



---

**Ministry of Finance Response**  
**2015 Public Accounts Committee**  
**2007 – 2009 Consolidated Report**

---

**29 Systematic Issues**  
**22 Public Accounts Recommendations**

---

## 2015 Public Accounts Committee 2007 – 2009 Consolidated Report

### The Twenty Nine [29] Systematic Issues Repeatedly Recurring from 2007-2009

There were 29 issues of a serious systemic nature that have been repeatedly raised by the Auditor-General over the three years in question. In no order of priority, these are:

No.	Systematic Issues	DIVISION SECTION UNIT	COMMENTS
1	The denial of the Auditor-General to some accounts by some agencies, in breach of the Laws of Fiji, in particular section 111 of the Income Tax Act and section 7(2)(a) of the Audit Act.	<b>DSFAM POLICY</b>	<p>Section 152 of the Constitution mandates the function of the Auditor General, one of which provides him or his delegate authorized access to all records, books, vouchers, stores or other government property in the possession custody or control of any person or authority, in the performance of his or her duties.</p> <p>Subsection [3] further stipulates that a written law may make further provisions in relation to the Office of the Auditor General and may confer further functions and powers; in this case the relevant sections of the Income Tax Act [Cap 201] and the Audit Act [Cap 70]</p> <p><u>Recommendation</u></p> <p>This is an area the FPAU of the Ministry is undertaking as an initiative to build capacity across government on the provisions in the Act and its subsidiary legislations. This is also consistent with the change management component of the Financial Management Reform that the unit spearheads</p>

## The Twenty Nine [29] Systematic Issues Repeatedly Recurring from 2007-2009

There were 29 issues of a serious systemic nature that have been repeatedly raised by the Auditor-General over the three years in question. In no order of priority, these are:

No.	Systematic Issues	DIVISION SECTION UNIT	COMMENTS
2	The laxity of certain agencies to public sector accounting standards and in breach of the public sector accounting law of Fiji. As an example, many agencies failed to produce an annual report in one, or all, of the years in question.	<b>DSFAM POLICY</b>	<p>Section 28 of the Financial Management Act 2004 [FMA 2004] mandates the responsibilities of the Permanent Secretaries, some of which include the:</p> <p>[i] Preparation of annual reports and financial statements for the agency; and</p> <p>[ii] Compliance by the agency with applicable requirements of this Act, the Finance Instructions</p> <p>Section 49 of the FMA 2004 further mandates the preparation and timelines for submission of annual report by agencies.</p> <p>Section 69-71 of the FI 2010 and the reporting section of the respective agency's Finance Manual mandate the reporting requirements by all government agencies to prepare financial reports and submit to the Ministry of Finance.</p> <p>The Ministry also issue a Monthly Management Report Guide in 2012</p> <p>The Ministry also conducted awareness to PS's since the start of the reform. The latest was in 2014 on their Roles and Responsibilities under the FMA 2004. A major content of the presentation was on their compliance to the Reporting requirements under the financial legislation &amp; regulation.</p>

## The Twenty Nine [29] Systematic Issues Repeatedly Recurring from 2007-2009

There were 29 issues of a serious systemic nature that have been repeatedly raised by the Auditor-General over the three years in question. In no order of priority, these are:

No.	Systematic Issues	DIVISION SECTION UNIT	COMMENTS
			<p>PSF had also conducted a presentation to the Accounting Heads of agencies in 2014 on Government Reporting</p> <p>The Ministry of Finance will continue to create awareness on agency roles and responsibilities under the financial legislation and regulations. This is an area the FPAU of the Ministry will again be undertaking as an initiative in order to build capacity across government on the provisions in the Act and its subsidiary legislations.</p> <p>This is also consistent with the change management component of the FMR that the unit is currently spearheading.</p> <p>The reviewed Financial Management Act has included a new section on Enforcement that would strengthen compliance by agencies.</p>
3	On-going problems with the Financial Management Information System (FMIS) not capturing all the revenue and expenditure activities of all-of Government.	DSFAM FMIS	These periods were at the early stages of the FMIS implementation and rolling out of the system to Ministries and Departments in which operating and budgeted expenditures and revenues were targeted first to be reflected in the system. Other accounts and funds non-operating expenditures and revenues, TMA, Operating Trust, True Trust, and Projects were reflected in the system latter over the years 2010, 2011 and 2012.

## The Twenty Nine [29] Systematic Issues Repeatedly Recurring from 2007-2009

There were 29 issues of a serious systemic nature that have been repeatedly raised by the Auditor-General over the three years in question. In no order of priority, these are:

