

**Submissions to the Standing Committee on Public Accounts on the  
Audits of Government Commercial Companies and Commercial  
Statutory Authorities 2009-2013 (Volume Three of Three)**

*Parliamentary Paper No. 56 of 2017*

- Appendix 1: Independent Legal Services Commission
- Appendix 2: Fiji Audio Visual Commission (Film Fiji)
- Appendix 3: National Substance Abuse Advisory Council
- Appendix 4: Fiji Medical and Dental Secretariat
- Appendix 5: National Road Safety Council
- Appendix 6: Maritime Safety Authority of Fiji
- Appendix 7: Ra Rural Local Authority
- Appendix 8: Capital Markets Development Authority
- Appendix 9: Fiji Flood Emergency Response Project Grant No. 0283 - FIJ (ADB FUNDED) – Water Authority of Fiji
- Appendix 10: Korovou Rural Local Authority
- Appendix 11: Telecom Authority of Fiji

Parliamentary Standing Committee on Public Accounts arising from the Report  
of the Auditor General on the Audits of Statutory Authorities – December 2011  
(Parliamentary Paper No. 36 of 2016)

INDEPENDENT LEGAL SERVICES COMMISSION

Audit for the year ended 31 December 2010:

Clarification of Accounts

and

Commissioner's Response

1. General questions

*Background information:*

- *Role and functions of the Authority*

- (1) The Independent Legal Services Commission was established pursuant to section 84(1) of the *Legal Practitioners Decree 2009*.
- (2) The Commission hears disciplinary proceedings '*against a legal practitioner or a law firm or any employee or agent of a legal practitioner or law firm*' brought by the Chief Registrar of the High Court pursuant to section 111(1) of the said Decree who makes '*an application to the Commission ... containing one or more allegations of professional misconduct or unsatisfactory professional conduct*'.
- (3) In addition, pursuant to section 111(2), '*Any complainant whose complaint has been summarily dismissed by the Registrar under section 110(1), may commence proceedings against a legal practitioner or a law firm or any employee or agent of a legal practitioner or law firm by making an application directly to the Commission containing one or more allegations of professional misconduct or unsatisfactory professional conduct*'.
- (4) Pursuant to section 121(1), '*If, after completing the hearing of an application for disciplinary proceedings against a legal practitioner or law firm or any employee or agent of a legal practitioner or law firm pursuant to this Decree, the Commission is satisfied that the legal practitioner or law firm or any employee or agent of a legal practitioner or law firm has engaged in professional misconduct or unsatisfactory professional conduct, the Commission may make one or more*' orders as set out in section 121(1) paragraphs (a) to (r).

- (5) In addition, the Commission has an educational role to assist members of the legal profession in upholding the standards expected of them.

- **Organisation structure – total number of staff**

The Commission consists of four (4) members of staff :

- (1) **The Commissioner** required pursuant to section 84(2) of the said Decree and appointed pursuant to section 85(5). The current Commissioner was appointed as from 22 January 2016 for a term of three years (pursuant to section 87).
- (2) A **Secretary of the Commission** appointed in 2015 and has a contract for three years.
- (3) Two other contracted employees appointed in 2009
  - (i) An **Office Administrative Assistant** whose current contract expires on 31<sup>st</sup> December 2016; and
  - (ii) A **General Office Clerk/Driver** whose current contract also expires on 31<sup>st</sup> December 2016.

- **Board membership**

- (1) There is no Board.
- (2) Pursuant to section 84(3) of the Decree, *'The powers, functions and duties of the Commission ... shall be performed by the Commissioner'*.
- (3) The *'Functions and powers of Commission'* are set out in section 86 of the Decree, in particular, sections 86(3) and (4) which state as follows:

*'(3) In the performance of its functions or the exercise of his or her powers, the Commission is not subject to the direction or control of any other person or authority, except a court of law or as otherwise provided by this Decree.*

*(4) The Minister may give general policy, administrative and financial guidelines to the Commission, and the Commission must act in accordance with any guidelines given by the Minister.'*

Section 2 of the Decree states: *"Minister" means the Attorney-General for the Republic of Fiji'.*

**PART A: FINANCIAL INFORMATION**

**7.2 Abridged Statement of Financial Performance**

- *Can we be advised as to what constitutes Distribution from Contribution Fund amounting to \$565,428 in 2010 and Distribution from Stabilisation Fund amounting to \$595,000 in 2009?*

In an endeavor to answer the financial performance questions raised by the Standing Committee, the Commission contacted BDO Chartered Accountants who were responsible for the distributions respectively from the Stablisation Fund in 2009 and the Contribution Fund in 2010. BDO have provided to the Commission a 'background' explanation concerning the two funds. As well as an explanation as to the distribution to the Commission from the Stabalisation Fund in 2009 and the Contribution Fund in 2010.

In addition, BDO also assisted the ILSC in the compilation of the Commission's financial statements for the 2010 and 2011 accounts so as to be in an appropriate annual reporting format for auditing by the Office of the Auditor General.

**(1)Background (BDO'S Explanation)**

'Contribution Fund was established under the Trust Accounts Act, 1996 (the Act) for collection of contribution from trust bank accounts of solicitors, and distribution of contribution income according to the provisions of the Act.

Each bank is required to pay on a monthly basis to the Funds Trustee, contribution calculated in accordance with the provisions of the Act.

In accordance with the Act, on a quarterly basis, distribution is made from Contribution Fund to different Funds as per the Act (as amended from time to time).

During or around 2009, in accordance with the Trust Accounts (Amendment) Decree 2009, section 22 of the Act was amended whereby share of distributions were required to be made to ILSC, and distribution to Fiji Law Society ceased.

Furthermore, in accordance with the transitional provisions in Section 30 of the Trust Accounts Act (as inserted by the Trust Accounts (Amendment) Decree 2009), the Stabilisation Fund was closed on 30 June 2009. Accordingly, effective from July 2009, no further distribution was made to the Stabilisation Fund. **Funds available in the Stabilisation Fund as at 30 June 2009 were distributed to the ILSC and the Judiciary Fund in equal proportions. A final distribution was made to ILSC and Judiciary Fund during March 2012 and Stabilisation Fund was completely closed.**

The table below summarises the distribution ratios prior to the establishment of ILSC



in 2009 and distribution after the establishment of the ILSC made in accordance with the Act (as amended from time to time).'

Fund		Distribution ratios prior to Establishment of ILSC	Distribution ratios immediately after Establishment of ILSC (during quarter ended September 2009)	Distribution ratios in 2016 based on the Trust Account Act (as amended from time to time)
a)	Legal Aid Fund	60%	40%	65%
b)	Fiji Law Society	15%	-	-
c)	Stabilisation Fund	20%	-	-
d)	Fidelity Fund	5%	5%	5%
e)	Independent Legal Services Commission Fund	-	30%	10%
f)	Legal Practitioners Unit Fund	-	-	10%
g)	Judiciary Fund	-	25%	10%
Total		100%	100%	100%

Graphic source: BDO Chartered Accountants

**(2) In relation to the ILSC's distribution of \$595,000 in 2009 from the Stabilisation Fund, BDO have advised as follows:**

'Distribution from Stabilisation Fund amounting to \$595,000 in 2009 relates to funds received in accordance with the transitional provisions in Section 30 of the Trust Accounts Act (as inserted by the Amendment Decree 2009). The transitional provisions provide for closure of the Stabilisation Fund and for monies available in the Stabilisation Fund on or before 30 June 2009 to be paid to the Independent Legal Services Commission Fund and the Judiciary Fund in equal proportions.

Accordingly, distribution was made to the Independent Legal Services Commission Fund in August 2009 and September 2009 amounting to \$1,000 and \$594,000, respectively.'

**(3) In relation to the ILSC's distribution of \$565,428 in 2010 from the Contribution Fund, BDO have advised as follows:**

'As per the audited financial statements of the Commission for the year ended 31 December 2010, Distribution from Contribution Fund amounting to \$565,428 in 2010 relates to funds received in accordance with Section 22 of the Trust Accounts Act. As per note 2 (page 7) of the audited financial statements of the Commission, Distribution from Contribution Fund were as follows:

First Quarter – (from 31 December quarter distribution)	\$130,308
Second Quarter – (from 31 March quarter distribution)	\$141,056
Third Quarter – (from 30 June quarter distribution)	\$143,768
Fourth Quarter – (from 30 September quarter distribution)	<u>\$150,296</u>
	<u>\$565,428'</u>

### 7.3 Abridged Statement of Financial Position – Balance Sheet

- *Can we be advised as to the huge drop in “Cash on hand and in bank” from \$702,720 in 2009 to \$121,986 in 2010?*

BDO have advised as follows:

‘The reduction in cash on hand and in bank was principally due to investment of \$750,000 in short term deposits with Credit Corporation \$250,000 and Merchant Finance \$500,000. This is disclosed under Note 5 of the audited financial statements for the year ended 31 December 2010.’

### PART B: CONTROL ISSUES

#### 7.4 ILSC Policy and Financial Guidelines

- *Can we be advised whether the weakness identified in this area has been rectified in order to protect it from becoming a recurring Issue in 2011?*

### COMMISSIONER’S STATEMENT

- (1) The inaugural Commissioner was appointed in September 2009 and concluded their term in February 2012.
- (2) The second Commissioner served in that role from March 2012 until 2015 concluding their term on 30<sup>th</sup> November 2015.
- (3) The present Commissioner was appointed as from 22<sup>nd</sup> January 2016 and sworn-in on 9<sup>th</sup> February 2016.
- (4) The current Secretary of the Commission (as at 7<sup>th</sup> December 2016) was appointed to that position in early 2015.
- (5) The person who fulfilled the role as Secretary of the Commission from its establishment in 2009 left the Commission in late 2014, following which, she was subsequently charged by FICAC involving various matters. The Commission has recently been advised by FICAC in relation to the status of those matters as follows:
  - (i) The previous Secretary was charged on 3<sup>rd</sup> August 2016 in the Magistrates Court at Suva with five counts of falsification of documents and one count of obtaining a financial advantage. Those matters are scheduled to be heard on the 13<sup>th</sup> and 14<sup>th</sup> of December 2016.

- (ii) The previous Secretary was further charged on 31<sup>st</sup> August 2016 in the Magistrates Court at Suva with one count of causing a loss. That matter is scheduled for the entering of a plea on the 20<sup>th</sup> of December 2016.
- (6) The Commission was recently advised by the Office of the Director of Public Prosecutions that the previous Secretary has also been charged by the DPP with one count of obtaining financial advantage by deception alleged to have taken place in 2014. That matter is being heard in the Suva Magistrates Court and is to be called on 26 January 2017 to set a date for trial.
- (7) There was a fire in the office of the Independent Legal Service Commission in October 2014 and the current Commissioner has been advised that most of the 2012, 2013 and 2014 financial records including payment vouchers, receipt books and deposit books went “missing” around that time. The Commissioner has been further advised that despite the intervention of both the Police and FICAC, those records have not been recovered. **In relation the fire itself, no person has been charged.** The Commissioner met in June of this year with a detective who investigated the fire. The DPP have advised the Commissioner that they have not received any file from the Police concerning the fire. The Commissioner recently sent a request to the Police Commissioner asking him to please provide an update as to the status of their investigation in relation to the fire. The Police have responded that although “The fire is classified as SUSPICIOUS”, ‘the file has been closed for now and it will be re-opened once an[y] information is received to advance the investigation’.
- (8) In view of the above, it would be inappropriate for the current ILSC Commissioner to comment further until such matters have been concluded.

#### **RECTIFICATION**

- (9) In the meantime, the current Commissioner can advise the Standing Committee of the following actions that he has undertaken since he was sworn in on 9<sup>th</sup> February 2016:
  - (i) Prior to the present Commissioner’s appointment in 2016, the most recent accounts of the Commission that had been audited by the Office of the Auditor General had been for the year 2012. The Commissioner has met on several occasions during 2016 with representatives from the Office of the Auditor General such that the 2013 accounts have recently been audited by them. The Commissioner has just received the final audited 2013 accounts. Those accounts, however, can only be read as “qualified accounts” due to the fact that the only available source documents for the Commission’s external accountants to prepare the 2013 accounts for audit were bank statements together with a small number of payment vouchers and cheque butts. As previously mentioned, there was a fire in the office of the Independent Legal Service Commission in October 2014 and the current Commissioner has been advised that most of the 2013 financial records including payment vouchers, receipt books and deposit books went “missing” around that time. The Commissioner has been further

advised that despite the intervention of both the Police and FICAC, those records have not been recovered.

