



OFFICE of the AUDITOR GENERAL
Republic of Fiji

EXCELLENCE IN PUBLIC SECTOR AUDITING

SUPPLEMENTARY REPORT TO THE 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



PARLIAMENT OF FIJI
PARLIAMENTARY PAPER NO. 115 OF 2017

**SUPPLEMENTARY REPORT TO THE 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**



OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



6-8TH Floor, Ratu Sukuna House
2-10 McArthur St
P.O. Box 2214, Government Buildings
Suva, Fiji

Telephone: (679) 330 9032
Fax: (679) 330 8812
Email: info@auditorgeneral.gov.fj
Website: <http://www.oag.gov.fj>



File: 102

12 September 2017

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

Dear Dr. Luveni

**Supplementary Report to the 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 a Supplementary Report to the Audit Report on 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



Table of Content

1.0	BACKGROUND	i
1.1	Introduction.....	i
1.2	OAG processes for preparation of reports to Parliament.....	i
1.3	2016 Independent Audit Report	ii
2.0	VOLUME 1: AUDIT REPORT OF THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT 2016.....	1
2.1	Section 3.6 – Page 31: Misplaced Share Certificates	1
2.2	Section 6.4 – Page 45: Payment Anomalies.....	2
2.3	Supplementary Section 6.4 – Page 45: Payment Anomalies	5
3.0	VOLUME 2: AUDIT REPORT ON GENERAL ADMINISTRATION SECTOR 2016.....	8
3.1	Section 18.18.6 – Page 40: No Documentation of Authority to Purchase Family Packs	8
4.0	VOLUME 3: AUDIT REPORT ON SOCIAL SERVICE SECTOR 2016	9
4.1	Section 21.9 – Page 12: Backlog Audited Accounts for Grant recipients	9
4.2	Supplementary Section 21.9 – Page 12: Backlog Audited Accounts for Grant recipients	10
4.3	Section 24.11 – Page 14: Failure to Implement Internal Control - Payment Anomalies	11
4.4	Supplementary Section 24.11 – Page 14: Failure to Implement Internal Control - Payment Anomalies.....	12
5.0	VOLUME 4: AUDIT REPORT ON ECONOMIC & INFRASTRUCTURE SECTOR 2016	14
5.1	Section 35.4 – Page 3: Grant to Fiji Sugar Corporation (FSCL) on Sugar Development.....	14
5.2	Section 37.13 – Page 11: Backlog Financial Statements – Municipal Council and Statutory Authorities	15
5.3	Supplementary Section 37.13 – Page 11: Backlog Financial Statements – Municipal Council and Statutory Authorities.....	17
	APPENDIX 4.2: DETAILS OF NON-SUBMISSION OF AUDITED ACCOUNTS	19
	SUPPLEMENTARY APPENDIX 4.2: DETAILS OF NON-SUBMISSION OF AUDITED ACCOUNTS	19
	APPENDIX 4.4: DETAILS OF EXPENDITURES WITHOUT PROPER AUTHORISATION	21
	SUPPLEMENTARY APPENDIX 4.4: DETAILS OF EXPENDITURES WITHOUT PROPER AUTHORISATION	21
	APPENDIX 24.1: DETAILS OF PAYMENT ANOMALIES	22
	SUPPLEMENTARY APPENDIX 24.1: DETAILS OF PAYMENT ANOMALIES	24

SUPPLEMENTARY REPORT

1.0 BACKGROUND

1.1 Introduction

In my meeting with representatives of Ministry of Economy and the Solicitor General's Office at the Ministry of Economy on 31 August 2017, a number of errors were highlighted in the Audit Report on Whole of Government Financial Statements and Annual Appropriation Statement of the Republic of Fiji for the year ended 31 July 2016, which was tabled in Parliament on 11 July 2017.

As a result of my review of the evidence provided by the Ministry of Economy, I have revisited the relevant parts of the 2016 Report with corrections and clarifications to the audit issues reported.

This Supplementary Report to the 2016 Audit Report is issued to correct and clarify the errors identified so that proper scrutiny can take place during the Standing Committee on Public Accounts process.

To assist in reading the report, the page and section number and audit findings as reported in respective volume of the 2016 Audit Report is shown with error highlighted and reasons stated for exclusion. This is immediately followed by the corrected (supplementary) audit finding.

1.2 OAG processes for preparation of reports to Parliament

The following processes are adopted for preparation of all audit reports to Parliament:

Step 1: Issue of Draft Audit Memorandum with audit findings.

Step 2: Exit Interview (Meeting) held with auditee management following receipt of comments. In some cases, Auditee management may request for waiver of this process.

Step 3: Issue of Final Audit Memorandum with audit findings finalised.

Step 4: Audit Report issued with or without qualification for financial statement audits

Step 5: Key audit findings included in draft Auditor-General's Report to Parliament.

Step 6: Draft report reviewed by Auditor General and additional clarifications obtained where necessary.

Step 7: Proof – reading and review of facts in the report.

Step 8: Final Auditor General's Report to Parliament sent to printers.

Step 9: Final check done before report is submitted for tabling in Parliament.

However, it is apparent that the above processes need to be further refined and improved so that errors and omissions are eliminated.

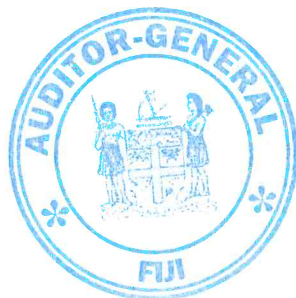
1.3 2016 Independent Audit Report

The 2016 Independent Audit Report remains unqualified. However, as a result of the corrections, the following emphasis of matter issues are no longer relevant.