No.	Systematic Issues	DIVISION SECTION UNIT	COMMENTS
4	Discrepancies identified between what certain departments and agencies provided as a record of holdings, compared to their actual cash-at-bank.	<b>DSFAM FMIS</b>	In compliance with s140 (1) of the Constitution <sup>1</sup> , all ministries deposit their daily takings into the Consolidated Fund. Government had opened three Bank Accounts in four Banks, namely; ANZ Bank, BSP, HFC and WBC to facilitate this process. Although there are just four Bank Accounts for Ministerial lodgments, previously ministries had their own Cash Allocations in the General Ledger. This resulted in approximately 150 General Ledger (GL) Allocations <sup>2</sup> pertaining to the four physical bank accounts. It was an impossible task to reconcile these GL Allocations with the four physical Bank Accounts. To eliminate this problem Ministry of Finance has removed all the 150 GL Allocations from the Ministries in 2014. As matters currently stand, there are only four GL allocations for the four physical bank accounts which are maintained by the Ministry of Finance. As at the 31 <sup>st</sup> of December 2014, all CFA Balances in the GL tallies with Actual Cash in the Banks. The discrepancy has been resolved.
5	The continued under-performance of Fiji's Trading and Manufacturing Account (TMA's), with dividend returns for 2007	<b>DSFAM AMU</b>	Under performing TMAs have been dissolved and de-activated from the TMA GL account listing.

<sup>1</sup> Consolidated Fund

140.—(1) All revenue or moneys raised or received for the purposes of the State or Government must be paid into one Consolidated Fund.

<sup>2</sup> 50 Orgs \* 3 Bank Accounts (three bank GL Allocations per org)

## The Twenty Nine [29] Systematic Issues Repeatedly Recurring from 2007-2009

There were 29 issues of a serious systemic nature that have been repeatedly raised by the Auditor-General over the three years in question. In no order of priority, these are:

No.	Systematic Issues	DIVISION SECTION UNIT	COMMENTS
	coming from only 6 of 30 entities, only 7 of 30 in 2008, and only 8 of 31 in 2009. Up to 5 TMA's remained inoperative throughout this period.		<p>The submissions of remittance have been continuously monitored by AMMU. In 2014, 7 of the 13 Bank Accounts have remitted the excess cash over its Ceiling to the Consolidated Fund Account.</p> <p>Remittances Received for 2011 \$10,632,660</p> <p>Remittances Received for 2012 \$2,841,994</p> <p>Remittances Received for 2013 \$2,039,035</p> <p>Remittances Received for 2014 \$4,052,820</p> <p>It should be noted that some of the TMAs are using the same bank accounts.</p>
6	Repeat problems with Trust Fund Accounting identified across most agencies	<b>DSFA</b> <b>FMIS</b> <b>TREASURY</b> <b>POLICY</b>	<p>The Ministry of Finance undertook two write off exercise in 2013 &amp; 2014 and a third one in 2015 to accommodate Ministries that did not utilize this opportunity. The first was to target Dormant Accounts and the second was for unsubstantiated balances from the reconciliations.</p> <p>These write off will assist to present this trust allocations in their true accounting nature. So to ensure that the issue is not repeated and the objective of the write off are met, all trust fund allocations will be set up under fund accounting similar to that of expenditure, to control fund management and curb over expenditure.</p> <p>To tackle the issue of differences in Cash Trust and Main Trust, the FMIS user access will be set up in such a way that will</p>

## The Twenty Nine [29] Systematic Issues Repeatedly Recurring from 2007-2009

There were 29 issues of a serious systemic nature that have been repeatedly raised by the Auditor-General over the three years in question. In no order of priority, these are:

No.	Systematic Issues	DIVISION SECTION UNIT	COMMENTS
			separate the usage of different funds in the system so as to avoid cross/inter funding resulting in unbalance of accounts.
7	Revenue substantiation, otherwise known as "Tax Gap", is raised in all three years. The gap between revenue that should have been collected as compared to what was actually collected is unusually high and full of inconsistencies.	<b>DSB</b> <b>DSFAM</b>	To improve on the reported variances in collections of non-tax revenues, a Finance Circular will be issued to relevant agencies highlighting the need for compliance with provisions set out in the Finance Manual for submission of monthly revenue analysis reports. Monthly monitoring of revenue collection will enable the Ministry of Finance to identify early, agencies that are consistently recording revenue variances and implement remedial actions accordingly.
8	The 'staff to work ratio' is blamed by several agencies for their failure to perform expected functions	<b>DSFAM</b> <b>DSB</b>	The issue has been noted and might need the involvement of the Public Service Commission to determine the correct ratio for satisfactory deliverance of output or performance of agencies. Such ratio can be used to benchmark against the current staff establishment in Ministries and Departments
9	Government repeatedly being left to make payments after acting as guarantor of last resort for several under-performing agencies, or projects.	<b>DSFAM</b> <b>DSB</b>	Legally, it is mandatory of the government as the guarantor to make payments on behalf on the guaranteed government agencies should they default in their loan repayment. It should be noted that government only guarantees debt of state owned entities with 50% or more shareholdings and these guarantees were approved by the Cabinet/Parliament.