- (ii) During 2016 a firm of forensic accountants was engaged by the Commission to undertake a forensic audit of the Commission's accounts for the years 2013, 2014 and 2015. A draft report was provided to the Commissioner on 28 November 2016. Once that report is finalised, it is intended to forward a copy of it to the Auditor General, FICAC and the Office of the DPP. As a result of the Report's findings, the Commission will be engaging the forensic accountants to undertake a forensic audit of the Commission's accounts for the years 2009, 2010, 2011 and 2012.
- (iii) In addition, the Commissioner has only recently become aware of allegations as to a weakness in the current procedures for the preparation of accounts. Once the 2016 accounts have been prepared and placed in the appropriate format by the Commission's external accountants, the 2016 accounts will then be audited by the Office of the Auditor General. In the meantime, the Commission will be engaging forensic accountants to also undertake a forensic audit of the Commission's accounts for the year 2016.
- (iv) So as to ensure that such matters as outlined above are not repeated, discussions have taken place recently with the Office of the Auditor General, the forensic accountants, and the Commission's external accountants, as well as with the Solicitor General, for a new system to be implemented from 2017 whereby no member of staff of the ILSC can be a signatory to the ILSC accounts.
- (v) In the interim, a procedure has now been implemented that all payment vouchers MUST be accompanied by an email authorisation from the Commissioner (copied to the Solicitor General) for the signature only of both the Solicitor General and a nominated member of his staff.

*Dr Thomas Hickie  
Commissioner  
Independent Legal Services Commission  
Level 5, Civic Towers, Victoria Parade  
Suva  
7<sup>th</sup> December 2016*



## **FILM FIJI (formerly FIJI AUDIO VISUAL COMMISSION)**

### **RESPONSE TO QUESTIONS RAISED BY THE PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR-GENERAL – AUDIT OF ACCOUNTS OF STATUTORY AUTHORITIES FOR THE YEARS 2009 TO 2014**

#### **1.0 General Questions**

Film Fiji (formerly Fiji Audio Visual Commission) was established by Government to develop and grow the audio visual industry in Fiji. As a part of its role, Film Fiji promotes Fiji as a destination for film production. Film Fiji also administers the film incentives offered by Government for film makers. Over the years we have established an extensive network of producers and production executives and we continue to market Fiji through these connections, through attendance at targeted film markets and via advertising through our website and in industry publications.

Currently, there are seven staff members and six members of the Board while two Board positions remain vacant.

#### **2.0 Part A: FINANCIAL INFORMATION**

##### **6.2 Abridged Income Statement**

1. The decrease in employee remuneration and benefits from \$358,589 in 2008 to \$270,780 in 2009 was due to the following:
  - The Manager Administration position became vacant on the passing away of the incumbent in August 2008. Former Manager Administration was paid a total salary of \$38,690 in 2008 against an annual total salary of \$48,233. In 2009, the position remains vacant and was abolished in the new structure approved by the Board in 2014.
  - The former CEO was charged by FICAC in 2009 and the Film Fiji Board at the time suspended the CEO with reduce pay effective from 27<sup>th</sup> January 2009 until termination on 30<sup>th</sup> September 2010. Salary paid for the CEO in 2009 totalled \$53,456 as compared to full salary for 2008 of \$126,302, a savings of \$72,846.
2. Promotional expenses increased in 2009 due to funds available from savings highlighted in 1 above and savings from Administrative expenses which were all directed towards promotions which is our core function. Details of Promotional expenses for 2009 include:

Advertising & Public Relations	\$62,992
Expositions and Conventions	95,158
Promotional Material	52,160

Locations	69,088
Premiers	42,621
Kula	<u>63,548</u>
<b>Total</b>	<b><u>\$385,566</u></b>

### **6.3 Abridged Balance Sheet**

1. The increase in Cash on Hand at the Bank in 2009 was a result of increase in unused balance of grant for the year as compared to 2008. Bank balance for the Main Operating Account as at 31 December 2008 was \$31,100 whereas balance as at 31 December 2009 was \$74,761.
2. The decrease in Accounts Payable in 2009 was due to huge amount accrued in 2008 for the following:

Los Angeles Office	\$14,464
Salaries – Performance Payment	7,097
Exposition	5,319

The above items were cleared in 2009 with no outstanding payment at the end of 2009.

## **3.0 Part B: CONTROL ISSUES**

- 6.4 VAT is currently being charged on all Fringe Benefits given to employees and paid to FRCA accordingly. All Kula Film Awards ticket prices are now VAT inclusive. All VAT collected from ticket sales are remitted to FRCA during those periods. Film Fiji is fully compliant.
- 6.5 Film Fiji has since change the payroll software from MYOB to Datec Pay to ensure compliance with the Income Tax Act. The difference in tax rates has now being resolved with the new payroll software in place.
- 6.6 Accountable Advance taken by staff for official duties is recorded on the Statement of Travelling Expenses form. At end of the duty period, a reconciliation of the advance is carried out and any money owed is paid. Outstanding advances are deducted directly from staff salaries at source.
- 6.7 Amount owed by staff for private mobile calls if not cleared by staff within a reasonable time is recovered through direct salary deductions. Staff loans are not permitted. Any other debts (such as Advances) are recovered through direct salary deductions.
- 6.8 With effect from 2015, Film Fiji no longer pays for Insurance premiums for staff medical and term life insurance cover.

# **RESPONSE TO THE STANDING COMMITTEE ON PUBLIC ACCOUNTS**

## **COMMITTEE**

### **General Question**

#### **1. Background information of the entity:**

### **Response**

#### **NSAAC MISSION**

To promote a drug free environment in our schools and other settings by establishing positive education approaches effective substance control programs and appropriate institutional frameworks

#### **ROLES AND FUNCTIONS OF NSAAC**

- To encourage, promote, sponsor and cooperate research into the use and abuse of substances in Fiji
- Disseminate information relating to this problem
- Encourage education programmes designed to discourage the abuse of substances
- Promote the treatment and care of persons adversely affected by the abuse of substances.

#### **2. Organization Structure**

The Unit currently is made of a total of fifteen (15) staff members.

Please find attached as **Appendix 1** the National Substance Abuse Advisory Council's Organization Structure

#### **3. Board Membership and fees**

The National Substance Abuse Advisory Council consists of six (6) members being the Permanent Secretaries of the following Ministry or their representatives.

1. Ministry of Health
2. Ministry of Economy
3. Ministry of Education
4. Ministry of Maritime & Rural Development, National Disaster Management

In addition, there is a nominee from the Fiji Council of Churches [FCOC] and a nominee from the Fiji Council of Social Services [FCOSS].



### Executive Staff and Salary Structure

Position	Name	Salary Grade	Salary \$
Chief Executive Officer	Manoa Senikarawa	US03 – 6	52,227
PAO	Vacant (Under Process)	SS01 – 7	39,452
AODC	Vacant (Under Process)	ED5D – 05	27,511
Senior Advisor Health	Josua Niasale	ED2A – 5	35,661
Senior Advisor Student Support Services	Meli Serevi	ED2A – 5	35,661
Senior Administrative Officer	Pritesh kumar	SS02 – 8	29,530
Project Assistant IT	Katherine Devi	IT06 – 7	24,688
Secretary	Miliana Nalu	SS04 – 9	19,069
Project Assistant HIV/AIDS	Saimoni Cheer	SS05 – 1	19,005
Clerical Officer	Ropate Batikawai	SS05 – 5	16,686
Project Assistant Health	Vilisimani Rakikau	SS05 – 12	12,659
Data & Communication Support Officer	Makereta Nakalevu	IT07 – 12	12,785
Receptionist	Sulueti Dimaisavuna	ST05 – 12	12,659
Driver/Messenger	Sheik Haidar	4.92/hr *44*52	11,256.96
Cleaner	Sangeeta Devi	4.50/hr*44*52	10,296.00

**Report of the Auditor General on Audit of Statuary Authorities – December 2010**  
**(Parliamentary Paper No. 32 of 2016)**

- **Audit for the year ended 31 December 2009**

**Question 1**

**Why was there no PRIDE Project Fund, MOE Extra Funding and NACA Funds received by the entity in 2009?**

The PRIDE Project Fund was given for the Training of Trainers programme for 2008 & 2009. The total fund of \$50,000 was given in 2008 to run the two (2) year training programme, hence, there was no funding in 2009.

Furthermore, there was no request for Extra Funding from the Secretariat to the Ministry of Education in 2009. NACA Funds are utilized to fund activities of the National Advisory Committee on Aids. These funds were used for training programmes on HIV and AIDS conducted by the Secretariat in some communities around the country. This funds were not requested for in 2009.

**Question 2**

**What is the FESP Funds of \$21,028 used for?**

The funds for FESP were used for conducting Peer Education Trainings in schools.

Please find the Payment Vouchers and supporting documents in the file as **Appendix 2**

**Question 3**

**Why has there been an increase in the Payroll Expenditure from \$148,026 in 2008 to \$194,690 in 2009?**

There was an increase in the Payroll Expenditure from \$148,026 in 2008 to \$194,690 in 2009 because:

- There was an increase of staffing as 4 new positions were established by the Secretariat in 2009.
- There was an increase in the salary of the staff as per **Appendix 3**

- The Secretariat engaged Relieving Staff on temporary basis to assist the work at the beginning of the year and were paid on Casual rate and overtime.
- Total of 5 segments were merged together to get the Payroll Expenditure amount and they were PE segment - \$165,389.63, FNPF segment - \$12,957.26, Relieving Staffs - \$1,625.53, Cleaning segment – \$1,799.32 and Security segment - \$12,918.05.

#### **Question 4**

**Why has there been a reduction in the Capital Expenditure from \$14,987 in 2008 to \$4,769 in 2009?**

In 2008, NSAAC undertook two projects and the Secretariat bought new equipment, namely, a new Photocopying Machine worth \$4,609, a new Laptop and Desktop worth \$3,330, a Voice Recorder worth \$330.00 and other necessary equipment and items that were required for the Trainings. Therefore, in 2009, the amount of Capital Expenditure decreased since the equipment were bought in 2008.

#### **Report of the Auditor General on the Audits of Statutory Authorities – December 2014 (Parliamentary Paper No. 02 of 2015)**

- **Audit for the Year ended 31 December 2013**

#### **Question 1**

**Please advise the Committee on the update status of the implementation of the IFRS for SMEs for the entity.**

The council has installed the MYOB Accounting Software and the Secretariat has started to transit from cash basis accounting to accrual basis accounting to give a fair picture of the Councils accounts.

**Report of the Auditor General on the Audit of Statutory Authorities – December 2011  
(Parliamentary Paper No. 36 of 2016)**

- **Audit for the year ended 31 December 2010**

**Question 1**

**Under 11.2 on Abridged Income Statement, the entity ended up making a deficit of \$46,166 in 2010 as opposed to a surplus of \$26,342 in 2009, please advise the Committee on whether all the expenses incurred in 2010 cannot be deferred to the following year so that their Financial Statement presented can be more credible.**

In 2010 the Secretariat received a sum of \$250,000 as the operating funds with total accumulated funds of \$75,075 from the year 2009. The Government Grant was reduced by \$50,000 and the Secretariat carried out its activities as normal. The trainings were conducted and for that they retained the same number of staffs with the organization. Furthermore, since the organization had an accumulated funds of \$75,075 from 2009, that assisted the organization to clear the expenditure of \$324,168 for 2010 compared to \$294,686 in 2009.

**Question 2**

**Control Issues (11.4)**

Please advise the committee on why there was no Council Meeting held in 2010?

The Council may have not been able to meet due to deferments made due to the unavailability of the Chair of the Council. However, the Secretariat has attempted to inform the members of the Council of its activities through monthly updates. Please find the copy of the correspondence from the Secretariat attached as **Appendix 4**.