- *Expenditures amounting to \$16,886,144 were not properly authorised while expenditures totalling \$5,272,698 were incurred without requisite budgetary approval.*
- *Share certificates were also not produced for investments totalling \$14,684,473.*



Ajay Nand
AUDITOR-GENERAL



2.0 VOLUME 1: AUDIT REPORT OF THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND ANNUAL APPROPRIATION STATEMENT 2016

2.1 Section 3.6 – Page 31: Misplaced Share Certificates

The Minister may invest public money and other money within the meaning of the Financial Management Act in securities issued by a statutory authority.¹

A share certificate confirms of legal ownership of the number of shares held by shareholders in a particular entity.

The audit noted that the share certificates for investments totalling \$14,684,473 were misplaced by the Ministry of Economy. These share certificates were also not available with the Ministry of Public Enterprise. Refer to Table 3.7 for details.

Table 3.7: Details of Misplaced Share Certificates

Entity	Total No. of Shares owned by Government	Shares without Share Certificates	Total Value of Shares without Share Certificates (\$)
Rewa Rice Limited	753,112	2	4
Airports Fiji Limited	92,300,180	5,225,136	5,225,136
Unit Trust of Fiji (Management) Limited	50,000	25,000	25,000
International Bank for Reconstruction and Development	987	876	8,760,000
International Finance Corporation	287	159	330,493
Food Processor Fiji Limited	687,680	343,840	343,840
Total			14,684,473

During the audit, confirmations were sought from entities in which government had investments to verify control or rights over government's shares. Details are reflected in Table 3.8.

Table 3.8: Status of Confirmation for Shareholding of Government

No.	Names of Entities that did not provide confirmations	Amount (\$m)	No.	Names of Entities that provided confirmations	Amount (\$m)
1.	Post Fiji Limited	5.60	1.	Amalgamated Telecom Holdings Limited	80.30
2.	Unit Trust of Fiji (Trustee) Ltd	0.80	2.	Airports (Fiji) Limited	92.30
3.	Unit Trust of Fiji (Management) Ltd	0.05	3.	Fiji Broadcasting Corporation Ltd	---
4.	Fiji Airways	13.30	4.	Fiji Ports Corporation Limited	30.00
5.	Viti Corps Company Ltd	6.00	5.	Food Processors Fiji Limited	0.70
6.	Yaqara Pastoral Company Ltd	1.20	6.	Fiji Hardwood Corporation	90.00
7.	Copra Millers Fiji Ltd	6.40	7.	Fiji Pine Ltd	61.00
8.	Yaqara Group Ltd	0.09	8.	Asian Development Bank	10.50
9.	Daily Post	0.90	9.	Fiji Rice Limited	1.50
10.	Air Fiji Ltd	0.20	10.	Pacific Fishing Company Limited	14.70
11.	National Trading Corp Ltd	3.30	11.	International Finance Corporation	0.60
			12.	Air Terminal Services	0.80
			13.	Fiji Sugar Corporation Ltd	15.10
			14.	International Bank for Reconstruction Development	10.00
	Total	37.84			407.50

¹ Financial Management Act 2004, Section 55(1)(b)

In the absence of share certificates, the verification of government's control or rights over the shares held cannot be confirmed. Moreover, the absence of independent confirmations for investments worth \$37.8 million or 8.5% of the total investment of \$445.34 million entails that investments cannot be assured to be fairly stated.

The above findings indicates poor maintenance of government investment records by both the Ministry of Economy and the Ministry of Public Enterprise.

Recommendations

- **The Ministry of Economy through the Ministry of Public Enterprise should ensure that all investment records of government are properly maintained and kept in a secured location.**
- **The respective Ministries should also liaise with the companies for share certificates to be provided as evidence of shareholding and investments made.**

Ministry's Comments

No comments were received when the report was sent for printing on 29 June 2017. The comments below were later received from the Ministry of Public Enterprises through the Ministry of Economy on the 13 July 2017.

We note and agree with the recommendation made.

Please find attached the share certificates for Airport Fiji Limited, Unit Trust of Fiji (Management) Limited and Food Processors Fiji Limited.

With regards to International Bank for Reconstruction and Development and International Finance Corporation, MPE is not a shareholder in these entities and do not hold its share certificate.

The Ministry of Economy clarified that entities such as the International Finance Corporation and International Bank for Reconstruction and Development do not issue share certificates as such, the certificates cannot be missing. This has been confirmed in writing by both organisations. Moreover, third party confirmations were given by the State Owned Enterprises advising the value of investment by Government. This gives the assurance and confirmation of Government's investment as provided by the directors of the SOEs whose duties and liabilities are enshrined in the Companies Act 2015.

In addition, given that there was no new equity investment during the period of the report, the office, in line with modern audit practices, could have relied on the share certificates previously provided by the Ministry of Public Enterprises.

As a result the issue is resolved.