## The Twenty Nine [29] Systematic Issues Repeatedly Recurring from 2007-2009

There were 29 issues of a serious systemic nature that have been repeatedly raised by the Auditor-General over the three years in question. In no order of priority, these are:

No.	Systematic Issues	DIVISION SECTION UNIT	COMMENTS
			The SOE reform and constant monitoring by the line ministries should be able to minimize future act of defaults by these agencies.
10	Several examples of overseas loans not being centralised through the FMIS.	<b>DSFAM</b> <b>DSB</b>	All government overseas loans are recorded in the FMIS, including loans which are being directly disbursed through the 'Direct Payment' method to the contractors, thus cash do not enter the CFA. The direct payment method was employed in order to improve efficiency and timeliness of disbursement of funds to the contractors once work is completed. The method is one of the disbursement methods provided by creditors. Creditors will only disburse funds to the contractors if it is fully satisfied that all criteria and supporting documentation has been met by the executing agency. Once funds are disbursed, the Creditor then provides the ministry a credit advice showing the amount and other details of drawdown being made.
11	Several examples of the poor accounting practice of converting loans to grants, with the obvious cost to the Fijian taxpayer.	<b>DSB</b> <b>DSFAM</b>	The NLDC loan (\$2.2 million) and FSC loan (\$34 million) has been fully written off in 2011. Furthermore, according to FAB, the Parliament decision to write off the FAB's 1989 loan was being reversed; hence the institution was advised to settle their \$20 million loan to government. This was settled in one installment by the FAB in 2010.
12	Many examples of very low rates of loan and debt recovery across most agencies.	<b>DSFAM</b>	In order to take a proactive stance to assess the quality and recovery mechanism of the respective Ministries and Agencies in respect to

## The Twenty Nine [29] Systematic Issues Repeatedly Recurring from 2007-2009

There were 29 issues of a serious systemic nature that have been repeatedly raised by the Auditor-General over the three years in question. In no order of priority, these are:

No.	Systematic Issues	DIVISION SECTION UNIT	COMMENTS
			<p>their debt recovery plans, a Revenue Arrears Taskforce Committee was established in 2013. The underlying objective of the Taskforce was to take a stock take on the quantum of outstanding debtors of government and the measures agencies have undertaken and areas where the improvement can be done. In hindsight, it has been noted that there has been some mispostings conducted by the line agencies. MoF have formally advised the respective Heads of Line agencies for their indulgence to rectify the accounting anomalies. Overall, the outcome of the reviews undertaken by the Revenue Arrears Taskforce Team has been very positive.</p> <p>Respective agencies have reviewed their Outstanding Debtors portfolio and eliminated the impaired assets through write offs to a greater extent. The write offs were done through Cabinet approval.</p>
13	Too many examples of failure by outer Ministries/agencies to submit reconciliations to the Ministry for Finance.	<b>DSFAM FMIS POLICY</b>	<p>Section 69-71 of the FI 2010 and the reporting section of the respective agency's Finance Manual provide the reporting requirements all government agencies are to prepare and submit to the Ministry of Finance. The Ministry had undertaken awareness programs to PS's since the start of the reform and the latest was in 2014 on their Roles and Responsibilities under the FMA 2004. A major content of the presentation was on their compliance to the Reporting requirements under the financial legislation &amp; regulation. PSF had also presented to the Accounting Heads of agencies in</p>

## The Twenty Nine [29] Systematic Issues Repeatedly Recurring from 2007-2009

There were 29 issues of a serious systemic nature that have been repeatedly raised by the Auditor-General over the three years in question. In no order of priority, these are:

No.	Systematic Issues	DIVISION SECTION UNIT	COMMENTS
			<p>2014 on Government Reporting. Create awareness on the roles and responsibilities under the financial legislation and regulations. This is an area the FPAU of the Ministry will again be undertaking as an initiative in order to build capacity across government on the provisions in the Act and its subsidiary legislations. The reviewed Financial Management Act has included a new section on Enforcement that would strengthen compliance by agencies.</p> <p>Currently the Ministry of Finance has widened its reconciliation monitoring net to include all Balance Sheet Items. Furthermore, the ministry has been implementing restrictions on those ministries who continue non-compliance. These restrictions come in the form of holding of various requests such as; cash-flow adjustments, virements, and requests to incur expenditures.</p> <p>In addition, the ministry issued Finance Circulars 2 of 2013 and 2 of 2014 which was on new reconciliation formats. These circulars were issued to enhance reconciliations and to assist in the cleansing of the various accounts being reconciled. MoF went a step further in 2014 by conducting all the Drawings Account reconciliation for the different ministries. There should be a noticeable improvement in this area in 2014 and even more so in 2015.</p>

## The Twenty Nine [29] Systematic Issues Repeatedly Recurring from 2007-2009

There were 29 issues of a serious systemic nature that have been repeatedly raised by the Auditor-General over the three years in question. In no order of priority, these are:

No.	Systematic Issues	DIVISION SECTION UNIT	COMMENTS
14	Repeated concerns about contingent liabilities	<b>DSFAM DSB</b>	<p>In order to take a proactive stance to assess the quality and recovery mechanism of the respective Ministries and Agencies in respect to their debt recovery plans, a Revenue Arrears Taskforce Committee was established in 2013. The underlying objective of the Taskforce was to take a stock take on the quantum of outstanding debtors of the Government and measures Government agencies have undertaken and the areas where the improvement can be done. In hindsight, it has been noted that there has been some miss-postings by line agencies. In some instances, MoF have formally advised the respective Heads of Line agencies for their indulgence to rectify the accounting anomalies. Overall, the outcome of the reviews undertaken by the Revenue Arrears Taskforce Team has been very positive.</p> <p>Respective agencies have reviewed their Outstanding Debtors portfolio and eliminated the impaired assets through write offs to a greater extent. The write offs were done through Cabinet approval. The outstanding arrears of revenue stands at \$226.5million as at end of December, 2014 as opposed to \$150.8million recorded in December, 2010.</p>
15	Repeated concerns about the low rate of student loan recovery.	<b>DSFAM</b>	<p>The Internal Audit Report No. 40/2014 covers all the issues raised by OAG's office and also provides way forward for Public Service Commission's Scholarship Unit. PSC needs to take the lead role in the recovery as MoF can only assist and guide PSC.</p>

## The Twenty Nine [29] Systematic Issues Repeatedly Recurring from 2007-2009

There were 29 issues of a serious systemic nature that have been repeatedly raised by the Auditor-General over the three years in question. In no order of priority, these are:

No.	Systematic Issues	DIVISION SECTION UNIT	COMMENTS
16	Repeated concern about the recurring practice of un-presented cheques, or “December cheques”.	<b>TREASURY FMIS POLICY</b>	Agencies have been encouraged to maximize EFT as this ensures immediate (or close to immediate) transaction, thus reducing high un-presented cheques
17	Repeated examples of infrastructure projects being incomplete, or nonexistent, despite full payment being made, including essential infrastructure like airports and ports.	<b>DS SP DSB DSFAM</b>	Plans are underway to setup a Monitoring Unit within the Ministry of Finance whose main role is to monitor the requirements of FMA 2004 and FI 2010, reporting and evaluate the implementation of budgeted programmes and projects.
18	Repeated examples of systemic vehicle fleet management problems across Government.	<b>DSFA VCU POLICY</b>	<p>The Transport Policy 2013 [a revision of the Transport Instructions 1994] was issued in May 2013 via Finance Circular 9/2013. In light of the recurring issues surrounding government vehicles accident and increase in surcharge cases, management of the Ministry has decided that the policy be revised and made into a regulation to ensure compliance across whole of government.</p> <p>Draft 1 of the regulation was vetted by SG's Office in 2014. The IAGG have also conducted an audit of the Vehicle Control Unit of the Ministry in their bid to strengthening control as well as streamlining current processes and procedures to fast track recovery of surcharge cases.</p> <p>The Ministry had also issued Finance Circular 4/2011 on</p>

## The Twenty Nine [29] Systematic Issues Repeatedly Recurring from 2007-2009

There were 29 issues of a serious systemic nature that have been repeatedly raised by the Auditor-General over the three years in question. In no order of priority, these are:

No.	Systematic Issues	DIVISION SECTION UNIT	COMMENTS
			<p>Management of Government Vehicles addressing the mismanagement and control of vehicles by agencies.</p> <p>It is envisaged that the new Financial Management [Transport Rules] Regulations 2015 is completed and issued by quarter 4 2015.</p> <p>The reviewed Financial Management Act has included a new section on Enforcement that would strengthen compliance by agencies.</p>
<b>19</b>	Repeated examples of 'extravagance' of expense at various Fiji missions overseas.	<b>Treasury FMIS Budget</b>	<p>This is non-compliance to financial legislation and regulation. Section 28 of the Act highlights the responsibilities of the PS's.</p> <p>Ministry of Foreign Affairs Finance Manual highlights the processes that the agency's official should follow and undertake. The Finance Manual was issued by PS Foreign Affairs and therefore every officer in Foreign Affairs should be familiar with processes mentioned therein.</p> <p>The reviewed Financial Management Act has included a new section on Enforcement that would strengthen compliance by agencies.</p>
<b>20</b>	Repeated failure to pursue revenue from Court fines.	<b>DSFAM</b>	<p>Through the Revenue Taskforce Committee, Department of Judicial has been informed accordingly on ways to improve its recovery mechanism.</p>

## The Twenty Nine [29] Systematic Issues Repeatedly Recurring from 2007-2009

There were 29 issues of a serious systemic nature that have been repeatedly raised by the Auditor-General over the three years in question. In no order of priority, these are:

No.	Systematic Issues	DIVISION SECTION UNIT	COMMENTS
			A Fine Enforcement Unit existed whereby police officers are engaged for the execution of the warrants.
21	Repeated use, or misuse, of 'accountable advances' by various agencies.		<p>This is a non-compliance issue to financial legislation and regulations. Advance process is clearly outlined under section 44 of the FI 2010 and the respective agencies Finance Manual. A policy on accountable advance was developed and issued in 2014.</p> <p>The reviewed Financial Management Act has included a new section on Enforcement that would strengthen compliance by agencies.</p>
22	Repeated variance in VAT compliance by agencies.		<p>The Ministry of Finance undertook two write-off exercises in 2013 &amp; 2014 and there will be third one in 2015 to accommodate Ministries that did not utilize this opportunity. The first was to target Dormant Accounts and the second was for the Unsubstantiated balances from the reconciliations.</p> <p>These write off will assist to present this trust allocations in their true accounting nature. So to ensure that the issue is not repeated and the objective of the write off are met, all trust fund allocations will be set up under fund accounting similar to that of expenditure, to control fund management and curb over expenditure.</p>
23	Repeated variance in FNPF compliance by agencies.	<b>FMIS</b>	The Ministry of Finance undertook two write off exercise in 2013 & 2014 and there will be third one in 2015 to accommodate