# Fiji Medical & Dental Secretariat

1 Brown St, Suva | P O Box 18914, Suva | Ph. +679 3303647 | [www.fijimdc.com](http://www.fijimdc.com)

13<sup>th</sup> February 2016

- VIA EMAIL & HAND DELIVERY -

**Hon Mr Ashneel Sudhakar**  
Chairperson  
Public Accounts Committee  
Government Buildings  
SUVA

Dear Hon Mr Sudhakar

## RE: FIJI MEDICAL & DENTAL SECRETARIAT 2010 — CLARIFICATION OF ISSUES

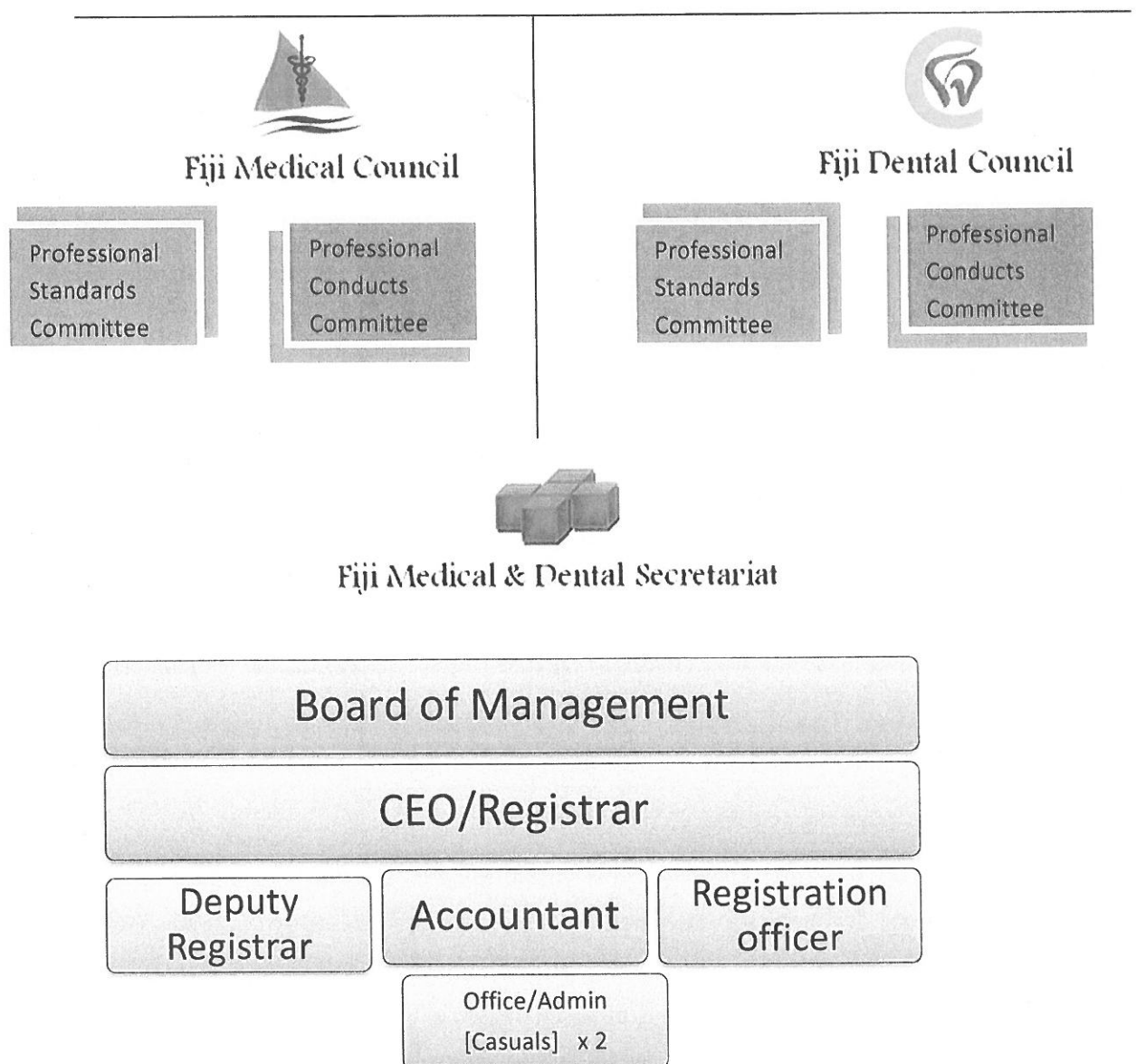
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- [1] I refer to your correspondence of 2<sup>nd</sup> February 2017 on the above matter. Herein below please find detailed information as per the Committee's request.
- [2] The Fiji Medical & Dental Secretariat [FMDS] was established pursuant to Section 25.—(1) of the Medical and Dental Practitioner Decree 2010. The commencement date of this Decree was 1 March 2010.
- [3] FMDS is the administrative arm of the Fiji Medical Council and Fiji Dental Council. The Councils are the independent regulatory authorities of the Medical Practitioners and Dental Practitioners respectively.
- [4] The vital roles of the Councils are;
  - a. to regulate medical & dental practice in the public interest;
  - b. to register medical & dental practitioners and medical & dental students;
  - c. to issue practice licenses and to revoke or suspend such licenses;

- d. to conduct investigations and take disciplinary proceedings against registered medical & dental practitioners and medical & dental students;
- e. to refer disciplinary inquiries to the Professional Tribunal ;
- f. to issue codes of practice and professional standards for medical & dental practitioners and medical & dental students &;
- g. to issue or endorse guidelines on continuing professional development for medical & dental practitioners and medical & dental students.

[5] The organization structure of the entities is as per appearing below;

## Organization Structure



- [8] Currently, there are 4 full time staff & 2 casual staff.
- [9] The Board of Management is responsible for administration of the FMDS. It consists of six members. Three each are appointed from the Fiji Medical Council and Fiji Dental Council respectively. The current members of the Board of Management are;
- a. Prof William May
  - b. Dr V De Asa
  - c. Dr James Fong
  - d. Prof Weerasinghe
  - e. Mr Penioni Ravunawa
  - f. One vacant
- [10] The only incomes the Councils generate are from the Annual Practice fees (currently ranging from \$50 to \$300). This generates circa Fj\$ 200,000 annually. In the first three years of FMDS's operation, a supplementary government grant of Fj\$ 170,000 per annum was provided.
- [11] All Members are paid \$75 for a half day's sitting and \$150 for a full day sitting.
- [12] Staff salaries are determined by FMDS budget limitations and market forces. The current salary for FMDS staff is tabulated in the table below;



Position	Current Salary (Fj\$)
CEO/Registrar	60,000
Deputy Registrar	35,000
Accountant	20,512
Registration Officer	11,000
Casual Staff	3.125 – 4.00 /hour

- [13] In the 2010 draft audit findings, the Auditor General raised the issue of inefficient record keeping. Following a response by management, however, the issue did not appear in the final 2010 Audit Report.
- [14] As soon as the Decree was operational a Deputy Registrar who had extensive knowledge in Council matters (albeit limited accounting knowledge) was appointed by the then Board of Management.



- [15] I was appointed on 15<sup>th</sup> December 2010 so had little control over what transpired prior. In 2011, all the issues outlined in the Auditor General's 2010 report were rectified.
- [16] MYOB Account Right Premier (Accounting software) was purchased and implemented in 2011. Expert services of a MYOB Certified Consultant with accounting experience were employed in 2011 and all transactions are now covered by a Finance Manual.
- [17] We have employed a full time Accountant from 2013 and retained the services of the MYOB Consultant.
- [18] All the 2010 transactions were filed as per requirement of the Auditor General's office and each transaction has a payment voucher attached.
- [19] Thank you for your kind indulgence.

Sincerely



13/04/17.

Dharmesh B Prasad [db@fijimdc.com](mailto:db@fijimdc.com)

CHIEF EXECUTIVE OFFICER & REGISTRAR



LTH  
Stocking, Fiji Salak

The Chairman  
Public Accounts Committee  
Parliament Committee Room (East Wing)  
Suva

Dear Sir,

We refer to the above subject and your letter of 3 February 2017.

Should you need any further information, please feel free to contact the undersigned.

Yours faithfully,

Richard

[illegible]

# **Standing Committee on Public Accounts**

## **Land Transport Authority response**

### **General Questions**

#### **1. Role and Function of the Authority**

The Honourable Chairman and committee members, with the vision to, “Steering Fiji Safely” the Land Transport Authority (LTA) aims to improve and uplift the Land Transportation standard to a whole new level. The Land Transport Authority was established under the Land Transport Act 1998 as a Commercial Statutory Authority with the core function to:

- Establish standards for registration and licencing of vehicles and drivers.
- Develop and implement effective and efficient enforcement strategies consistent with road safety and protection of the environment.
- Develop traffic management strategies in conjunction with relevant authorities.
- Develop and improve customer service levels in all areas of operations.
- Ensure equitable and affordable fare schedule for all Public Service Vehicles.

Furthermore, in 2010 the National Road Safety Council Act 1994 was repealed and incorporated to the LTA Act 1998. The core function in this incorporation states that LTA should set the goals and objectives and implement road safety work in Fiji.

#### **2. Organisation Structure**

Committee members, as at October 2016 there are 382 employees for the authority. In brief the Chief Executive Officer (CEO) reports to the Board of Directors who are given guidance and direction by the Ministry of Local Government, Infrastructure and Transport. The composition of the board are detailed in Question 3 below. There are currently three General Managers that report to the CEO namely the:

- I. General Manager Technical Operation is in charge of all operational matters and is accountable for all regional operations in the Central Eastern, Western and the North;
- II. General Manager Legal, Policy and Business Development is in charge of all legal and policy matters; and
- III. General Manager Finance and Administration oversees all financial and back office support functions of the authority.

### **3. Board membership and fees**

Chairman and committee members, the current board members are as follows:

Chairman Mr. Vijay Maharaj who is the principal partner of MC lawyers and the Board Directors are:

- I. Mr. Sitiveni Qiliho, the Commissioner of Police,
- II. Mr. Ashok Patel, the Director of RC Manubhai,
- III. Mr. Divik Deo, the Chief Financial Officer of Vodafone Fiji Limited,
- IV. Mr. Aptinko Vaurasi who has been temporarily relinquished from the position to act as CEO and
- V. Mr. Paul Bayly, the Permanent Secretary for the Ministry of Infrastructure and Transport.

As matters currently stand the Board Chairman is awaiting the advice of the Ministry for the appointment of another Board Director.

The current board allowance are:

- I. Board Allowances for Chairman is \$1,123.91 per month and Board Members is \$603.83 per month
- II. Sitting fee stands at \$83.33 per sitting both for Public Service Vehicle (PSV) and Policy meeting, and
- III. Directors are also entitled to mileage claims.

The Policy meetings are normally scheduled after every 2 months while PSV meetings are done on a monthly basis. Apart from these there are also subcommittee meetings on Tender & Finance, Corporate Governance, Audit and HR.

Please kindly note that two of the Authority's board of directors have opted not to be paid for their services as they have considered their Directorship as their Corporate Social Responsibility to the people of Fiji.

### **4. Salaries for Executive members**

Committee members, in 2012 there was a Job Evaluation Exercise conducted by Price Waterhouse Coopers tagging the salary level of all the Authority's employees to the then market level. There were a total of 105 companies that were surveyed from which data were collated to make salary comparative analysis and specific comparisons done between:

- I. LTA and the private sector,
- II. LTA and the public sector and
- III. LTA with other commercial statutory authorities.

LTA is currently tagged at the median range between the 25 percentiles and the 75 percentile range. In essence this means that LTA salary is not in the bottom range or on the high paying scale as compared to the market.

On the current LTA based scale undertaken by PWC, there are 11 bands altogether with the CEO on the first band, followed by the GM's and then regional managers. There are 17 steps in each band with salary tagging on the:

- I. Chief Executive Officer's (CEO) band is from Step 1 of \$91,660 to Step 17 of \$137,490,
- II. The General Managers band is from Step 1 of \$61,991 to Step 17 of \$92,987, and
- III. The Regional Managers band is from Step 1 of \$49,254 to Step 17 of \$73,880.

### 1. Qualified Audit Report

- I. The fault detected in qualified audit report in 2007 has been rectified. There have been vast improvements since 2008 as there was a **Non-Qualified Audit Opinion** as per the audited Financial report for the year ended 31<sup>st</sup> December 2008.

Furthermore, NRSC had registered for VAT in accordance with VAT decree (1991) in 2008. VAT has been accounted for from 2008 in accordance with the FAS 103-Accounting for Value Added Tax. The prior year's VAT lodgments has been made to FRCA for amendments. After the merger of NRSC and Department of Road Transport, as per the Land Transport (Amendment) Decree 2010 (Decree #41 of 2010), LTA Vat lodgments are done using a separate Vat account. The authority first pays VAT on government grant received and then submits claims on VAT claimable expenditures to FRCA.

### 2. Operating Expenditure

- I. The National Road Safety Council had put in place stringent cost controls and as a result, there was a decrease in Operating Expenditure in 2007 mostly in the following expenditure lines: -

Expenditure	2007	2006	Variance
Belt Up and Win Promotion	\$ 440.00	\$ 64,948.00	99%
Motor Vehicle expenses	\$ 26,170.00	\$ 54,091.00	52%
Publicity campaign	\$ 63,987.00	\$ 169,849.00	62%

- II. **Increase in Personnel Expenses-** There was an increase of personnel expenses due to recruitment of additional staffs in 2007 in addition to the increase in payment of overtime and meals claims for operational staffs.

### 3. Control Issues

- II. NRSC has registered for VAT in accordance with VAT decree (1991) in 2008. VAT has been accounted for from 2008 in accordance with the FAS 103-Accounting for Value Added Tax. The prior year's Vat lodgments has been made to FRCA for amendments. After the merger of NRSC and Department of Road Transport, as per the Land Transport (Amendment) Decree 2010 (Decree #41 of 2010), LTA VAT lodgments are done using a separate VAT account. The authority first pays VAT on government grant received and then submits claims on VAT claimable expenditures to FRCA.
- III. The authority has made arrangements with respective Insurance Companies to provide Compulsory Third Party (CTP) Insurance listing upon payment of CTP Levy to LTA. Furthermore, upon receipt of the payment, the authority does necessary reconciliations to

determine the amount of CTP Levy payable. In case of any shortfall, the respective insurance companies are advised within 7 working days.