2.2 Section 6.4 – Page 45: Payment Anomalies

At least once in every year, the Auditor General shall inspect, audit and report to Parliament on the public accounts of the State. In the report, the Auditor General must state whether in his or her opinion expenditure has been applied for the purpose it was authorised.²

² Constitution of the Republic of Fiji – Section 152

The Accounting Head of an agency is responsible to the Permanent Secretary for the effective design and operation of internal controls across the agency.³

Audit review of the expenditures incurred by the Ministries/Department noted the following anomalies:

- Audited accounts were not always submitted for grant payments totalling \$245,074,878 to various entities. Refer to *Appendix 4.2* for details.
- Capital projects were not properly monitored resulting in numerous anomalies in projects totalling \$38,331,063. Refer to *Appendix 4.3* for details.
- Expenditures were not always properly authorised (\$16,886,144) and budgeted (\$5,272,698). Refer to *Appendix 4.4* and *Appendix 4.5* for details. Furthermore, expenditures amounting to \$619,636 were posted to various SEGs against a zero revised budgeted provision. Refer to *Appendix 4.6* for details.
- Supporting documentations for procurements totalling \$17,881,268 were not provided for audit verifications. Refer to *Appendix 4.7* for details.
- Equipment worth \$2,940,133 were not updated in the Fixed Asset Register. Refer to *Appendix 4.8* for details.
- Incorrect posting of expenditure to various allocations amounted to \$2,055,750. Refer to *Appendix 4.9* for details.
- Tenders were not always called and competitive quotes not obtained for procurements amounting to \$2,039,322. Refer to *Appendix 4.10* for details.
- Outstanding accountable advance (SAG 57000) of \$1,700,879 was not cleared for the period ending 31 July 2016. Refer to *Appendix 4.11*.
- Journal vouchers raised by the Office of President for clearance of the outstanding accountable advances amounting to \$832,425⁴ were not adequately supported.
- A variance of \$620,099 was noted between FMIS general ledger and actual expenditure of the Foreign Missions.
- Provisional tax of \$281,785 was not withheld on payment made for contract service. Refer to *Appendix 4.12* for details.

The above findings indicate the ineffective controls that exist across government. Consequently, audit could not substantiate the accuracy and the completeness of the expenditure balance of \$1,756,682,415.

Recommendations

Ministries/Departments must ensure:

- **that all capital projects are properly planned and adequate arrangements made to implement the projects as quickly as possible when funds are provided;**
- **ensure that supporting documents are maintained and provided for audit verifications;**

³ Finance Instruction 2010 – Section 59

⁴ Balance carried forward from previous years

- **that assets with a value in excess of \$2,000 is recorded in the fixed asset register;**
- **that all advance accounts are cleared within the 7 days deadline. Outstanding balances should be recovered from officers concerned through salary deduction;**
- **to comply with the changing requirements of FRCA for Provisional Tax deductions for all contract payments; and**
- **regular evaluation of internal control is carried out and corrective action is taken to address the any weaknesses identified.**

Ministry's Comments

The decision to implement capital projects on time lies within the various Permanent Secretaries. That includes planning and up to implementation. We have no other powers as the Chief Financial Officer of an agency is the PS. However, we continue to provide regular updates and advice to Ministries/Departments regarding their funding utilization. On another note, Ministries are required to provide acquittals when requesting for release of funds. This is part of the RIE Checklist.

The Ministries and Departments have to adhere to Procurement Regulation 2010, Finance Instructions and agency's Finance Manual for its procurement of goods, services and works. This has already been highlighted in Accounting Heads meeting.

It is the prerogative of Ministries and departments to update the fixed asset register as they need to maintain the list of assets the particular ministry/department holds. However, Ministry of Economy through its FMIS user group and accounting heads meeting have also stressed the importance of keeping an up to date fixed asset register.

There is an Accountable Advance Policy in place and the issue of clearances is documented in all Ministries and Departments Finance Manuals duly endorsed by the respective Heads of Ministries and Departments. The Permanent Secretaries under the Financial Management Act are also responsible for the effective system and effective internal controls in their various ministries and departments.

Changing requirements of FRCA are highlighted in accounting heads meeting that is held on monthly basis and respective accounting heads are responsible to adhere to all requirements of FRCA. Furthermore, FRCA also makes presentations on the new changes in the accountings heads meetings.

As per Part 10 of Financial Instructions, section 59 (2), the prerogative is with the accounting heads to make recommendations to Permanent Secretaries for the effective design and operation of internal controls across the agency.

Two of the issues highlighted above have been resolved following the verification and correction carried out with the Ministry of Economy. These include:

- i. Audited accounts were not always submitted for grant payments totalling \$245,074,878 to various entities; and
- ii. Expenditures were not always properly authorised amounting to \$16,886,144. (Appendix 4.4)

Reasons for the exclusion and amendment to the issues include the fact that a number of draft accounts were already submitted to the Auditor General's Office and a number of agency reports have already been audited. A Supplementary Appendix 4.2 on the 2016 Report is provided showing an updated status on the submission of audited financial statements.

In relation to Appendix 4.4, the procurement of Family Packs was done in accordance with the Procurement Regulations 2010, which permits the Ministry to make such purchases during times of emergency. In addition, with regards to the budgeted purchases totalling \$6,947,335, the Ministry of Economy does not have the power to approve transactions for other budget sector agencies. Approval of transactions is granted by the relevant Permanent Secretary. The Ministry of Economy merely confirms the availability of funds in the budget for the agency. Furthermore, in relation to the use of funds to the tune of \$4,600,000 for the cane replanting programme when the funds were earmarked for sugar rehabilitation post-Cyclone Winston. This is not an issue as the use of funds for the “Sugar Development Program” (Head 35) for the purpose of cane replanting is within the ambit of the objective of the Sugar Development Program, which is to increase cane production.

