was made on the strength of the quotation.

⁴⁴ Ministry of Health Finance Manual 2014.- s15.2

Date	Cheque No.	Payee	Amount (\$)	Remarks
				According to the Ministry drugs are not available in Fiji. No invoice and delivery docket was attached to confirm that full quantities of items paid have been supplied.
17/06/16	200	Company AD	5,667.42	Only 1 quotation. According to the Ministry drugs are not available in Fiji. No invoice and delivery docket was attached to confirm that full quantities of items paid have been supplied.
30/06/16	201	Company AC	1,046.40	Only 1 quotation No invoice and delivery docket was attached to confirm that full quantities of items paid have been supplied.
22/07/16	205	Company AC	1,002.80	Only 2 quotations No invoice and delivery docket was attached to confirm that full quantities of items paid have been supplied.

Absence of proper policy and procedures and supervisory checks in the accounts section could be catalyst to misappropriation of trust funds.

Recommendations

- The Ministry should formulate SoPs for the administration of the Fiji Overseas Children Trust Fund account; and
- Strengthen supervisory checks over the operation of the account .

Ministry's Comment

The audit findings and recommendation is acknowledged. The Fiji Children Trust fund has been operating for the last twenty (20) years and one of the main purposes is to purchase urgent drugs for cancer patients. The current arrangements for the purchasing of drugs are done by the local and overseas consultants.

As a way forward, the Ministry will review the current process and establish standard operating procedures for the administration of the Fiji Overseas Trust Fund account.

22.39 In-service training

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.⁴⁵

Bond amounts are to be estimated before the officers proceed training, and a total amount of the officers liabilities should be put as head sum of the bond.⁴⁶

⁴⁵ Ministry of Health Finance Manual 2014 – Part 2

⁴⁶ Ministry of Health Human Resource Development & Training Policy – s12.2.3

Audit review of the Ministry's in-service training program records noted the following anomalies:

- The Ministry's Human Resources Development and Training Policy covered the period 2012 – 2015. As at the date of audit⁴⁷, the Ministry was yet to review its policy.
- In addition, estimated total bond amount and other relevant details were not filled in the signed bond forms. Refer to Table 22.26 for examples.

Table 22.26: Examples of incomplete bond forms

EDP No.	Remarks
Doctors	
92375	Bond agreement was only signed in September, 2016. No estimated cost of training bond amount stated in the bond agreement.
90292	Cost of training amount is left blank. (No amount is entered)
90289	Stated that he had deferred, but the officer's name still appeared in the invoice. Bond agreement not found with Civil Service.
90519	Estimated cost of training amount was not entered in the guarantors section.
92396	Estimated cost of training field in the guarantor's section is left blank.
91962	Estimated cost of training is not entered in the bond agreement
90284	No estimated cost of training stated in the Bond Agreement Officer in-charge of accepting the agreement and the witness authorized signatories are left blank
91983	No cost of training amount was stated in the guarantor section
92380	Agreement date is not stated in the bond agreement document. No cost of training amount stated in the guarantee of bond section. Witness section is left blank
Nurses	
32365	Cost of training is had not been documented in the guarantee section of the agreement. Witness field is left blank. No witness signature was documented.
32806	Cost of training was not documented in the Guarantee Section of the bond agreement
33142	Cost of training not documented in the Guarantee section of the agreement
33428	Cost of training not documented in the Guarantee section of the agreement
33582	Cost of training not documented in the Guarantee section of the agreement

- Furthermore, although tuition fees of \$9,450 was paid to the Fiji National University for EDP no. 90289 and EDP no. 91619, the two doctors withdrew from the courses during Semester 1 of 2016. As at the date of audit⁴⁸, no action was taken by the Ministry to recover the cost of training from the officers concerned. Refer to Table 22.27 for details.

Table 22.27: Student details

EDP No.	Student ID	Programme	Tuition Fee (\$)	Remarks
90289	004978	Master of Medicine in Obstetrics &	4,725	The officer only advised MOHMS well after the semester 1, 2016 fees was

⁴⁷ 18/10/16

⁴⁸ 18/10/16

EDP No.	Student ID	Programme	Tuition Fee (\$)	Remarks
		Gynaecology		paid to the FNU and that he had withdrawn due to his medical condition & will continue his studies in 2017.
91619	030688	Master of Medicine in Emergency Medicine	4,725	Withdrew due to personal reasons
Total			9,450	

The above findings indicate that responsible officers did not ensure that training and bonding documents were properly completed to safeguard the interests of government.

Bonding arrangements clarifies obligations of bond obligors and their guarantors should they fail to honour their obligations at the completion of their studies. Therefore, in the absence of the properly filled bond forms, there is a risk that government may lose out on its investments should the employee not return the investment to the Ministry through service tenure.

Recommendations

The Ministry should ensure that:

- the human resource development and training policy is revised and updated;
- bond records are properly filled and maintained;
- appropriate action is taken to recover the amount paid for the officers tuition fees; and
- appropriate disciplinary action is taken against officers responsible for failing to perform their work diligently.

Ministry's Comment

The audit findings and recommendation is acknowledged. The Ministry will ensure that bond forms are properly updated and maintained.

22.40 Schedule of Open Indents and Commitment at year end not provided

For goods or service subject to contract agreements, the receiving officer (stores officer) shall verify that claims for payments are in order and delivered in accordance with the contract or agreement. Review and close open indents if supplier cannot provide goods on time.⁴⁹

Any commitments or unpaid orders over lapping after close of financial business year has to be recorded and new commitments updated in the new financial year for payment purpose only.⁵⁰

The Fiji Pharmaceutical and Biomedical Services could not provide the list or schedule of pending commitments/open indents as at 31 July 2016 despite numerous requests made to the Senior Accountant.

⁴⁹ Ministry of Health Finance Manual 2014 - s2.6.19 – 2.6.20

⁵⁰ Ministry of Health Finance Manual 2014 - s2.7.2

However, audit review of a sample of subsequent payments in the current year revealed that significant amounts of funds were paid from the 2016 budgetary allocations for prior year indents. Refer to Table 22.28 for examples.

Table 22.28: Percentage (%) of 2015 indents paid from 2016 budget

Budget Item	Budget Estimate (2016) (\$)	Total Payment relating to 2015 Indents (\$)	% of 2015 indents paid from 2016 budget
Laboratories	4,800,000	1,239,045	26%
Consumables	4,500,000	1,005,640	22%
Drugs	9,000,000	1,259,227.49	14%
Vaccines	5,710,990	731,994.02	13%
Biomedical Equipment	11,909,303	948,453.06	8%
	35,920,293	5,184,359.57	

The Ministry could face difficulties in meeting its current obligations if the previous year's commitments are made from current budgetary allocation.

Recommendations

The Ministry should ensure that:

- proper control mechanisms are put into place to ensure that schedule of open indents or commitments are maintained; and
- expenditures pertaining to current period are met from the year's budgetary provisions.

Ministry's Comment

The audit findings and recommendation is acknowledged. Orders for new year has to be facilitated in advance (in the last financial year) to have a continuous supply. Orders were raised in 2015 for 2016 supplies and to be paid in 2016 budget.

As a way forward for improvements, the Ministry will ensure that the list of pending commitments/open indents are properly maintained and verified accordingly.

22.41 Provisional Tax Not Deducted.

A person is required to deduct 5% Provisional Tax from the gross amount payable for service fees or commission. The sum deducted is remitted to FRCA by the collection agent or responsible person and the tax collected is given as credit to the recipient's or payee's tax liability at the end of the year when the tax return is lodged.

Provisional Tax will only be applicable if the parties have a written agreement for the supply of services or for payment of commission; and the person hiring the service is a business; and the total to pay to a person in one year will be \$1,000 or more.⁵¹

⁵¹ Tax Talk- Provisional Tax

Contrary to the above requirements, the audit noted that the Ministry did not deduct Provisional Tax from various contractual payments made during the year. Refer to Table 22.29 below for examples.

Table 22.29: Examples of payments made without Provisional Tax deducted

Date	Cheque / EFT* Number	Payee	Amount (\$)	Provisional tax deductible @ 5% (\$)
09/03/16	25998	Company U	558,467.97	25,617.80
09/03/16	26008	Company AE	1,427,462.60	65,479.94
31/03/16	26667	Company AE	1,873,321.59	85,932.18
15/02/16	25230	Company U	174,442.38	8,001.94
03/24/16	26581	Company U	156,432.35	7,175.80
20/07/16	563	Company Q	23,794.26	1,091.48
22/07/16	1081	Company Q	47,588.52	2,182.96
16/07/16	264	Company Q	23,794.26	1,091.48
17/06/16	30259	Company Q	47,588.52	2,182.96
04/07/16	31167	Company Q	71,382.78	3,274.44
13/01/16	24466	Company R	77,670.55	3,562.87
08/02/16	24983	Company Q	23,794.26	1,091.48
29/02/16	25686	Company R	41,047.03	1,882.89
23/02/16	25472	Company R	38,450.93	1,763.80
Total			4,585,238	210,332.02

The audit finding reflects non-compliance with the Income Tax Act by the Ministry which could result in the penalties being imposed by the Fiji Revenue and Customs Authority.

Failure by the Ministry to deduct Provisional Tax has resulted in loss of revenue to government.

Recommendations

The Ministry should ensure that:

- **that Provisional Tax of 5% is deducted from future claims from the contractors listed above; and**
- **taxation regulations are complied with at all times.**

Ministry's Comment

The audit findings and recommendation is acknowledged. The deductions of provisional tax from various contractual payments were not made then as some suppliers had exemption of provisional tax in 2016. However, the Ministry has paid (in this new financial year) some of the Provisional tax to FRCA.

As a way forward for improvement, the Ministry will now deduct and pay FRCA the provisional tax once the contractual payments are made. After the implementation of compulsory provisional tax, all vendors (who are eligible) provisional tax are deducted accordingly.

22.42 Unauthorized use of Journal Voucher for cash flow adjustment

Journal vouchers shall be used to correct accounting errors and make other required transfers between accounts.⁵²

Any adjustment to annual expenditure cash flow forecast must be submitted to Financial Management Information System Unit using the Cash flow Adjustment form. All adjustments must be approved by the respective Permanent Secretaries.⁵³

The audit noted that Ministry did not follow the normal process of virement of funds and cash flow adjustment where the Permanent Secretaries approval was warranted whilst making procurement of medical forms. Instead, it was noted that the Ministry purchased the medical forms amounting to \$121,000 using the Postages allocation (1-22101-22101-040206) and a journal voucher was later raised to adjust for the misallocation after the cash flow adjustments for the Stationery allocation had been approved.

The above finding reflects abuse of the journal adjustment process.

Failure to address the above practice may result in unauthorized transfer of funds by way of journal vouchers without the knowledge of the Permanent Secretary.

Recommendation

The Ministry should ensure that proper procedures are adhered to at all times when faced with cash flow issues or insufficient budgetary allocations by way of an approved cash flow adjustments or virement.

Ministry's Comment

The audit findings and recommendation is acknowledged. The Ministry will ensure that normal virements are processed and journal vouchers are used to correct misallocation only.

22.43 Excess and out of stock drugs reports as at 31 July 2016 not provided

The stock take officers shall prepare their stock take report noting any surplus, damaged, obsolete or unaccounted stock and their recommendations.⁵⁴

The following reports were not submitted for audit review by the Fiji Pharmaceutical and Biomedical Services despite numerous requests made with the management of the FPBS:

- Excess stock report as at 31 July 2016; and
- Out of stock report from January to July 2016

The above finding denotes lack of management oversight over work carried out by the officers to ensure that records required for audit purposes are submitted on a timely basis.

⁵² Ministry of Health Finance Manual 2014 - s16.1.1

⁵³ Finance Instruction 2011 – sec 35(3)

⁵⁴ Ministry of Health Finance Manual 2014 - s8.3.3

Recommendation

The Ministry should put in place measures to ensure that monthly stock reports are prepared and submitted to management on a timely basis and are available for audit verification on request.

Ministry's Comment

The audit findings and recommendation is acknowledged.

Appendix 22.1: Payments made without payment vouchers raised

Date	Cheque/ EFT No.	Payee	Particulars	Amount (\$)
17/03/16	26303	Company G	Being payment to Company G for numerous invoices for purchase of stationaries.	26,617.00
10/06/16	29897	Company G	Being payment to Company G for purchase of assorted Stationaries	24,253.50
15/07/16	201	Company H	.Being payment for Invoices no. #81947-\$1091.94/#81948-\$1091.94/#81945-\$1091.94/ #81946-\$1091.94	4,367.76
15/07/16	203	Company I	Being for purchase of ration for week ending 19/7-25/7,26/7-1/8/16 and 2/8/16-8/8/16	10,355.43
29/04/16	27581	Company F	Being payment for supply of goods for Invoices no.s 177435/177388/177436/177386/177090/177025/177479/177620	6,135.69
10/02/16	25067	Company F	Being payment for supply of goods for invoices no.176146/176108/176085/176280/176305/176334/176279/176306/176335	8,474.00
13/06/16	29930	Company J	Being payment for invoices numbered 10716, 11168, 10929, 11118, 11281, 11313, 11072, 237059 for purchases of Rations to CWM.	9,922.41
23/03/16	26511	Company K	Being payment for invoices no.1752103/1751446/1752153 for purchases of food rations e.g. baked beans, rolled oats etc. for CWM.	6,916.76
03/06/16	29424	Company F	Being payment for invoices numbered 178743, 178578, 178556, 178620, 176915, 176881, 176914, 176027, 176051, 176069, for purchases of eggs, sausages and Fish for Rations.	7,443.35
23/03/16	26514	Company F	Being payment for invoices no.176956/176990/17695 for purchases of food rations.	1,517.44
20/05/16	28503	Company F	Being payment for Invoices no. 178092/178162/178139/178122, for purchases of food rations for CWM.	4,467.96
20/05/16	28502	Company J	Being payment for Invoices no. 11796.11726/11687 for purchases of lamb pieces and other meats for rations for CWM	4,577.48
05/07/16	31228	Company F	Being payment for Invoices no.179463/179490/179491/179462/179465 for purchases of food rations for CWM.	5,831.86
27/04/16	27488	Company H	Being payment for numerous invoices for the purchase of bread for CWM Hospital.	4,489.82
03/06/16	29461	Company J	Being payment for invoices no. 11766/12040/12117 for the purchase of meat for CWM Hospital for food rations.	4,107.12
26/04/16	27441	Company F	Being payment for numerous invoices for the purchase of eggs, sausages and chicken meat for CWM food rations.	4,566.58
10/05/16	27881	Company K	Being payment for numerous invoices for the purchases of peanut butter, sweet corn and other food items for CWM Rations.	8,982.30
10/05/16	27883	Company F	Being payment for numerous invoices for purchase of potatoes, onions and other food items for CWM food rations.	5,218.50
10/05/16	27882	Company F	Being payment for invoices no.17578/ 177766/177434/177437 for purchase of food rations for CWM.	3,744.24
10/05/16	27880	Company F	Being payment for numerous invoices for purchase of CWM Food rations	3,807.09
27/05/16	29063	Company F	Being payment for numerous invoices for the purchase of CWM food rations.	2,606.33
28/06/16	30725	Company K	Being payment for invoice no.1799136 for purchase of tea, sweet corn and baking powder for food rations for CWM.	2,318.22
15/07/16	251510	Company F	Being payment for numerous invoices for purchase of CWM food rations	8,355.64
15/07/16	251559	Company J	Being payment for invoices no. 12862/12808/12809/12803/12804 for purchase of meat for	6,530.20

Date	Cheque/ EFT No.	Payee	Particulars	Amount (\$)
			CWM food rations.	
15/07/16	251564	Company J	Being payment for invoices no.12805/12806/12807/12811/12810 for purchase of Meat for CWM food rations	6,530.20
19/07/16	253066	Company K	Being payment for numerous invoices for purchase of CWM food Rations	1,899.45
19/07/16	253027	Company F	Being payment for invoices no. 179912/179913 for purchase of CWM food Rations	2,139.94
19/07/16	252988	Company I	Being payment for numerous invoices for purchase of CWM food rations	2,674.21
01/06/16	195550	Company F	Being payment for invoices no.172254/172253 for Purchase of CWM food Rations	1,756.00
01/06/16	195553	Company I	Being payment for numerous invoices for the purchase of food rations for CWM	1,661.30
22/07/16	1184	Company L	Being payment for Fuel Card for the month of June 2016	10,898.00
30/06/16	31061	Company M	Being payment for invoices no. 429458/429457/429139/429129/429131 for refuel of bulk oxygen	32,039.57
30/06/16	31063	Company M	Being payment for 429118/429104 for refuel of oxygen tank and purchase of medical air.	13,707.90
04/04/16	26815	Company N	Being payment for 544009/544008/544011/544006 for refuel of medical air and oxygen tank for CWM.	25,588.82
04/04/16	26808	Company N	Being payment for 544012/54007/423942/544010 for refill of liquid oxygen for CWM	25,338.02
02/06/16	29266	Company M	Being payment for numerous invoices totaling \$139,224.66 (17 out of the 23 invoices paid totaling \$92,399.65 had no PV attached)	92,399.65
02/06/16	29264	Company M	Being payment for invoices no.427660/427655/ 427661/427656 for refuel of medical air for CWM	23,705.56
02/06/16	29265	Company M	Being payment for Invoice no.427650/427651/ 427652/427658 purchase of bulk oxygen for CWM	22,436.96
02/06/16	29263	Company M	Being payment for Invoice no. 427645/427695/427654 for refuel of oxygen gas and medical Air for CWM	19,866.99
25/02/16	25603	Company O	Being payment for multiple invoices for medical evacuation for different destinations.	150,444.00
30/05/16	29164	Company P	Being payment for numerous invoices for medical evacuation for different destinations.	45,140.00
30/05/16	29163	Company O	Being payment for numerous invoices for medical evacuation for different destinations.	31,650.00
30/05/16	29166	Company O	Being payment for two invoices for medical evacuations for different destinations.	24,948.00
07/06/16	29548	Company O	Being payment for numerous invoices for medical evacuations for different destinations.	25,560.00
18/05/16	28329	Company O	Being payment to Island Hoppers for medical evacuation for numerous invoices.	36,542.00
07/04/16	26892	Company O	Being payment to Island Hoppers for medical evacuation for numerous invoices.	91,854.00
10/05/16	27920	Company O	Being payment for MEDIVAC services	31,150.00
27/04/16	27492	Company O	Being payment for a MEDIVAC services for numerous invoices	54,432.00

Appendix 22.2: Examples of payments made on photocopied invoices

Date	Cheque / EFT no.	Payee	Particulars	LPO & Invoice details	Amount (VIP)
06/09/16	29877	Company T	Being payment of Semester 1 tuition fees for doctors for 2016.(postgraduate program)	ID - Z020 24/03/2016 ID - N010 9/03/2016	375,783.00
21/07/16	840	Company T	Being payment for 1st semester 1 tuition fees for Nurses and Doctors (Postgraduate Study and Masters).	ID- N010 12/07/2016 ID - Z020 12/07/2016	242,500.00
17/06/16	30280	Company U	Payment for the new Low risk maternity unit at Makoi - Claim 13.	2001 of 17/06/16	208,778.62
17/06/16	30272	Company V	Claim 4 payment for Labasa Hospital exterior refurbishment project.	17765 of 14/06/15	94,233.23
21/07/16	831	Company W	Being payment for 10 label printer for PATIS unit.	PO22101-010379-01/06/2016 IN00068049 dated 28/06/2016	9,564.00
22/07/16	1082	Company O	Being payment for mercy flight as per below; JW - \$11,340.00 MV - \$8,316.00	INV #: 16356 - 9/07/16 (Nadi/CWM/Moala/CWM/Nadi) INV #: 16368 - 11/07/16 (Nadi/CWM/Levuka/CWM/Nadi)	19,656.00
25/02/16	25603	Company O	Being payment for multiple invoices for medical evacuation.	PO81201-005562 19/02/2016 INV#:14927 - 3/02/2016 Nadi/CWM/Totoya/Nadi (\$13,986) PO81201-005552 19/02/2016 INV#: 14684 - 5/01/2016 (\$3,024) PO81201-005553 19/02/2016 INV#: 14710 - 9/01/2016 Nadi/CWM/Totoya/CWM/Nadi (\$13,986) PO81201-005556 19/02/2016 INV#: 14861 - 21/01/2016 Nadi/Taveuni/CWM/Nadi (\$14,742)	150,444.00