**Parliamentary Paper No. 36 of 2016.**

1. The Pay As You Earn (PAYE) is calculated as per the legislated FRCA Income Tax Table. The authority lodges PAYE on a monthly basis as per FRCA requirement. The authority also does monthly reconciliation of PAYE against FRCA lodgments to ensure that there are no variances.

# PRESENTATION TO PARLIAMENT STANDING COMMITTEE ON PUBLIC ACCOUNTS

DATE: 16<sup>TH</sup> FEBRUARY 2017

TIME: 11:00AM

VENUE: PARLIAMENT COMMITTEE ROOM (EAST WING)



Presented by: John V Tunidau  
CEO MSAF



## PRESENTATION OUTLINE

1. Core Role and Function of MSAF;
2. MSAF's Organisation Structure indicating total number of staff;
3. MSAF Board Membership and Fees;
4. Executive staff and salary structure; and
5. Update on the treatment of Government Grants in compliance with section 24 of IFRS for SMEs.

### 1. Core Role and Function of MSAF

#### ❖ Core Role

The Maritime Safety Authority of Fiji (MSAF) is a Commercial Statutory Authority that solely regulates activities pertaining to maritime safety and protection of the marine environment as per the IMO and ILO standards.

MSAF has sets forth its vision, mission, specific performance targets that MSAF will pursue in fulfilling its statutory functions, which are:

- Participating in the development, implementation and maintenance (administering and enforcing) of national and international Maritime Legislations standards and any other Law relating to the regulation, registration, safety of shipping, certification of seafarers and protection of the marine environment including consultation with relevant Ministries, statutory bodies and maritime stakeholders on such matters;
- Representing the State regionally and internationally on matters relating to maritime affairs.



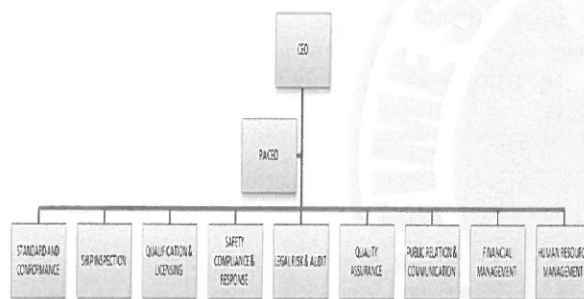
- Providing world-class maritime regulatory services to ensure maritime safety, security and protection of the marine environment by continuously improve the customer services.
- Monitoring compliance with operational standards for ships in Fiji waters to promote their seaworthiness, safety and pollution prevention.
- Ships registration and seafarers certification.
- Administering training standards and competency of seafarers and marine pilots.
- Administering compliance of ship builders, providers of life saving appliance, and the like.
- Managing and overseeing the national network of marine Aids to Navigation (AtoN) and navigation systems.



- Collecting levies for pollution, Aids to Navigation (AtoNs) and regulated fees for services rendered by MSAF.
- Implement the National Marine Spill Response Strategy and NATPLAN in response to any marine spills in Fiji waters - to avoid, reduce, or remedy pollution, or a significant risk of pollution, by any harmful substance that is causing, will cause, or will likely cause serious harm to the marine environment.



### ❖ Functions





- 
- MSF**
- MEDICAL SAVING FUND  
ADAPTATION • CARE • JUSTICE

- 

- 
- MSF**  
STANDING BY  
IN THE NAME OF LIFE

[illegible]

NAME	TITLE	PERIOD
Mr. Nigel Skeggs	Chairman	29 <sup>th</sup> June 2013 - 29 <sup>th</sup> June 2015
Commander Francis Kean	Director	12 <sup>th</sup> May 2013 - 12 <sup>th</sup> May 2015
Mr. Sunia Lavaki	Director	12 <sup>th</sup> May 2013 - 12 <sup>th</sup> May 2015
Mr. David Philp	Director	12 <sup>th</sup> May 2013 - 12 <sup>th</sup> May 2015
Mr. Jalal Ud Dean	Director	29 <sup>th</sup> June 2013 - 29 <sup>th</sup> June 2015

No	Position	Salary
1	Board Chairman	12,000
2	Board Member (Deputy Chair)	10,500
3	Board Member	7,000
4	Board Member	7,000
5	Board Member	7,000



#### **4. Executive Staff and Salary Structure**

Composition of executive staff is highlighted below with respective salary structure.

No	Position	Salary
1	Chief Executive Officer	\$114,748
2	Manager - Standards & Conformance	\$71,027
3	Manager – Ships Inspection	\$43,000
4	Manager – Qualification & Licensing	\$43,000
5	Manager – Port Regulatory & Emergency Response	\$43,000
6	Manager – Regional Enforcement & Compliance	\$43,000
7	Manager – Human Resource	\$49,090
8	Manager - Finance	\$47,192



#### **5. Update on the treatment of Government Grants in compliance with section 24 of IFRS for SMEs**

Ministry of Public Enterprise has issued a circular in March 2016 advising that the Cabinet through Decision No.59 of 2016, the Cabinet Decision 357/12 on "Treatment of Government Grants and /or Special Funding" has been rescinded.

As such, effective from 2016, all Government Grants will be treated as revenue so that it complies with Section 24 of IFRS for SME's.



**THANK YOU!!**





**MINISTRY OF HEALTH AND MEDICAL SERVICES RESPONSES TO PUBLIC ACCOUNTS**  
**COMMITTEE MEETING (PAC) – TUESDAY 21<sup>ST</sup> FEBRUARY 2017**

**RA RURAL LOCAL AUTHORITY**

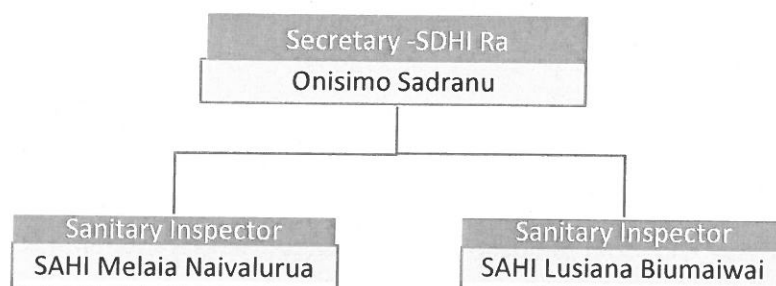
**Question 1: General Questions (Background Information)**

**1.1 State the Role and Function of the Entity**

A Rural Local Authority is established under Section 9(3) of the Public Health Act Cap 111. Ra is one of the largest provinces in Fiji and has a population of approximately 27, 768 which predominantly I- Taukei. The Local Authority serves 93 villages, 118 formal and 45 informal settlements.

It also serves two hospitals- Ra District and Ra Maternity Hospital, 4 Health Centres and 5 Nursing Stations. Rakiraki was declared a town on Thursday the first of July, 2010. This effectively meant the migration of all Ra Rural Local Authority activities around the urban center to the Rakiraki Town Council.

**1.2 Organisation Structure:(Current)**



**1.3 Board Membership And Fees**

2. Members are appointed by the Minister under Section 10(1) (b) of the Public Health Act which is valid for two years. The current members, gazetted on the 20th of January 2017 are:

Names	Role
1. Mr Napolioni Nasara	Chairman
2. Mr Mohammed Abbas	Member
3. Pt Jayant Maharaj	Member
4. Mr Steven Darling	Member
5. Mr Hydar Begg	Member
6. Mr Kali Raju	Member
7. The Operations Manager – Rarawai Mill, Fiji Sugar Corporation	Member
8. The Roko Tui Ra	Member
9. The Officer in Charge, Police Department, Ra	Member
10. The Subdivisional Medical Officer, Ra	Member
11. The Road Supervisor, Ra	Member
12. The Officer in Charge, WAF Office, Ra	Member

Names	Role
13. The Divisional Health Inspector Western	Member
14. The Senior Legal Officer, Office of the DPP, Ra	Member
15. The Officer in Charge, National Fire Authority, Ra	Member
16. The Secretary, Central Board of Health	Member
17. The Subdivisional Health Inspector, Ra	Secretary

(Refer to Annex 1 attached)

## 2.1 Executive Staff And Salary Structure:

**Senior Assistant Health Inspectors:** Basic Salary of \$21,032

**Subdivisional Health Inspector/ Secretary of the Local Authority:** Basic Salary of \$23,700

### **Question 2: Report of the Auditor General on the Audits of Statutory Authorities – June 2010 (Parliamentary Paper No.3 of 2016). Audit for the year ended 31<sup>st</sup> December 2007(Page 148 – 151 of the Audit Report)**

#### **1) What is the updated status on the Qualified Audit Opinion?**

The need to adopt an Accrual Accounting System as indicated was relevant to the fiscal years leading up to 2010 as the Local Authority was assuming the role of a Town Council, given that Rakiraki had not been declared a town. This recommendation was correct as the local authority was collecting revenue from the public and utilizing the revenue to fund its operational, day to day expenditures; similar to a business.

Subsequently, if it had to prepare its financial statements, it should have been in accordance with benchmarked accounting standards, which in this case was the adoption of accrual accounting to capture all revenues not yet received at year end; and capturing any liabilities incurred in the financial year but not paid at year end. With the benefit of the Auditor General's report, the Local Authority now understands the importance of migrating into a more efficient system.

The current system uses Cash Accounting as the Central Board of Health issues grant monies to the Local Authority. This is governed by the Financial - Standard Operating Procedures, now in place in the Environmental Health SOP. The Central Board of Health also developed a Grant Utilisation Agreement, which directs how the grant is to be utilized and, since all public health fees are now receipted into the Consolidated Fund Account, we are no longer required to use accrual basis of accounting as we are only accounting for the cash grant that is given by the CBH and acquit for it accordingly.

(Refer to Annex II attached)

#### **2) Please advise the Committee on the updated status on the Control Issues identified in terms of :**

- **VAT claimed on Zero rated supplies (11.4); and**

The Local Authority has approached the FIRCA to assist us in rectifying taxation anomalies identified. Moving forward, the Local Authority will resubmit our VAT claims for the year(s) identified. The Local Authority has also had discussions with the FIRCA Office in Rakiraki to look into our files for the years 2007 to 2009 to allow us to make fair representations in our Tax Returns.

- **Non Deduction of Provisional Tax (11.5)**

The Local Authority had terminated its contract with the vendor identified on Rakiraki's transition into a town. Oversights in following due processes on paying Provisional Taxes to FIRCA had been discussed with their Ra Office. On the advice of FIRCA, the Local Authority will now follow proper procedures in deducting 5% tax on services, given that Provisional Exemption Certificates are no longer issued.

**3) How does the Authority finance its expenditures when it has a deficit balance?**

The Central Board of Health provides a yearly grant to the Authority on a "replenishment on acquitting" system. Grant Monies issued by the Central Board of Health are provided to replenish the Local Authority Account when spent funds are acquitted and evidences of appropriate use are provided.

**4) Why has there been an increase in the Salaries, Wages and related Payments when there is a deficit and a reduction in the Total Revenue?**

The Local Authority was inclined to provide the services required by the public such as the Town Maintenance, Sanitary Services, Market Maintenance, Dump Maintenance, provision of Public Toilets, Town Beautifications and others at that time.

The increase in Garbage Contractor Fees in 2007 was due to the expansion of the garbage coverage area into Korowaqa, which meant a consequent increase in the number of bins. This expansion was surveyed by Sanitary Inspectors, proposed and approved by members in a Local Authority Meeting as this subdivision was, to local standards, more densely populated than others and a potential centre for the explosion of vector borne diseases. Increases in related payments corresponded to this expansion.

The increment for our labourers and workers was made in 2007, after the members of the Local Authority revised the working conditions after noting that our staffs were under paid; even below the rate of GWEs.

**Question 3: Report of the Auditor General on the Audits of Statutory Authorities – December 2014 (Parliamentary Paper No.02 of 2015). Audit of six (6) months period ending 30<sup>th</sup> June 2010**

**Please provide an update on the following Control issues identified by the Office of the Auditor General:**

- 1) Reconciliation not prepared (15.4);  
**Refer to the Rakiraki Town Council Reply.**
- 2) User Pay toilet account (15.5) and  
**Refer to the Rakiraki Town Council Reply.**
- 3) Presentation of Financial Statements (15.6)  
**Refer to the Rakiraki Town Council Reply.**

**Question 4: Report of the Auditor General on the Audits of Statutory Authorities – June 2012 (Parliament Paper No.41 of 2016). Audit for the year ended 31<sup>st</sup> December 2008**

Control issues 3.4(Presentation of Financial Statement), 3.5 (Accounting Manual), and 3.6 (Non-payment of provisional tax) were noted by the Office of the Auditor General “To be Discussed”.