## The Twenty Nine [29] Systematic Issues Repeatedly Recurring from 2007-2009

There were 29 issues of a serious systemic nature that have been repeatedly raised by the Auditor-General over the three years in question. In no order of priority, these are:

No.	Systematic Issues	DIVISION SECTION UNIT	COMMENTS
			<p>Ministries that did not utilize this opportunity. The first was to target Dormant Accounts and the second was for the Unsubstantiated balances from the reconciliations.</p> <p>These write off will assist to present this trust allocations in their true accounting nature. So to ensure that the issue is not repeated and the objective of the write off are met, all trust fund allocations will be set up under fund accounting similar to that of expenditure, to control fund management and curb over expenditure.</p>
<b>24</b>	Repeated evidence of poor tender and/or procurement practice.	<b>DSFA</b>  <b>FPO</b>	The Fiji Procurement office has been established under the Procurement Regulation 2010 from the 1st of August 2010, with the aim of reducing wastage and eliminating fraudulent-activities. Procurement practices in government has since been consolidated and improved substantially.
<b>25</b>	Repeated evidence of over-expenditure on salaries, wages and conditions by various agencies, particularly the portfolios of RFMF and Police.		<p>SEG 1 &amp; 2 are not fund controlled thus the reason for the over expenditure.</p> <p>Management approval is sought to implement fund control in SEG 1 &amp; 2 to curb these over expenditures.</p>

## The Twenty Nine [29] Systematic Issues Repeatedly Recurring from 2007-2009

There were 29 issues of a serious systemic nature that have been repeatedly raised by the Auditor-General over the three years in question. In no order of priority, these are:

No.	Systematic Issues	DIVISION SECTION UNIT	COMMENTS
26	Repeated reference by the Auditor-General to poor drug purchasing, leading to an unusually high expiration of necessary drugs for Fiji.	DSFA  FPO	The Fiji Procurement Office (FPO) is managing this issue through the MoH procurement process. The Ministry of Health will be in a better position to comment on details of overstocking and unused or expired drugs.
27	Repeated concerns about the risk of misappropriation from various agencies.	DSFAM  DSB	Plans are underway to setup a Monitoring Unit within the Ministry of Finance whose main role is to monitor the requirements of FMA 2004 and FI 2010, reporting and evaluate the implementation of budgeted programmes and projects.
28	Repeated concerns about the unusually high staff vacancy rates in various agencies.	DSFAM  DSB  DS-SP	With the delegation of powers in the new Constitution to the Permanent Secretaries, the Ministry may have limited role in addressing vacancies in other ministries; apart from raising this in the budget monthly and quarterly reporting and reviewing during consultation on the preparation of the annual budget.
29	Repeated concern about the back log of "accident cases" awaiting Solicitor General's advice.	DSFA  VCU	Closer collaborations with SG's Office have been ongoing and the back log cases have been reduced.

**LIST OF RECOMMENDATIONS FROM PUBLIC ACCOUNT COMMITTEE RELEVANT TO MINISTRY OF FINANCE**

RECOMMENDATIONS	DIVISION/SECTION/UNIT	COMMENTS
<p><b>Recommendation Three:</b></p> <p>On the back of the 2012/2013 International Monetary Fund/World Bank ‘integrity test’ of the Fiji Budget Cycle, the Ministry of Finance should progress the Fiji Governance Reform Program as a matter of the highest priority.</p>	DSB	<p>Following the findings of the PEFA assessment, Ministry of Finance has prepared a 5-year Public Financial Management Improvement Programme (PFMIP) 2014-2019. The PFMIP now awaits Cabinet approval. The Reform Program identifies and prioritises areas of improvement that must be pursued in the immediate, medium and longer term.</p>
<p><b>Recommendation Four:</b></p> <p>The Public Accounts Committee will meet with the Ministry of Finance and the office of the Auditor-General on a quarterly basis to receive a status report on how the Ministry is working on resolving each of these repeat concerns raised by the Auditor General in 2007, 2008, and 2009, in relation to the twenty-nine (29) systemic governance issues highlighted by the Public Accounts Committee in this report.</p>	HOS	<p>Please refer to the 29 issues highlighted above</p>
<p><b>Recommendation Nine:</b></p> <p>The Ministry of Finance to take particular notice of the recurring themes from 2007, 2008, and 2009, and to provide assurance</p>	HOS	<p>Please refer to the 29 issues highlighted above</p>