Date	Cheque /	Payee	Particulars	LPO & Invoice details	Amount
				PO81201-005555 19/02/2016 INV#: 14829 - 20/01/2016 Nadi/CWM/Vunisea/CWM/Nadi (\$9,828)	
				PO81201-005560 19/02/2016 INV#: 14901 - 27/01/2016 CWM/Nausori/Gau/CWM/ Nausori/Nadi (\$7,938)	
				PO81201-005551 19/02/2016 INV#: 14630 - 26/12/2015 Nadi/Nausori/Kadavu/Nausori/N adi (\$9,072)	
				PO81201-005561 19/02/2016 INV#: 14906 - 27/01/2016 CWM/Nausori/Moala/CWM/Nau sori (\$8,694)	
				PO81201-005563 19/02/2016 INV#: 14944 - 5/02/2016 Nadi/CWM/Gau/CWM/Nadi (\$9,450)	
				PO81201-005557 18/02/2016 INV#: 14883 - 25/01/2016 Nadi/CWM/Vanuabalavu/CWM/ Nadi (\$18,144)	
				PO81201-005559 18/02/2016 INV#: 14902 - 26/01/2016 Nadi/CWM/Kadavu/Nadi/Kadav u/CWM/ Kadavu/CWM (\$23,436)	
				PO81201-005554 18/02/2016 INV#: 14723 - 10/01/2016 Nadi/CWM/Lomaloma/CWM/ Nadi (\$18,144)	

Date	Cheque /	Payee	Particulars	LPO & Invoice details	Amount
30/05/16	29163	Company O	Being payment for numerous invoice for Mercy Flight	PO81201-005876 - 23/05/2016 INV#:14998 - 10/02/2016 \$378.00 (Moce)	\$31,650.00
				PO81201-005877 23/05/2016 INV#: 15131 - 25/02/2016 \$8,316.00 (Koro)	
				PO81201-005878 23/05/2016 INV#: 15137 - 25/02/2016 \$3,780.00 (Gau)	
				PO81201-005875 23/05/2016 INV#: 15621 - 27/04/2016 \$10,584.00 (Lautoka)	
				PO81201-005880 23/05/2016 INV#: 15581 - 22/04/2016 \$8,592.00 (Vunisea)	
30/05/16	29166	Company O	Being payment for two invoices for mercy flight	PO81201-005874 23/05/2016 INV#:15339 - 25/03/2016 \$10,584.00 Nadi/Koro/CWM/Nadi	24,948.00
				PO81201-005879 23/05/2016 INV#: 15325 - 27/03/2016 \$14,364.00 Nadi/CWM/Totoya/CWM/Nadi	
07/06/16	29548	Company O	Being payment for numerous invoices for mercy flight	PO81201-005943 03/06/2016 INV# 15705 - 08/05/2016 \$8,950.00 Nadi/Nausori/Moala/Nausori/ Nadi	25,560.00
				PO81201-005942 03/06/2016 INV#: 15642 - 30/04/2016 \$7,160.00 Nadi/Nausori/Kadavu/Nausori/ Nadi	

Date	Cheque /	Payee	Particulars	LPO & Invoice details	Amount
				PO81201-005941 03/06/2016 INV#: 15855 - 22/05/2016 \$9,450.00 Nadi/CWM/Gau/CWM/Nadi	
07/04/16	26892	Company O	Being payment to Island Hoppers for mercy flight for numerous invoices.	PO81201-005690 04/04/2016 INV#: 15224 - 10/03/16 \$10,584.00 Nadi/CWM/Matuku/CWM/Nadi PO81201-005687 04/04/16 INV#: 15006 - 11/02/16 \$12,474.00 Nadi/CWM/Koro/CWM/Nadi PO81201-005695 04/04/16 INV#:15221 - 8/03/16 \$8,316.00 Nadi/CWM/Levuka/CWM/Nadi PO81201-005694 04/04/16 INV#:15235 - 14/03/16 \$9,450.00 Nadi/CWM/Levuka/CWM/Nadi PO81201-00593 04/04/16 INV#:15225 - 10/03/16 \$10,584.00 CWM/Kadavu/CWM/Nadi PO81201-005692 04/04/16 INV#: 15280 - 18/03/16 \$8,316.00 Nadi/CWM/Levuka/CWM/Nadi PO81201-005689 04/04/16 INV#: 15176 - 4/03/16 \$8,694.00 Nadi/CWM/Levuka/CWM/Nadi PO81201-005691 04/04/16 INV#: 15233 - 12/03/16 \$12,096.00 Nadi/CWM/Moala/CWM/Nadi	91,854.00

Date	Cheque /	Payee	Particulars	LPO & Invoice details	Amount
				PO81201-005688 04/04/16 INV#: 15174 - 3/03/16 \$11,340.00 Nadi/Suva/Koro/Suva/Nadi	
10/05/16	27920	Company O	Being payment for MEDIVAC services	PO81201-005803 06/05/16 INV#: 15019 - 10/02/16 \$10,500.00 Nadi/Nausori/Kadavu/Nausori/ Kadavu/Nausori INV#: 14968 - 08/02/16 \$8,750.00 Nadi/Nausori/Moala/Nausori/ Nadi INV#: 14936 - 04/02/16 \$11,900.00 Nadi/Nausori/Lakeba/Nausori/ Nadi	\$31,150.00
27/04/16	27492	Company O	Being payment for a MEDIVAC services for numerous invoices	PO22101-010080 25/04/16 INV#: 15176 - 04/03/16 \$8,694.00 Nadi/CWM/Levuka/CWM/Nadi INV#: 15174 - 03/04/16 \$11,340.00 Nadi/Suva/Koro/Suva/Nadi INV#: 15269 - 16/03/16 \$8,316.00 Nadi/CWM/Levuka/CWM/Nadi INV#:15449 - 09/04/16 \$9,072.00 Nadi/CWM/Gau/CWM/Nadi INV#:15450 - 09/04/16 \$5,670.00 Nadi/CWM/Levuka/CWM INV#:15441 - 07/04/16 \$11,340.00 Nadi/CWM/Koro/CWM/Nadi	\$54,432.00
22/06/16	30526	Company O	Being payment for MEDIVAC services for numerous invoices.	INV#: 15908 - 28/05/16 \$17,388.00 Nadi/CWM/Lomaloma/CWM/ Nadi INV#: 15910 - 29/05/16 \$8,316.00 Nadi/CWM/Levuka/CWM/Nadi	46,872.00

Date	Cheque /	Payee	Particulars	LPO & Invoice details	Amount
				INV#: 15939 - 02/06/16 \$12,474.00 Nadi/CWM/Nausori/Moala/CWM/Nadi	
				INV#: 16071 - 16/06/16 \$8,694.00 Nadi/CWM/Vunisea/CWM/Nadi	

Appendix 22.3 Lapse in delivery details

Indent Number (MD85101-00)	Indent Date	Product Name	Goods Receipt Date	Expected Delivery Lead Time per Indent (weeks)	Actual Delivery (Weeks)	Lapse In Delivery (weeks)
4665	12/05/15	bag autoclave code c size 159 x 79 x 235mm	29/12/15	12	33	21
4665	12/05/15	bag autoclave code c size 190 x 65 x 250mm	29/12/15	12	33	21
4780	16/06/15	film autoclave 4" individual packs	18/12/15	10	26.5	16.5
4799	25/06/15	sodium chloride 0.9% injection 1000ml bag	23/12/15	14	26	12
4692	15/05/15	konica laser imaging dry film 35 by 43 sd q	14/01/16	28	35	7
4692	15/05/15	konica laser imaging dry film 10 by 12 sd q	14/01/16	28	35	7
4692	15/05/15	konica laser imaging dry film 8 by 10 sd q	14/01/16	28	35	7
5264	17/02/16	hemolysate reagent without kenn (250ml bottle)	17/05/16	4	13	9
5289	06/03/16	shigella flexneri mono type v mast	27/05/16	3	12	9
5289	06/03/16	occutest reagents mast	27/05/16	3	12	9
5260	17/02/16	copper ii sulphate solution SG1 2l	26/05/16	6	14	8
5259	17/02/16	anti S human antisera monoclonal 2ml	05/05/16	4	11	7
5259	17/02/16	anti N lectin grouping reagent 2ml vicia graminea	05/05/16	4	11	7
5259	17/02/16	anti M human grouping reagent 2ml	05/05/16	4	11	7
5259	17/02/16	anti E monoclonal IGM grouping reagent 5ml	05/05/16	4	11	7
5259	17/02/16	anti e monoclonal IGM grouping reagent 5ml	05/05/16	4	11	7
5259	17/02/16	anti c monoclonal IGM grouping reagent 5ml	05/05/16	4	11	7
5259	17/02/16	Anti C monoclonal IGM grouping reagent 5ml	05/05/16	4	11	7
5259	17/02/16	Liss ready for use solution 250ml	05/05/16	4	11	7
5300	06/03/16	Oxidase strips -50 strips per pkt	17/05/16	4	10	6
5300	06/03/16	Anaerobic indicator strips dry 1 x 100 strips	17/05/16	4	10	6
5300	06/03/16	Anaerobic container system gas pak E2 500ml	17/05/16	4	10	6
4915	13/08/15	Anti fyb human group reagent 2ml	15/10/15	3	9	6
4915	13/08/15	Anti jka human grouping reagent 2ml	15/10/15	3	9	6
4915	13/08/15	Anti jkb human grouping reagent 2ml	15/10/15	3	9	6
4915	13/08/15	Anti lea monoclonal reagent 2ml	15/10/15	3	9	6
4915	13/08/15	Anti leb monoclonal reagent 2ml	15/10/15	3	9	6
4915	13/08/15	Anti S human antisera monoclonal 2ml	15/10/15	3	9	6

Indent Number (MD85101-00)	Indent Date	Product Name	Goods Receipt Date	Expected Delivery Lead Time per Indent (weeks)	Actual Delivery (Weeks)	Lapse In Delivery (weeks)
4915	13/08/15	Anti s human antisera monoclonal 2ml	15/10/15	3	9	6
4915	13/08/15	Anti M human grouping reagent 2ml	15/10/15	3	9	6
4915	13/08/15	Anti E monoclonal IGM grouping reagent 5ml	15/10/15	3	9	6
5302	06/03/16	Tube 10ml CSF label 1 2 box/2000 sachel of gamma 2 sterile	12/05/16	4	10	6
5302	06/03/16	Disposable inoculation loop 11ul	12/05/16	4	10	6
5302	06/03/16	Disposable inoculation loop 110ul	12/05/16	4	10	6
5302	06/03/16	Nutrient bruth	12/05/16	4	10	6
5302	06/03/16	Peptone water	12/05/16	4	10	6
5255	17/02/16	Vitamin b12 calset ii	20/04/16	4	9	5
5255	17/02/16	Cedia tdm antibiotic multical	20/04/16	4	9	5
4916	13/08/15	Anti C monoclonal IGM grouping reagent 5ml	15/10/15	4	9	5
4916	13/08/15	Anti c monoclonal IGM grouping reagent 5ml	15/10/15	4	9	5
4916	13/08/15	Anti human globulin C3d monoclonal reagent 2ml	15/10/15	4	9	5
4916	13/08/15	Anti human globulin reagent rabbit IgG clear 10ml	15/10/15	4	9	5
4916	13/08/15	Liss ready for use solution 2500ml	15/10/15	4	9	5
4916	13/08/15	Pipette tip yellow 0.2 200ul 1000pcs	15/10/15	4	9	5

Appendix 22.4: Details of revenue receipts where allocations are not legible

Receipt No.	Date	Received from	Amount (\$)
CWM Hospital			
610517	07/07/16	Patient M	218.00
610518	07/07/16	Patient N	4.80
610519	08/07/16	Patient O	10.90
610520	08/07/16	Patient P	37.90
610521	Not stated in Receipt	Patient Q	174.00
609741	20/06/16	Patient R	650.00
609742	01/07/16	Patient S	300.00
609743	01/07/16	Patient T	260.00
634658	25/07/15	Not clear	10.90
634657	25/07/16	Patient U	65.40
634419	25/07/16	Patient V	109.00
634420	25/07/16	Patient W	120.60
634421	25/07/16	Patient X	235.00
634423	25/07/16	Patient Y	500.00
634424	25/07/16	Patient Z	54.50
634403	21/07/16	Patient AA	220.00
634406	21/07/16	Patient AB	10.90
634407	21/07/16	Patient AC	192.80
634409	21/07/16	Patient AD	100.00
634410	21/07/16	Patient AE	149.20
634411	21/07/16	Patient AF	261.00

Appendix 22.5: Incorrect revenue allocations entered on receipts

Receipt no.	Date	Received from	Amount (\$)	Allocation used	Remarks
CWM Hospital					
634418	22/07/16	Patient AG	39.90	1-22101-22999-330312 - \$ 36.60 1-22101-22999-632012 - \$ 3.30	Allocation stated is not a valid revenue allocation in the FMIS
634422	25/07/16	Patient AH	228.90	1-22101-22999-330312 - \$ 36.60 1-22101-22999-632012 - \$ 3.30	
SDMO Rewa – Nausori					
403224	25/04/16	Patient AI	189.55	1-22101-22999-230451 - \$173.91 VAT - \$ 15.64	Allocation stated is not a valid revenue allocation in the FMIS
403225	25/04/16	Patient AJ	568.75	1-22101-22999-230451 - \$ 517.60 VAT - \$ 51.15	
403226	26/04/16	Patient AK	379.13	1-22101-22999-230451 - \$ 347.83 VAT - \$ 31.30	
403228	26/04/16	Patient AL	31.60	1-22101-22999-230451 - \$ 29.00 VAT - \$ 2.60	
403229	27/04/16	Patient AM	126.37	1-22101-22999-230451 - \$ 29.00 VAT - \$ 2.60	
403230	27/04/16	Patient AN	36.34	1-22101-22999-230451 - \$ 29.00 1-22101-22999-229999 - \$4.34 VAT - \$ 2.99	Payment was for Health fees (1-22101-22999-230312) and Tobacco fees (1-22101-22999-230499) Allocations stated are both Incorrect.
403231	27/04/16	Patient AO	47.40	1-22101-22999-230451 - \$ 43.43 VAT - \$ 3.92	Allocation stated is not a valid revenue allocation in the FMIS
403232	29/04/16	Patient AP	31.60	1-22101-22999-230451 - \$ 29.00 VAT - \$ 2.60	
403233	29/04/16	Patient AQ	284.80	1-22101-22999-230451 - \$ 149.89 VAT - \$ 134.91	
403234	29/04/16	Patient AR	284.80	1-22101-22999-230451 - \$ 149.89 VAT - \$ 134.91	
403235	29/04/16	Patient AS	284.80	1-22101-22999-230451 - \$ 149.89 VAT - \$ 134.91	
403237	2/05/16	Patient AT	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
403239	2/05/16	Patient AU	27.65	1-22101-22999-230451 - \$ 25.37 VAT - \$ 2.28	
403240	2/05/16	Patient AV	189.56	1-22101-22999-230451 - \$ 173.91 VAT - \$ 15.65	
403241	2/05/16	Patient AW	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
403242	2/05/16	Patient AX	379.15	1-22101-22999-230451 - \$ 347.84 VAT - \$ 31.31	
403243	2/05/16	Patient AY	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
403245	3/05/16	Patient AZ	27.65	1-22101-22999-230451 - \$ 25.37 VAT - \$ 2.28	
403246	3/05/16	Patient BA	27.65	1-22101-22999-230451 - \$ 25.37 VAT - \$ 2.28	
403250	4/05/16	Patient BB	379.12	1-22101-22999-230451 - \$ 347.82 VAT - \$ 31.30	

Receipt no.	Date	Received from	Amount (\$)	Allocation used	Remarks
404502	6/05/16	Patient BC	47.40	1-22101-22999-230451 - \$ 43.14 VAT - \$ 4.26	
404504	6/05/16	Patient BD	758.30	1-22101-22999-230451 - \$ 690.05 VAT - \$ 68.25	
404507	9/05/16	Patient BE	47.60	1-22101-22999-230451 - \$ 43.66 VAT - \$ 3.94	
404508	9/05/16	Patient BF	27.72	1-22101-22999-230451 - \$ 25.43 VAT - \$ 2.29	
404509	9/05/16	Patient BG	27.72	1-22101-22999-230451 - \$ 25.43 VAT - \$ 2.29	
404510	9/05/16	Patient BH	31.60	1-22101-22999-230451 - \$ 25.43 VAT - \$ 2.29	
404511	9/05/16	Patient BI	47.40	1-22101-22999-230451 - \$ 43.66 VAT - \$ 3.74	
404513	9/05/16	Patient BJ	4.74	1-22101-22999-229999 - \$ 4.32 VAT - \$ 0.42	Receipt for Tobacco License (1-22101-22999-230499) Incorrect Allocation stated in Receipt
404514	10/05/16	Patient BK	20.85	1-22101-22999-229999 - \$ 19.13 VAT - \$ 1.72	Receipt for Renewal of Taxi Base (Correct allocation License -1-22101-22999-230499)
404515	10/05/16	Patient BL	31.60	1-22101-22999-230451 - \$ 28.99 VAT - \$ 2.51	Allocation stated is not a valid revenue allocation in the FMIS
404518	11/05/16	Patient BM	189.56	1-22101-22999-230451 - \$ 172.50 VAT - \$ 17.06	
404520	11/05/16	Patient BN	47.40	1-22101-22999-230451 - \$ 43.66 VAT - \$ 3.74	
404521	12/05/16	Patient BO	31.60	1-22101-22999-230451 - \$ 28.99 VAT - \$ 2.51	
404522	11/05/16	Patient BP	27.72	1-22101-22999-230451 - \$ 25.43 VAT - \$ 2.92	
404524	13/05/16	Patient BQ	4.74	1-22101-22999-230451 - \$ 4.32 VAT - \$ 0.42	
404525	13/05/16	Patient BR	47.40	1-22101-22999-230451 - \$ 43.66 VAT - \$ 3.74	
404526	16/05/16	Patient BS	47.40	1-22101-22999-230451 - \$ 43.66 VAT - \$ 3.74	
404527	16/05/16	Patient BT	47.40	1-22101-22999-230451 - \$ 43.66 VAT - \$ 3.74	
404529	16/05/16	Patient BU	4.74	1-22101-22999-229999 - \$ 4.32 VAT - \$ 0.42	Receipt for Tobacco fees (Correct allocation License -1-22101-22999-230499)
404530	16/05/16	Patient BV	47.40	1-22101-22999-230451 - \$ 43.66 VAT - \$ 3.74	Allocation stated is not a valid revenue allocation in the FMIS
404531	17/05/16	Patient BW	4.74	1-22101-22999-230451 - \$ 4.32 VAT - \$ 0.42	
404533	17/05/16	Patient BX	4.74	1-22101-22999-229999 - \$ 4.32 VAT - \$ 0.42	Receipt for Tobacco fees (Correct allocation License -1-22101-22999-230499)

Receipt no.	Date	Received from	Amount (\$)	Allocation used	Remarks
404534	18/05/16	Patient BY	47.40	1-22101-22999-230451 - \$ 43.66 VAT - \$ 3.74	Allocation stated is not a valid revenue allocation in the FMIS
404535	18/05/16	Patient BZ	189.60	1-22101-22999-230451 - \$ 173.94 VAT - \$ 15.66	
404536	18/05/16	Patient CA	47.40	1-22101-22999-230451 - \$ 43.66 VAT - \$ 3.74	
404537	18/05/16	Patient CA	4.74	1-22101-22999-229999 - \$ 4.32 VAT - \$ 0.42	Receipt for Tobacco fees (Correct allocation License -1-22101-22999-230499)
404542	20/05/16	Patient CC	47.40	1-22101-22999-230451 - \$ 43.66 VAT - \$ 3.74	Allocation stated is not a valid revenue allocation in the FMIS
404543	23/05/16	Patient CD	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
404544	23/05/16	Patient CE	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
404545	23/05/16	Patient CF	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
404546	24/05/16	Patient CG	31.00	1-22101-22999-230451 - \$ 28.90 VAT - \$ 2.51	
404548	24/05/16	Patient CH	15.84	1-22101-22999-230451 - \$ 14.50 VAT - \$ 1.31	
404549	24/05/16	Patient CI	55.30	1-22101-22999-230451 - \$ 50.73 VAT - \$ 4.57	
404550	24/05/16	Patient CJ	189.56	1-22101-22999-230451 - \$ 173.94 VAT - \$ 15.66	
404951	25/05/16	Patient CK	189.56	1-22101-22999-230451 - \$ 172.50 VAT - \$ 17.06	
404955	26/05/16	Patient CL	27.65	1-22101-22999-230451 - \$ 25.16 VAT - \$ 2.48	
404956	27/05/16	Patient CM	27.65	1-22101-22999-230451 - \$ 25.37 VAT - \$ 2.28	
404957	30/05/16	Patient CN	27.65	1-22101-22999-230451 - \$ 25.16 VAT - \$ 2.49	
404958	30/06/16	Patient CO	52.15	1-22101-22999-229999 - \$ 4.52 1-22101-22999-230475 - \$ 43.49 VAT - \$ 4.34	Payment was for Health fees (1-22101-22999-230312) and Tobacco fees (1-22101-22999-230499) Allocations stated in receipts are both Incorrect.
404959	30/05/16	Patient CP	4.74	1-22101-22999-229999 - \$ 4.32 VAT - \$ 0.42	Receipt for Tobacco fees (Correct allocation License -1-22101-22999-230499)
404960	30/05/16	Patient CQ	47.72	1-22101-22999-230451 - \$ 43.48 VAT - NOT CLEAR	Allocation stated is not a valid revenue allocation in the FMIS
402809	31/03/16	Patient CR	379.15	1-22101-22999-230451 - \$ 345.03 VAT - \$ 34.12	
402810	31/05/16	Patient CS	189.56	1-22101-22999-230451 - \$ 172.50 VAT - \$ 17.06	
402811	31/05/16	Patient CT	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	