It was also noted that the Basis of Accounting Requirements and Financial Systems were either not followed or implemented. **Can the Authority confirm that this is not been corrected with proper Accounting Guidelines and Policies and Finance Manual now in place.**

The Financial Management Standard Operating Procedures (SOP) for Rural Local Authorities was established in November 2011 by the Ministry of Health & Medical Services (Western Division) and is currently adopted by the Ministry of Health and Medical Services. The SOP sets out procedures and guidelines needed for the efficient and effective management of grant allocated to Rural Local Authorities. The SOP was formulated in accordance with the Ministry of Health Finance Manual and the Finance Instructions of Government. This will be reviewed accordingly if relevant changes/review were made, first with the Finance Instructions of the state.

Relevant training on financial management was also conducted accordingly to the Rural Local Authority Secretaries in the West; this was followed by the training of Secretaries in other divisions. The training was a joint collaboration by the Finance unit and the Environmental health unit of the Ministry of Health. The learning points in the training include:

- i. The requirement for all RLA to establish bank accounts;
- ii. The adhering of clauses in the SOP regarding the use of payment vouchers (with certain levels of authority to check and pass for payments) for all payments;
- iii. The correct way of financial reporting ;
- iv. The need to separate records for CBH Grant and Operational Funds;
- v. Submission of acquittals and grant reports to the Ministry of Health;
- vi. The adhering of clause in the SOP regarding Revenue management and other relevant clauses stated therein.

The MOHMS had also considered the challenges of continuity of adherence which were:

1. Staff turnover (of RLA officers trained) and lack of knowledge sharing to successors;
2. Inconsistency of financial management training conducted by the Ministry due to resource constraints;

and is organising a refresher training for the Local Authority.

(Refer to Appendix III)

## BACKGROUND AND INFORMATION OF RAKIRAKI TOWN COUNCIL

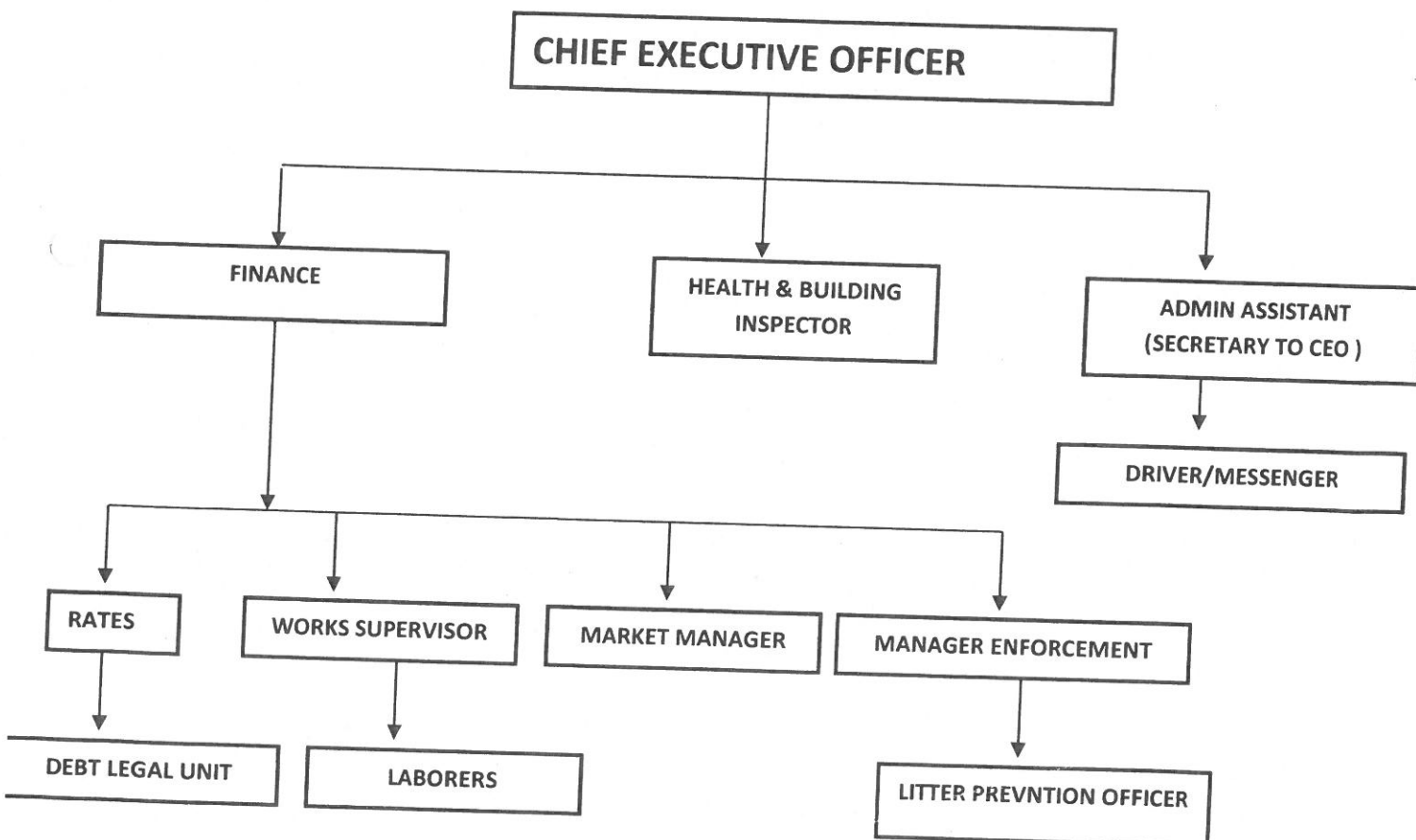
Declaration of Town done in July 2010: prior to declaration Ra Rural Local Authority was the administration body.

Council is responsible for the general operation of the Town General operation functions are guided through the Local Government Act Cap 125. Primary services include sanitation, traffic management, Health and Building Supervision, Market and Bus Stand Management, Business Housing and Shop upkeep management. In addition, Rakiraki Town Council works closely with stakeholders such as Fiji Roads Authority in maintaining and up keeping the town. Land use Management is also a key function of the Town Council.

## ORGANISATION STRUCTURE

Total Number of Staffs: 20

## RAKIRAKI TOWN COUNCIL - ORGANISATION STRUCTURE 2017





**SALARY STRUCTURE**

<b>Unestablished Employees</b>				
<b>Office staffs</b>				
<b>No</b>	<b>Name</b>	<b>Position</b>	<b>Rate/hr</b>	<b>Annual Salary/yr</b>
1	Rakesh Chandra	Chief Executive Officer		\$ 40,000.00
2	Deepika Goundar	Accounts Clerk	\$ 4.87	\$ 9,369.88
3	Salesia Buka	Administrative Assistant	\$ 4.17	\$ 8,023.08
4	Epeli Vukinagauna	Enforcement Officer	\$ 4.17	\$ 8,023.08
5	Sitiveni Uqe	Litter Prevention Officer	\$ 3.68	\$ 7,080.32
6	Emi Adi	Rates Officer	\$ 4.17	\$ 8,023.08
7	Ilaisa V.	Market & Works Manager	\$ 3.85	\$ 9,409.40
8	Suriya Nand	Assistant Market Master	\$ 3.40	\$ 7,956.00
<b>Labourers</b>				
9	Satend Kumar	Labourers	\$ 3.39	\$ 7,932.60
10	Laisiasa V.	Labourers	\$ 2.93	\$ 6,856.20
11	Rakesh Kumar	Labourers	\$ 2.93	\$ 6,856.20
12	Poasa Rareba	Labourers	\$ 2.93	\$ 6,856.20
13	Ravneel Kumar	Labourers	\$ 2.93	\$ 6,856.20
14	Krishnan Nair	Labourers	\$ 2.93	\$ 6,856.20
15	Robert Matai	Labourers	\$ 2.93	\$ 6,856.20
16	Binesh Kumar	Labourers	\$ 2.93	\$ 6,856.20
17	Joep Masibalavu	Labourers	\$ 2.93	\$ 6,856.20
18	Param Siwan	Truck Driver	\$ 3.60	\$ 8,424.00
19	Sanjeev Kumar	Labourers	\$ 3.00	\$ 7,020.00
20	Rashvindra Chand	Labourers	\$ 2.93	\$ 6,856.20

**Estimated annual Salary** : \$ 180,000.00

**Yearly budget** : \$ 430,000.00

**Report of Auditor General – June 2010 [Parliamentary Paper No. 33 of 2016]**

**Audit for the Year ended – 31<sup>st</sup> December 2007**

1. The Qualified Audit Opinion has been reviewed by the Rakiraki Town Council. 2015 annual onward Accounts are being prepared on International Financial Reprinting Standards small to medium.
2. Full compliance is now effective with Fiji Revenue Customs Authority framework in practice and two control issues identified with Fiji Identified with Fiji Island Revenue and Customs Authority resolved.
3. Rakiraki Town Council management has been giving its best to maintain expenditure in within its forecasted income scope. Support from the Ministry of Local Government, Housing and Environment during Natural disasters has enabled Council to operate effectively. Council in consultation with Ministry has been engaged in asset base strengthening which in the mid-term shall be having a positive impact.
4. Rakiraki Town Council has reviewed its organisational structure and ensured that the staffing structure is well aligned to the needs of the organization.

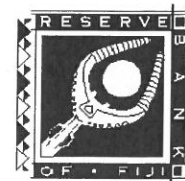
**Report of the Auditor General – December 2014 [Parliamentary Paper No. 3 of 2015]**

**Audit for the six month period during 30<sup>th</sup> June 2010 and Audit for the year ended 31<sup>st</sup> December 2008**

1. Rakiraki Town Council now prepares monthly bank, debtors, creditors, market and commercial stand reconciliation accounts. The reconciled figure is tabled at the monthly Council meetings.
2. Rakiraki Town Council has complied with International Financial Reporting Standards, Small – Medium, and Municipal Manual of Accounts.



# RESERVE BANK OF FIJI



## RESPONSES TO THE QUESTIONS RAISED BY THE STANDING COMMITTEE ON PUBLIC ACCOUNTS ON THE CAPITAL MARKETS DEVELOPMENT AUTHORITY REPORTS 2008/2009

### **Standing Committee on Public Accounts**

*In the Auditor General's Report for the Capital Markets Development Authority (CMDA) for December 2010 (Parliamentary paper No 30 of 2016), the Committee requested for background information of the following:*

- (i) Role and functions of the entity;*
- (ii) Organisation structure – total number of staff;*
- (iii) Board member and fees; and*
- (iv) Executive staff and salary.*

### **Reserve Bank of Fiji**

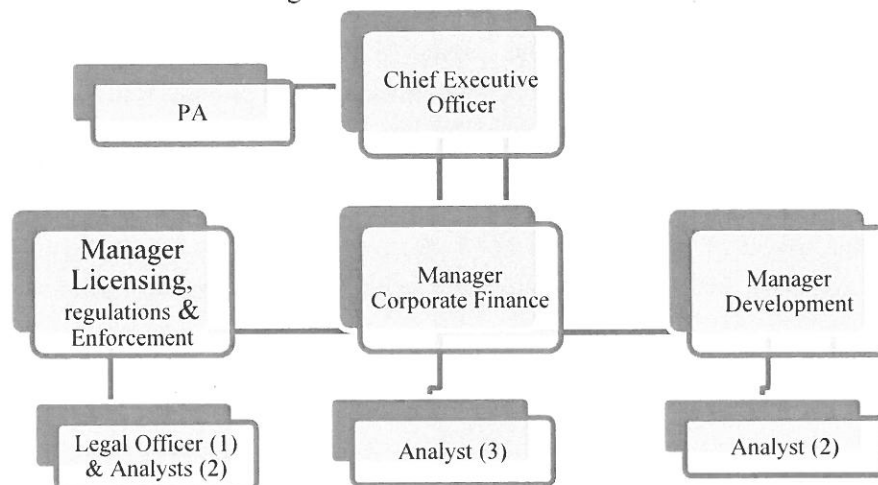
- The Capital Markets Development Authority (CMDA) ceased operations as a statutory entity on 13 August, 2009 and its administration and operations were subsequently transferred and absorbed into the Reserve Bank of Fiji (RBF).
- CMDA's functions were transferred to the RBF via the Capital Markets Decree 2009 (the Decree) and were outlined in Section 5 of the Decree. The Capital Markets Unit was then created under the Financial Systems Development and Compliance Group of the Reserve Bank to perform the principal functions of the CMDA. The Capital Markets Unit did not receive Government grants since 2009 and did not issue separate Annual Accounts and Annual Reports. All capital markets activities are being funded and facilitated by the RBF and its operational highlights have been included in the RBF Annual Report.
- Following the repeal of the Decree in 2015, the functions are now outlined in Section 13 of the Companies Act 2015 and Section 3 of the Reserve Bank of Fiji Regulations 2015.
- CMDA was established via the CMDA Act 1996 and the functions were outlined in Section 14 of the Act (refer to the extract below):