## LIST OF RECOMMENDATIONS FROM PUBLIC ACCOUNT COMMITTEE RELEVANT TO MINISTRY OF FINANCE

RECOMMENDATIONS	DIVISION/SECTION/UNIT	COMMENTS
to themselves, and to the Parliament, that the 29 matters raised in this report have been addressed, or will be addressed as a matter of urgency.		
<p><b>Recommendation Ten:</b></p> <p>The Ministry of Finance be allocated a 'special allowance' in the 2016 Budget to make sure these recurring themes from 2007, 2008, and 2009 are reviewed, audited, and where necessary, addressed with a proper works schedule that aligns with public sector accounting and auditing principles across all-of-Government.</p>	<p>PSF</p> <p>DSB/DSFA/DSFAM</p>	<p>The comment is noted. This will be included during the 2016 budget discussions. In the meantime, recurring themes have been taken up as a priority issue with the Accounting Heads and Heads of Department.</p>
<p><b>Recommendation Eleven:</b></p> <p>The Ministry of Finance appoint a project team to minimise and/or resolve all of the 29 systemic governance issues raised by the Auditor-General's reports from 2007, 2008, and 2009. This project team is to initially review all timelines and timetables of relevance to each issue, to see if a smarter way of accounting and reporting can help staff resolve the matters, and then to develop a works schedule with realistic timelines to begin addressing those issues</p>	<p>PSF</p> <p>DSB/DSFA/DSFAM</p>	<p>The comment is noted. This will be included during the 2016 budget discussions. In the meantime, recurring themes have been taken up as a priority issue with the Accounting Heads and Heads of Department.</p>

## LIST OF RECOMMENDATIONS FROM PUBLIC ACCOUNT COMMITTEE RELEVANT TO MINISTRY OF FINANCE

RECOMMENDATIONS	DIVISION/SECTION/UNIT	COMMENTS
that remain outstanding.		
<p><b>Recommendation Twelve:</b></p> <p>The Ministry of Finance establish a monitoring unit in addition to the compliance unit as a matter of urgency to provide much-needed oversight across all agencies, to ensure delivery on expected public sector accounting and auditing principles.</p>	DSFAM/DSB/DSFA	<p>The comment is noted. This will be included during the 2016 budget discussions. In the meantime, recurring themes have been taken up as a priority issue with the Accounting Heads and Heads of Department.</p>
<p><b>Recommendation Thirteen:</b></p> <p>That the Ministry of Finance consider the concept of “earned autonomy” in future internal reporting from all agencies, based on the worrying trends highlighted by the 2007, 2008, and 2009 Auditor-General reports. Agencies that deliver on basic public sector accounting rules and standards earn more autonomy, with the benefit of less internal reporting requirements. Those that continually stand in breach of these standard internal reporting requirements earn more attention from Finance, and Government, until their performance improves.</p>	DSFAM/DSB/DSFA	<p>The Asset Management &amp; Monitoring Unit is currently working on developing the National Fixed Asset Management Framework. The Framework will not only cover the financial reporting of assets which is the initial purpose of establishing the National Fixed Asset Register but also the prudent management of government assets from assets acquisitions and creations until assets disposal.</p>

## LIST OF RECOMMENDATIONS FROM PUBLIC ACCOUNT COMMITTEE RELEVANT TO MINISTRY OF FINANCE

RECOMMENDATIONS	DIVISION/SECTION/UNIT	COMMENTS
<p><b>Recommendation Fourteen:</b></p> <p>With the large number of issues, discrepancies, and inconsistencies involving asset management across all-of-government, the Ministry considers strengthening its asset management unit within the central Ministry, taking full and consistent responsibility for all assets across all-of-government, as well as providing purchasing power to all agencies.</p>	DSFAM/ASSET MANAGEMENT	<p>The recommendation is noted and it is part of the National Assets Management Framework</p>
<p><b>Recommendation Fifteen:</b></p> <p>That the Ministry of Finance undertake a program of asset disposal as part of a renewed asset management program. Where any assets from any agency are held in excess to requirements, these should be disposed of at the appropriate market rate through a works program of asset disposal.</p>	DSFAM/ASSET MANAGEMENT	<p>The recommendation is noted and it is incorporated in the National Asset Management Framework that is currently formulated by the Asset Management &amp; Monitoring Unit (AMMU) of the Ministry of Finance. The framework will cover assets management from point of acquisition/ creations until the point of disposal.</p>
<p><b>Recommendation Sixteen:</b></p> <p>With the large number of issues, discrepancies, and inconsistencies</p>	DSFA/VCU	<p>The Ministry has developed a proposal to strengthen the Vehicle Management Unit at the Ministry to include both personnel and systems (IT). This will be included during the 2016 budget</p>