Receipt no.	Date	Received from	Amount (\$)	Allocation used	Remarks
402812	31/05/16	Patient CU	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
402815	1/04/16	Patient CV	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
402816	1/04/16	Patient CW	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
402817	1/04/16	Patient CW	6.63	1-22101-22999-230451 - \$ 6.04 VAT - \$ 0.59	
402820	1/04/16	Patient CX	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
402823	5/04/16	Patient CY	52.14	1-22101-22999-230451 - \$ 43.48 1-22101-22999-229999 - \$ 4.35 VAT - \$ 4.31	Payment was for Health fees (1-22101-22999-230312) and Tobacco fees (1-22101-22999-230499) Allocations stated in receipts are both Incorrect
402825	5/04/16	Patient CZ	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	Allocation stated is not a valid revenue allocation in the FMIS
402829	6/04/16	Patient DA	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
402830	6/04/16	Patient DB	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
402833	6/04/16	Patient DC	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.97	
402834	6/04/16	Patient DD	189.57	1-22101-22999-230451 - \$ 173.91 VAT - \$ 15.65	
402835	8/04/16	Patient DE	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
402836	8/04/16	Patient DF	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
402839	8/04/16	Patient DI	47.40	1-22101-22999-230431 - \$ 43.48 VAT - \$ 3.92	
402841	8/04/16	Patient DJ	31.60	1-22101-22999-230431 - \$ 29.00 VAT - \$ 2.60	
402842	8/04/16	Patient DK	6.68	1-22101-22999-229999 - \$ 6.04 VAT - \$ 0.59	Receipt for Tobacco fees (Correct allocation License -1-22101-22999-230499)
402843	8/04/16	Patient DL	31.60	1-22101-22999-230451 - \$ 29.60 VAT - \$ 2.60	Allocation stated is not a valid revenue allocation in the FMIS
402844	8/04/16	Patient DM	97.40	1-22101-22999-230451 - \$ 88.63 VAT - \$ 8.77	
402845	8/04/16	Patient DM	4.74	1-22101-22999-229999 - \$ 4.32 VAT - \$ 0.42	Receipt for Tobacco fees (Correct allocation License -1-22101-22999-230499)
402848	12/04/16	Patient DN	47.40	1-22101-22999-230431 - \$ 43.48 VAT - \$ 3.92	Allocation stated is not a valid revenue allocation in the FMIS

Receipt no.	Date	Received from	Amount (\$)	Allocation used	Remarks
402849	12/04/16	Patient DO	52.14	1-22101-22999-230451 - \$ 47.05 1-22101-22999-229999 - \$ 4.74 VAT - \$ 4.39	Payment was for Health and Tobacco fees (1-22101-22999-230499) Allocations stated in receipts are both Incorrect
402850	12/04/16	Patient DP	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	Allocation stated is not a valid revenue allocation in the FMIS
403201	13/04/16	Patient DQ	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
403204	13/04/16	Patient DR	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
403206	13/04/16	Patient DS	189.56	1-22101-22999-230451 - \$ 173.91 VAT - \$ 15.65	
403207	14/04/16	Patient DT	379.13	1-22101-22999-230451 - \$ 347.83 VAT - \$ 31.30	
403209	14/04/16	Patient DU	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
403210	15/04/16	Patient DV	52.40	1-22101-22999-230451 - \$ 43.48 1-22101-22999-229999 - \$ 4.58 VAT - \$ 4.34	Payment was for Health License and Tobacco fees (1-22101-22999-230499) Allocations stated in receipts are both Incorrect
403212	15/04/16	Patient DW	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	Allocation stated is not a valid revenue allocation in the FMIS
403213	18/04/16	Patient DX	6.63	1-22101-22999-229999 - \$ 6.04 VAT - \$ 0.59	Receipt for Tobacco License (Correct allocation License -1-22101-22999-230499)
403214	18/04/16	Patient DY	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	Allocation stated is not a valid revenue allocation in the FMIS
403215	19/04/16	Patient DZ	36.34	1-22101-22999-230451 - \$ 31.60 1-22101-22999-229999 - \$ 4.32 VAT - \$ 3.02	Payment was for Health fees (1-22101-22999-230312) and Tobacco fees (1-22101-22999-230499) Allocations stated in receipts are both Incorrect
403216	19/04/16	Patient EA	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	Allocation stated is not a valid revenue allocation in the FMIS
403217	19/04/16	Patient EB	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	
403218	20/04/16	Patient EC	47.40	1-22101-22999-230451 - \$ 43.48 VAT - \$ 3.92	

Receipt no.	Date	Received from	Amount (\$)	Allocation used	Remarks
403220	21/04/16	Patient ED	4.74	1-22101-22999-229999 - \$ 4.35 VAT - \$ 0.39	Receipt for Tobacco License (Correct allocation License -1-22101-22999-230499)
403221	21/04/16	Patient EE	6.63	1-22101-22999-229999 - \$ 6.04 VAT - \$ 0.59	Receipt for Tobacco Registration (Correct allocation License -1-22101-22999-230499)
403223	25/04/16	Patient EF	474.00	1-22101-22999-230451 - \$ 431.34 VAT - \$ 42.66	Receipt for Health License (Correct allocation 1-22101-22999-230499)

Appendix 22.6: Incorrect revenue allocations entered on receipts

Receipt no.	Date	Received from	Amount (\$)
SDMO Rewa - Nausori			
406807	4/07/16	Patient EG	4.75
406808	4/07/16	Patient EH	2.85
406809	4/07/16	Patient EI	2.85
406810	5/07/16	Patient EJ	2.85
406811	5/07/16	Patient EK	4.75
406812	5/07/16	Patient EL	4.75
406813	5/07/16	Patient EM	2.85
406814	5/07/16	Patient EN	2.85
406815	5/07/16	Patient EO	4.75
406816	5/07/16	Patient EP	2.85
406817	5/07/16	Patient EQ	2.85
406818	5/07/16	Patient ER	7.10
406819	5/07/16	Patient ES	4.75
406820	5/07/16	Patient ET	4.75
406821	5/07/16	Patient EU	4.75
406822	5/07/16	Patient EV	4.75
406823	5/07/16	Patient EW	4.75
406824	5/07/16	Patient EX	7.10
406825	5/07/16	Patient EY	4.75
406826	5/07/16	Patient EZ	4.75
406827	5/07/16	Patient FA	4.75
406828	5/07/16	Patient FB	4.75
406829	5/07/16	Patient FC	4.75
406830	5/07/16	Patient FD	4.75
406831	5/07/16	Patient FE	7.60
406832	5/07/16	Patient FF	4.75
406833	5/07/16	Patient FG	4.75
406834	5/07/16	Patient FH	4.75
406835	5/07/16	Patient FI	2.85
406836	5/07/16	Patient FJ	4.75
406837	5/07/16	Patient FK	4.75
406838	5/07/16	Patient FL	4.75
406839	5/07/16	Patient FM	4.75
406840	5/07/16	Patient FN	14.20
406841	5/07/16	Patient FO	4.75
406842	5/07/16	Patient FP	4.75
406843	5/07/16	Patient FQ	2.85
406844	5/07/16	Patient FR	2.85
406846	5/07/16	Patient FS	4.75
406847	5/07/16	Patient FT	4.75
406848	5/07/16	Patient FU	4.75
406849	5/07/16	Patient FV	4.75
406850	5/07/16	Patient FW	4.75
406190	5/07/16	Patient FX	12.90
406191	5/07/16	Patient FY	2.85
406192	5/07/16	Patient FZ	2.85
406193	5/07/16	Patient GA	4.75
406194	5/07/16	Patient GB	4.75
406195	5/07/16	Patient GC	4.75
406196	5/07/16	Patient GD	4.75

Receipt no.	Date	Received from	Amount (\$)
406197	5/07/16	Patient GE	4.75
406198	5/07/16	Patient GF	4.75
406199	5/07/16	Patient GG	2.85
406200	5/07/16	Patient GH	4.75
500001	5/07/16	Patient GI	4.75
500002	6/07/16	Patient GK	4.75
500003	6/07/16	Patient GL	4.75
500004	6/07/16	Patient GM	4.75
500005	6/07/16	Patient GN	2.85
500006	6/07/16	Patient GO	7.60
500007	6/07/16	Patient GP	4.75
500008	6/07/16	Patient GQ	4.75
500009	6/07/16	Patient GR	4.75
500010	6/07/16	Patient GS	4.75
500011	6/07/16	Patient GT	4.75
500012	6/07/16	Patient GU	2.85
500013	6/07/16	Patient GV	4.75
500014	6/07/16	Patient GW	4.75
500015	6/07/16	Patient GX	2.85
500016	6/07/16	Patient GY	4.75
500017	6/07/16	Patient GZ	14.20
500018	6/07/16	Patient HA	4.75
500019	6/07/16	Patient HB	4.75
500020	6/07/16	Patient HC	2.85
500021	6/07/16	Patient HD	4.75
500022	6/07/16	Patient HE	4.75
500023	6/07/16	Patient HF	9.50
500024	6/07/16	Patient HG	7.60
500025	6/07/16	Patient HH	4.75
500026	6/07/16	Patient HI	2.85
500027	6/07/16	Patient HJ	4.75
500028	6/07/16	Patient HK	4.75
500029	6/07/16	Patient HL	4.75
500030	6/07/16	Patient HM	4.75
500031	7/07/16	Patient HN	4.75
500032	7/07/16	Patient HO	10.00
500033	7/07/16	Patient HP	4.75
500034	7/07/16	Patient HQ	4.75
500035	7/07/16	Patient HR	4.75
500036	7/07/16	Patient HS	4.75
500037	7/07/16	Patient HT	4.75
500038	7/07/16	Patient HU	2.85
500039	7/07/16	Patient HV	14.20
500040	7/07/16	Patient HW	7.60
500041	7/07/16	Patient HX	4.75
500042	7/07/16	Patient HY	7.60
402813	31/05/16	Patient HZ	72.03
402814	1/04/16	Patient IA	6.63
402819	4/04/16	Patient IB	379.12
402822	4/04/16	Patient IC	4.74
402826	5/04/16	Patient ID	47.40
402827	5/04/16	Patient IE	189.60
402828	5/04/16	Patient IE	189.60
402831	6/04/16	Patient IF	4.74

Receipt no.	Date	Received from	Amount (\$)
402832	6/04/16	Patient IG	4.74
402837	8/04/16	Patient IH	6.63
402838	8/04/16	Patient II	379.13
406565	1/07/16	Patient IJ	4.75
406566	1/07/16	Patient IK	7.10
406567	1/07/16	Patient IK	7.10
406568	4/07/16	Patient IL	4.75
406569	4/07/16	Patient IM	4.75
406570	4/07/16	Patient IN	4.75
406571	4/07/16	Patient IO	4.75
406572	4/07/16	Patient IP	4.75
406573	4/07/16	Patient IQ	4.75
406574	6/07/16	Patient IR	4.75
406575	6/07/16	Patient IS	4.75
406576	6/07/16	Patient IT	4.75
406577	6/07/16	Patient IU	4.75

Appendix 22.7: Examples of receipts being delayed in banking

Hospital	Receipt no.	Received from	Amount (\$)	Receipt dated	Banking dated	No. of days delayed
CWM Hospital	610603	Patient IV	71.10	7/07/16	11/07/16	4
	610604	Patient IW	18.95	7/07/16	11/07/16	4
	610605	Patient IX	7.60	7/07/16	11/07/16	4
	610517	Patient IY	218.00	7/07/16	11/07/16	4
	610518	Patient IZ	4.80	7/07/16	11/07/16	4
	609955	Patient JA	436.00	1/07/16	04/07/16	3
	609956	Patient JB	21.80	1/07/16	04/07/16	3
	609957	Patient JC	10.90	1/07/16	04/07/16	3
	609958	Patient JD	54.50	1/07/16	04/07/16	3
	609959	Patient JE	10.90	1/07/16	04/07/16	3
	609960	Patient JF	152.60	1/07/16	04/07/16	3
	609961	Patient JG	763.00	1/07/16	04/07/16	3
	609962	Patient JH	10.90	1/07/16	04/07/16	3
	609963	Patient JI	54.50	1/07/16	04/07/16	3
	609964	Patient JJ	152.60	1/07/16	04/07/16	3
	610202	Patient JK	8.70	30/06/16	04/07/16	4
	610203	Patient JL	9.50	30/06/16	04/07/16	4
	610204	Patient JM	9.50	30/06/16	04/07/16	4
	610205	Patient JN	8.00	30/06/16	04/07/16	4
	610206	Patient JO	4.75	30/06/16	04/07/16	4
	610207	Patient JP	5.00	30/06/16	04/07/16	4
	610208	Patient JQ	1.90	30/06/16	04/07/16	4
	610209	Patient JR	11.35	30/06/16	04/07/16	4
	610210	Patient JS	4.75	30/06/16	04/07/16	4
	610244	Patient JT	18.95	01/07/16	04/07/16	3
	610245	Patient JU	38.20	01/07/16	04/07/16	3
	610246	Patient JV	19.00	01/07/16	04/07/16	3
	610247	Patient JW	20.00	01/07/16	04/07/16	3
	610251	Patient JX	19.00	01/07/16	04/07/16	3
	610253	Patient JY	34.75	01/07/16	04/07/16	3
	610255	Patient JZ	14.20	01/07/16	04/07/16	3
	609741	Patient KA	650.00	20/06/16	04/07/16	14
	609742	Patient KB	300.00	1/07/16	04/07/16	3
	609743	Patient KC	260.00	1/07/16	04/07/16	3
	609683	Patient KD	10.90	1/07/16	04/07/16	3
	609684	Patient KE	10.90	1/07/16	04/07/16	3
	609685	Not Clear	10.90	1/07/16	04/07/16	3
Fiji Pharmaceutical and Biomedical Services	425856	Patient KF	48,551.78	29/06/16	20/07/16	21
SDMO Rewa (Nausori)	403224	Patient KG	189.55	25/04/16	25/07/16	91
	403225	Patient KH	568.75	25/04/16	25/07/16	91
	403226	Patient KI	379.13	26/04/16	25/07/16	90
	403227	Patient KJ	20.85	26/04/16	25/07/16	90
	403228	Patient KK	31.60	26/04/16	25/07/16	90
	403229	Patient KL	126.37	27/04/16	25/07/16	89
	403230	Patient KM	36.34	27/04/16	25/07/16	89
	403231	Patient KN	47.40	27/04/16	25/07/16	89
	403232	Patient KO	31.60	29/04/16	25/07/16	87
	403233	Patient AR	284.80	29/04/16	25/07/16	87

Hospital	Receipt no.	Received from	Amount (\$)	Receipt dated	Banking dated	No. of days delayed
	403234	Patient AR	284.80	29/04/16	25/07/16	87
	403235	Patient AR	284.80	29/04/16	25/07/16	87
	403236	Patient KP	20.85	2/05/16	25/07/16	84
	403237	Patient KQ	47.40	2/05/16	25/07/16	84
	403238	Patient KR	20.85	2/05/16	25/07/16	84
	403239	Patient KS	27.65	2/05/16	25/07/16	84
	403240	Patient KT	189.56	2/05/16	25/07/16	84
	403241	Patient KU	47.40	2/05/16	25/07/16	84
	403242	Patient KV	379.15	2/05/16	25/07/16	84
	403243	Patient KW	47.40	2/05/16	25/07/16	84
	403244	Patient KX	20.85	3/05/16	25/07/16	83
	403245	Patient KY	27.65	3/05/16	25/07/16	83
	403246	Patient KZ	27.65	3/05/16	25/07/16	83
	403247	Patient LA	179.14	3/05/16	25/07/16	83
	403249	Patient LB	20.85	4/05/16	25/07/16	82
	403250	Patient LC	379.12	4/05/16	25/07/16	82
	404501	Patient LD	20.85	6/05/16	25/07/16	80
	404502	Patient LE	47.40	6/05/16	25/07/16	80
	404503	Patient LF	20.85	6/05/16	25/07/16	80
	404504	Patient LG	758.30	6/05/16	25/07/16	80
	404505	Patient LH	20.85	6/05/16	25/07/16	80
	404506	Patient LI	20.85	6/05/16	25/07/16	80
	404507	Patient LJ	47.60	9/05/16	25/07/16	77
	404508	Patient LK	27.72	9/05/16	25/07/16	77
	404509	Patient LL	27.72	9/05/16	25/07/16	77
	404510	Patient LM	31.60	9/05/16	25/07/16	77
	404511	Patient LN	47.40	9/05/16	25/07/16	77
	404513	Patient LN	4.74	9/05/16	25/07/16	77
	404514	Patient LO	20.85	10/05/16	25/07/16	76
	404515	Patient LP	31.60	10/05/16	25/07/16	76
	404516	Patient LQ	20.85	10/05/16	25/07/16	76
	404517	Patient LR	20.85	10/05/16	25/07/16	76
	404518	Patient LS	189.56	11/05/16	25/07/16	75
	404519	Patient LT	20.85	11/05/16	25/07/16	75
	404520	Patient LU	47.40	11/05/16	25/07/16	75
	404521	Patient LV	31.60	12/05/16	25/07/16	74
	404522	Patient LW	27.72	11/05/16	25/07/16	75
	404523	Patient LX	20.85	12/05/16	25/07/16	74
	404524	Patient LY	4.74	13/05/16	25/07/16	73
	404525	Patient LZ	47.40	13/05/16	25/07/16	73
	404526	Patient MA	47.40	16/05/16	25/07/16	70
	404527	Patient MB	47.40	16/05/16	25/07/16	70
	404528	Patient MC	179.14	16/05/16	25/07/16	70
	404529	Patient MD	4.74	16/05/16	25/07/16	70
	404530	Patient ME	47.40	16/05/16	25/07/16	70
	404531	Patient MF	4.74	17/05/16	25/07/16	69
	404532	Patient MG	41.70	17/05/16	25/07/16	69
	404533	Patient MH	4.74	17/05/16	25/07/16	69
	404534	Patient MI	47.40	18/05/16	25/07/16	68
	404535	Patient MJ	189.60	18/05/16	25/07/16	68
	404536	Patient MK	47.40	18/05/16	25/07/16	68
	404537	Patient MK	4.74	18/05/16	25/07/16	68
	404538	Patient ML	20.85	18/05/16	25/07/16	68