#### **Functions of the Authority**

- 14. The Authority shall have the following functions:
  - (a) to advise the Minister on all matters relating to the development and operation of the capital markets and the securities industry;
  - (b) to formulate and implement policies and programs in consultation with the Government with respect to the development of capital markets;
  - (c) to employ such officers and servants as may be necessary for the purpose of carrying out the work of the Authority;
  - (d) to frame rules on all matters within the jurisdiction of the Authority under this Act;
  - (e) to establish conditions for, and in consultation with the Minister, approve an entity to operate as a securities exchange or a central depository and ensure the proper conduct of such business;
  - (f) to grant a licence to any person to operate as:
    - (i) a broker, dealer, or investment adviser, or a representative of any of the foregoing and ensure the proper conduct of any such business;

- (ii) a unit trust, a mutual fund, or a representative of a unit trust or a mutual fund, after consultation with the Minister, and ensure the proper conduct of any such business;
- (g) to inquire, either on its own motion or at the request of any other person, into the affairs of any person which the Authority has approved or to which it has granted a licence and any public company the securities of which are traded on an approved securities exchange;
- (h) to give directions to any person which the Authority has approved or to which it has granted a licence and any public company the securities of which are traded on an approved securities exchange;
- (i) to conduct inspection of the activities, books and records of any person which the Authority has approved, and persons to which the Authority has granted a licence;
- (j) to publish findings of malfeasance by any person which the Authority has approved or to which it has granted a licence or any public company the securities of which are traded on an approved securities exchange;
- (k) to suspend or cancel the listing of any securities or the trading of any securities, for the protection of investors;
- (l) to act as an appellate body for appeals from securities exchange actions by aggrieved parties;
- (m) to require information to be provided in the prescribed form;
- (n) to regulate and oversee the issue and subsequent trading both in primary and secondary markets of capital market instruments;
- (o) to regulate the take-overs and mergers of public companies;
- (p) to regulate all matters relating to mutual fund schemes;
- (q) to regulate and monitor the activities of any exchange, clearing house and central depository;
- (r) to take all reasonable measures to safeguard the interest of persons dealing in securities;
- (s) to promote and encourage proper conduct amongst members of the exchanges and all registered persons;
- (t) to grant compensation to any investor who suffers pecuniary loss resulting from the failure of a licensed broker or dealer to meet his contractual obligations;
- (u) to have recourse against any person, the actions or inactions of which, have resulted in a payment from the Investor Compensation Fund;
- (v) to suppress illegal, dishonourable and improper practices in dealings in securities and the provision of investment advice or other services relating to securities;
- (w) to consider and suggest reforms of the law relating to securities including changes to the constitution, rules and regulations of any exchange and its clearing house;
- (x) to perform any functions covered by or under any other Act.

- Please refer below to the CMDA's organisational structure:



- CMDA had five board members and the board fees were as follows:
  - (i) Chairman \$5,080 p.a.;
  - (ii) Deputy Chairman \$3,175 p.a.; and
  - (iii) Members \$2,540 p.a.
- The CMDA had 13 staff with a CEO and 3 Managers. CMDA's executive staff and their salaries were approximately as follows:
  - (i) CEO \$70,000 p.a.;
  - (ii) Manager, Development & Investor Awareness \$45,700 p.a.;

- (iii) Manager, Corporate Finance \$43,600 p.a.; and
- (iv) Manager, Legal, Regulations & Enforcement \$55,000 p.a.

- Following the implementation of the Capital Markets Decree 2009, the CMDA Board operations and its powers ceased and these were transferred to the RBF Board. The CEO of CMDA resigned and all other staff were transferred to the Reserve Bank.

#### **Standing Committee on Public Accounts**

*In the audit for CMDA for the year ended 13 August 2009, the Committee requested for explanation as to why the financial year finishes on 13 August 2009.*

#### **Reserve Bank of Fiji**

- On 13 August 2009, the CMDA was de-established. Please refer to the Capital Markets Decree 2009 Section 1 and Section 2 (extract provided below):

<b>Short Title and commencement</b>	
(1)	This Decree may be cited as the Capital Markets Decree 2009.
(2)	These Decree shall come into force on the 13th day of August 2009.
<b>Objects of the Decree</b>	
The object of these Decree is to repeal the Capital Markets Development Authority Act of 1996 and –	
(i)	to dissolve the Capital Markets Development Authority;
(ii)	transfer all administration to the Reserve Bank of Fiji;
(iii)	transfer the Capital Markets Development Authority functions and responsibilities to be determined by the Reserve Bank of Fiji; and
(iv)	to cease the Capital Markets Authority Board operations and powers and transfer it to the Reserve Bank's Board.

#### **Standing Committee on Public Accounts**

*In the audit for CMDA for the year ended 13 August 2009, the Committee requested why the entity spent so much on uniform expenses \$3,513.*

#### **Reserve Bank of Fiji**

- It was the first time CMDA implemented staff uniforms. Each staff was entitled to \$400 each for uniforms, which were provided on a two year basis. There was a total of 13 staff as at 13 August 2009.

#### **Standing Committee on Public Accounts**

*In the audit for CMDA for the year ended 13 August 2009, the Committee requested why the entity spent so much on public awareness programme \$70,987.*

#### **Reserve Bank of Fiji**

- CMDA produced a range of public awareness materials such as hanging banners, pull-up banners, booklets in English and vernacular etc in addition to planned public awareness activities.
- The Capital Markets Annual Report of 2009 pages 15 and 16 outlines the public awareness programs and activities (refer to extract below):

<p>In 2009 the following investor awareness programs and activities were implemented:</p> <p><i>Awareness in Schools</i></p> <ul style="list-style-type: none"> <li>A poster competition for primary and secondary schools on the theme 'Financial Literacy Begins with Me'. The competition required students to express their interpretation of financial literacy through a creative medium. The competition drew overwhelming responses from schools all over Fiji, including schools from the interior of Viti Levu and Vanua Levu. In partnership with the ANZ Bank, the winners of the competition had new bank accounts opened for them;</li> <li>Staff participation in a career expo organised at Nausori High School to promote the capital markets and the school poster competition in June 2009. Over 300 students visited the booth;</li> <li>Distribution of brochures, booklets and annual reports to students from various secondary schools, University of the South Pacific (USP), and Fiji Institute of Technology (FIT) library; and</li> <li>Presentation to approximately 500 students of FIT School of Commerce in their first year finance degree course on the Capital Markets and the Securities Licensing Examinations.</li> </ul>	<p><i>Vanua &amp; Provincial Workshops</i></p> <p>Presentations were made to:</p> <ul style="list-style-type: none"> <li>Rewa Provincial Company on how to improve the company's operations and raise capital in the capital markets;</li> <li>Namoli Provincial Company on good corporate governance and appropriate legal structures for provincial companies in order to effectively carry out their mandate;</li> <li>Namoli Development Company Ltd on options of share issues and appropriate company ownership structure;</li> <li>Nadonuma Holdings Limited on appropriate company ownership structure for a provincial company;</li> <li>Kadavu Holdings Limited on capital raising requirements in the capital markets; and</li> <li>Kadavu Provincial Council members on capital raising requirements in the capital markets.</li> </ul> <p><i>Publications</i></p> <ul style="list-style-type: none"> <li>Quarterly Newsletter "Capital Markets Update"; and</li> <li>2008 Annual Report.</li> </ul> <p><i>Office to Office Initiative</i></p> <p>In 2009 staff conducted presentations on investing and investment options at various business houses</p> <p><i>"Grow Your Company, Grow Fiji" DVD</i></p> <p>A 15 minute documentary for capital raising and listing on the stock exchange was developed for</p>	<p>dissemination to companies as part of our promotional activities.</p> <p><i>Research Papers on development issues</i></p> <ul style="list-style-type: none"> <li>Monitoring Stock Prices and its impact on Fiji's Market Capitalisation;</li> <li>An AIM Board for SMEs in Fiji's capital markets;</li> <li>Implication of the Global Crisis on Fiji's Capital Markets;</li> <li>Disinvestment and privatisation experiences in Fiji and other jurisdictions; and</li> <li>Impact of Real Time Gross Settlement (RTGS) on Fiji's capital markets.</li> </ul> <p><i>Presentations &amp; Workshops</i></p> <ul style="list-style-type: none"> <li>Capital markets general awareness seminars were made to the night class at Training &amp; Productivity Authority of Fiji (TPAF);</li> <li>Workshop for state owned enterprises on reform opportunities in the capital markets; and</li> <li>Business reporting seminar for business journalists and reporters.</li> </ul>
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## Standing Committee on Public Accounts

*In the audit for CMDA for the year ended 13 August 2009, the Committee requested why the entity spent so much on Legal/Consultancy \$28,262.*

### Reserve Bank of Fiji

- This expense was relating to the independent review requested for Unit Trust of Fiji which was conducted by G. Lal.

## Standing Committee on Public Accounts

*In the audit for CMDA for the year ended 13 August 2009, the Committee requested for advice on the Total Income that was utilised by the Authority in 2009 compared to amount of \$656,598 that it used in 2008.*

### Reserve Bank of Fiji

- Total income received in 2009 is lower than 2008 mainly due to less than 8 months performance for 2009 while 2008 results were for full year.
- The expenses in 2009 were higher mainly due to higher amounts being spent on public awareness programmes and legal/consultancy as explained above.



## **Standing Committee on Public Accounts**

*In the audit for CMDA for the year ended 13 August 2009, the Committee requested for advice on the Total Assets and Total Liabilities that was utilised by the Authority in 2009 as compared to the amount of \$769,400 that it used in 2008.*

### **Reserve Bank of Fiji**

- The decrease in assets in 2009 mainly related to reduction in cash at bank, prepayments, other receivables and plant & equipment.

## **Standing Committee on Public Accounts**

*In the audit for CMDA for the year ended 13 August 2009, the Committee queried whether the statutory functions of CMDA changed when it is now taken over by the Reserve Bank.*

### **Reserve Bank of Fiji**

- The functions have been transferred to the RBF but remain essentially the same.

## **Standing Committee on Public Accounts**

*In the Auditor General's Report for the Capital Markets Development Authority (CMDA) – June 2009 and audit for the year ended 31 December 2008 (Parliamentary paper No 29 of 2016), the Committee requested clarification in relation to Deferred Income Account (unutilised funds)- why the savings (unutilised balance of the Government Grant) was not returned to the Ministry of Economy at the end of the financial year so that Government can only advance sufficient grant to them at the commencement of new financial year so that the entity is not over budgeted in the New Year.*

### **Reserve Bank of Fiji**

- The authority had provided response in regards to the Auditor General's query as part of the 2008 accounts. Extract of the response is provided below:

- The Authority agrees that a significant portion of the grants has been transferred to deferred income over the past years. However, the non-utilization of the grant does not reflect over anticipation by the Authority in forecasting its financial obligation. In the past, the Authority has never received the quarterly grants from the Government on time. This has led to deferment of the budgeted projects, as its tardiness affects the effective delivery of the Authority's market development projects.
- The Authority has also been very conservative in the past in its approach to expenditure. This was to ensure that the Authority had sufficient cash at the end of the year to continue with its operations in the coming year if the Government grant is late.
- Moreover, the Authority in undertaking its activities needs to be mindful of the prevailing market conditions. Such conditions are beyond its control. Projects and activities are implemented in order to effectively maximise its effects. Otherwise their implementation to fully utilized grants would be futile when market conditions are not conducive.
- Furthermore, in view of Government's tight finance, the Authority is very conservative in its use of funds and always looks for ways to reduce its costs and/or incur some savings.
- The Authority requests the Auditor General to analyse the Authority's expenditures and utilization of the grant in that regard. Division will develop accounting practices and policies.



- In regards to the balance transferred to the Reserve Bank in 2009, please refer to the explanation provided to the Committee in our letter of 08 January 2015. Extract of letter is provided below:

Government grants for the CMDA ceased on 13 August 2009 after the operations of the CMDA were transferred to the Reserve Bank of Fiji. All capital market development activities have since been fully funded by the Reserve Bank. The unutilised grant funds are currently held in a separate account with the ANZ Bank (Cheque Account No. 1375854) and stands at approximately \$273,806 as at 31 December 2014.

By way of a background on this issue, the Reserve Bank had written to the then Acting Permanent Secretary for Finance, Mr John Prasad, in November 2009, seeking approval for the Reserve Bank to retain the CMDA grants to assist in the funding of development activities of the capital market under the Master Plan. It was further noted in the February 2010 meeting minutes of the Reserve Bank Board that Mr Prasad had informed that "...after auditing and settlement of accounts, the remaining (CMDA) funds can be utilised by the Reserve Bank in their latest initiatives regarding capital markets development. However, a paper has to be prepared to this effect informing the Acting PSF of the balance and how it may be utilised."

In July 2013, the Reserve Bank wrote to the Permanent Secretary for Finance, Mr Filimone Waqabaca, seeking approval to utilise the CMDA funds as per the draft Master Plan and Work Plan 2013-2020.