## LIST OF RECOMMENDATIONS FROM PUBLIC ACCOUNT COMMITTEE RELEVANT TO MINISTRY OF FINANCE

RECOMMENDATIONS	DIVISION/SECTION/UNIT	COMMENTS
involving vehicles across all agencies, the Ministry for Finance should consider centralising a fleet management unit within the central Ministry, that takes full and consistent responsibility for all fleet management issues across all-of-Government, as well as providing purchasing power to all agencies. Benefits can then be shared on the purchase, maintenance, rollover, use, and costs in accident procedures.		discussions. In the meantime, recurring themes have been taken up as a priority issue with the and Heads of Department.
<p><b>Recommendation Seventeen:</b></p> <p>That the Ministry of Finance place a priority on a centralised database of all staffing workloads in all agencies, that is updated as close to real-time as is feasible. This is to manage and review the staffing workloads in each agency, including the breakdown of full-time, part-time, casual and temporary staff. Red flags should be established where unusual staff workloads occur, particularly in relation to temporary staff.</p>	<p>DSFAM/POLICY UNIT</p> <p>&amp;</p> <p>DSFA/DCS</p>	The Ministry had issued Finance Circular 10/2015; to gather data on the accounting cadre and identify the gaps in the cadre in all agencies. MOF will analyse the data and identify the best way forward which it can assist agencies. FPAU is taking the lead role in this exercise and will engage the assistance of Training Unit & HR section.
<p><b>Recommendation Eighteen:</b></p> <p>With the large number of issues,</p>	DSFAM/FMIS/TREASURY	All trust fund allocations will be set up under fund accounting similar to that of expenditure to control

## LIST OF RECOMMENDATIONS FROM PUBLIC ACCOUNT COMMITTEE RELEVANT TO MINISTRY OF FINANCE

RECOMMENDATIONS	DIVISION/SECTION/UNIT	COMMENTS
discrepancies, and inconsistencies in trust fund management across all agencies, the Ministry of Finance should consider all options for improving trust fund management by all agencies, including rationalising and centralising trust fund management within the Ministry of Finance.		<p>fund management and curb over expenditure</p> <p>The FMIS user access will be set up in such a way that will separate the usage of different funds in the system so as to avoid cross/inter funding resulting in unbalance of accounts.</p>
<p><b>Recommendation Nineteen:</b></p> <p>That the Ministry of Finance direct each agency to report on gender issues within their annual reports. Gender budgeting and reporting methods should be developed.</p>	DSFAM/POLICY	<p>The Ministry will need to consult with the Ministry of Women. It will also look at the current budgeting process to see how best to include into the Budgeting process. The Ministry will also meet with stakeholders such as UNIFEMM &amp; PFTAC for their assistance</p>
<p><b>Recommendation Twenty:</b></p> <p>The Ministry of Finance must develop new control systems that make payments on projects based on the actual delivery of the project. Too many examples have been raised by the Auditor-General reports of 2007, 2008, and 2009 to indicate payments have been made for projects that in reality were never delivered.</p>	<p>DSFAM</p> <p>DSB</p> <p>DS SP</p>	<p>Integrated Human Resource Development Programme [IHRDP] now ensures that invoices is signed off by project committee chairman/member before we process payment.</p>

## LIST OF RECOMMENDATIONS FROM PUBLIC ACCOUNT COMMITTEE RELEVANT TO MINISTRY OF FINANCE

RECOMMENDATIONS	DIVISION/SECTION/UNIT	COMMENTS
<p><b>Recommendation Twenty-One:</b></p> <p>All accounts <b>MUST</b> be covered by FMIS by year end 2015. Any accounts held by any agencies, and not recorded on FMIS beyond this date, should be treated as a serious breach of duty by the Permanent Secretary, CEO, and/or Finance officers. Any breach should be referred to Parliament by the Minister for Finance as soon as it is identified, with a full explanation by the Minister on why it occurred, what penalties have been applied, and what measures have been taken to prevent it happening again.</p>	DSFAM/FMIS	<p>These periods were at the early stages of the FMIS implementation and rolling out of the system to ministries and departments in which operating and budgeted expenditures and revenues were targeted first to be reflected in the system.</p> <p>Other accounts and funds non-operating expenditures and revenues TMA, Operating Trust, True Trust, and Projects were reflected in the system latter over the years in 2010, 2011 and 2012.</p>
<p><b>Recommendation Twenty-Two:</b></p> <p>All agencies <b>MUST</b> submit annual reports from 2015 onwards in a timely manner. A failure to submit an annual report to the Ministry of Finance in the required timeframe is a serious breach of duty by the Permanent Secretary, CEO, and/or Finance officers. Any breach should be referred to Parliament by the Minister for Finance as soon as it is identified, with a full explanation by the Minister on why it</p>	DSFAM/TREASURY/FMIS /POLICY	<p>These periods were at the early stages of the FMIS implementation and rolling out of the system to ministries and departments in which operating and budgeted expenditures and revenues were targeted first to be reflected in the system.</p>