Hospital	Receipt no.	Received from	Amount (\$)	Receipt dated	Banking dated	No. of days delayed
	404539	Patient MM	20.85	18/05/16	25/07/16	68
	404542	Patient MN	47.40	20/05/16	25/07/16	66
	404543	Patient MO	47.40	23/05/16	25/07/16	63
	404544	Patient MP	47.40	23/05/16	25/07/16	63
	404545	Patient MQ	47.40	23/05/16	25/07/16	63
	404546	Patient MR	31.00	24/05/16	25/07/16	62
	404547	Patient MS	513.72	23/05/16	25/07/16	63
	404548	Patient MT	15.84	24/05/16	25/07/16	62
	404549	Patient MU	55.30	24/05/16	25/07/16	62
	404550	Patient MV	189.56	24/05/16	25/07/16	62
	404951	Patient MW	189.56	25/05/16	25/07/16	61
	404952	Patient MX	20.85	25/05/16	25/07/16	61
	404953	Patient MY	20.85	26/05/16	25/07/16	60
	404955	Patient MZ	27.65	26/05/16	25/07/16	60
	404956	Patient NA	27.65	27/05/16	25/07/16	59
	404957	Patient NB	27.65	30/05/16	25/07/16	56
	404958	Patient NC	52.15	30/05/16	25/07/16	56
	404959	Patient ND	4.74	30/05/16	25/07/16	56
	404960	Patient NE	47.72	30/05/16	25/07/16	56
	406807	Patient NF	4.75	4/07/16	07/07/16	3
	406808	Patient NG	2.85	4/07/16	07/07/16	3
	406809	Patient NH	2.85	4/07/16	07/07/16	3
	402809	Patient NI	379.15	31/03/16	07/07/16	98
	402810	Patient NJ	189.56	31/03/16	07/07/16	98
	402811	Patient NK	47.40	31/03/16	07/07/16	98
	402812	Patient NL	47.40	31/03/16	07/07/16	98
	402813	Patient NM	72.03	31/03/16	07/07/16	98
	402814	Patient NN	6.63	1/04/16	07/07/16	97
	402815	Patient NO	47.40	1/04/16	07/07/16	97
	402816	Patient NP	47.40	1/04/16	07/07/16	97
	402817	Patient NP	6.63	1/04/16	07/07/16	97
	402819	Patient NQ	379.12	4/04/16	07/07/16	94
	402820	Patient NR	47.40	1/04/16	07/07/16	97
	402821	Patient NS	20.85	4/04/16	07/07/16	94
	402822	Patient NT	4.74	4/04/16	07/07/16	94
	402823	Patient NU	52.14	5/04/16	07/07/16	93
	402825	Patient NV	47.40	5/04/16	07/07/16	93
	402826	Patient NW	47.40	5/04/16	07/07/16	93
	402827	Patient NX	189.60	5/04/16	07/07/16	93
	402828	Patient NX	189.60	5/04/16	07/07/16	93
	402829	Patient NY	47.40	6/04/16	07/07/16	92
	402830	Patient NZ	47.40	6/04/16	07/07/16	92
	402831	Patient OA	4.74	6/04/16	07/07/16	92
	402832	Patient OB	4.74	6/04/16	07/07/16	92
	402833	Patient OC	47.40	6/04/16	07/07/16	92
	402834	Patient OD	189.57	6/04/16	07/07/16	92
	402835	Patient OE	47.40	8/04/16	07/07/16	90
	402836	Patient OF	47.40	8/04/16	07/07/16	90
	402837	Patient OG	6.63	8/04/16	07/07/16	90
	402838	Patient OH	379.13	8/04/16	07/07/16	90
	402839	Patient OI	47.40	8/04/16	07/07/16	90
	402841	Patient OJ	31.60	8/04/16	07/07/16	90
	402842	Patient OK	6.68	8/04/16	07/07/16	90

Hospital	Receipt no.	Received from	Amount (\$)	Receipt dated	Banking dated	No. of days delayed
	402843	Patient OL	31.60	8/04/16	07/07/16	90
	402844	Patient OM	97.40	8/04/16	07/07/16	90
	402845	Patient OM	4.74	8/04/16	07/07/16	90
	402848	Patient ON	47.40	12/04/16	07/07/16	86
	402849	Patient OO	52.14	12/04/16	07/07/16	86
	402850	Patient OP	47.40	12/04/16	07/07/16	86
	403201	Patient OQ	47.40	13/04/16	07/07/16	85
	403202	Patient NS	72.67	13/04/16	07/07/16	85
	403203	Patient OR	20.85	13/04/16	07/07/16	85
	403204	Patient OS	47.40	13/04/16	07/07/16	85
	403206	Patient OT	189.56	13/04/16	07/07/16	85
	403207	Patient OU	379.13	14/04/16	07/07/16	84
	403208	Patient OV	107.10	14/04/16	07/07/16	84
	403209	Patient OW	47.40	14/04/16	07/07/16	84
	403210	Patient OX	52.40	15/04/16	07/07/16	83
	403212	Patient OY	47.40	15/04/16	07/07/16	83
	403213	Patient OZ	6.63	18/04/16	07/07/16	80
	403214	Patient PA	47.40	18/04/16	07/07/16	80
	403215	Patient PB	36.34	19/04/16	07/07/16	79
	403216	Patient PC	47.40	19/04/16	07/07/16	79
	403217	Patient PD	47.40	19/04/16	07/07/16	79
	403218	Patient PE	47.40	20/04/16	07/07/16	78
	403219	Patient PF	20.85	21/04/16	07/07/16	77
	403220	Patient PG	4.74	21/04/16	07/07/16	77
	403221	Patient PH	6.63	21/04/16	07/07/16	77
	403222	Patient PI	20.85	22/04/16	07/07/16	76
	403223	Patient PJ	474.00	25/04/16	07/07/16	73
	406565	Patient PK	4.75	1/07/16	07/07/16	6
	406566	Patient PL	7.10	1/07/16	07/07/16	6
	406567	Patient PL	7.10	1/07/16	07/07/16	6
	406568	Patient PM	4.75	4/07/16	07/07/16	3
	406569	Patient PN	4.75	4/07/16	07/07/16	3
	406570	Patient PO	4.75	4/07/16	07/07/16	3
	406571	Patient PP	4.75	4/07/16	07/07/16	3
	406572	Patient PQ	4.75	4/07/16	07/07/16	3
	406573	Patient PR	4.75	4/07/16	07/07/16	3

Section 23

Department of Housing

Role and Responsibilities

The Department of Housing is responsible for providing access to adequate, quality and affordable accommodation for all citizens and especially the low-income groups and the poor. The Department plays an important role in the Government's effort to combat poverty through the effective administration of the National Housing Policy, which has a specific emphasis on upgrading and resettlement programs for the less fortunate in Fiji.

The Department is also responsible for administering Government grants to social housing providers such as the Public Rental Board, the Housing Authority and the Housing Assistance Relief Fund.

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PART A: FINANCIAL STATEMENT

23.1 Audit Opinion

The audit of the 2016 accounts of the Department of Housing resulted in a qualified audit opinion. The qualifications are as follows:

- The City Wide Informal Settlement Upgrading Trust Fund account had a closing balance of \$7,269 for period ended 31 July 2016. The Department did not maintain proper records including cash books. Proper bank reconciliations were also not performed for the trust account. As a result, the audit was not able to ascertain the accuracy and correctness of the amount reflected in the trust account.
- The Department did not carry out an annual board of survey to verify the existence and condition of all assets under its authority contrary to Section 49 of Finance Instructions 2010. The last survey was carried for the financial period ended 31 December 2015.

23.2 Statement of Receipts and Expenditure

The Department of Housing recorded revenue totalling \$12,904 and incurred expenditure totalling \$6,806,668 for the seven months period ended 31 July 2016. Details are provided in Table 23.1.

Table 23.1: Statement of Receipts and Expenditure for 2016

Description	31 July 2016 (\$)	31 December 2015 (\$)
RECEIPTS		
State Revenue		
Commission	-	-
Total State Revenue		
Agency Revenue		
Miscellaneous Revenue	12,904	18,090
Total Agency Revenue	12,904	18,090
EXPENDITURE		
Operating Expenditure		
Established Staff	197,297	291,480
Government Wage Earners	12,095	17,308
Travel & Communications	25,816	50,232
Maintenance & Operations	21,044	38,249
Purchase of Goods & Services	5,608	8,052
Operating Grants & Transfers	457,327	793,969
Special Expenditure	22,401	132,787
Total Operating Expenditure	741,588	1,332,077
Capital Expenditure		
Capital Construction	1,513,049	7,080,087
Capital Purchases	-	-
Capital Grants & Operations	4,408,600	7,925,377
Total Capital Expenditure	5,921,649	15,005,464
Value Added Tax	143,431	1,111,142
TOTAL EXPENDITURE	6,806,668	17,448,683

The financial year end for Government was changed from 31 December to 31 July in accordance with the Financial Management (Amendment) Act 2016. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period, thus the significant variances with the comparative balances.

23.3 Appropriation Statement

The Department of Housing incurred expenditure totalling \$6,806,668 in 2016 against a revised budget of \$30,848,070 resulting in savings of \$24,041,402 or 78%. The large savings was due to the budget being for the whole of 2016 while expenditures were only for seven months up to 31 July 2016.

Details of expenditure against the revised budget are provided in Table 23.2.

Table 23.2: Appropriation Statement for 2016

SEG	Item	Budget Estimate (\$)	Appropriation Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	347,898	-	347,898	197,297	150,601
2	Government Wage Earners	17,053	-	17,053	12,095	4,958
3	Travel & Communications	56,000	-	56,000	25,816	30,184
4	Maintenance & Operations	60,000	-	60,000	21,044	38,956
5	Purchase of Goods & Services	24,000	-	24,000	5,608	18,392
6	Operating Grants & Transfers	1,000,000	-	1,000,000	457,327	542,673
7	Special Expenditure	174,000	-	174,000	22,401	151,599
	Total Operating Expenditure	1,678,951	-	1,678,951	741,588	937,363
	Capital Expenditure					
8	Capital Construction	7,653,801	-	7,653,801	1,513,049	6,140,752
10	Capital Grants & Transfers	20,798,218	-	20,798,218	4,408,600	16,389,618
	Total Capital Expenditure	28,452,019	-	28,452,019	5,921,649	22,530,370
13	Value Added Tax	717,000	-	717,000	143,431	573,669
	TOTAL EXPENDITURE	30,848,070	-	30,848,070	6,806,668	24,041,402

23.4 Statement of Losses

The Department did not report any loss for the financial period ending 31 July 2016. The Department did not carry out an annual board of survey to verify the existence and condition of all assets under its authority contrary to Section 49 of Finance Instructions 2010.

23.5 Trust Fund Account Statement of Receipts and Payments

The City Wide Informal Settlement Upgrading Trust Fund Account had a balance of \$7,269 for the financial period ending 31 July 2016. There were no transaction in the account in 2015 and 2016 financial period.

Details of receipts against the payments are provided in Table 23.3.

Table 23.3: Trust Account Statement of Receipts & Payments for 2016

Description	31 July 2016 (\$)	31 December 2015 (\$)
Total Receipts	-	-
Total Payments	-	-
Net Surplus	-	-
Balance as at 1 January	7,269	7,269
Closing Balance as at 31 July	7,269	7,269

PART B: AUDIT FINDINGS

23.6 Failure to Prepare Salaries and Wages Reconciliation

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.¹

The Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.² The payroll report shall be handed to the Accounts Officer Ledgers or Clerical Officer who is responsible for preparing the salary reconciliation (this officer must not be involved in payment process or the preparation of input forms).³

The salary reconciliation must reconcile the difference between the previous fortnight payroll report and the current report, and must be prepared prior to each pay date. The salary reconciliation shall be signed by the Assistant Accountant and forwarded to the Senior Accountant with a copy to the Ministry of Finance, within one week from the pay date.⁴

Salaries and wages expenditure for the Department of Housing totalled \$209,392 for the period 01/01/16 – 31/07/16. The audit noted that the Department did not prepare salaries and wages reconciliation for the financial period. Upon enquiry, the Department's Accounts Section stated that staffs were not available to carry out the reconciliations. Refer Table 23.4 for details:

Table 23.4: Detail of Salaries & Wages for 01/01/16 – 31/07/16

General Ledger Account Number	Description	Total Amount (\$)
1-23000-00000-010000	Established Staff	197,297
1-23000-00000-020000	Government Wage Earners	12,095
Total		209,392

In the absence of timely reconciliations, the Department will not be able to detect possible irregularities, errors and omissions in the payment of salaries and wages.

Recommendation

The Senior Accountant should ensure that salary and wages reconciliation are performed on a timely basis.

Department's Comments

1. OAG's recommendation is noted.
2. Inadequate staffing was an attributing factor. There were three Accounts Staff (SAO/AO/AAO) and two COs to attend to the daily operational duties.
3. Management is addressing the staffing problem through the 2017-2018 Budget submission for the establishment of Principal Accounts Officer also to substantively fill the two other vacant Clerical Officer post.

¹ Ministry of Finance Instructions 2010 – Section 17 (7)

² Ministry of Local Government, Housing and Environment Finance Manual 2013, Section 19.2.1

³ Ministry of Local Government, Housing and Environment Finance Manual 2013, Section 4.6.3

⁴ Ministry of Local Government, Housing and Environment Finance Manual 2013, Section 4.6.4 – 4.6.5 and Ministry of Finance 2010 Instruction 17 (7)

23.7 Non Utilisation of Funds for Lagilagi Housing Projects

The Department of Housing is responsible for providing access to adequate, quality and affordable accommodation for all citizens and especially the low-income groups and the poor. The Department plays an important role in the Government's effort to combat poverty through the effective administration of the National Housing Policy, which has a specific emphasis on upgrading and resettlement programs for the less fortunate in Fiji.⁵

The Lagilagi Housing Project was to help people get affordable homes and administered by Peoples Community Network (PCN).

The Department of Housing was provided a sum of \$3.2 million⁶ in the 2016 Budget Estimates to carry out the Lagilagi Housing project. However, audit review revealed that the Ministry did not utilise the funds and the project was not implemented during the period.

It was noted that the Department of Housing had submitted the request to incur expenditure on 27th May 2016. However, the Ministry of Economy returned the submission on 13th July 2016 as the Grant Agreement had expired on 31st December 2015.

Non-implementation of development projects denies economic development for improved standard of living of people.

Recommendation

The Department should ensure that proper planning is carried out to ensure that funds made available for development projects are utilised for intended purpose.

Department's Comments

The Department of Housing states that Prudent Project Planning and Management was continuously implemented since its inception of the Cabinet Decision No. 263 in 24 September 2013 till to-date throughout the Project Construction Works at Lagilagi Housing Project.

Despite the Non Utilization of Funds in the 2016-2017 Financial Year, given the short Time Frame of 7 months from January to August, the Construction Works was continuously implemented for Phase 2 throughout the whole 7 months.

The Department of Housing had to await the submission of 2015 Annual Financial Accounts Report by Peoples Community Network before proceeding to submit Request to Incur Expenditure Application (RIE) dated 27 May 2016 towards the Budgeted \$3.2 million.

Upon receiving notification of Expiry of Grant Agreement by Ministry of Economy dated 13 July 2016, the Department of Housing proceeded in seeking necessary approvals for the extension of Grant Agreement to the Solicitor General's Office.

The Solicitor General's Office had requested for the official confirmation of availability of Funds and necessary approval by Ministry of Economy.

The Ministry of Economy granted Approval of Virement of \$3.2 Million from 1st Time Home Buyers Grant of \$10 Million for Completion of the Lagilagi Housing Development Project Phase 2 on 16 November 2016.

With the approvals received from Solicitor General's Office dated 30 January 2017 and the Amended Grant Agreement signed by the Department of Housing and Peoples Community Network dated 30 January 2017, the

⁵ Department of Housing Roles and Responsibility – Fiji Budget Estimates

⁶ The Lagilagi Housing project was allocated a total of \$3,253,801 in the 2016 Budget Estimates.

Ministry had released as according to Payment Schedule as stipulated in Clause 3 of the Addendum of Grant Agreement as shown below in Table 1;

1. 1st Grant Payment of \$800,000 on 9 February 2017; and,
2. 2nd Grant Payment of \$1,100,000 on 9 March 2017

Table 1: Clause 3 Payments: Signed Addendum of Grant Agreement between the Ministry and the Peoples Community Network Dated 30th January 2017

1st Payment to be made up on the signing of the Addendum for Lagilagi Housing Development Project.	\$800,000.00
2nd Payment to be made on or after 31 January 2017 up on submission of satisfactory completion reports and verification by the Ministry for Lagilagi Housing Development Project building works.	\$1,104,210.73
3rd Payment to be made on or after 31 March 2017 up on submission of satisfactory completion reports and verification by Ministry for Lagilagi Housing Development Project building works.	\$1,104,210.73
Final Payment to be made on 30 September 2017 upon completion of the defects liability period and verification by the Ministry of the rectification works.	\$245,380.16

The Lagilagi Housing Project will continue Bi-Monthly Meeting comprising of Department of Housing, Peoples Community Network, Project Architect & Project Management: AAPi Designs, Building Quantity Surveyors: Williams & Associates, Civil Quantity Surveyors: Quantech Pacific Limited, Electrical Services Engineers: Irwin Alsop Pacific Ltd, Structural and Civil Engineers: Shiri Singh & Associates Ltd, Building Contractor: Fortech Construction Ltd on Thursday; 27 April 2017 and will table the Proposed Completion Date targeted on 30 September 2017.

23.8 Delay in Processing First Home Buyers Applications

The Department of Housing is responsible for providing access to adequate, quality and affordable accommodation for all citizens and especially the low-income groups and the poor. The Department plays an important role in the Government's effort to combat poverty through the effective administration of the National Housing Policy, which has a specific emphasis on upgrading and resettlement programs for the less fortunate in Fiji. The Department is also responsible for administering Government grants to social housing providers such as the Public Rental Board, the Housing Authority and the Housing Assistance Relief Fund.⁷

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community.⁸

To encourage home ownership, the Department was allocated a sum of \$4,000,000 in the 2016 revised budget for First Home Buyers program. Under this program grant of \$5,000 is given to applicants buying ready built house and \$10,000 to those who purchase land and build a new house.

Audit review of the program revealed the following anomalies:

- As at 31/07/16, the Department had only utilised a sum of \$1,195,000 or 30% of the budget to assist applicants under the First Home Buyers program. This comprised of seventy nine (79) recipients of \$5,000 grants and eighty (80) recipients of \$10,000 grants. As a result, a significant amount of funds allocated for First Home Buyers program was not utilised by the Department.
- A similar trend was also noted in past years where substantial amount of funds made available in the respective year's budget was not utilised by the Department. Over the past five years, a total of

⁷ Department of Housing Roles and Responsibility – Fiji Budget Estimates

⁸ Ministry of Local Government, Housing and Environment Finance Manual 2013, Part 2

\$32.7 million was provided for First Home Buyers assistance but only \$7.7 or 23.6% million was utilised. As a result, the first home buyers were deprived of government assistance. Refer Table 23.5 for details.

Table 23.5: Five Year Budget and Expenditure Details for First Home Buyers Program

Year	Budget (\$)	Funds Used (\$)	Unused Funds (\$)	Percentage of Funds Used
2016	4,000,000.00	1,195,000.00	2,805,000.00	30%
2015	6,699,500.00	2,680,000.00	4,019,500.00	40%
2014	10,000,000.00	1,165,253.82	8,834,746.18	11%
2013	6,000,000.00	0	6,000,000.00	0%
2012	6,000,000.00	2,690,169.89	3,309,830.11	44%
Total	32,699,500.00	7,730,423.71	24,969,086.29	23.6%

- All first home buyers' applications are assessed by their respective banks (lenders) for loan eligibility and then the relevant documents are forwarded to the Department of Housing for review. After the Department's review, the documents are forwarded to the Office of the Attorney General for further review and approval from the line Ministers and Permanent Secretary's. It was noted that there were significant delays in the processing of grant applications after it was received from the banks. From the sample of application reviewed, the Department took an average of 109 days to provide final approval for the grant to the applicants. Refer to **Appendix 1** for examples.

The audit findings indicates that delays in the approval process for application received resulted in significant budget savings. As such, government's objectives with regards to upgrading and resettlement programs and improving home ownership for the lower to middle income earners in Fiji has not been satisfactory achieved.

Recommendations

- **The Department should ensure that the processing time for applications is reduced to improve the Department's service delivery; and**
- **The Department should also review its current strategies for increased utilization of budget to increase home ownership.**

Department's Comments

The first home buyer was administered under Section 50 on the Ministry of Finance Budget Allocation in 2012 & 2013. The Department of Housing was only handed over to administer and monitor the First Home Buyers Grant, two months after the advertisement of the First Buyer Grant by the Solicitor General on 16/6/2014. Copy of the First Home Buyers Advertisement is attached for information.

The Department of Housing had prepared the First Home Buyer Grant Policy on 9/4/15, which approved the Ministry's Executive for to guide the administration and monitoring of this Grant. Copy of the First Home Buyers Policy is attached.

With respect to 2014 First Home Buyers Grant, \$10,000.00 was allocated in the Budget and \$1,470,000.00 was expended. 180 First Home Buyers were assisted, 66 first home buyers to buy their readily built homes with total grant of \$330,000.00 and 114 first home buyers to purchase their residential leases and construct their residential homes with total grant of a sum of \$1,140,000.00. If it is one year full Grant implementation, the budget utilization and number of the first home buyer assisted will tripled. In 2015 First Home Buyers Grant, \$6,699,500 was allocated in the Budget and \$2,680,000 was expended. 374 First Home Buyers were assisted,

192 First home buyer purchased their readily built home with total grant sum of \$960,000.00 and 172 First home buyers bought their residential leases and constructed their residential homes with total grant sum of \$1,720,000.00. This is 40 % utilization for a one year financial cycle.

With respect to 2016 First Home Buyers Grant, \$4,000,000 was allocated and \$1,195,000.00 were expended. 159 First home buyers were assisted, 79 first home buyers were assisted to buy their readily built homes with total grant of \$395,000.00 and 80 first home buyers to purchase their residential leases and construct their residential homes with total grant of a sum of \$800,000. This is a 30% budget utilization for a six month financial cycle. The Department of Housing could have utilized a projected 60% budget utilization if the 2016 budget /financial years had continued as normal financial year cycle from 1st January 2016 to 31st December 2016 instead of the revised 1st January 2016 to 31st July 2016 Budget cycle.