- Please note that eventually the remaining funds were transferred to the Reserve Bank as income and transferred to the Government in the form of profits as the Bank has been providing funding for all capital markets development activities since 2009.

#### **Standing Committee on Public Accounts**

*In the Auditor General's Report for the Capital Markets Development Authority (CMDA) – June 2009 and audit for the year ended 31 December 2008 (Parliamentary paper No 29 of 2016), the Committee enquired why is there a decrease in the number of workshops and seminar that were carried out in 2008 as compared to 2007.*

#### **Reserve Bank of Fiji**

- As advised to the PAC in 2013, please note that the significant drop in workshop/seminar income from \$116,090 in 2007 to \$14,045 in 2008 was mainly due to 2007 accounts including \$100,000 grant received from AusAID to fund the Corporate Governance Conference. Excluding this AusAID grant, the income received from workshops/seminars between these years were relatively the same.

#### **Standing Committee on Public Accounts**

*In the Auditor General's Report for the Capital Markets Development Authority (CMDA) – June 2009 and audit for the year ended 31 December 2008 (Parliamentary paper No 29 of 2016), the Committee requested why is there an increase in cash at bank, financial assets and current liabilities in 2008 compared to 2007.*

#### **Reserve Bank of Fiji**

- Cash at bank for financial year 2008 increased mainly because a total of \$419,438 of cash was carried forward from 2007 financial year given that Government grants were received late in 2007 (May \$202,600, August \$405,200 and November \$202,600) and grants for all the four quarters of 2008 was received before the respective quarters ended.

- Financial asset comprises of levies that were payable to the Authority in respect of any purchase and sale of securities recorded on the South Pacific Stock Exchange (SPSE). Levies received from SPSE depend on the level of trading on the Stock Exchange i.e. the number of trades and value of trades. These funds are invested/placed in short term deposits with financial institutions. The increase in levies could be also attributed to the FHL-RBG partial takeover transaction that took place in 2008, which would result in high values received as levies.

*Levies*

25.—(1) In the case of every purchase and sale of securities recorded on the stock exchange or notified to it under its rules, the purchaser and the seller shall each of them be liable to pay to the Authority a levy at such rate as may be specified by order of the Minister to be published in the Gazette as a percentage of the consideration for such purchase and sale; and different rates may be specified in respect of different classes of securities.

(2) The securities exchange shall collect and account to the Authority for the levy referred to in subsection (1).

(3) The amount of any levy payable under this Section shall be recoverable as a civil debt due to the Authority.

(4) The Minister may make rules providing for—

(a) the payment of the levies under this Section; and

(b) the keeping, examination and audit of the accounts of the exchanges relating to the collection of such levies.

- Given that the levies collected goes into the Investor Compensation Fund (ICF) which was established under Section 30 of the CMDA Act (refer to the extract below), the funds were held by the Authority as a trust for this purpose. As such, there is a corresponding liability recognised for ICF under current liabilities.

*Investor Compensation Fund*

30.—(1) There shall be established a Fund to be known as the Investor Compensation Fund for the purposes of granting compensation to investors who suffer pecuniary loss resulting from the failure of a licensed broker or dealer to meet his contractual obligations.

(2) The Investor Compensation Fund shall consist of—

(a) such moneys as are required to be paid into the Investor Compensation Fund by licensed persons;

(b) such sums of money as are paid under Section 64 as ill-gotten gains where those harmed are not specifically identifiable;

(c) such sums of money as accrue from interest and profits from Monies placed in the Investor Compensation Fund;

(d) such sums of money recovered by or on behalf of the Authority from entities whose failure to meet their obligations to investors result in payments from the Investor Compensation Fund; and

(e) such sums of money as are received for purposes of the Investor Compensation Fund from any other source approved by the Minister.

(3) Moneys which have accumulated in the Investor Compensation Fund may be invested by the Authority in such manner as may be determined by the Authority.

## Standing Committee on Public Accounts

*In the Auditor General's Report for the Capital Markets Development Authority (CMDA) – June 2009 and audit for the year ended 31 December 2008 (Parliamentary paper No 29 of 2016), the Committee requested an update on the status of the development of the accounting policies and procedures.*

## Reserve Bank of Fiji

- Prior to CMDA's administration being passed to the RBF, this policy was developed and approved by the CMDA Board. However, now the CMDA does not exist as an entity. As such, separate accounting policies/procedures are not required. The RBF policies and procedures now apply.



**FII FLOOD EMERGENCY RESPONSE PROJECT GRANT NO.0283-FIJ (ADB FUNDED) – PAC RESPOND**

Disclaimer of Audit Opinion	WAF Response & Action taken
Job Description	WAF has completed 92% of the job description for its full time employment staff. This exercise is targeted to be completed by the end of March, 2017.
Absence of Accounting Manual	<p>The finance policies were implemented since March 2012. This covers the areas of:</p> <ul style="list-style-type: none"> <li>• Cash and Treasury</li> <li>• Payroll policies</li> <li>• Fixed Asset</li> <li>• Revenue and receivables</li> <li>• Project Accounting.</li> </ul> <p>The finance policies were reviewed and updated in 2014. In 2016, a second review was carried out with the assistance of the GHD Consultants under the Project Design Advance loan with ADB.</p>
Tenders not called for purchases in excess of \$20,000.00	
Audit Recommendation - WAF should:	
<ul style="list-style-type: none"> <li>• Investigate purchases made from unauthorised suppliers and take appropriate action against responsible officers.</li> <li>• Ensure that purchases of goods and services are made from approved contracted suppliers only.</li> </ul>	<p>In 2013 a flying minute was approved by the WAF Board for "Purchases needed for and during Natural Disasters and Emergencies". Refer <b>Annexure 2.1.</b></p>
Machine tally sheet and certification of works done	
Audit recommendation - WAF should ensure that:	<p>The Plant hire Agreement was updated in 2015 whereby daily submission of running sheet is a mandatory clause. This requires running sheets to be filled</p> <ul style="list-style-type: none"> <li>• Engineers/supervisors are always present at the job site to ensure correct machine hours are recorded in the tally sheets and tally</li> </ul>

**FUJI FLOOD EMERGENCY RESPONSE PROJECT GRANT NO.0283-FIJ (ADB FUNDED) – PAC RESPOND**

<b>Disclaimer of Audit Opinion</b>	<b>WAF Response &amp; Action taken</b>
<p>sheet are signed by the Engineer/supervisors on the day the work is carried out</p> <ul style="list-style-type: none"> <li>Engineers/supervisors certify work carried out by the contractor on a daily basis and;</li> <li>Take appropriate disciplinary action against engineers/supervisors for delegating their responsibilities of supervising the job on site to junior officers.</li> </ul>	<p>by the contractor and verified by a WAF's tally man and supervisor before payment can be processed.</p>
<p><b>Plant hire contract extension</b></p> <p><b>Audit recommendation – WAF should ensure that:</b></p> <ul style="list-style-type: none"> <li>All dealings with the contractors are ceased unless the contracts are renewed/extended by the Board and not the CEO</li> <li>Fresh Tenders are called and new contracts are awarded; and</li> <li>In future proper planning for renewing or calling for fresh tenders is done to avoid extension of contracts,</li> </ul>	<p>Since 2014, fresh Plant hire tender were called and approved by the Board on yearly basis.</p>
<p><b>Standby time</b></p> <p><b>Audit recommendation</b></p> <p>WAF Should rectify the issue on payment of standby time to contractors and amend plant hire contract accordingly to exclude the standby rate</p>	<p>WAF had updated the Plant hire Agreement in 2013 to include payment of idle time. Idle time rate (50% of normal rate) is applied when a plant lays idle for an hour. Refer to Annexure 2.2.</p>
<p><b>Unregistered vehicle contracted</b></p> <p><b>Audit recommendation – WAF should:</b></p> <ul style="list-style-type: none"> <li>Not consider unregistered plant/vehicles for contracts</li> <li>Verify the registration of plants/vehicles with LTA before awarding the contracts; and</li> <li>Update the plant hire contract to ensure that it reflects registration numbers of all the vehicles hired.</li> </ul>	<p>A LTA search certificate is now a mandatory requirement when bidders submit their bids on plant hire tenders. Refer to Annexure 2.3.</p>

**FII FLOOD EMERGENCY RESPONSE PROJECT GRANT NO.0283-FIJ (ADB FUNDED) – PAC RESPOND**

Disclaimer of Audit Opinion	WAF Response & Action taken
<p><b>Discrepancies in purchase of Goods/Services</b></p> <p><b>Audit Recommendation – WAF should ensure that:</b></p> <ul style="list-style-type: none"> <li>• Purchase order is properly authorised by officers when procuring goods, services and works.</li> <li>• Purchase order are issued prior to acquiring goods and services to ensure no unauthorized purchase are paid off</li> <li>• Payment vouchers are adequately supported to avoid fictitious payment and</li> <li>• All payment vouchers and supporting document are stamped "PAID" after payment has been made to avoid double payment</li> </ul> <p><b>Purchase of water tanks</b></p>	<p>WAF now requires all goods and services to be supported by valid Purchase orders. This has been communicated to all staff via a Circular. Refer Annexure 2.4</p>
<p><b>General Ledger postings</b></p> <p><b>Audit recommendation – WAF should ensure that:</b></p> <ul style="list-style-type: none"> <li>• Expenses are correctly posted to their respective depots or process account and</li> <li>• It is able to provide details as to how much of the grant funds was used at each Depot Fiji wide, how much was used in each project and how many projects were funded using the grant funds</li> </ul>	<p>No audit comment in the report issued by OAG.</p> <p>Finance introduced the Internal Requisition order form in 2013. The form details the expenses by six segments (expense, SBU, region, depot, process, unit, activity). This segment details is consistent with the chart of accounts structure in the accounting system (SAGE 300 ERP).</p> <p>In regards to projects, job is created in the accounting system whereby all expenses for a particular project are allocated and realised as R&amp;M or fixed asset upon completion.</p>



Clean Water and Sanitation for a Better Life.

FIJI FLOOD EMERGENCY RESPONSE PROJECT GRANT NO.0283-FIJ (ADB FUNDED) – PAC RESPOND	
Disclaimer of Audit Opinion	WAF Response & Action taken
<b>Access to records</b>	
<b>Audit recommendation</b> <i>WAF needs to ensure that all documents pertaining to flood rehabilitation works including repairs and maintenance, design, progress report and funds utilized are properly maintained and made available for audit inspections.</i>	A Quality Assurance team was established within the Projects Management Unit in 2015. Their role is to administer the documentation of project planning, progress, monitoring and reporting of projects.





**KOROVOU RURAL LOCAL AUTHORITY**  
Health Office, Level II, Waimaro Circuit Building  
P.O. Box 86, Korovou, Tailevu

Tel. No: 3430034  
Fax No: 3430042

Date: 21.02.17

The Chairman,  
Public Accounts Committee,  
P O Box 2353,  
Government Buildings,  
Suva.

Dear Sir,

**RE: CLARIFICATION OF ISSUES**

Please find attached are the submission from Korovou Rural Local Authority on the Clarification of Issues as per correspondence received on 09.02.17.