## LIST OF RECOMMENDATIONS FROM PUBLIC ACCOUNT COMMITTEE RELEVANT TO MINISTRY OF FINANCE

RECOMMENDATIONS	DIVISION/SECTION/UNIT	COMMENTS
<p>occurred, what penalties have been applied, and what measures have been taken to prevent it happening again.</p>		
<p><b>Recommendation Twenty-Three:</b></p> <p>All agencies <b>MUST</b> use best endeavours to deliver reconciled reports that align with actual cash-at-bank. Where there are large discrepancies, this is to be viewed as a serious breach of duty by the Permanent Secretary, CEO, and/or finance officers. Such a breach should be referred to Parliament by the Minister for Finance as soon as it is identified, with a full explanation by the Minister on why it occurred, what penalties have been applied, and what measures have been taken to prevent it happening again.</p>	<p>DSFAM/ FMIS</p> <p>EXECUTIVE SUPPORT</p>	<p>Other accounts and funds non-operating expenditures and revenues TMA, Operating Trust, True Trust, and Projects were reflected in the system latter over the years in 2010, 2011 and 2012.</p>
<p><b>Recommendation Twenty-Four:</b></p> <p>All agencies should immediately audit their ability, or inability, to deliver an Annual Report, participate in all FMIS and Ministry of Finance requirements, and to have appropriate internal controls to ensure actuals and reported statements are accurate. Through this audit, where they</p>	<p>PSF</p> <p>DSB/DSFAM/DSFA</p>	<p>The recommendation is noted and the Administration Section of Ministries and Departments should shoulder the responsibility of HR Audit.</p> <p>Ministry of Finance in its effort to improve the qualifications of the Accounting cadre has been providing scholarships to Civil Servants for</p>

## LIST OF RECOMMENDATIONS FROM PUBLIC ACCOUNT COMMITTEE RELEVANT TO MINISTRY OF FINANCE

RECOMMENDATIONS	DIVISION/SECTION/UNIT	COMMENTS
<p>need staffing or training support or resourcing, they should provide a request to the Ministry of Finance and to their relevant Minister to pursue. It should be noted these requests from agencies should be viewed favourably.</p>		<p>further education.</p> <p>PM's Office SFCCO Unit should also be involved in this exercise as the Unit evaluates the Ministries and Departments' output achievements.</p>
<p><b>Recommendation Twenty-Five:</b></p> <p>All agencies should immediately audit all assets held, and provide a full list to the Ministry for Finance. Any assets undeclared by year end 2015 by any agency should be viewed as a serious breach by the senior officials within that agency.</p>	<p>DSFAM/ASSET MANAGEMENT</p>	<p>The Asset Management &amp; Monitoring Unit is currently designing a new Asset Register template. This is undertaken as respective Ministries &amp; Departments is using the stock registers to records both Fixed Assets and Inventories.</p>
<p><b>Recommendation Twenty-Six:</b></p> <p>All future contracts of employment for senior public servants, in particular Permanent Secretary's, should include a contracted agreement that the senior official will participate in all FMIS and Ministry of Finance central requirements. Any breach of these requirements is then seen as a serious breach of performance contract.</p>	<p>DSFAM/POLICY</p>	<p>The PS's contract is facilitated and managed by PSC. The Ministry has met with PSC to discuss how their performance could be evaluated against their responsibilities outline in the FMA 2004. The ministry will need to solicit the help of agencies for the contract of senior public servants, given that their employment is governed under section 127 of the constitution</p>

## LIST OF RECOMMENDATIONS FROM PUBLIC ACCOUNT COMMITTEE RELEVANT TO MINISTRY OF FINANCE

RECOMMENDATIONS	DIVISION/SECTION/UNIT	COMMENTS
<p><b>Recommendation Twenty-Seven:</b></p> <p>That the “tax gap” be acknowledged as a serious threat to the integrity of the tax system in Fiji, and a focus be placed on the amount of revenue not being collected that should have been collected on an annual basis. Whether through VAT or FNPF reconciliations, recovery of fines, recovery of student loans, conversion of loans to grants, land and accommodation being treated at below market rates, or write-offs of loans, these are all costs to Government that add up. Cabinet should consider the all of Government implications of this lax attitude to “tax gap” in Fiji, and consider all options in seeking ways to improve.</p>	DSFAM/TBudget	<p>The plans to strengthen the monitoring of revenue performance (especially non tax revenue) through issuance of a Finance Circular and monthly reporting will be pursued with urgency to ensure revenue estimated for the current year are collected are actually collected.</p> <p>For revenue arrears, the Ministry has set up a Taskforce in 2014 to pursue the collection of arrears from previous years.</p> <p>Arrears of Revenue as at 31<sup>st</sup> December 2014 totaled \$150.8 million thus showed a reduction of \$76 million or -33.6% as compared to \$226.9 million as at 31<sup>st</sup> December 2010.</p>
<p><b>Recommendation Thirty:</b></p> <p>Executive Government and Cabinet should consider the purpose of all TMA’s and the charges used for the operation of the TMA and satisfy itself that each TMA exists to provide a necessary essential service to the Fiji Islands that could not otherwise be provided by the private sector. If Cabinet cannot satisfy itself on the essential</p>	DSFAM/ASSET MANAGEMENT	<p>Option to remove the TMA’s from the government accounts will hinder the effectiveness and efficiency of service delivery of departments operating the TMA. The only way is to improve on the financial reporting of the TMA and ensure that policies in place will ensure that the operations serves its primary purpose while the TMA is viable.</p>

**LIST OF RECOMMENDATIONS FROM PUBLIC ACCOUNT COMMITTEE RELEVANT TO MINISTRY OF FINANCE**

<b>RECOMMENDATIONS</b>	<b>DIVISION/SECTION/UNIT</b>	<b>COMMENTS</b>
service test, strong consideration should be given to the range of options to remove the TMA's from the government accounts, either through asset sale or other means.		