2.3 Supplementary Section 6.4 – Page 45: Payment Anomalies

At least once in every year, the Auditor General shall inspect, audit and report to Parliament on the public accounts of the State. In the report, the Auditor General must state whether in his or her opinion expenditure has been applied for the purpose it was authorised.⁵

The Accounting Head of an agency is responsible to the Permanent Secretary for the effective design and operation of internal controls across the agency.⁶

Audit review of the expenditures incurred by the Ministries/Department noted the following anomalies:

- Audited accounts were not always submitted for grant payments to various entities. Refer to *Supplementary Appendix 4.2* for details.
- Capital projects were not properly monitored resulting in numerous anomalies in projects totalling \$38,331,063. Refer to *Appendix 4.3* for details.
- Expenditures were not always properly authorised (\$2,745,435) and budgeted (\$5,272,698). Refer to *Supplementary Appendix 4.4* and *Appendix 4.5* for details. Furthermore, expenditures amounting to \$619,636 were posted to various SEGs against a zero revised budgeted provision. Refer to *Appendix 4.6* for details.
- Supporting documentations for procurements totalling \$17,881,268 were not provided for audit verifications. Refer to *Appendix 4.7* for details.
- Equipment worth \$2,940,133 were not updated in the Fixed Asset Register. Refer to *Appendix 4.8* for details.
- Incorrect posting of expenditure to various allocations amounted to \$2,055,750. Refer to *Appendix 4.9* for details.
- Tenders were not always called and competitive quotes not obtained for procurements amounting to \$2,039,322. Refer to *Appendix 4.10* for details.
- Outstanding accountable advance (SAG 57000) of \$1,700,879 was not cleared for the period ending 31 July 2016. Refer to *Appendix 4.11*.

⁵ Constitution of the Republic of Fiji – Section 152

⁶ Finance Instruction 2010 – Section 59

- Journal vouchers raised by the Office of President for clearance of the outstanding accountable advances amounting to \$832,425⁷ were not adequately supported.
- A variance of \$620,099 was noted between FMIS general ledger and actual expenditure of the Foreign Missions.
- Provisional tax of \$281,785 was not withheld on payment made for contract service. Refer to *Appendix 4.12* for details.

The above findings indicate the ineffective controls that exist across government.

Recommendations

Ministries/Departments must ensure:

- **that all capital projects are properly planned and adequate arrangements made to implement the projects as quickly as possible when funds are provided;**
- **ensure that supporting documents are maintained and provided for audit verifications;**
- **that assets with a value in excess of \$2,000 is recorded in the fixed asset register;**
- **that all advance accounts are cleared within the 7 days deadline. Outstanding balances should be recovered from officers concerned through salary deduction;**
- **to comply with the changing requirements of FRCA for Provisional Tax deductions for all contract payments; and**
- **regular evaluation of internal control is carried out and corrective action is taken to address the any weaknesses identified.**

Ministry's Comments

The decision to implement capital projects on time lies within the various Permanent Secretaries. That includes planning and up to implementation. We have no other powers as the Chief Financial Officer of an agency is the PS. However, we continue to provide regular updates and advice to Ministries/Departments regarding their funding utilization. On another note, Ministries are required to provide acquittals when requesting for release of funds. This is part of the RIE Checklist.

The Ministries and Departments have to adhere to Procurement Regulation 2010, Finance Instructions and agency's Finance Manual for its procurement of goods, services and works. This has already been highlighted in Accounting Heads meeting.

It is the prerogative of Ministries and departments to update the fixed asset register as they need to maintain the list of assets the particular ministry/department holds. However, Ministry of Economy through its FMIS user group and accounting heads meeting have also stressed the importance of keeping an up to date fixed asset register.

There is an Accountable Advance Policy in place and the issue of clearances is documented in all Ministries and Departments Finance Manuals duly endorsed by the respective Heads of Ministries and Departments. The Permanent Secretaries under the Financial Management Act are also responsible for the effective system and effective internal controls in their various ministries and departments.

⁷ Balance carried forward from previous years

Changing requirements of FRCA are highlighted in accounting heads meeting that is held on monthly basis and respective accounting heads are responsible to adhere to all requirements of FRCA. Furthermore, FRCA also makes presentations on the new changes in the accountings heads meetings.

As per Part 10 of Financial Instructions, section 59 (2), the prerogative is with the accounting heads to make recommendations to Permanent Secretaries for the effective design and operation of internal controls across the agency.

3.0 VOLUME 2: AUDIT REPORT ON GENERAL ADMINISTRATION SECTOR 2016

3.1 Section 18.18.6 – Page 40: No Documentation of Authority to Purchase Family Packs

If a state of emergency is declared under a written law, the Minister of Economy may authorise such government expenditure to meet the emergency as is approved by the Cabinet, where (a) the money involved has not already been appropriated; or (b) the money has already been appropriated for another purpose.⁸

The audit noted that on 07/03/2016, the Division had started purchasing family packs rather than bulk purchases of rations at a rate of \$41 per pack for the victims situated in the Districts of Lautoka, Ba, and Tavua. No documentation was provided on the authority given to purchase the family packs and not bulk purchases. Compared to purchases made in bulk, purchases made in family packs were found to be more expensive.

Details of purchases of family packs purchased as at 21/03/2016 are shown in Table 18.29.

Table 18.29: Family Packs 2 Weeks Ration Purchased for 3 divisions

Date	Vendor	Purchase Order No.	Total Cost (\$)
07/03/16	Supplier A	92991-003816	351,452
07/03/16	Supplier A	92991-003820	351,452
07/03/16	Supplier A	92991-003821	253,462
07/03/16	Supplier A	92991-003822	449,032
07/03/16	Supplier A	92991-003823	170,314
07/03/16	Supplier A	92991-003824	407,950
07/03/16	Supplier A	92991-003825	407,950
15/03/16	Supplier A	92991-003872	42,550
15/03/16	Supplier A	92991-003872	97,680
15/03/16	Supplier A	92991-003872	8,806
14/03/16	Supplier A	92991-003862	52,726
Total			\$2,593,374

It is prudent to create balance between need and financial implications of decisions made in state of emergency.

Recommendation

The rationale and authority for decisions made in emergency situations which have financial implications should be properly documented for information and records.