Korovou Rural Local Authority	
Parliamentary Paper No	Question
General Questions	<p><b>Background information:</b></p> <ul style="list-style-type: none"><li>• <b>Role and functions of the entity</b> The Korovou Rural Local Authority is established under section 10 of the Public Health Act. The Authority is a statutory body of the government is responsible for the provision of sanitary services such as garbage collection, the operation of public market, public toilets and public health projects. The authority charges garbage fees, market fees, and other charges to meet the costs of these services.</li></ul> <p><b>Organization Structure-Total Number of staff(8)</b> Korovou Rural Local Authority Board</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">Secretary (HI Korovou) — <i>Administration</i></p> <p style="text-align: center;">↓</p> <p style="text-align: center;">KRLA Clerical Officer</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">Other KRLA Staffs</p> <p><b>Board membership and fees</b> 13 Board Members and Sitting fees at \$20.00(Chairman) and \$15.00(Members) <i>sitting. 4 Board members are</i></p>

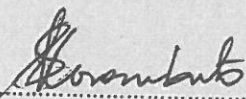


	<p><b>Executive staff and Salary Structure</b>  Nil-Executive staffs  Salary-weekly wages into personal accounts.</p>
	<p><b>Please provide an update on the Authority's comments in relation to the Control Issues identified in terms of the</b>  <b>-Absence of Approvals for Decisions Undertaken(9.11);]</b>  Ans:The entity now practices the obtaining of Approvals from resolutions from Board meetings and provide all minutes needed as evidence to decisions made by the Board in regards to utilizations of funds.  <b>And</b>  <b>-Non Utilization of Natovi Public Convenience(9.12)</b>  Ans:Natovi toilet was refurbished by Public Works Department 2012.Consultation only with Patterson Shipping. Local Authority still awaits handing over process from Roads Authority. No completion certificate issued. Facility now temporarily administered by Local Authority attendants. Staffs administer Public toilet from Monday to Sunday from 6am to 9pm.</p>
<p><b>Reports of the Auditor General on the Audits of the Statutory Authorities</b>  <b>-June 2012 (Parliamentary Paper No 41 of 2016)</b></p>	<p><b>1) There were 2 issues raised which resulted in the issuance of a Qualified Audit Opinion. Please advise the Committee on whether these issues have been rectified to ensure that the issue will not be a recurring one in 2007.</b>  <i>Ans: 2012</i>  Ans:Cash Basis has been rectified therefore the Authority now uses Accrual accounting system. The issue of financial system doe now incorporate debtors,creditors and accruals that represents a better financial position.  <b>2) Please advice on whether the entity is registered for VAT in accordance with VAT decree (1991).</b>  Ans: Not registered with VAT to date.  <b>3) The entity failed to incorporate debtors, prepayments, creditors and accruals in the Statement of financial Position. What is the status on this?</b>  Ans:The Authority uses Accrual basis which incorporates all of the above.  <b>4) Income and Expenditure has been understated. What is the status on this?</b> Ans:Chartered Accountant hired for task but wasn't able to rectify Audit Findings but was unsuccessful due to unavailability of proper documents.  <b>5) Has the entity conducted any Board of Survey? If not, then how are assets Accounted for within the Council?</b>  Ans:Board of Survey commenced in 2013.  <b>6)Control Issues</b></p>

	<p>Please advise on whether the two (2) issues raised on the Basis of Accounting and Disclosure of Assets and Liabilities (8.4) and Accounting for Value Added Tax(8.5) has been rectified to ensure that they will not appear as recurring issues in 2007</p> <p>Ans: Basis of Accounting has been rectified only pending is VAT for registration with FIRCA.</p>
<p><b>Reports of the Auditor General on the Audits of the Statutory Authorities</b>  <b>-June 2010 (Parliamentary Paper No 33 of 2016)</b>  <b>-Audit for the year ended 31 December 2007.</b></p>	<p><b>1) Please provide a status update on the qualified audit opinion at 14.1</b>          Ans: Entity has been using accrual basis of accounting and that takes into account revenue not received and expenditures not paid at balance date.</p> <p><b>2) Please provide an update on the Control Issues identified by the Office of the Auditor General:</b>  <b>-Submission of Accounts(14.4)</b>          Ans: -all records are well maintained and figures correctly recorded in the financial statements.  <b>•The Authority ensures that monthly bank reconciliations are prepared and financial statements are verified and endorsed by Financial Committee Quaterly.</b>  <b>-Basis of Accounting and Disclosure of Assets and Liabilities(14.5)</b>          Ans: The Authority has adapted the accrual basis of accounting in order to fairly reflect the financial operations during the financial period.          Entity recognize the properties(market/toilet), equipment(market stalls), debtors(garbage rate payers), into the Statement of Financial Position.</p>

If you have any further enquiries please do not hesitate to contact the undersigned on Local Authority No. 3430034.

For your information and approval,



Salote.Koronibuto(Mrs)  
 Acting Secretary  
 Korovou Rural Local Authority

cc:SDMO Korovou -Korovou Hospital  
 File.



	GRANT ALLOCATED		GRANT RECEIVED		CFA REVENUE COLLECTED	
2011	\$	1,500,000.00	\$	1,130,960.56	\$	6,134,238.08
2012	\$	1,539,816.89	\$	639,114.79	\$	3,464,961.49
2013	\$	1,300,000.00	\$	384,645.66	\$	8,263,635.19
2014	\$	1,000,000.00	\$	540,098.93	\$	5,627,124.03
2015	\$	1,000,000.00	\$	688,127.09	\$	6,131,971.13

# TELECOMMUNICATIONS AUTHORITY OF FIJI

Level 1, 76 Gordon Street, Suva. P.O Box 13413, Suva, Fiji Island  
Phone: (679) 3310105 / Fax: (679) 3310110 web: [www.taf.org.fj](http://www.taf.org.fj) email: [tevita.navila@taf.org.fj](mailto:tevita.navila@taf.org.fj)

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21 February 2017

The Chairman  
Standing Committee on Public Accounts  
Parliament of Fiji  
PO Box 2353  
Government Buildings  
SUVA

Re: Clarification Issues – Telecommunications Authority of Fiji (TAF).

This submission is designed for the Standing Committee on Public Accounts on the Office of the Auditor General's opinion on TAF's institutional establishments, governmental grant utilisation, revenues and financial performance of TAF for the year 2012 and 2013 as highlighted in the Office of the Auditor General's report. TAF is providing its responses based on the Public Accounts Committee's requirements.

TAF is established as the Telecommunications Authority of Fiji, under the Telecommunications Promulgation of (2008) as a body corporate with perpetual succession and a common seal, and the Authority may sue and be sued, enter into contracts and other legal obligations, hold or dispose of properties and perform any such acts as bodies corporate may, by law perform. It is to perform the roles of a telecommunications regulator, in which to implement governmental policies relating to Fiji telecommunications industry. It is managed by a board of directors that report directly to the Minister for Communications as required under its institutional establishment legislation.

## 1.0 Role and Functions of the Entity

### 1.1 TAF Role

TAF's roles are to develop, establish and provide a regulatory framework for telecommunications that promotes the long term interests of end users of telecommunications services, or of services provided by means of telecommunications services, and the efficiency and international competitiveness of the telecommunications industry in Fiji and, as consistently with that objective as is practicable:

- a) to provide rapid expansion of reliable and as affordable as possible telecommunications services on an equitable basis, with particular improvement in rural areas;
- b) to promote efficient investment and innovation in telecommunications networks and services;



- c) to provide fair competition among service providers and allowing market forces to operate; and
- d) to provide and promote appropriate consumer protection and other safeguards in relation to telecommunications services where market forces are insufficient.

## **1.2 TAF Functions**

The functions of TAF are:

- a) to implement the telecommunications policy in accordance with its powers under the Telecommunications Promulgation;
- b) to assist through mediation the resolution of disputes between licensees or between licensees and consumers;
- c) to manage State assets through allocating, assigning and supervising the use of numbering resources;
- d) to promote investor confidence relating to telecommunications;
- e) to protect consumer interests and promote consumer awareness relating to telecommunications;
- f) to represent the Government in regional and international organisations and obligations, when the Minister has officially delegated such tasks to the Authority; and
- g) to perform any other functions assigned to it by the Telecommunications Promulgation or any other written law.

## **2.0 Organizational and Salary Structure**

TAF's initial structure consisted of a Board, a CEO, two (2) managerial positions and ten (10) other staffs, a total of thirteen(13). TAF salary structure was established on a Board decision in 2009. TAF is in the process of implementing a new structure in line with the board decision made in 3 April 2014. It is felt that the new structure would work best in TAF's interest and enhance their ability to respond to the needs of the sector. Currently TAF operating with a staffing of five personnel and is pursuing relevant processes for advertising vacant positions in its organisational structure. Its salary structure is provided as an attachment as **Appendix A** and its organisational structure is provided as an attachment as **Appendix B**.

## **3.0 Board Membership and fees**

TAF Board Membership is established under Section 6(1) of the Telecommunications Promulgation. Membership consists of a Chairperson and four other members appointed by the Minister for Communications.

A member of the Board may be appointed for a term not exceeding 3 years and may be re-appointed for such further term or terms as the Minister may see fit. It is currently operating with one (1) – Acting Chairperson and TAF is pursuing on seeking a ministerial approval for appointment of other membership positions. TAF is yet to decide on a Board membership fees structure and at an instant a membership fee paid was derived from the Governmental guidelines for statutory authority board membership.

**4.0 Why did the Authority not receive the full amount of money for the Government Grant of \$1.5 million?**

The utilization of money for TAF for the year 2012 was less. TAF receives its operational grant on a quarterly basis when it requires. It then follows the necessary procedure of acquisition to the Ministry of Communications for additional grant. For this period TAF utilizes \$639,115 from the total grant of \$1.5 million. It must be noted that TAF has at all times been very prudent with Finances and at no point has overspent its allocation.

**5.0 What is the Miscellaneous Receipts of \$104,891 in the Statement of Receipts and Payments?**

The Miscellaneous Receipts of this amount is represented below for clarifications:

No	ITEM	AMOUNT
1)	CFA (Consolidated Fund Account) Revenue	\$2,562
2)	Refund Vodafone Bills	\$4,225
3)	Refund Airfare	\$6,421
4)	Refund Consultant Work Permit Bond	\$667
5)	Refund VAT	\$48,666
6)	Refund Spectrum Equipment Calibration	\$1,924
7)	Cancelled Cheque	\$38,016
8)	Other Income	\$2,410
9)	<b>TOTAL</b>	<b>\$104,891</b>

**6.0 Why did the entity continue to spend more when it had received less of the grant? Where did the entity fund the excess funding from?**

TAF received its operational grant on a quarterly basis and as such utilization of the grant can be affected depending on the nature of the project at hand. In this particular case, TAF's utilization was not as expected given that some activities were delivered under budget, as well as the Authority determining not to fill in some positions that were not required at the time. This led to significant savings.

The reflection highlighted in the report was simply due to that TAF utilizes the balance of 2011 operational grant for the beginning of 2012.

**7.0 Control Issues on Reporting Receipts and Payments VAT Inclusive (8.4); and Basis of Accounting (8.5).**

It was reported that TAF submitted its statements in VAT Inclusive either than VAT Exclusive, which distorts the result of its financial performance. TAF has improved on its financial reporting mechanism in using the General Ledger as the basis for drawing up its financial statements and presenting statements in VAT Exclusive.

In the period reported, TAF was traditionally operating on cash basis accounting in oppose to accrual basis accounting as it was just initiating its establishment. TAF thereafter migrated to and currently on accrual basis accounting.



**8.0 Issues Identified under 20.5.1, 20.5.2, 20.7 and 20.8 of the Office of the Auditor General Report for 2013.**

**8.1 Have the Board Membership issues identified under 20.5.1 been solved after the travel bans been lifted or not?**

Given the skillset required, it is a challenge for TAF to find potential candidates free from conflict of interest that are able to service on the board. TAF works closely with the Ministry of Communications and submits names of potential candidates for consideration for the vacant positions of the Board. Our current submission contains recommendations for personnel from the private sector and academia. Names were selected based on knowledge on Board roles, telecommunications, radio communications and academics. TAF is prioritizing this matter for this year as this is a requisite for other TAF's establishment processes.

**8.2 Update on Annual Report (20.5.2); whether the entity is preparing and publishing Annual Reports and Financial Statements and Development of Finance Manual (20.7).**

As TAF is yet to fully implement its structure, given that the entity is still being established and a new staff structure currently being implemented, TAF has to this point prepared and submitted its annual financial statements as required for auditing purposes to the Ministry. TAF is currently working on its resource establishments that will see to recruitment of key personal that will prioritize publication and ensure proper administrative and legislative requirements are met. It is anticipated that TAF will be publishing a consolidated report for this purpose in 2017.

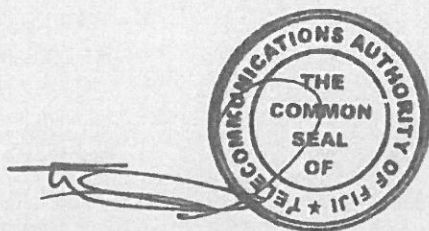
TAF is operating its financial systems under the Government's Financial Management Act of 2014 and uses that as the guiding manual.

**8.3 Update on Issues Identified under (20.8) in terms of Accounting for Government Revenue.**

As recommended by the report of the Office of the Auditor General, TAF have improved its accounting reporting mechanism of the Government Revenue on journal entries and all revenue receipts are deposited into Government Consolidated Fund Account.

TAF representatives will be presenting this matter to the Committee as scheduled at 2.00 pm on Thursday 23 February 2017. The undersigned can be contacted for further assistance.

Sincerely,



Tevita Navila  
*for Telecommunications Authority of Fiji*



**Appendix A - TAF Salary Structure**

<b>Designation</b>	<b>Salary Range</b>	<b>Current Salary</b>	
CEO		\$	183,000.00
Manager Corporate	\$40,000 - \$55,000	\$	45,000.00
Manager Technical	\$40,000 - \$60,000	\$	45,000.00
Engineering Support Officer 1	\$16,119 - \$48,558	\$	29,731.00
IT Officer	\$31,238 - \$41,987	\$	31,238.00
Clerical Officer Accounts	\$13,989 - \$15,000	\$	13,989.00
Receptionist & Administrative Officer	\$12,297 - \$18,466	\$	12,297.00
CEO Personal Assistant	\$20,000 - \$30,000	\$	20,000.00

## Appendix B

### TAF Staff Structure

#### Key Indicators

- Established staff
- Needs to be filled promptly
- Sectional Responsibilities
- Upgraded position. Combining accounts officer with clerical officer accounts