In comparing the total grant budget allocated, budget utilized, number of first home buyer assisted and Implementation Period from 19th June 2014 to 31st July 2016 , the following findings are derived;

Table 4: Comparison the total grant budget allocated, budget utilized, number of first home buyer assisted and Implementation Period from 19th June 2014 to 31st July 2016

Year	Budget Allocated	Budget Utilized	% of Budget Utilization	Number of People Assisted	Implementation Period [months]	Projected Budget Utilization [\$] and people Assisted with one year implementation cycle
2014	\$10,000,000	\$1,470,000	11.4	180	4	\$4,410,000/ 540
2015	\$6,699,500	\$2,680,000	40.0	364	12	\$2,680,000/ 364
2016	\$4,000,000	\$1,950,000	49.0	180	6	3,900,000/ 360

Source: Ministry for Local Government, Housing and Environment-2014-16

If the Department of Housing was given the First Home Buyer grant to administer with written policy guideline and standard operation procedure with no referral made to the Office of the Solicitor General from 1st January 2014, the projected budget utilization is \$4,410,000 assisting 540 first home buyers for the 2014 Financial Year. For 2015 financial year, the projected budget utilization is \$2,680,000 assisting 364 First Home Buyers. As for 2016, the projected budget utilization is \$3,900,000 assisting 360 First Home Buyers.

The Department should ensure that applications processing time is reduced to improve the Department's service delivery.

In trying to improve the processing time for First Home Buyers, the Department of Housing has implemented a two tier processing system [first with Department of Housing internal process and the second with the Ministry Housing Grant Committee approval with a turn-around time of twenty one [28] days upon receipt of the First Home Buyers Application from the commercial banks including Housing Authority.

Since 28th September 2016, the Office of Solicitor General had instructed the Department of Housing not to refer the first Home Buyers Applications to them, since the current two tier processing system is quite sufficient, transparent, accountable, fair and strictly processed, deliberated and approved in strict compliance to the First Home Buyer Policy.

There is huge improvement in the turnaround time for processing First Home Buyers Application since 28th September 2016 as shown in Table 5 below:

Table 5: Improvement in the Turn Around time for processing First Home Buyers Application since 28th September 2016

Commercial Bank	HAG Amount	Cheque No.	Date Of Cheques Issued
Wespac Bank	\$20,000.00	43047	14/11/16
Home Finance Bank	\$15,000.00	43045	14/11/16
Bred Bank	\$25,000.00	43044	14/11/16
Baroda	\$25,000.00	43043	14/11/16
Housing Authority	\$355,000.00	REMT0003	16/11/16
BSP Bank	\$135,000.00	43059	16/11/16

Commercial Bank	HAG Amount	Cheque No.	Date Of Cheques Issued
ANZ	\$80,000.00	43058	16/11/16
Home Finance Bank	\$5,000.00	43102	24/11/16
Wespac Bank	\$15,000.00	43101	24/11/16
Housing Authority	\$520,000.00	RMT001	25/11/16
ANZ	\$30,000.00	43100	24/11/16
Total HAG Grant Released	\$1,200,000.00		

Source: Ministry for Local Government, Housing and Environment-2014-16

Current strategies may need to be reviewed for increased utilisation of budget to increase home ownership.

The Department of Housing future plans to increase utilization of budget to increase home ownership includes the following:

- facilitating the fast processing of First Home Buyers of 100 first home buyer per month;
- increasing the supply and availability of Low-Cost Housing Residential Land Lots (1,706) for the Housing Sector consumption at Tacirua(1,045 lots); Wainibuku(261 lots); Nepani (400 lots); and Matavolivoli(400 lots) Housing Subdivisions
- facilitating at least three[3] promotional events promoting the First Home Buyers with financial institutions, construction industry, civil services and other housing stakeholders.; and
- working with Reserve Bank of Fiji and Financial Institution to offer cheaper and lucrative home loan packages.

23.9 Anomalies in General Ledger Accounts Reconciliations

Reconciliation is an internal control mechanism established to ensure the accuracy of financial reports being produced. The Senior Accountant must verify all the reconciliations before signing and submitting it to Ministry of Finance.⁹

Each month, the Accounting Head must provide a signed and dated report to the Permanent Secretary to advice whether all reconciliations and check required in the agency's Finance manual have been carried out.¹⁰

The audit noted that the Department did not prepare and submit its monthly reconciliations for various general ledger accounts for the period January to July 2016. Refer Table 23.6 for details.

Table 23.6: Details of Anomalies in the General Ledger Accounts Reconciliations

General Ledger Account Numbers	General Ledgers Description	Closing Balance as at 31/07/2016 (\$)	Audit Remarks
1-23101-23999-530301	Drawings BSP Suva	8,875	The Ministry provided electronic copy which was not signed and checked by the responsible officers.
1-23101-23999-560203	AR Individuals	46,036	The Ministry did not prepare any reconciliation.
1-23101-23999-570301	Advances	177,399	-The Reconciliation that the Ministry provide was not signed and checked by the responsible officers. - The amount disclosed in the reconciliation totaled \$105,485 contrary to the closing balance of \$177,399 hence a variance of \$71,914 was noted.

⁹ Ministry of Local Government, Housing and Environment Finance Manual 2013, Section 17.2.5

¹⁰ Ministry of Finance Instructions 2010, Section 60 (1) (a)

General Ledger Account Numbers	General Ledgers Description	Closing Balance as at 31/07/2016 (\$)	Audit Remarks
1-23000-00000-840000	Accounts Payable	10,555	The Ministry did not prepare any reconciliation.
1-23000-00000-860000	Deposits & Retention Money	340,151	The Ministry did not prepare any reconciliation.
9-23101-23999-520401	City Wide Trust Account	7,269	The Ministry did not prepare any reconciliation.
9-23101-23999-895001	City Wide Squatter Trust Account	7,269	The Ministry did not prepare any reconciliation.

Absence of regular reconciliations will result in the Department not being able to detect irregularities, errors and omissions in the respective accounts in a timely manner.

Recommendations

The Department should ensure that:

- **the monthly reconciliations for the various general ledger accounts are prepared, signed and submitted for Permanent Secretary's endorsement in a timely manner; and**
- **signed reconciliations are submitted to the Ministry of Economy and copies retained by the Department for future reference.**

Department's Comments

1. *OAG's recommendation is noted.*
2. *Inadequate staffing in Accounts was an attributing factor. There were three Accounts Staff (SAO/AO/AAO) and two COs to attend to the daily operational duties.*
3. *Although the Ministry has been allocated two (2) Budgetary Allocations- Heads 23 and 37, Housing under Head 23 for approx. \$25m budget, there is no separate accounting team for Department of Housing but the same Team as mentioned in (3) above.*
4. *Management is addressing the current staffing problem through the 2017-2018 Budget submission for the establishment of a PAO and to substantively fill two other vacant Clerical Officers.*

23.10 Board of Survey not conducted

An annual board of survey must be conducted each year to verify the existence and condition of assets recorded on the asset register provided that, for agencies that have, in the opinion of the Permanent Secretary a large asset base, the board of survey to be conducted on a cyclical basis so that all assets are checked every three years.¹¹

Annual board of survey must be conducted by three officers who are independent of the officer responsible for the custody of the assets. A written record must be kept of each board of survey and must be signed and dated by the officers undertaking it.¹²

The audit noted that the last Board of Survey was carried for the Department for the financial ended 31 December 2015. Board of Survey was not carried out for the financial period ended 31 July 2016.

¹¹ Ministry of Finance Instructions 2010: Section 49.1

¹² Ministry of Finance Instruction 2010 – Section 49(2)

Without a Board of Survey report for the period, the Statement of Losses (Other than money) for the Department could not be substantiated.

Recommendation

The Department should ensure that a Board of Survey is carried out in accordance with Section 49 of the Finance Instruction and a copy is available for audit verification.

Department's Comments

Ministry is currently organizing a BOS for the period Jan-Jul 2016 to be submitted on 31st May 2017 to Ministry of Economy and Office of the Auditor General.

Appendix 23.1: Significant Processing Time for First Home Buyer Applications

First Home Buyer	Date of Application	Date Application Received by Department	Type of Grant Applied	Grant Amount Applied (\$)	Date of Vetting by the Office of the Attorney General	Approval Date for Grant Assistance	Date of Payment of Assistance	Processing Time Taken by Department (days)
Applicant 1	28/07/14	26/10/15	Purchase of land and construction of a residential house	10,000	Not Stated	PS(03/12/15)/ Minister (24/12/15)	05/01/16	71
Applicant 2	15/03/15	29/07/15	Purchase of readily built house	5,000	Not Stated	PS(03/12/15)/ Minister (24/12/15)	05/01/16	160
Applicant 3	05/05/15	07/07/15	Purchase of land and construction of a residential house	10,000	Not Stated	PS(03/12/15)/ Minister (24/12/15)	05/01/16	182
Applicant 4	04/06/15	28/08/15	Purchase of readily built house	5,000	Not Stated	Not Stated	05/01/16	130
Applicant 5	10/06/15	04/09/15	Construction of a residential house	10,000	Not Stated	PS (15/12/15) / Minister (24/12/15)	18/03/16	196
Applicant 6	13/07/15	25/09/15	Construction of a residential house	10,000	Not Stated	PS(03/12/15)/ Minister (24/12/15)	05/01/16	102
Applicant 7	21/07/15	03/12/15	Purchase of readily built house	5,000	08/03/16	PS (14/03/16) / Minister (17/03/16)	18/03/16	106
Applicant 8	29/07/15	25/09/15	Construction of a residential house	10,000	Not Stated	PS(03/12/15)/ Minister (24/12/15)	05/01/16	102
Applicant 9	03/08/15	30/10/15	Construction of a residential house	10,000	Not Stated	PS (15/12/15) / Minister (24/12/15)	05/01/16	67
Applicant 10	04/08/15	02/10/15	Purchase of readily built house	5,000	Not Stated	PS(03/12/15)/ Minister (24/12/15)	05/01/16	95
Applicant 11	26/08/15	24/11/15	Purchase of readily built house	5,000	Not Stated	PS(03/12/15)/ Minister (24/12/15)	05/01/16	42
Applicant 12	03/09/15	10/11/15	Purchase of land and construction of a residential house	10,000	Not Stated	PS (15/12/15) / Minister (24/12/15)	05/01/16	56
Applicant 13	04/09/15	27/11/15	Purchase of land and construction of a residential house	10,000	08/03/16	PS (14/03/16) / Minister (17/03/16)	18/03/16	112

Section 24

Ministry of Women, Children and Poverty Alleviation

Role and Responsibilities

The Ministry of Women, Children and Poverty Alleviation oversees two of Government's most important Departments: the Department of Social Welfare and the Department of Women. These two Departments support Government's efforts to break down barriers thrown up by gender, age, and economic standing.

Department of Social Welfare

The Department of Social Welfare administers Fiji's recently-reformed social welfare programs, which include the Poverty Benefit Scheme, Child Protection Allowance, Food Voucher Program, Social Pension Scheme and Bus Fare Subsidy. In managing these programs, the Department is responsible for ensuring that aid flows to those who need it the most, while stamping out corruption and fraud in the system.

The Department is equally committed to ensuring that these programs do not create a culture of dependency, focusing efforts and energy on graduating individuals and families from welfare to workfare.

The Department also has the statutory responsibility to ensure the protection and wellbeing of children, which includes managing juvenile centers.

Department of Women

The Department of Women is responsible for providing Fijian women and girls, particularly those in rural communities, with the skills and education they need to participate as equal members in society. It works to provide the necessary support to enable them to bring about positive changes for themselves, for their families and for their communities.

The mission is underscored in the National Women's Plan of Action, which is aimed at boosting women's employment opportunities, increasing women's participation in decision making, eliminating violence against women, improving women's access to basic services and addressing women's issues in new legislation. The Department works with other Ministries to ensure that gender perspectives are addressed in all Government policies and initiatives and to promote gender equality.

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PART A: FINANCIAL STATEMENT

24.1 Audit Opinion

The audit of the 2016 accounts of the Ministry of Women, Children and Poverty Alleviation resulted in an unqualified audit opinion.

24.2 Statement of Receipts and Expenditure

The Ministry of Women, Children and Poverty Alleviation recorded revenue totalling \$369,082 and incurred expenditure totalling \$35,652,691 for the seven months period ended 31 July 2016.

Details of receipts and expenditure are provided in Table 24.1.

Table 24.1: Statement of Receipts and Expenditure for 2016

Description	31 July 2016 (\$)	31 December 2015 (\$)
RECEIPTS		
State Revenue		
Commission	3,405	4,184
Total State Revenue	3,405	4,184
Agency Revenue		
Miscellaneous Revenue	365,677	145,982
TOTAL REVENUE	369,082	150,166
EXPENDITURES		
Operating Expenditure		
Established Staff	2,432,201	4,730,371
Government Wage Earners	692,879	858,260
Travel & Communication	208,514	299,153
Maintenance & Operations	473,516	676,022
Purchase of Goods & Services	972,395	536,029
Operating Grants & Transfers	29,760,494	34,430,776
Special Expenditures	809,725	1,332,263
Total Operating Expenditure	35,349,724	42,862,874
Capital Expenditure		
Capital Purchase	34,483	-
Capital Grants & Transfers	164,621	848,973
Total Capital Expenditure	199,104	848,973
Value Added Tax	103,863	221,521
TOTAL EXPENDITURE	35,652,691	43,933,368

The financial year end for Government was changed from 31 December to 31 July in accordance with the Financial Management (Amendment) Act 2016. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period, thus the significant variances with the comparative balances.

Miscellaneous Revenue increased by \$219,695 or 150% in 2016 due to return of allowances from Banks for Social Protection Program recipients as a result of closed or invalid bank accounts.

Purchase of goods and services increased by \$436,366 or 81% in 2016 due to procurement of computers, printers and other related expenditures.

24.3 Appropriation Statement

The Ministry of Women, Children and Poverty Alleviation incurred expenditure totalling \$35,652,691 in 2016 against a revised budget of \$52,151,885 resulting in savings of \$16,499,194 or 32%. The large savings was due to the budget being for the whole of 2016 while expenditures were only for seven months up to 31 July 2016.

Details of expenditure against the revised budget are provided in Table 24.2.

Table 24.2: Appropriation Statement for 2016

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	Operating Expenditure					
1	Established Staff	5,205,059	(269,736)	4,935,323	2,432,201	2,503,122
2	Government Wage Earners	954,006	269,736	1,223,742	692,879	530,863
3	Travel & Communications	298,000	-	298,000	208,514	89,486
4	Maintenance & Operations	719,200	-	719,200	473,516	245,684
5	Purchase of Goods & Services	1,041,600	123,061	1,164,661	972,395	192,266
6	Operating Grants & Transfers	40,750,000	-	40,750,000	29,760,494	10,989,506
7	Special Expenditures	1,884,620	(160,647)	1,723,973	809,725	914,248
	Total Operating Expenditure	50,852,485	(37,586)	50,814,899	35,349,724	15,465,175
	Capital Expenditure					
9	Capital Purchase	-	37,586	37,586	34,483	3,103
10	Capital Grants and Transfers	950,000	-	950,000	164,621	785,379
	Total Capital Expenditure	950,000	37,586	987,586	199,104	788,482
13	Value Added Tax	349,400	-	349,400	103,863	245,537
	TOTAL EXPENDITURE	52,151,885	-	52,151,885	35,652,691	16,499,194

PART B: AUDIT FINDINGS

24.4 Tropical Cyclone Winston Funds assistance to Welfare beneficiaries

The principles of responsible financial management are to ensure value for money in the use of money and resources and to report transparently.¹

¹ Financial Management Act 2004, Section 5

The Ministry of Social Welfare is responsible for administering the Social Protection Program namely the Poverty benefit Scheme, Social Pension Scheme and the Care and Protection Scheme.

The schemes assist those household who are considered poor, individuals above the age of seventy (70) who do not have any other source of income and are not beneficiaries of any superannuation payments and underprivileged children.

The Ministry received an additional sum of \$20,246,790 from the Ministry of Economy in March 2016 to assist the Social Protection Programs recipients after Tropical Cyclone Winston². Refer to Table 24.3 below details.

Table 24.3: Detail of Additional Funds Received from Ministry of Economy

General Ledger Allocation	Description	Amount (\$)
1-24101-24999-840102	DONOR FUND	20,246,790

The audit noted the following anomalies in the administration of funds.

- Cabinet decision on the use of the grant was not provided to audit;
- Ministry paid a sum of \$19.9 million to all the recipients of the Social Protection Program regardless of whether they were affected by Tropical Cyclone Winston while the balance of \$0.3 million was returned to Ministry of Economy;
- The Ministry did not have Standard Operating Procedures (SoPs) on the utilisation of the \$20.2 million provided by Ministry of Economy; and
- Audit review of payments made to recipients revealed that Poverty Benefits Scheme beneficiaries were paid an amount of \$600, while Social Pension Scheme and Care & Protection recipients were paid the amount of \$300.

In the absence of SoPs, there is a high risk that funds may not have been distributed in an equitable manner.

Recommendation

The Ministry should prepare SoPs for any such programs implemented in the future.

Management Comments

The Ministry was given the additional funding by MOE after TC Winston and was directed to allocate these funding to all the social protection recipients as part of government's TC Winston rehabilitation programs. This was a decision made by Government during a time when the country was in a state of emergency and the Ministry was directed to implement immediately.

This was the first time Government had used the social protection platform as part of its rehabilitation programs in the aftermath of a natural disaster.

² Acquittals from Ministry of Economy

Payments of these additional funds to recipients were done using the existing system which only required the depositing of the allocated amounts to recipients bank accounts or the printing of vouchers to those in maritime locations. There was no need to develop a new system. The approved amount for the recipients differs in the different programs, a decision that was made at executive level. PBS beneficiaries were given the amount of \$600, while SPS and C&P recipients were given the amount of \$300. It was initially agreed that these amounts be paid for 3 months (PBS - \$200x3=\$600; SPS & C&P - \$100x3=\$300, however, it was finally agreed by management that because of the nature and severity of the disaster that the funds be paid to the recipients in one installment.

24.5 Distribution Anomalies of HFHI Program

The Help For Home Initiative (HFHI) is a special program initiated by Government to assist families whose Homes have been destroyed or partially destroyed by Tropical Cyclone Winston. The assistance was in the form of cash which was distributed through electronic cards developed by Vodafone Fiji whereby applicants will be able to procure approved building material from selected Hardware Companies for the rebuilding of their homes³.

The Ministry of Economy pay Vodafone Fiji the funds to be distributed to the recipients through electronic cards for which the administration and distribution of cards are to be made by the Ministry of Women Children and Poverty Alleviation.⁴

The Ministry of Women, Children and Poverty Alleviation shall report to Ministry of Economy on the progress of the exercise⁵.

The Ministry shall ensure that;

- Recipients must produce valid ID Cards (Passports, Voter Registration, FNPF, Social Welfare Cards).⁶
- the amount on the card will depend on the amount of damage to an individual's home which will include:
 - a) \$1,500 – for partial roofing damage
 - b) \$3,000 – for serious roofing damage
 - c) \$7,000 – for almost or completely demolished house⁷

The Distribution Teams must ensure that thorough verification of each recipient is done before card is issued to avoid the wrong distribution of cards and fraudulence.⁸

Audit review of electronic cards recipient records maintained by Vodafone Fiji revealed the following anomalies:

- Recipients were registered with fictitious Voter Registration Number indicating that proper vetting processes were not employed. Refer to Table 24.4 for examples.

³ Help for Home Initiative Standard Operating Procedures, clause 1.1.

⁴ Help for Home Initiative Standard Operating Procedures, clause 4.1.

⁵ Help for Home Initiative Standard Operating Procedures clause 4.2, sub clause (f).

⁶ Help for Home Initiative Standard Operating Procedures clause 5.2.

⁷ Help for Home Initiative Standard Operating Procedures clause 2.5.

⁸ Help for Home Initiative Standard Operating Procedures clause 5.4

Table 24.4: Detail of Fictitious Voter Registration ID Number

Recipient ID No.	Amount (\$)	Vodafone ID Remarks
889115	7,000	Fictitious Voter Registration Identification Number
31408400903	7,000	
1816702378	7,000	
30906500711	7,000	
337201574	7,000	

- Instances were noted where recipients received the amount of funds contrary to the prescribed amount which indicates that correct amounts were not loaded into the cards. Refer to Table 24.5 for details.

Table 24.5: Summary of Un-Prescribed Fund Load on the Cards

Amount Issued (\$)	No. of Recipients	Total Amount (\$)
4,000	25	100,000
5,500	420	2,310,000

- A number of recipients who were assisted did not reside in affected areas. Refer to Table 24.6 for details.