Management Comments

The decision to purchase family packs was from the Hon. PM and the AG who is also the Minister of Economy together with the Commissioner West.

Reason for the exclusion of the issue was that the procurement of Family Packs was done in accordance with the Procurement Regulations 2010, which permits the Ministry to make such purchases during times of emergency.

As such the issue is resolved.

⁸ Financial Management Act 2004 Para 24 (1)

4.0 VOLUME 3: AUDIT REPORT ON SOCIAL SERVICE SECTOR 2016

4.1 Section 21.9 – Page 12: 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.⁹

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.

The amendment to the issue is due to an addition error in the table of details of outstanding accounts. A supplementary Table 21.14 on the 2016 Report is provided showing an updated status on the submission of audited financial statements.

⁹ Finance Instructions 2010 – Section 16 (3) & (4).

4.2 Supplementary Section 21.9 – Page 12: 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.¹⁰

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

Grant Recipients	Remarks
Fiji Museum	2010 – 2016 audited accounts yet to be submitted to Ministry.(Fiji Museum appoints its own external auditor)
Fiji Arts Council	2004 – 2016 audited accounts yet to be submitted to Ministry.

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.

¹⁰ Finance Instructions 2010 – Section 16 (3) & (4).

4.3 Section 24.11 – Page 14: 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.¹¹ 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.¹² These quotes must be recorded and certified by the officer receiving them.¹³

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.¹⁴ 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.¹⁵

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.¹⁶

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.¹⁷

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.

¹¹ Ministry of Economy Procurement Regulations 2010, Section 4

¹² Ministry of Economy Procurement Regulations 2010, Section 29 (1)

¹³ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 2.3.1.

¹⁴ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 2.5.1.

¹⁵ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 17.2.1

¹⁶ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 2.8.1, 2.8.4 and 2.8.5.

¹⁷ 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.

The issue of budgeted purchases totalling \$6,947,335 requiring the approval of the Ministry of Economy is excluded as the Ministry of Economy does not have the power to approve transactions for other budget sector agencies. Approval of transactions is granted by the relevant Permanent Secretary. The Ministry of Economy merely confirms the availability of funds in the budget for the agency. A Supplementary Appendix 24.1 is provided below.

4.4 Supplementary Section 24.11 – Page 14: 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.¹⁸ 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.¹⁹ These quotes must be recorded and certified by the officer receiving them.²⁰

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.²¹ 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.²²

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.

¹⁸ Ministry of Economy Procurement Regulations 2010, Section 4

¹⁹ Ministry of Economy Procurement Regulations 2010, Section 29 (1)

²⁰ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 2.3.1.

²¹ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 2.5.1.

²² Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 17.2.1

Immediately after payment has been effected, the Accounts Clerk (Payment) must stamp “paid” on all vouchers and supporting documentation to avoid any double payments.²³

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.²⁴

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”; and
- invoices were not signed and delivery docket were not attached to the payment records.

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

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.

²³ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 2.8.1, 2.8.4 and 2.8.5.

²⁴ Ministry of Social Welfare, Women & Poverty Alleviation Finance Manual 2013, section 2.5.9 and 2.5.10

5.0 VOLUME 4: AUDIT REPORT ON ECONOMIC & INFRASTRUCTURE SECTOR 2016

5.1 Section 35.4 – Page 3: Grant to Fiji Sugar Corporation (FSCL) on Sugar Development

Grants that are administered by agencies should only be used for the purpose for which Parliamentary or Cabinet approval has been given.²⁵

On 3 May 2016, the Ministry signed an agreement with the Fiji Sugar Corporation Limited (FSCL) for the rehabilitation of the 2016 crops which were damaged by Tropical Cyclone Winston. The objectives of the grant were as follows.

- To rehabilitate 18,000 hectares of sugarcane which was drastically affected by Category 5 Tropical Cyclone Winston that hit Fiji on Saturday 20/02/16 in the sugarcane district of Rakiraki, Tavua, Rarawai and parts of Lautoka. The following components to be provided: Fertilizer – Blend C and Herbicides for 18,000 hectares totaling \$3,636,000.²⁶
- To plant 682 hectares of cane by the end of 2016 planting season with the following component: Land preparation, Seed cane, Fertilizer – Blend A, Herbicide and Drainage for 682 hectares totaling \$1,364,000.²⁷

Audit Review of the program records revealed the following anomalies:

- The grant of \$4.6 million paid to FSCL for the rehabilitation as per the grant agreement, was actually utilised for cane planting program for which Cabinet approval was not obtained by the Ministry. The grant agreement was also not revised to reflect the changes made to the initial objectives of the grant.
- The cane planting program facilitated by the FSCL included payment for fallow and replant of a total area of 3,425 hectares. The total payment made by the FSCL in this regard was approximately \$6.2million and exceeded the total grant amount received by \$1.6million. Refer to Table 8.1 for details.

Table 35.3: Utilisation of Grant as at 31 December 2016

Mill	No. of Growers	Total Grant Paid Out (\$)	Hectares Paid (Unit)		Hectares Paid (Unit)
			Fallow	Replant	
Lautoka	356	521,425	235	62	297
Rarawai	1,230	2,082,740	1,013	163	1,176
Labasa	1,473	3,107,582	1,088	592	1,681
Penang	280	486,935	258	14	272
Total	3,339	6,198,682	2,595	831	3,425

- Project reports were not submitted to the Ministry on a quarterly basis. Instead, only one progress report was submitted on 31 December 2016, which was for work carried out for the whole year.

The audit findings indicate that proper procedures were not followed in utilisation of government grant by FSCL.

²⁵ Ministry of Sugar Finance Manual 2013: Part 3 Introductory Paragraph

²⁶ Grant Agreement between MOS and FSCL for Sugar Development Plan 2016 – Clause 2.1.