Table 24.6: Details of Recipients resided on Unaffected Areas

Recipient ID No.	Residential Address	Amount (\$)
1008781	Korovou prison complex	7,000
4575400069	lot 11 voce rd nadawa	7,000
4001901968	lot 22 tomanu rd nadera	7,000
46601000231	lot 48 matana st nakasi nausori	7,000
132988106	Nadera ,Dovi Road	7,000

- In some cases, funds were not loaded into cards distributed to recipients. Refer to Table 24.7 for details.

Table 24.7: Detail of Cards without Funds

Recipient ID No.	Residential Address
38141900024	badrau settl namosau
18435100379	driti village
43305800636	koro No:1 vatukoula tavua ba
4802401657	lot 67 family place nasinu
40332300353	waikubukubu village

Failure to properly administer the government assistance increases the risk of mismanagement, and fraud.

Recommendations

- The Ministry should ensure that proper and detailed vetting processes are adopted to ensure accuracy of information processed to avoid mismanagement and fraudulent activity; and**

- **The Ministry in consultation with the Ministry of Economy should investigate the anomalies identified above.**

Management Comments

The MWCPA works with the list of names provided by NDMO who had done the initial assessment after the cyclone. Part of the process is the provision of ID cards, (any valid ID card which could include FNPF, TIN, Voter ID, Driving Licence and Social Welfare ID), only when an applicant does not have any valid ID were they referred to the Election Office team for the making of a new ID card.

- *ID card - MWCPA will check with FEO on the numbers recorded as per ID provided by the recipient. Few forms checked have same number recorded.*
- *Addresses – Applicants who had their houses completely destroyed and had moved to live with relatives during the time of application would have filled in those addresses. MWCPA will extract the forms and verify with applicants.*
- *Varying amount – Complaint cases which was initially approved with an amount and later verified to be eligible for a higher amount was adjusted with additional amount. For example if land type was verified not to be informal and had total damage then amount of approved \$1500 was adjusted with approved \$5500 for \$7000 eligibility, likewise, those initially approved \$3,000 were adjusted with \$4,000 to make it \$7,000*
- *No Funds in card – network fluctuations continued in some areas due to the damage after the cyclone. Cases that were registered in such areas were recorded offline and did not have funds uploaded instantly. These cases were updated later by Vodafone HQ team.*

The MWCPA is working with MOE and Vodafone to rectify these anomalies.

24.6 Unbudgeted Expenses – Diversion of Funds to Cater for DISMAC Operation

The authority to incur expenditures is subject to:

- a) Appropriation from cabinet;
- b) Virements approved by the Minister for Economy or the Permanent Secretary ;
- c) Requisitions to incur expenditure;⁹

Each year, the Appropriation Act and Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the authorization of the Ministry of Finance, pending approval by Cabinet.¹⁰

Agencies must ensure that the accounts are paid and charged correctly to allocations within the 2016 financial year.¹¹

The Permanent Secretaries of Agencies shall not transfer funds into SEG 1 or 2 however the Permanent Secretary for may authorise the transfers of budget funds within each of SEG 1 or 2 or from SEG 1 into SEG 2 or vice versa.¹²

The audit noted that the Ministry paid a total of \$440,966 to staff as overtime contrary to the approved 2016 Appropriation Act and Budget Estimates. The audit established that the payment of overtime was made from the Operating Grant and Special Expenditure funds. Refer Table 24.8 for details.

⁹ Ministry of Social Welfare, Women, and Poverty Alleviation Finance Manual 2013 - Section 2.1.1

¹⁰ Ministry of Social Welfare, Women, and Poverty Alleviation Finance Manual 2013, Section 2.1.2

¹¹ Ministry of Economy Circular No. 04/2016, Part 7.2, Section 7.2.1

¹² Ministry of Finance Instruction 2010 10 – (2) (a) – Virement Authorities

Table 24.8: Budget Votes that funded HFHI Overtime

General Ledger Allocation	Allocation Description	Amount (\$)	Remarks
1-24-102-24999-071301	INPEP	145,274	The officers of the MWCPA were engaged for DISMAC duties from February to April, 2016 and there was no budget provide for Disaster Management Committee (DISMAC) operations
1-24-301-75999-060151	NGO Grants	139,490	
1-24-102-24999-060152	Women	156,202	
Total		440,966	

The audit could not ascertain the authority for the payment as approval from Ministry of Economy for the Ministry to transfer funds from the above account to pay overtime was not provided.

Failure to transfer funds to overtime allocation increases the risk of misstatement of expenditure recorded in the Ministry's Statement of Receipts and Payments.

Recommendation

The Ministry should ensure that approval of Ministry of Economy is obtained for the transfer of funds.

Management Comments

Ministry's staffs were engaged for DISMAC operation and as per NDMO's circular all funds utilized in this operation are to be met internally by the ministry.

The budget allocation used was authorized by the PSWCPA.

24.7 Liability at Period End - Unpaid 2016 Overtime Payments

Liabilities represent the amount owed and are expected to be paid at some time in the future. It is important to be fully aware of commitments and the resources that will be required to settle these obligations in future. Funds need to be appropriately managed to enable liabilities to be paid on time.¹³

The audit noted that a total of \$329,900 was vired from the Poverty Benefit Scheme allocation to in outstanding overtime for the period 01/01/16 to 31/07/16. Refer to Table 24.9 for details.

Table 24.9: HFHI 2016 Overtime funded from the following 2017 Budget Votes

Date	Details	Virement From	Virement To	Amount (\$)
05/08/16	DSW Request for the funding application date	Poverty Benefit Scheme (1-24202-00000-060308)	Overtime (1-24101-24999-010401)	329,900
01/09/16	MOE Minute date to Minister			
05/09/16	Approval from Minister			

It is apparent that funds were not expended for its intended purpose which may also hinder the successful implementation of Poverty Benefit Program.

¹³ Ministry of Social Welfare, Women, and Poverty Alleviation Finance Manual 2013 – Part 13 - Liabilities

Recommendation

The Ministry should ensure that current year's liabilities are settled within the current year and expenditures incurred are correctly charged to the relevant expenditure allocation and to the correct accounting period.

Management Comment

Yes, there was a late submission of the HFH overtime from our Divisional Officers. Another problem we had encountered was the verifying of officers' HFH OT from DISMAC and HFH Team Leaders which had taken a lot of time.

As we had learnt from our weaknesses, we now have collated all OTs irrespective of DISMAC or HFH two months away from the due date of submission to MOE to avoid late payments.

24.8 Advance Payments at Year End – Misstatements in the General Ledger System

The Senior Accounts Officer is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.¹⁴

The preparation of management reports allows senior management to analyse the standing of the agency for a particular period and assists in meeting the management responsibilities imposed by the Act. Timely and accurate management are necessary for effective management decisions. As well, annual reports and financial statements act as an accountability tool for external stakeholders to assess the operations and performance of the agency.¹⁵

Journal vouchers shall be used to correct accounting errors and make other required transfers between accounts.¹⁶

The Ministry of Social Welfare is responsible for administering the Social Protection Program namely the Poverty benefit Scheme, Social Pension Scheme and the Care and Protection Scheme.

While the total average pay-outs for the Social Protection Program in the first six months were approximately \$2,599,279, the audit noted that the monthly pay-outs in July totalled \$5,271,362 which increased by 103% from the average monthly pay-outs for the first six months. Refer to Table 24.10 for details.

Table 24.10: Monthly Pay-out to Banks

Month(s)	Amount (\$)	Total Amount (\$)		
	WBC	BSP	ANZ	
January 2016	2,404,457.90	62,403.00	43,044.00	2,509,904.90
February	2,417,900.50	61,778.00	42,531.00	2,522,209.50
March	2,427,029.70	62,118.00	41,633.00	2,530,780.70
April	2,450,121.50	62,523.00	41,583.00	2,554,227.50
May	2,623,219.50	65,168.00	42,753.00	2,731,140.50
June	2,638,400.20	66,923.00	42,093.00	2,747,416.20
July	5,054,730.20	135,896.00	80,736.00	5,271,362.20

¹⁴ Ministry of Social Welfare, Women, and Poverty Alleviation Finance Manual 2013 – Part 16 – Ledger Accounts

¹⁵ Ministry of Social Welfare, Women, and Poverty Alleviation Finance Manual 2013 – Part 18 – Reporting

¹⁶ Ministry of Social Welfare, Women, and Poverty Alleviation Finance Manual 2013 – Part 16.1.1 – Ledger Accounts

The audit established that the July 2016 pay-outs also included payments for August 2016 resulting in the significant increase in the pay-outs in July. It is apparent that budgetary provisions available for whole of 2016 were used to make the advance payments.

As a result, expenditure recorded in the general ledger is contrary to the budget appropriation for the financial period ending 31st July 2016.

Failure to adjust the August expenditure to the next financial period commencing in August 2016 results in the misstatement of the expenditure reported in the Statement of Receipts and Expenditure.

Recommendation

- **The Ministry should consult Ministry of Economy to adjust the August 2016 pay-outs to the new financial year commencing in August 2016 to avoid misstatement in the Statement of Receipts and Expenditure.**

Management Comment

The Bank payments for month of August are done in end of July due to changes in financial year that is on 31st July, 2016 and the new financial year for 2016-2017 begins in August.

This is always the case like for the previous years when comes to end of financial year bank payments for the next month is done before to allow timely payments to all our social protection programmes recipients.

Also payments are done in consultation with Budget Division of the Ministry of Economy and funding proposals are approved through respective RIE approval.

24.9 Misstatements of Social Protection Programs expenditure recorded in the General Ledger

The Ministry of Social Welfare is responsible for administering the Social Protection Program namely the Poverty benefit Scheme, Social Pension Scheme and the Care and Protection Scheme which are all budgeted for in the Standard Expenditure Group six (SEG 6).¹⁷

The Senior Accounts Officer is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.¹⁸

The preparation of management reports allows senior management to analyse the standing of the agency for a particular period and assists in meeting the management responsibilities imposed by the Act. Timely and accurate management are necessary for effective management decisions. As well, annual reports and financial statements act as an accountability tool for external stakeholders to assess the operations and performance of the agency.¹⁹

Scrutiny of the Standard Expenditure Group six (SEG 6)²⁰ revealed that in certain instances, funds were diverted to other programs within SEG six (6) and SEG five (5) to finance the shortfalls of allowances for programs which did not have sufficient funds available at a particular period. The audit

¹⁷ Republic of Fiji Budget Estimates 2016 – 2017, page 173 – Ministry of Social Welfare, Women, and Poverty Alleviation

¹⁸ Ministry of Social Welfare, Women, and Poverty Alleviation Finance Manual 2013 – Part 16 – Ledger Accounts

¹⁹ Ministry of Social Welfare, Women, and Poverty Alleviation Finance Manual 2013 – Part 18 – Reporting

²⁰ Republic of Fiji Budget Estimates 2016 – 2017, page 173 – Ministry of Social Welfare, Women, and Poverty Alleviation

noted that the adjustments were not made by the Ministry upon receipt of funds for the next period from Ministry of Economy. Refer to Table 24.11 for details.

Table 24.11: Monthly Pay-outs summary yet to be adjusted

CHQ/ EFT No.	DATE	AMOUNT (\$)	Overstatement / (Understatement)			
			SEG 6			SEG 5
			PBS (\$)	SPS (\$)	C&P (\$)	Commission (\$)
09172	17/03/16	28,013	187	-	-	-
9953	25/05/16	204,832	101,190	(80,700)	(20,490)	-
10260	09/06/16	722,500	(626,150)	0	(96,350)	-
10512	29/04/16	276,649	(108,562)	0	108,562	-
10803	02/07/16	781,300	(9,297)	0	9,297	-
61527	01/07/16	67,133	(35,398)	0	35,398	-
61638	20/07/16	2,545,546	215,284	38,705	(215,284)	(38,705)
61640	20/07/16	1,720,042	73,679	-	(73,679)	-
Total to be adjusted		\$6,346,015	(389,067)	(\$41,995)	\$252,546	(38,705)

As a result, expenditure recorded in the general ledger for Standard Expenditure Groups five and six (SEG 5&6) and does not accurately reflect the expenditure incurred for the respective Social Protection Programs.

Recommendations

- **The Ministry must ensure that payments are made from the respective programs expenditure allocations and necessary adjustments are made in a timely manner.**
- **The Ministry should properly plan the monthly pay-outs and ensure that sufficient funds are available before making payments from a particular program.**

Management Comment

Verified vouchers and noted with the recommendations to ensure that in future, proper adjustments is done as it is currently.

24.10 Care and Protection Program – Ineligible Recipients

All approved cases will be subject for review; this will be done annually (from the date of approval) either through desk review or home visitation.²¹ The purpose for the reviews is to gather information on the current status of the case, which will determine the continuation of the assistance or its termination depending on the information that will be derived.²²

This assistance can be given until the child turns eighteen (18) years, however, five (5) years is the maximum time a recipient can be assisted from the date of approval, and after that cases will be reviewed to determine continuing eligibility.²³

²¹ Care & Protection Allowance Standard Operating Procedures Section 9.1

²² Care & Protection Allowance Standard Operating Procedures Section 9.1

²³ Care & Protection Allowance Standard Operating Procedures Section 1.4

Audit review of the Care and Protection Program revealed that in certain instances case files²⁴ were not reviewed annually. Refer to Table 24.12 for some examples.

Table 24.12: Detail Examples of Case Files not reviewed after five years

Recipient Name	Approval Date	Date to cease application	Monthly assistance (\$)
LTM	26/02/14	26/02/19	110
SV	15/07/10	15/07/15	90
SD	10/01/14	10/01/19	40
AM	23/06/10	23/06/15	100
KR	2015	2020	25
VM	2015	2020	100
OV	2015	2020	25
LTS	2015	2020	25
TL	2015	2020	30
KS	2015	2020	25
MV	17/10/15	17/10/20	70
AK	12/03/14	13/03/19	60
VS	24/07/14	24/07/19	110
IM	09/03/15	09/03/20	110
KR	12/03/15	12/03/20	30
FN	12/03/15	12/03/20	40

Although the legal age for payment of allowances under the Care and Protection Program is 18 years, instances were noted where six of the recipients were over the age of 18 years. Refer to Table 24.13 for details.

Table 24.13: Care and Protection Program Recipients Over the age of 18 years

Recipient Name	Approval Date	Date to cease application	Loss Incurred (\$)	Remarks
LTM	26/02/14	26/02/19	480	Four children, two over the age of 18 in 2016, so allowance supposed to be paid in 2016 is \$70/month. Amount to be saved is \$40/month for each child for the six months. (\$80 x 6 = \$480)
SD	10/01/14	10/01/19	880	Child paid allowance of \$40 but child turned 18 years in 15/09/2014. (\$40 x 22 months = \$880 overpayment)
FN	15/05/13	15/05/15	560	The child turned 18 on 16/07/2015 but payment of allowance still has not ceased. (\$40 x 14 months = \$560)
VD	03/12/13	03/12/15	280	The child turned 18 on 28/11/2015 but payment of allowance still has not ceased. (\$40 x 7 months = \$280 unauthorised payment)
SK	07/06/13	07/06/14	1,040	The child turned 18 on 13/04/2014 but payment of allowance still has not ceased. (\$40 x 26 months = \$1,040 overpayment)
LU	30/10/12	30/10/14	1,080	The child turned 18 on 29/04/2014 but payment of allowances still has not ceased. (\$40 x 27 months = \$1,080 overpayment)

The audit further noted that two of the recipients continued to be paid for more than five years without reviews carried out by the Ministry to determine the eligibility of applicant to be assisted from the program. Refer to Table 24.14 for details.

²⁴ 25 Case Files were selected in random to be reviewed

Table 24.14: Ineligible recipients paid over 5 years Without Review Done

Recipient Name	Amount (\$)	Approval Date	Date to cease application	Loss Incurred (\$)	Remarks
SV	90	15/07/10	15/07/15	3,240	Applicant ²⁵ has three children whereby one child is over 18 years old; hence the other two children are receiving the sum of \$90 per month. The applicant is still receiving allowances after 12 months from cessation date. (\$90 x 12 months = \$1,080) overpayment) In addition, one of the child turns 18 years on 04/11/2010 but the applicant is still receiving assistance for the same child for the past six years till date amounting to \$2,160, (\$30 x 72 months). Hence total loss incurred is \$3,240.
AM	100	23/06/10	23/06/15	6,240	Applicant has two children whereby one child is nineteen (19) years old on the date of approval but was still being paid \$100 per month, when in actual fact the applicant was only supposed to receive \$30 per month for the past six years to cater for the eligible child only (\$70 x 72 months) = \$5,040 overpayment). In addition, the applicant is still receiving allowances after 12 months from cessation date. (\$100 x 12 months = \$1,200) overpayment. Thus Total Loss incurred is \$6,240.

Failure to implement controls for government funded schemes increases the risk of overpayment which may not be recovered thus resulting in loss of taxpayers' funds.

Recommendations

The Ministry to ensure that:

- **review of recipients under the Care and Protection Program is carried out at least annually; and**
- **proper mechanisms are put into place so that recipients who are being assisted for more than five years and children above the age of 18 years are easily identified and necessary actions are taken to terminate the provision of assistance to them.**

Management Comment

This is an ongoing challenge for the Ministry, though reviews of the programs (PBS, C&P, &SPS) are done annually and is part of the Annual Work Plan, the number is so great that it is impossible to review all cases within a year (Current Figures – PBS-24,452; C&P-3984; SPS – 25,212; Total= 53,648).

Reviews done in the last 8 months (Aug-Mar) – PBS-1505; C&P-570; SPS-915; Total Reviewed = 2,990

However, the Ministry will continue to ensure that cases highlighted are reviewed and anomalies are rectified.

²⁵ Applicant – The guardian or parent of the assisted child/children.

24.11 Failure to Implement Internal Control - Payment Anomalies

The quotation process is intended to ensure that the agencies receive value for money based on fair competition and ethical dealing.²⁶ Quotations may be received verbally for the purchase of goods or services estimated to cost less than \$1,000. A minimum of three competitive quotes must be obtained for the procurement of goods, services or works valued at \$1000 and more but \$50,000 and less.²⁷ These quotes must be recorded and certified by the officer receiving them.²⁸

A local purchase order (LPO) shall be issued when procuring any goods, services or works from an organization within Fiji, unless a contract or agreement has been entered into.²⁹ The Senior Accounts Officer must make sure the following checks are done before authorizing any payment and reviewing vendor invoices for accuracy by comparing charges to purchase order.³⁰

All payments must be processed through payment vouchers prepared by the Accounts Clerk (Payment). Separate vouchers are to be used for separate payees and for the payment of different services. The Senior Accounts Officer and Accounts Officer must not certify a payment as correct unless they are satisfied that it is in accordance with an LPO, indent, contract, invoice, PSTA's or DSTA's authorization. Immediately after payment has been effected, the Accounts Clerk (Payment) must stamp "paid" on all vouchers and supporting documentation to avoid any double payments.³¹

Upon receipt of the goods, services or works, the *receiving officer* shall verify that their receipt in good order and that the invoice is in accordance with the LPO and the receiving officer must be an officer other than the officer authorizing the LPO.³²

The audit noted the following anomalies upon review of the payment records maintained by the Ministry:

- competitive quotations were not obtained from suppliers for purchases over \$1,000 and instances were noted where verbal quotations were obtained for purchases costing more than \$1,000;
- Local Purchase Orders were not issued prior to making payments and invoices were not attached to payment vouchers;
- payment vouchers were found to be missing;
- payment vouchers are not verified and checked by authorized officers;
- details on the payment vouchers were incorrect and EFT/Cheque numbers were not stated on the payment voucher;
- payment vouchers were not stamped "PAID";
- remittance advices were not attached and Ministry of Economy approval was also not attached where required; and
- invoices were not signed and delivery docket were not attached to the payment records.

Refer to **Appendix 24.1** for details of the above anomalies.

²⁶ Ministry of Economy Procurement Regulations 2010, Section 4

²⁷ Ministry of Economy Procurement Regulations 2010, Section 29 (1)

²⁸ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 2.3.1.

²⁹ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 2.5.1.

³⁰ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 17.2.1

³¹ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 2.8.1, 2.8.4 and 2.8.5.

³² Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 2.5.9 and 2.5.10

The audit findings indicate that proper payment procedures were not followed by the Ministry and internal controls were overlooked in the purchase and payments systems.

Failure to implement internal control already in place and processing payments without proper documentation increases the risk of double, unauthorized and fraudulent payments which allows room for corrupt practices. Also, in the absence of records and supporting documents, transactions recorded in the general ledger are unauthenticated.

Recommendation

The Ministry should strengthen compliance with internal controls over payments and take appropriate action for any breaches.

Management Comment

The Ministry's has noted the auditor's recommendation and has verified and takes necessary actions in all incomplete documents.

Currently vouchers are being ensured that it completes all necessary checking and verification by the supervising officer before payment is made.

24.12 Fixed Assets Register Not Updated

Each agency must have in place a cost effective system of internal controls which safeguard money and property against loss and avoids or detects accounting errors.³³

All property, plant or equipment with a value in excess of \$2,000 or more must be recorded in the asset module of the financial management information system; and asset register for those without the financial management information system.³⁴ The Executive Officer/Cost Centre Manager Assets **must** ensure that the fixed assets register is kept updated.³⁵

The audit noted that the following items purchased were not recorded in the Fixed Assets Register (FAR).

Table 24.15: Details of Computer Hardware's purchased and not recorded in the FAR.

Date	Cheque/ EFT No.	Item	Quantity	Amount (\$)
21/07/16	61648	HP Lazerjet Pro M402DN Printer	25	14,625
03/07/16	61585	Laptops	20	34,600
20/07/16	61639	Desktop Computers	60	103,800
22/07/16	61672	Audio System	1	4,350
				157,375

The audit further noted that fixed assets for 2015 were also not recorded in the FAR. Refer to Table 24.16 for details.

³³ Finance Instruction 2010 – Section 59 (1)

³⁴ Finance Instructions 2010, clause 46.1.

³⁵ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual clause 11.2.2.

Table 24.16: Detail of Fixed Assets identified in the Board of Survey for 2015 not recorded in the Fixed Assets Register.

Asset ID No.	Location	Description	Quantity	Remarks
S/N-CH-04H09R-72872	Nabouwalu Department of Social Welfare	Monitor – Dell	1	Still in use
S/W-H7P3F2S219-DPMS	Nabouwalu Department of Social Welfare	CPU – Dell	1	Still in use
M1536dnf	Nabouwalu Department of Social Welfare	HP-Lazerjet 4 in 1 scanner	1	Still in use
Not available	Sigatoka Department of Social Welfare	Computer Set	3	Still in use
2CE2390IT6	Sigatoka Department of Social Welfare	Laptops	2	Still in use
Optiplex CPU 1621325688	Sigatoka Department of Social Welfare	CPU	1	Still in use
Not available	Sigatoka Department of Social Welfare	Computer Screen	1	Still in use
S# 0inptt-64180-35P-116L	Sigatoka Department of Social Welfare	Computer Monitor	1	Still in use
S# 5ZHWWXI	Sigatoka Department of Social Welfare	Computer CPU	1	Still in use
S# 1YHWWI	Lautoka Department of Social Welfare	Dell CPU	1	Still in use
S# MR1212NTMFPCNU	Lautoka Department of Social Welfare	HP Lazer Jet	1	Still in use
Not available	Lautoka Department of Social Welfare	Divisional Laptop	1	Still in use
CN01NP77064880	Ba Department of Social Welfare	Computer Screen	1	Still in use
113ON	Ba Department of Social Welfare	Dell Printer	1	Still in use
HP 36Q0256 - 1 28DOH3SBC - 2 7426192J05 – 3 22P014B – 4	Tavua Department of Social Welfare	Computer Screen	4	Still in use
AUD046 - 1 CPU – 2 GNCT21S – 3 E2KD052001 - 4	Tavua Department of Social Welfare	Computer CPU	4	Still in use
Not available	Tavua Department of Social Welfare	Dell Printer	1	Still in use
2CE2340033	Tavua Department of Social Welfare	Laptop	1	Still in use
0340-0468400	Tavua Department of Social Welfare	HP Printer P2055DN	2	Still in use
CNG9D3R04N	Tavua Department of Social Welfare	4 in 1 Printer/photocopier/scanner/ fax	1	Still in use

It is apparent that the Ministry continues to ignore and follow internal controls in place for recording of fixed assets. Failure to update FAR in a timely manner increases the risk of misuse and loss of fixed assets through theft.

Recommendation:

The Ministry should ensure that all items valued above \$2,000 are recorded in the FAR immediately upon purchase.

Management Comment

This was one of our weaker points as we did not establish a Fixed Asset Register, as of today we have updated our assets that are under the FAR.

24.13 Late and Non-retirement of Accountable Advances

Loans or advances may be provided to staff to assist in carrying out their official duties or as part of their approved remuneration. The repayment of these advances must be actively pursued to reduce the risk of losses from irrecoverable debts.³⁶

A travelling officer shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents. If an advance has not been fully expended, the travelling officer must repay the balance within seven days of completing travel. Where an advance has not been acquitted within seven days of travel, the Senior Accounts Officer shall affect recovery through a salary deduction from the concerned officer's salary within six (6) fortnights.³⁷ Interest on all advances will accrue at the rate set by the Minister of Finance from time to time. The current rate is 12 % per annum.³⁸

It shall be the responsibility of the Accounts Officer to ensure that a travel advance for an officer is not to be approved if he/she had taken an earlier advance and it has not yet been cleared.³⁹ Upon clearance of the advance, the *accounts officer* shall update the debtors register, offset the advance account and debit the appropriate expenditure account.⁴⁰

Audit review of advances issued during the year revealed that advances were not retired on time by most officers or which interest was also not charged. Refer to Table 24.17 for examples.

Table 24.17: Late retirement of Accountable Advance

Payee	Division	Amount (\$)	Due Date ⁴¹	Date of advance retired ⁴²	No. of days overdue	Date received at office ⁴³	Total no. of days overdue
VA	SW ⁴⁴ – Savusavu	40.35	21/01/16	19/02/16	29 days	01/03/16	40 days
NK	SW – Ba	49.10	17/02/16	16/02/16	Na ⁴⁵	23/02/16	72 days
LN	SW-Lautoka	200.00	16/01/16	18/01/16	2 days	21/02/16	36 days
GB	SW-HQ, Toorak	338.00	02/02/16	12/02/16	10 days	15/02/16	13 days
APN	SW - HQ, Toorak	496.00	21/01/16	19/01/16	Na	05/04/16	75 days
MS	SW –Lautoka	629.56	23/02/16	19/02/16	Na	05/04/16	42 days
TB	SW – Nausori	200.00	23/03/16	09/05/16	47 days	31/05/16	69 days
JR	SW –Samabula Boys centre	1,608.00	19/02/16	Not specified	Na	31/05/16	102 days
DB	SW – HQ, Toorak	225.00	24/02/16	02/05/16	68 days	30/06/16	127 days
FN	SW-Civic Tower	2,000.00	25/02/16	29/02/16	4 days	30/06/16	126 days
FN	SW-Civic Tower	2,500.00	03/02/16	05/02/16	2 days	16/02/16	13 days
UTK	W – FWF, Domain	1,206.00	23/02/16	26/02/16	3 days	27/04/16	64 days
FN	SW-Civic Tower	2,000.00	20/01/16	05/02/16	16 days	27/04/16	98 days

³⁶ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013 – Part 10 – Loans and Advances

³⁷ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual section 10.1.11, 10.1.12 and 10.1.14

³⁸ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual section 10.1.15

³⁹ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual section 10.1.6.

⁴⁰ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual section 10.1.12 and 10.1.11

⁴¹ 7 days upon return to station

⁴² Date acquittals retired by Officer

⁴³ Date acquittals received by Accounts Section

⁴⁴ SW – Social Welfare

⁴⁵ Not Applicable as the officer retired on time but the received late by Accounts

Payee	Division	Amount (\$)	Due Date ⁴¹	Date of advance retired ⁴²	No. of days overdue	Date received at office ⁴³	Total no. of days overdue
RRN	W – Civic Tower	1,449.50	21/03/16	16/03/16	Na	27/04/16	37 days
AW	W –Civic Tower	2,467.00	14/03/16	03/03/16	Na	19/04/16	36 days

The audit also noted that advances were approved for payment even though the officers had not cleared their previous advances. Refer to Table 24.18 for details.

Table 24.18: Non retirement of Accountable Advance

Payee	Previous Advances Taken			Subsequent Advances Taken			No. days lapsed
	Cheque/ EFT #	Date	Amount	Cheque/ EFT #	Date	Amount	
AT	8847	23/02/16	\$1,000.00	9220	23/03/16	\$500.00	29
CD	8865	25/02/16	\$500.00	9176	17/03/16	\$564.00	21
FN	60914	13/01/16	\$2,000.00	8866	25/02/16	830.00	9
	60948	22/01/16	\$2,500.00				34
	61045	25/02/16	\$2,000.00				
NL	61078	03/03/16	\$147.00	61253	27/04/16	\$3,500.00	55
	61080	03/03/16	\$198.00				
RF	9008	03/03/16	\$928.00	9016	07/03/16	\$234.00	4
SB	8845	23/02/16	\$1,000.00	9219	23/03/16	\$500.00	29
TMS	8769	11/02/16	\$1,705.00	9326	07/04/16	\$177.00	22
	61082	04/03/16	\$580.00				25
	9225	29/03/16	\$177.00				9
VU	8755	10/02/16	\$718.60	8773	11/02/16	\$40.35	1
VD	61182	04/04/16	\$268.00	61322	10/05/16	\$20,000.00	31
MK	61252	28/04/16	\$3,000.00	61347	17/05/16	\$40,000.00	19
IT	61207	04/04/16	\$945.00	61409	31/05/16	\$926.40	57
AQ	8921	29/03/16	\$2,000.00	61294	06/05/16	\$5,000.00	38
UTK	8593	25/01/16	\$1,206.00	61254	28/04/16	\$564.10	51
	61128	16/03/16	\$752.00				43
SB	9078	08/03/16	\$197.00	61211	12/04/16	\$324.00	35

Instances were also noted where the Ministry recorded the retirements and refunds of advance to a different general ledger account as detailed in Table 24.19 below.

Table 24.19: Examples of Anomalies in Retirement of Accountable Advances

Cheque/EFT #	Date	Name	Amount (\$)	Amount Retired	Remarks
61280	04/05/16	MK	10,000.00	\$8,575.80 via JV12/06	The balance of \$1,424.20 was returned by the officer via JV 33/06 but credited to WPA (12430175999060152) when it was supposed to be credited to NGO grants (12430175999060151). Agreed by the

Cheque/EFT #	Date	Name	Amount (\$)	Amount Retired	Remarks
					Accounts Officer that incorrect postings was made.
61082	04/03/16	TMS	580.00	\$580.00 via JV02/05	Advance paid from Department of Social Welfare's Advance Account, but upon retirement, the Department of Women's Advance Account was credited. Thus closing balance for Department of Women RFA account is understated by \$580.00 and Department of Social Welfare is overstated by the same amount.
8843	19/02/16	SV	252.00	\$252.00 via JV 08/05	There is a double credit entry to the Department of women advance account, understating the Women's advance account by \$252.00. Overstatement in the Subsistence A/C by \$252.00.

Non-timely retirement of advances accumulates accounts receivable and results in unrecorded expenditure for the period. Hence the Ministry's expenditure will be understated at year end.

The above findings indicate that accountable advances were not properly administered by the Ministry.

Recommendation

The Ministry should ensure that outstanding advances are recovered on a timely basis, recoveries are properly accounted and advances are not issued to officers who have outstanding advances.

Management Comment

Recommendation noted for clearance of accountable advances.

Reasons for delay in acquitting accountable advances are as follows:

- *Delay in programs being implemented or activities carried out in the field.*
- *Delay in returning to the station due to adverse weather conditions.*

Currently Ministry's is taking action for not acquitting accountable advances on time and they are as follows:

- *Officers are reminded on email when accountable advances are due.*
- *Officers are now surcharged for not able to acquit accountable advances on time.*

APPENDIX 24.1: Details of Payment Anomalies

Date	Cheque/ EFT #	Payee	Amount (\$)	Remarks
04/04/16	61178	AN	41,583	Missing Payment Vouchers
04/04/16	61181	DSW	10,800	
04/04/16	61209	DSW	32,100	
04/07/16	61549	WB	2,509,184	
20/07/16	61639	GEM F L	103,800	
04/01/16	60879	AN	43,044	Payment voucher not authorized
04/01/16	60880	BS	62,403	
04/01/16	60881	WB	2,404,458	
08/06/16	10186	MH	218,850	
30/06/16	10512	PF	276,649	
02/06/16	61422	WB	2,638,400	
19/07/16	10760	MH	1,289,333	
13/01/16	60915	YCH	4,200	
14/01/16	60921	PEH	2,402	
19/07/16	61603	DM	4,810	
15/02/16	8827	MH	190,363	Payment voucher not stamped PAID.
06/07/16	61558	SP	997	Details on payment voucher is incorrect
15/07/16	10692	FVTTC - PwD	4,360	
21/03/16	61085	SSS	13,605	Payment voucher is not passed for payment, it is only checked and authorized
07/05/16	61301	TH	7,580	Payment voucher is passed for payment without being checked
22/06/16	10402	K	2,695	Remittance advice not attached
02/02/16	60990 60991	AN	42,531 61,778	Checking officer also the receiving officer
02/02/16	60992	BS	2,417,901	
02/02/16		WB		
04/07/16	61549	WB	2,509,184	Ministry of Economy approval not attached
20/07/16	61636 61637	GFL	103,800	
20/07/16	61638 61640	BS	68,763 2,545,546	
20/07/16		WB	1,720,042	
20/07/16		MH		
21/06/16	61484 61679	TA	7,125	Officer preparing the minute also signed the payment voucher as per receipt of cheque
22/07/16	61687	DM	8,540	
22/07/16		TA	7,125	
26/04/16	9463	DM	40,500	Invoice from supplier not authorized
06/05/16	9630	DM	34,000	
13/05/16	9807 10292	DM	34,100	
10/06/16		DM	7,125	
21/03/16	61148	QR	2,200	
07/05/16	61301	TH	7,580	
09/05/16	61313	CTCL	9,000	
				Competitive Quotations not obtained

Date	Cheque/ EFT #	Payee	Amount (\$)	Remarks
17/03/16	9169	VP	11,235	Verbal Quotations for purchases costing more than \$1,000
09/06/16	61356	CTL	7,560	
29/02/16	61055	DS	4,560	Local Purchase Orders not raised
15/07/16	61602	DM	3,600	
19/07/16	61624	RIL	1,143	
21/07/16	61648	D	14,625	
13/07/16	61585	GFL	34,600	
20/07/16	61639	GFL	103,800	
21/03/16	61085	SSS	13,605	
07/05/16	610301	TH	7,580	
09/05/16	61313	CTCL	9,000	
21/06/16	61484	TA	7,125	
05/07/16	10585	GAL	42,074	
15/07/16	61603	DM	8,540	
19/07/16	61625	SPRL	4,810	
22/07/16	61679	DM	8,540	
22/07/16	61687	TA	7,125	
13/01/16	60915	Y C H L	4,200	Invoices not obtained
14/01/16	60921	P E H	2,402	
20/07/16	61639	G I F L	103,800	Missing invoices and delivery dockets
19/07/16	61625	S P R L	4,810	
15/07/16	61602	D M L	3,600	
21/06/16	61484	T A	7,125	
09/05/16	61450	S W	1,404	
21/03/16	61148	Q R	2,200	
21/03/16	61085	S S S	13,605	

Section 25**Ministry of Youth and Sports****Role and Responsibilities**

The Ministry of Youth and Sports is responsible for:

- The formulation and implementation of policies and programs aimed at enabling youths to meet challenges of their generation and create a better future through informed choices; and
- The promotion and development of sports and its infrastructure both in the urban and rural areas in recognition of the important role of Sports in nation building, and to create a vibrant and highly competitive sports industry which will be economically beneficial to Fiji.

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PART A: FINANCIAL STATEMENT**25.1 Audit Opinion**

Audit of the 2016 accounts of the Ministry of Youth and Sports resulted in the issue of an unqualified audit report.

25.2 Statement of Receipts and Expenditure

The Ministry collected revenue totalling \$39,307 and incurred a total expenditure of \$13,061,837 for the seven months period ended 31 July 2016.

Details are provided in Table 25.1.

Table 25.1: Statement of Receipts and Expenditures for 2016

Description	2016 (\$)	2015 (\$)
RECEIPTS		
State Revenue		
Commission	892	2,076

Description	2016 (\$)	2015 (\$)
Recovery of OPR in Previous Years	2,107	391
Total State Revenue	2,999	2,467
Agency Revenue		
Sales of School Farm Produce Surplus	25,873	73,982
Miscellaneous Revenue	10,435	17,151
Total Agency Revenue	36,308	91,133
TOTAL RECEIPTS	39,307	93,600
EXPENDITURE		
Operating Expenditure		
Established Staff	1,085,738	1,963,108
Unestablished Staff	123,104	190,020
Travel & Communications	137,595	293,269
Maintenance & Operations	125,374	195,141
Purchase of Goods & Services	527,539	975,664
Operating Grants & Transfers	7,454,528	3,795,085
Special Expenditure	1,643,675	2,836,811
Total Operating Expenditure	11,097,553	10,249,098
Capital Expenditure		
Grants & Operations	1,799,303	5,180,474
Total Capital Expenditure	1,799,303	5,180,474
Value Added Tax	164,981	627,854
TOTAL EXPENDITURE	13,061,837	16,057,426

The financial year end for Government was changed from 31 December to 31 July in accordance with the Financial Management (Amendment) Act 2016. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period, thus the significant variances with the comparative balances.

An exception to the trend in 2016 was the Operating Grants and Transfers expenditure increased in 2016 by \$3,659,443 or 96% compared to 2015 due to increased funding provided for overseas sport tours especially in relation to Fiji's National Sporting teams' participation in the 2016 Rio Olympic and Paralympic Games.

25.3 Appropriation Statement

The Ministry incurred expenditures totalling \$13,061,837 in 2016 against the revised budget of \$22,461,744 resulting in a saving of \$9,399,907 or 42%. The large savings was due to the budget being for the whole of 2016 while expenditures were only for seven months up to 31 July 2016. Details of expenditures against the budget estimates are provided in Table 25.2.

Table 25.2: Appropriation Statement for 2016

SEG	Item	Budget Estimate (\$)	Appropriation Changes (\$)	Revised Estimate (\$) a	Actual Expenditure (\$) B	Lapsed Appropriation (\$) (a-b)
	Operating Expenditure					
1	Established Staff	1,912,717	(15,000)	1,897,717	1,085,738	811,979
2	Government Wage Earners	203,003	15,000	218,003	123,104	94,899
3	Travel & Communication	263,350	---	263,350	137,595	125,755

SEG	Item	Budget Estimate (\$)	Appropriation Changes (\$)	Revised Estimate (\$) a	Actual Expenditure (\$) B	Lapsed Appropriation (\$) (a-b)
4	Maintenance & Operations	264,550	---	264,550	125,374	139,176
5	Purchase of Goods & Services	1,155,100	14,544	1,169,644	527,539	642,105
6	Operating Grants & Transfers	8,650,166	260,858	8,911,024	7,454,528	1,456,496
7	Special Expenditure	3,456,564	(275,402)	3,181,162	1,643,675	1,537,487
	Total Operating Costs	15,905,450	---	15,905,450	11,097,553	4,807,897
	Capital Expenditure					
10	Grants & Transfers	6,106,000	---	6,106,000	1,799,303	4,306,697
	Total Capital Expenditure	6,106,000	---	6,106,000	1,799,303	4,306,697
13	Value Added Tax	450,294	---	450,294	164,981	285,313
	TOTAL EXPENDITURE	22,461,744	---	22,461,744	13,061,837	9,399,907

PART B: AUDIT FINDINGS

25.4 Monitoring of Grants to Youth Clubs

The Ministry under its Youth Grant Program provides in-kind assistance to youth groups, faith-based organizations and non-governmental organizations in the areas of youth training, capacity building and youth projects including small micro-enterprises.

Audit review of the youth grant records revealed following anomalies:

- Standard Operating Procedures (SoPs) is a set of step-by-step instructions created by an organization to help employees carry out routine operations. The purpose of SoPs is to achieve efficiency, quality output and uniformity of performance, while reducing miscommunication and failure.

The audit noted that the Ministry did not have approved SoPs for administration of youth grant. However, as at the date of the audit¹ the Ministry was in process of reviewing its youth grant program and formulating of SoPs.

- The Divisional PYOs, SSO and/or Project Officer shall prepare an inspection report on each project inspected and submit it to the PSYS.² For multi-year projects, the DYOs and SSO shall inspect project sites at least once a year.³

The Ministry does not have a structured information database to consolidate and capture information on the types of assistance provided to the youth groups, location of the groups and the project progress and evaluation reports.

¹ 22/12/16

² Ministry of Youth and Sports Revised Finance Manual 2016 - Section 3.3.6

³ Ministry of Youth and Sports Revised Finance Manual 2016 - Section 3.3.5

Although the Ministry provided some monitoring reports for audit verification, however it was not able to provide details on number of the projects monitored against those assisted in last three years. Refer to Table 25.3 below for details of projects assisted in last three years:

Table 25.3: Details of Project Assisted in last three years

Year	Amount (\$)	Total Projects Assisted
2014	95,788	75
2015	63,771	48
2016	69,817	41

As at the date of audit⁴ the Ministry was in an initial consultation process of establishing its database.