²⁷ Grant Agreement between MOS and FSCL for Sugar Development Plan 2016 – Clause 2.2.

Recommendations

The Ministry should ensure that:

- proper approvals are obtained before the funds are utilised for other purposes and grant agreements are revised accordingly.
- physical inspections are carried out in the field to verify that the works carried out are in line with the requirement of the grant agreement.
- the grant is released on a quarterly basis after quarterly reports have been received and verified.

Ministry's Comment

The overall objective of this cane planting/development grant was to increase cane production. However, after TC Winston struck the decision was made to assist those worst hit by TC Winston in Rakiraki, Tavua, Rarawai and parts of Lautoka. However, by the time the grant agreement was signed (May 2016), it was discovered that the cane crop on farms initially identified in these priority areas had recovered and there was no need for rehabilitation, and so the fund was utilized for cane replanting.

For that reason, there was no need to obtain approval.

The Ministry notes and agrees that this is an area needing improvement which it will undertake to address jointly with FSCL and Sugar Cane Growers Council representatives.

The Ministry also notes the three recommendations which it will address in future.

The issue above is excluded as the use of funds for the “Sugar Development Program” (Head 35) for the purpose of cane replanting is within the ambit of the objective of the Sugar Development Program, which is to increase cane production.

5.2 Section 37.13 – Page 11: Backlog Financial Statements – Municipal Council and Statutory Authorities

The recipient of the Grant Assistance shall provide financial statement (audited if practicable) for grants of \$20,000 or more.²⁸

The Ministry provided grants to various Municipal Councils and to National Fire Authority for capital works. The audit noted that the following Municipal Councils and National Fire Authority have not provided audited financial statements for the grants received from the Ministry to carry out capital projects. Refer to Table 37.13 for details.

Table 37.13: Examples of Municipals that Failed to Submit Audited Financial Statements

Grant Recipient	Last Audited Account	Grant Provided Since Last Audited Account						Total Grant Provided (\$)
		2011	2012	2013	2014	2015	2016	
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
Nadi Town Council	2013	-	-	-	844,000	295,410	755,000	1,894,410

²⁸ Ministry of Local Government, Housing and Environment Finance Manual 2013, Section 3.3.1

Grant Recipient	Last Audited Account	Grant Provided Since Last Audited Account						Total Grant Provided (\$)
		2011	2012	2013	2014	2015	2016	
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
Lami Town Council	2013	-	-	-	143,160	613,000	198,072	954,232
Savusavu Town Council	2010	-	-	-	75,000	162,035	250,000	487,035
Tavua Town Council	2014	-	-	-	-	158,685	488,000	646,685
Ba Town Council	2014	-	-	-	-	203,500	1,463,928	1,667,428
Sigatoka Town Council	2015	-	-	-	-	-	845,000	845,000
Lautoka City Council	2013	-	-	-	500,000	293,250	2,814,240	3,607,490
Suva City Council	2010	-	-	452,355	-	10,000,000	7,000,000	17,452,355
National Fire Authority	2013	-	-	1,746,329	3,900,000	3,476,088	5,300,000	14,422,417

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

Recommendation

The Ministry should ensure that grant recipients provide the audited financial statements on a timely basis.

Ministry's Comments

Department of Local Government and Municipal Councils have been meeting on the subject. During the meeting held in February, 2017 all Municipal Councils have agreed to submit draft accounts for external audit before 30th August, 2017. Reason for delay in submission over the last two to three years has been that Municipal Councils have been informed to upgrade financial statements to International Financial Reporting Standards to avoid disclaimer opinion.

National Fire Authority annual accounts 2014 shall be submitted to the Office of the Auditor General in April, 2017, 2015 and 2016 draft annual accounts are planned to be submitted before end of August 2017. National Fire Authority has been traditionally waiting for the clearance of a financial year report before submitting the following year draft accounts to ensure verified opening balances are captured. Department of Local Government has informed National Fire Authority to submit all previous year draft accounts to office of the Auditor General and following audit carry upgrade following year's accounts as deemed necessary.

Reasons for the exclusion and amendments to the issues include the fact that a number of draft accounts were already submitted to the Auditor General's Office and a number of agency reports have already been audited. A Supplementary Table 37.13 of the 2016 Report is provided showing an updated status on the submission of audited financial statements.

5.3 Supplementary Section 37.13 – Page 11: Backlog Financial Statements – Municipal Council and Statutory Authorities

The recipient of the Grant Assistance shall provide financial statement (audited if practicable) for grants of \$20,000 or more.²⁹

The Ministry provided grants to various Municipal Councils and to National Fire Authority for capital works. The audit noted that the following Municipal Councils and National Fire Authority have not provided audited financial statements for the grants received from the Ministry to carry out capital projects. Refer to Table 37.13 for details.

Table 37.13: Examples of Municipals and Statutory authority that Failed to Submit Audited Financial Statements