Having up-to-date information on the progress of projects that have benefitted from the different youth programs will assist management in making informed decisions regarding program design, policy and improved implementation of the program.

Recommendation

The Ministry should formalize its SoPs, ensure all projects assisted are effectively monitored and establish a database to consolidate and capture information to assist in reviewing the effectiveness of the program and improving policies and guidelines.

Ministry's Comments

The Ministry of Youth and Sports noted the need to establish a Standard Operating Procedures (SOP) for all its key programs and deliverables with a detailed outline of the monitoring component carried out by the Divisions and also the annual Impact Assessments conducted by the Research and Development Unit. The Ministry is moving from monitoring and evaluating outputs to outcomes. The Ministry is currently working on a SOP and once endorsed by the Permanent Secretary, it will be disseminated across the Divisions and Sections as an operational guide to their programmed execution.

The Ministry is currently finalizing its database set up which will also be utilized as a central data repository centre. Once generated in a live environment, it will also capture hard evidence and store the monitoring reports electronically. There has been a lapse on normal hard evidence submission from divisions to headquarters when the Monitoring and Evaluation Unit of the Implementation and Coordinating Office of the Office of The Prime Minister was disestablished.

However we are now encouraging the Divisions to submit as usual but a proper structured system will be established once the Ministry's database is officially launched.

Secondly, with the current funding of \$2,000 per Division, it is very difficult to conduct a thorough monitoring given the geographical locations of these youth clubs with minimum resources available. Thus, the Ministry will review on this budget submission for additional funding or do a sample monitoring and evaluation process similar to the audit process.

25.5 Valelevu Training Centre

Public tenders must be called for any procurement of goods, services or works valued at \$50,001 or more, unless a Tender Board has approved an exemption in accordance with Procurement Regulation

⁴ 22/12/17

30-(1).⁵

The Youth Training Centre Valelevu was designed to provide training for young people who have an interest and skill in music and have the will to have these upgraded and enhanced to enable them to secure an improved livelihood and opportunities for employment.

As part of its development plans to refurbish training facilities around Fiji, the Ministry intended to carry out the construction of a double story building at the Centre to ease the constraint of training rooms experienced at the Centre.

The Ministry initially estimated the cost of the project to be \$140,000 for a construction of a double-story building at the Valelevu Training Centre.

Audit review of the project records revealed following anomalies:

- No public tender was called; instead the project cost of \$140,000 was divided into three sub-phases. The Ministry engaged⁶ the service of Contractor A for the first phase through three competitive quotations at a cost of \$42,050.
- The three quotations obtained by the Ministry were not broken down into three sub-phases identified by the Ministry. Refer to Table 25.4 for details:

Table 25.4: Details of three Quotations

Quote	Amount (\$)	Remarks
Contractor A	Phase 1	The Contractor specifically provided the quote for phase 1 which was exactly the same as the Ministry's estimate (\$42,050). The Contractor was selected because of its overall low quote for phase 1 -3 of the project and the Contractor was engaging the ex-trainees from Yavitu and Nasau.
	42,050	
	Phase 1 – 3	
Contractor B	\$132,000	According to the Project Officer the total cost was divided by three to get the cost for each phase.
	Phase 1- 3	
	\$300,500	
Contractor C	Phase 1- 3	According to the Project Officer the total cost was divided by three to get the cost for each phase.
	\$438,000	

- In accordance with the signed agreement, the Contractor was supposed to carry out following works:
 - Setting out clearance and profile construction, marking of excavated area;
 - Digging 800x800x300mm depth pad footing excavation manually/machine;
 - Construction of scaffold support for the pile for beam placement;
 - Laying of timber piles with required reinforcement and spikes, bracing and concrete filling;
 - Construction of steel beam on top of pile, bolting and straight attached to piles;
 - Welding of plates for floor joist; and
 - Evenly distribution of floor joist according to the support plates and welded and bolted

⁵ Ministry of Youth and Sports Finance Manual 2016 Section 2.3.1

⁶ Agreement between the Ministry and Oblique Construction Company signed on 6 May 2016

according to the specific size of bolt and nut.

Review of the quarterly project progress report, discussions with the Project Officer and audit site visit on 02/12/16 revealed the contractor did not carry out the following works:

- Laying of timber piles with required reinforcement and spikes, bracing and concrete filling;
- Construction of steel beam on top of pile, bolting and straight attached to piles;
- Welding of plates for floor joist; and
- Evenly distribution of floor joist according to the support plates and welded and bolted according to the specific size of bolt and nut. Refer to photograph below.



Discussions with the Project Officer (EDP 27081) revealed that the work was not completed as the Ministry was waiting for clearance from Water Authority of Fiji (WAF) on the sewer pipe running underneath the building site.

Despite incomplete works, the Ministry paid a sum of \$37,845 being 90% of the total contracted sum to the Contractor.

Engaging the contractor without going through the proper tender process indicates non-compliance with the governing procurement procedures in place. Releasing payments without the completion of required works indicates lack of supervisory checks and controls in the Ministry which may result in additional costs being incurred by the Ministry for the project.

Recommendations

- **The Ministry should ensure public tenders are called for any procurement of goods, services or works valued at \$50,001 or more, unless a Tender Board has approved an exemption in accordance with Procurement Regulation 30-(1).**
- **Full payments of contractual amount should only be made after receipt of completion certificate for contracted services.**

Management Comments

The requested budget for the project which is \$140,000 was to upgrade the existing wooden building at the Centre. The initial plan was to demolish the wooden building and construct a double storey building by utilizing the existing materials because it was noted that the existing building did not comply with OHS and also to be certified by a registered Government Engineer.

We are aware that with the funds provided, we could not build the full new double storey building but we determined that we could economize using materials from the existing building to build the top floor with the open space on the ground floor and work to be carried out in sub-phases.

Quotations were obtained since it was within our Permanent Secretary's authority limit with a certified building plan approved by a Consultant and the Nasinu Town Council. Unfortunately sub-phase I of the work was not completed due to change in the financial year and secondly we had to await inspection from the Sewer Department on the realignment of the sewer tank.

The construction work thus had to be carried forward to the next financial year with materials purchased to be utilized in the Centre by the recommended Contractor that will be undertaking the work in the second phase.

The tender processes are in place and the estimate done by the Ministry of Infrastructure totalled \$1.2M. We are currently awaiting confirmation from the Ministry of Economy for the completion of the tender process.

Nevertheless it was lesson learnt in terms of project execution, processes and procedures which must be followed as per FPO and Financial Regulations and also line Ministries must be consulted in terms of their respective responsibility areas in a Project Cycle. The Ministry is basically moving forward in accommodating the guiding principles of project management in terms of quality, value for money and proper sustainability of the Ministry's capital projects. There is a monthly meeting held to monitor progress with all capital projects with the Permanent Secretary.

25.6 Monitoring of Capital Grants Provided to FSC

The administering agency must ensure that each grant has been used only for the purpose for which it was provided.⁷ Monitoring of the grant will provide the Ministry and Government an indication of progress, or lack thereof, in the achievement of the Ministry's deliverables. The amount of grants provided by government to a corporate body for specific programs warrants proper monitoring from the administering agency to ensure that the intended results of the programs are achieved.

The Ministry provided grant of \$1.4 million to the Fiji Sports Council (FSC) in 2016. Over the past two years the Ministry provided total of \$3.6 million as grants to FSC. Refer to Table 25.5 for details of grants provided to FSC in 2016:

Table 25.5: Grants provided to FSC in the past two years

Date	Cheque No.	Payee	Description	Amount (\$)
2015				
06/07/15	5696	Fiji Sports Council	Upgrade of sports facilities	750,000.00
25/11/15	7333	Fiji Sports Council	Upgrade of Lawaqa Park	1,500,000.00
2016				
05/05/16	48061	Fiji Sports Council	Upgrade of sports facilities	358,657.10
30/05/16	8871	Fiji Sports Council	Upgrade and maintenance at Vodafone Arena, Damodar Aquatic Centre, Screen at ANZ Stadium and Lautoka Regional Tennis Court.	1,054,545.45
Total				3,663,202.55

On 25/7/16, Ministry of Economy approved the request to redirect \$229,404.60 from the released capital grant in 2016 to fund the procurement of three vehicles and the ongoing upgrade of the FMF Gym.

The audit noted that the Ministry did not inspect or monitor the capital projects undertaken by the FSC

⁷ Finance Instruction 2010, Section 16 (9)
Ministry of Youth and Sports

to ensure whether the funds were used for its intended purpose. In addition, the Grant Agreement between the Ministry and FSC did not have any provision to allow the Ministry to follow up on the results of the programs implemented by FSC using the grant funds.

In the absence of proper monitoring of the grants provided to FSC, it could not be established whether the grant funds were used for its intended purpose.

Recommendations

The Ministry should:

- **include provisions in its grant agreement to monitor grant funds utilized by FSC; and**
- **carry out timely monitoring of the capital projects done by the FSC under the grant agreement.**

Ministry's Comment

Previously the Ministry of Youth and Sports did not undertake the responsibility of Project Monitoring for Fiji Sport Council. It was earlier identified that this practice needs to be carried out so that the proper utilization of funds correlates with the budget provided.

It was also noted that the Fiji Sports Council did not submit any reports to the Ministry on how funds were utilized, and this also indicated that the Ministry did not have any initiative to monitor its own budget submission to FSC.

To address the above the Permanent Secretary for Youth and Sports has decided that all recipients of funds released by the Ministry must be monitored according to their relevant work program with costs involved.

An officer is currently being tasked to receive progress reports and conduct physical monitoring of all Capital projects for the Ministry including Fiji Sports Council. Capital projects for the FSC are jointly monitored with the Ministry of Economy.

The Ministry will also comply with other processes and procedures that need to be done that will accommodate smooth flow and transparency of the Project Implementation, Monitoring and Evaluation as way forward.

25.7 Anomalies noted in Accountable Advance Balance

A travelling officer shall recoup the travel advance within seven consecutive days (7) of completing travel by submission of an acquittal report with supporting documents.⁸

Where an advance has not been acquitted within seven consecutive (7) days of travel, the AAO (P) shall affect recovery through a salary deduction from the concerned officer's salary within Six (6) fortnights after having obtained the approval of the SAO.⁹

Reconciliation is an internal control mechanism established to ensure the accuracy of financial reports being produced. The Accounting Head must verify all the reconciliations before signing and submitting it to Ministry of Economy.¹⁰

⁸ Ministry of Youth and Sports Revised Finance Manual 2016 – Section 9.1.14

⁹ Ministry of Youth and Sports Revised Finance Manual 2016 – Section 9.1.17

¹⁰ Ministry of Youth and Sports Revised Finance Manual 2016 – Part 16.2.5

Audit review of the Revolving Fund Account (SAG 57) monthly reconciliations revealed credit balances in Accountable Advance balances amounting \$37,570 which was contrary to the nature of the account. The credit balances dated back to year 2008. Refer to Appendix 25.1 for details.

In addition, it was noted that the Ministry has outstanding Accountable Advance balance amounting \$12,987 accumulated from 2011. Refer to Table 25.6 for details.

Table 25.6: Details of Outstanding Accountable Advance

Names	Date	Amount (\$)
AS	30/06/11	57.85
TT	30/06/11	14.00
VC	30/06/11	12.60
Adjustment	30/09/11	1,903.08
AP4215	17/06/11	36.72
PM	17/06/11	422.64
SM	28/02/11	339.40
ST	30/10/11	242.66
LN	30/05/12	440.00
VN	30/09/12	185.81
VN	30/10/12	821.37
PH	31/1/13	0.90
VN	6/07/13	187.06
VN	6/06/13	6,675.49
Uniform adv	8/07/13	877.59
Uniform adv	8/07/13	27.28
Uniform adv	8/07/13	3.97
JK	8/06/13	2.00
EV	8/12/13	3.00
Misposting [allowance]		224.00
JK	18/9/13	2.00
LT	10/11/13	507.00
AN	14/11/13	0.10
Total		12,986.52

Discussion with the Accounts Officer revealed that the above anomalies were not rectified due to non-availability of proper supporting documents and lack of timely clearance of advances. As a result, public funds are held up as outstanding Accountable Advance.

Recommendations

The Ministry should:

- **make direct deduction from salaries to recover all outstanding Accountable Advances;**
- **investigate and rectify credit Accountable Advance balances; and**
- **take appropriate action against officers responsible for not performing their duties.**

Ministry's Comments

The Ministry concurs with the findings that these are carry over balance are yet to be cleared and the Ministry is now working in conjunction to the Ministry of Economy (FMIS) to sort this issue by closing of accounts 2016-2017.

Appendix 25.1: Details of RFA Negative Balances

Names	Date	Amount (\$)
FS	30/05/08	(2.52)
GF	30/05/08	(1.27)
LM	30/05/08	(45.32)
MR	30/05/08	(1,278.49)
TB	30/05/08	(16.00)
WN	30/05/08	(624.00)
IT	30/06/08	(450.83)
JM	30/06/08	(18.00)
LN	30/06/08	(7.74)
RS	30/06/08	(1.19)
TB	30/08/08	(418.10)
AD	30/09/08	(25.00)
EK	30/09/08	(7.68)
MR	30/09/08	(550.00)
MW	30/09/08	(77.00)
TB	30/09/08	(948.50)
AD	30/10/10	(27.00)
FD	30/10/10	(73.10)
GF	30/10/10	(0.03)
JM	30/10/10	(18.00)
LR	30/10/10	(3.00)
SR	30/10/10	(6.75)
EL	30/11/11	(819.00)
FD	30/11/11	(393.45)
GF	30/11/11	(1.50)
JF	30/11/11	(225.00)
July 16/7	30/11/11	(496.08)
LN	30/11/11	(13.65)
VC	30/11/11	(30.20)
WN	30/11/11	(326.35)
LR	30/11/11	(134.00)
MR	30/11/11	(330.09)
Oct Jv 08	30/11/11	(339.40)
Unidentified	30/11/11	(50.25)
Transferred from 560203	31/07/12	(29,613.66)
VN	01/11/12	(1.60)
PL	27/02/13	(0.81)
PN	23/07/13	(15.50)
FV	20/09/13	(5.00)
VN	17/10/13	(0.03)
LN	14/11/13	(54.00)
PH	15/04/14	(0.20)
AN	25/11/14	(8.00)
AR [Jv 1/6/16]	16/05/16	(5.00)
PL		(108.00)
Total		(37,570.29)

Section 26 Higher Educations Institutions

Role and Responsibilities

As part of its investment in education, Government provides grants to a number of tertiary institutions in Fiji that allow them to provide world class education and training for Fiji's young people. Government supports these institutions so that they can expand their operations, improve the quality of their offerings, and become more involved in our national development. These grants complement Government's "topper's scheme" and the Tertiary Loans Scheme [TELS] by ensuring that Fiji's tertiary institutions offer programs that are relevant to the needs of students and to the nation's needs. The grants are administered by the Higher Education Commission which sees that they are targeted towards building local skills and capability in areas of national priority. This provides Fiji with well-trained young people who will boost economic productivity, improving the lives of all Fijians. In return for these grants, Government has very high expectations of these institutions to develop governance structures that improve the quality of education of children and that plug into that nation's development efforts. Higher Education Institutions grants are specifically allocated to institutions that qualify for funding by Government according to the funding model approved by Cabinet. These are those that have been fully accredited with the Fiji Higher Education Commission and have charitable trust status.

The Higher Education Institution Grants is provided for the following Institutes:

- University of the South Pacific
- Fiji National University
- University of Fiji

In addition, the following institutions will also be provided with special funding:

- Corpus Christi
- Fulton College
- Monfort Boys Savusavu
- Monfort Boys Veisari
- Sangam Institute
- Vivekananda Technical Centre

In addition to its operating grant, FNU will receive a capital grant for work on its Labasa campus in Macuata in 2015. A new allocation is provided for preparatory works for the establishment of FNU's teaching hospital that will be established in Lautoka to train doctors, dentist, nurses and other allied workers for Fiji and the region. The hospital will also provide advanced medical and surgical procedures to local communities. Government plans to provide a total of \$10 million for this project and the remaining cost will be sought from development partners.

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PART A: FINANCIAL STATEMENT

26.1 Audit Opinion

The audit of the 2016 grant provided to the Higher Education Commission resulted in an unqualified audit opinion.

26.2 Statement of Receipts and Expenditure

The Higher Education Commission recorded expenditure totalling \$50,580,511 for the seven months period ended 31 July 2016.

Table 26.1: Statement of Receipts and Expenditure for 2016

Description	31 July 2016 (\$)	31 December 2015 (\$)
EXPENDITURE		
Operating Expenditure		
Operating Grants & Transfers	50,580,511	79,716,700
Total Operating Expenditure	50,580,511	79,716,700
Capital Grants & Transfers	-	268,427
Total Capital Expenditure	-	268,427
TOTAL EXPENDITURE	50,580,511	79,985,127

The financial year end for Government was changed from 31 December to 31 July in accordance with the Financial Management (Amendment) Act 2016. The financial statements for the period ended 2016 reflect transactions for a seven-month period whereas the financial statements for the year ended 2015 is for a 12-month period, thus the significant variances with the comparative balances.

26.3 Appropriation Statement

The Higher Education Commission incurred expenditure totalling \$50,580,511 against a revised budget of \$76,584,400 resulting in savings of \$26,003,889 or 34%. The large savings was due to the budget being for the whole of 2016 while expenditures were only for seven months up to 31 July 2016.

Details of expenditures against the budget estimates are provided in Table 26.2.

Table 26.2: Appropriation Statement for 2016

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	Operating Expenditure					
6	Operating Grants & Transfers	70,584,400	-	70,584,400	50,580,511	20,003,889
	Total Operating Costs	70,584,400	-	70,584,400	50,580,511	20,003,889
10	Capital Grants & Transfers	6,000,000	-	6,000,000	-	6,000,000
	Total Capital Expenditure	6,000,000	-	6,000,000	-	6,000,000
	TOTAL EXPENDITURE	76,584,400	-	76,584,400	50,580,511	26,003,889

The expenditure and budget shown in Table 26.1 and Table 26.2 refer to budget provided through the Ministry of Education and paid to the Higher Education Commission. This audit report focuses only on the disbursement of grants from the Ministry of Education to the Higher Education Commission.

The audit of the grants as disbursed to the various universities and higher education institutes will be covered under the audit of the Higher Education Commission and reported together with audit reports on other statutory authorities.

PART B: AUDIT FINDINGS

26.4 Backlog and Audited Accounts of Education Institutions not submitted to FHEC

Where required under Finance Instruction 16-(8), the recipient shall prepare an acquittal report. The acquittal report shall provide the following information financial statement (audited if practicable) for grants of \$20,000 or more.¹

Grants must only be paid in accordance with the terms and conditions in the grant agreement.²

The audit noted that some of the grant recipients did not submit their audited accounts to the Fiji Higher Education Commission (FHEC) as required under their respective grant agreements. Refer to Table 26.3 below for details.

Table 26.3: Grants Released to Institutions without audited accounts

Education Institutions	Audited accounts submitted	Last Audited Report Submitted	2016 Grant Amount (\$)
Centre For Appropriate Technology	Not submitted	2009	755,000
Montfort Boys Town - Veisari	Not submitted	2014	300,000
Montfort Boys Institute – Savusavu	Not submitted	2012	400,000
Fulton College	Not submitted	2014	50,000
Total			1,505,000

In addition, the audit noted that the Ministry did not include in the grant agreement for the Sangam Institute of Technology to submit audited accounts.

In the absence of audited financial statements, the Ministry will not be able to substantiate whether grants were used for the intended purpose.

Recommendations

- **The Commission should ensure that all grant recipients submit their audited accounts as per the grant agreements.**
- **The grant agreement between the Fiji Higher Education Commission and Sangam Institute of Technology should include timely submission of audited financial statements.**

¹ Ministry of Education Finance Manual 2013 - Section 3.5.1

² Finance Instructions 2010 - Section 16.4

Management Comments

Audit is noted.

- *We confirm that the HEIs identified in the report have not provided audited financials for the year ended 2016. Montfort Boys Town, Montfort Technical Institute and Fulton College; all have however done so for year ended 31.12.15. We have been following up and we will be more vigilant in this aspect. This challenge is noted and is an aspect for improvement.*
- *The MOA with the Sangam Institute of Technology does have the requirement for the provision of annual audited financials. This provision is with all the MOA's. According to our record, SIT has audited account for year ended 31.12.15.*
- *A further challenge for FHEC, is to help build the capacity of each HEI to report and to do so, according to the new financial year of government.*
- *The identified HEIs have been notified of the non-compliance.*