Grant Recipient	Status
Nadi Town Council	<ul style="list-style-type: none"> 2015 and 2016 draft financial statements yet to be received for audit.
Lami Town Council	<ul style="list-style-type: none"> 2014 draft financial statements received on 03/08/17. 2015 and 2016 draft financial statements yet to be received for audit.
Savusavu Town Council	<ul style="list-style-type: none"> 2011 - 2014 draft financial statements to be resubmitted to OAG. 2015 and 2016 draft financial statements yet to be received for audit.
Tavua Town Council	<ul style="list-style-type: none"> 2014 draft financial statements to be resubmitted to OAG. 2015 & 2016 draft financial statements yet to be received for audit.
Ba Town Council	<ul style="list-style-type: none"> 2016 draft financial statements yet to be received for audit.
Lautoka City Council	<ul style="list-style-type: none"> 2014 and 2015 draft account received 31/07/17. 2016 accounts yet to be received for audit.
Suva City Council	<ul style="list-style-type: none"> 2012 – 2016 draft financial statements yet to be received for audit.
Nasinu Town Council	<ul style="list-style-type: none"> 2010 draft financial statements resubmitted audit on 07/08/17. 2011 draft financial statements to be re-submitted. 2012 draft financial statements received on 29/08/17. 2013 - 2016 draft financial statements yet to be received for audit.
Levuka Town Council	<ul style="list-style-type: none"> 2012 and 2013 draft financial statements to be resubmitted to OAG. 2014, 2015 & 2016 financial statements yet to be received for audit.
Nausori Town Council	<ul style="list-style-type: none"> 2015 draft financial statements received on 16/12/16. 2016 draft financial statements yet to be received for audit.
Rakiraki Town Council	<ul style="list-style-type: none"> 2015 draft financial statements received on 06/04/17. 2016 draft financial statements received on 19/06/17.
Labasa Town Council	<ul style="list-style-type: none"> 2016 draft financial statements received on 30/08/17.
National Fire Authority	<ul style="list-style-type: none"> 2014 - 2016 draft financial statements yet to be received for audit.

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

Recommendation

The Ministry should ensure that grant recipients provide the audited financial statements on a timely basis.

Ministry's Comments

Department of Local Government and Municipal Councils have been meeting on the subject. During the meeting held in February, 2017 all Municipal Councils have agreed to submit draft accounts for external audit before 30th August, 2017. Reason for delay in submission over the last two to three years has been that Municipal Councils

²⁹ Ministry of Local Government, Housing and Environment Finance Manual 2013, Section 3.3.1

have been informed to upgrade financial statements to International Financial Reporting Standards to avoid disclaimer opinion.

National Fire Authority annual accounts 2014 shall be submitted to the Office of the Auditor General in April, 2017, 2015 and 2016 draft annual accounts are planned to be submitted before end of August 2017. National Fire Authority has been traditionally waiting for the clearance of a financial year report before submitting the following year draft accounts to ensure verified opening balances are captured. Department of Local Government has informed National Fire Authority to submit all previous year draft accounts to office of the Auditor General and following audit carry upgrade following year's accounts as deemed necessary.

Appendix 4.2: Details of Non-Submission of Audited Accounts

Head	Ministry	Description	Amount (\$)
3	Office of the Attorney General	The Fiji Human Rights Commission accounts has not been audited since 2008 - 2016; total grant provided since 2008 to 2016	4,701,367
		Legal Aid Commission has not submitted audited accounts to Office of the Attorney General since 2014; total grant provided since 2014 to 2016	9,504,868
5	Ministry of I Taukei Affairs	The Ministry has been providing grant to ITaukei Affairs Board for which audit has been pending since 2003. Total grant provided since 2003 to 2016	145,969,149
21	Ministry of Education, Heritage and Arts	Backlog of audited accounts of higher institutions not submitted to Higher Education Commission	1,505,000
		Backlog of audited accounts since 2015 of statutory authorities not submitted to Ministry (Fiji Museum , Fiji Arts Council, Fiji Higher Education Commission)	2,310,183
30	Ministry of Agriculture	Non-submission of annual audited accounts of Agriculture Marketing Authority for 2010, 2011, 2014, 2015 and 2016	9,628,647
34	Ministry of Industry, Trade and Tourism	Backlog of audits for various authorities receiving operating grant from the Ministry since 2013 to 2015	29,478,612
37	Ministry of Local Government, Housing & Environment	Municipal councils namely, Nadi Town Council, Lami Town Council, Savusavu Town Council, Tavua Town Council, Ba Town Council, Sigatoka Town Council, Lautoka City Council, Suva City Council and National Fire Authority failed to provide AFS for the grants received from the Ministry.	41,977,052
		Total	245,074,878

Supplementary Appendix 4.2: Details of Non-Submission of Audited Accounts

Head	Ministry	Description	Status
5	Ministry of I Taukei Affairs	The Ministry has been providing grant to ITaukei Affairs Board for which audit has been pending.	• 2008 – 2016 draft financial statements yet to be received for audit
21	Ministry of Education, Heritage and Arts	Higher Education Institutions namely Centre for Appropriate Technology, Montfort Boys Town Veisari, Montfort Boys Institute Savusavu and Fulton College yet to provide audited accounts to the Higher Education Commission.	2016 draft financial statements yet to be received for audit
		Backlog of audited accounts of statutory authorities not submitted to Ministry (Fiji Museum , Fiji Arts Council)	Fiji Arts Council: 2004 – 2016 draft financial statements still outstanding. Fiji Museum: 2010 – 2016 draft accounts still outstanding
13	Independent Commission	The Fiji Human Rights Commission accounts has not been audited since 2008	Draft financial statements yet to be received for audit
30	Ministry of Agriculture	Non-submission of annual audited accounts of Agriculture Marketing Authority for 2010 – 2016.	Draft financial statements yet to be received for audit
34	Ministry of Industry, Trade and Tourism	Backlog of audits for various authorities receiving operating grant from the Ministry from 2013 – 2016.	• NCSMED: 2013, 2014 and 2015 account: External auditor appointed by the Centre. • Tourism Fiji: 2014 draft financial statements received on 02/08/17.

Head	Ministry	Description	Status
			<ul style="list-style-type: none"> • 2015 and 2016 draft financial statements yet to be received for audit.
37	Ministry of Local Government, Housing & Environment	Municipal councils namely, Nadi Town Council, Lami Town Council, Savusavu Town Council, Tavua Town Council, Ba Town Council, Lautoka City Council, Suva City Council, Nasinu Town Council, Levuka Town Council and National Fire Authority failed to provide AFS for the grants received from the Ministry.	<ul style="list-style-type: none"> • Nadi Town Council: 2015 and 2016 draft financial statements yet to be received for audit. • Lami Town Council: 2014 draft financial statements received on 03/08/17. 2015 and 2016 draft financial statements yet to be received for audit. • Savusavu Town Council: 2011 – 2014 draft financial statements to be resubmitted to OAG. 2015 and 2016 draft financial statements yet to be received for audit. • Tavua Town Council: 2014 draft financial statements to be resubmitted to OAG. 2015 & 2016 draft financial statements yet to be received for audit. • Ba Town Council: 2016 draft financial statements yet to be received for audit. • Lautoka City Council: 2014 and 2015 draft financial statements received 31/07/17. 2016 accounts yet to be received for audit. • Suva City Council: 2012 – 2016 draft financial statements yet to be received for audit. • Nasinu Town Council: <ul style="list-style-type: none"> • 2010 draft financial statements resubmitted audit on 07/08/17. • 2011 draft financial statements to be re-submitted. • 2012 draft financial statements received on 29/08/17. • 2013 - 2016 draft financial statements yet to be received for audit. • Levuka Town Council: 2012 and 2013 draft financial statements to be resubmitted to OAG. 2014, 2015 & 2016 draft financial statements yet to be received for audit. • Nausori Town Council: 2015 draft financial statements received on 16/12/16. 2016 draft financial statements received on 16/08/17. • Rakiraki Town Council: 2015 draft financial statements received on 06/04/17. 2016 draft financial statements received on 19/06/17.

Head	Ministry	Description	Status
			<ul style="list-style-type: none"> • Labasa Town Council: 2016 draft financial statements received on 30/08/17. • NFA: 2014 – 2016: draft financial statements yet to be received for audit.

Appendix 4.4: Details of Expenditures without Proper Authorisation

Head	Ministry	Anomalies	Amount (\$)
8	Ministry of Foreign Affairs	Overpayment of per-diem allowance	24,934
		Inconsistent rate used in calculating travel allowances	36,003
		Travel made without Cabinet Approval	10,099
12	Parliament	Over-payment of per-diem allowances	4,270
18	Ministry of Rural and Maritime Development and Disaster Management	Rations purchased was more than what was required	503,726
		Purchase of family packs not authorised	2,593,374
		Approval not obtained from Chief Accountant for advance payment	23,324
		Excess supply compared to LPO for which payment was facilitated	456,655
		No LPO issued	33,520
		Loss due to condemned / damage Goods	21,337
20	Fiji Police Force	No LPO issued	7,257
21	Ministry of Education, Heritage and Arts	Fiji Teachers Registration Board staffs paid through Ministry's budget allocation although the authority's operation is totally autonomous from the Ministry	214,739
22	Ministry of Health and Medical Services	Unauthorized procurement	71,347
		Procurement without approved RIE from other allocations	62,397
		Procurement above delegated authority	535,318
24	Ministry of Women, Children and Poverty Alleviation	Ministry of Economy approval not attached to payment	6,947,335
		Local Purchase Orders not issued	270,727
30	Ministry of Agriculture	Local Purchase Order not signed by the authorised personnel's	48,888
		Local Purchase Orders not issued	407,510
32	Ministry of Fisheries and Forests	Payment of ineligible subsistence allowance to EDP # 93439	13,384
35	Ministry of Sugar	Funds for rehabilitation was used for cane planting program, no approval documents produced.	4,600,000
		Total	16,886,144

Supplementary Appendix 4.4: Details of Expenditures without Proper Authorisation

Head	Ministry	Anomalies	Amount (\$)
8	Ministry of Foreign Affairs	Overpayment of per-diem allowance	24,934
		Inconsistent rate used in calculating travel allowances	36,003
		Travel made without Cabinet Approval	10,099
12	Parliament	Over-payment of per-diem allowances	4,270
18		Rations purchased was more than what was required	503,726

Head	Ministry	Anomalies	Amount (\$)
	Ministry of Rural and Maritime Development and Disaster Management	Approval not obtained from Chief Accountant for advance payment	23,324
		Excess supply compared to LPO for which payment was facilitated	456,655
		No LPO issued	33,520
		Loss due to condemned / damage Goods	21,337
20	Fiji Police Force	No LPO issued	7,257
21	Ministry of Education, Heritage and Arts	Fiji Teachers Registration Board staffs paid through Ministry's budget allocation although the authority's operation is totally autonomous from the Ministry	214,739
22	Ministry of Health and Medical Services	Unauthorized procurement	71,347
		Procurement without approved RIE from other allocations	62,397
		Procurement above delegated authority	535,318
24	Ministry of Women, Children and Poverty Alleviation	Local Purchase Orders not issued	270,727
30	Ministry of Agriculture	Local Purchase Order not signed by the authorised personnel's	48,888
		Local Purchase Orders not issued	407,510
32	Ministry of Fisheries and Forests	Payment of ineligible subsistence allowance to EDP # 93439	13,384
		Total	2,745,435

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

Date	Cheque/ EFT #	Payee	Amount (\$)	Remarks
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	Competitive Quotations not obtained
07/05/16	61301	TH	7,580	
09/05/16	61313	CTCL	9,000	
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	

Date	Cheque/ EFT #	Payee	Amount (\$)	Remarks
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	

Supplementary 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		
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	

Date	Cheque/ EFT #	Payee	Amount (\$)	Remarks
				Competitive Quotations not obtained
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	

