



EXCELLENCE IN PUBLIC SECTOR AUDITING

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI

Audits of Statutory Authorities - June 2013





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5 July 2013

Commodore Josaia V. Bainimarama
Prime Minister and Minister for Finance
Office of the Prime Minister
Government Buildings
SUVA

Dear Sir

REPORT OF THE AUDITOR GENERAL

Audit of Accounts of Statutory Authorities – June 2013

In accordance with section 7(7) of the State Services Decree 2009, I am pleased to transmit to you my report on the audits of accounts of the above entities that were completed as at 30th June 2013.

The report should be presented to Cabinet within 30 days of receipt as required under section 7 (8) of the State Services Decree 2009.

A handwritten signature in blue ink, appearing to read 'T. Bolanavanua'.

Tevita Bolanavanua
Auditor - General



FOREWARD

This report covers the financial audits of the following statutory authorities completed during the 1st half of 2013.

Entity	Year Audited	Audit Report	Operating Result
Civil Aviation Authority of Fiji	2012	Unqualified	Deficit
Training and Productivity Authority of Fiji	2010	Qualified	Surplus
Fiji Commerce Commission	2012	Unqualified	Surplus
National Fire Authority	2010	Unqualified	Surplus
Land Transport Authority	2011	Qualified	Deficit
Water Authority of Fiji	2010	Disclaimer of Opinion	Deficit
Fiji Flood Emergency Response Project Grant No 0283-FIJ (ADB Funded) Water Authority of Fiji	2012	Disclaimer of Opinion	
Telecommunications Authority of Fiji	2012	Unqualified	Deficit
Institutionalizing the Monitoring of Telecommunications Project	2012	Unqualified	Surplus

Statutory authorities that submitted their financial statements by 31 May 2013 were audited whilst those received after 31 May will be audited during the 2nd half of 2013.

Out of the 7 statutory authorities audited 4 recorded deficits in their operations while 3 recorded operating surpluses. I have also included 2 project accounts which were audited in 2013 with this report. The two projects were managed by the Water Authority of Fiji and the Telecommunications Authority of Fiji respectively.

Qualified audit reports were issued to 2 statutory authorities whilst the financial statements of 4 statutory authorities were unqualified. Water Authority of Fiji was issued a disclaimer of opinion. A disclaimer of opinion was also issued to 1 project account while the other was issued an unqualified report.

A qualified audit report is issued when the overall financial statements are fairly stated but either the financial data indicated a failure to follow applicable accounting standards or there was a significant uncertainty concerning certain financial data. An unqualified audit report is issued when the financial statements give a true and fair view or are presented fairly in all respects in accordance with the identified reporting framework.

A disclaimer of opinion is issued when the auditor is unable to obtain sufficient appropriate evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.

The report of each entity has 2 parts. Part A covers the financial information while Part B includes control issues identified during our audit.

The financial information summarizes the financial statement of each statutory authority whilst the control issues represent our audit findings, recommendations and the management comments.

Statutory Authorities

1. Civil Aviation Authority of Fiji
2. Training & Productivity Authority of Fiji
3. Fiji Commerce Commission
4. National Fire Authority
5. Land Transport Authority
6. Water Authority of Fiji
7. Fiji Flood Emergency Response Project Grant No. 0283 FIJ
(ADB Funded)
8. Telecommunications Authority of Fiji
9. Institutionalizing the Monitoring of Telecommunications
Reform Project

SECTION 1: CIVIL AVIATION AUTHORITY OF FIJI

The Civil Aviation Authority of Fiji (CAAF) is an aviation regulatory authority and is responsible to discharge its functions on behalf of the Fiji Government under its responsibility to the Chicago Convention on International Civil Aviation Organization (ICAO).

The Authority regulates the activities of:

- airport operators;
- air traffic control and air navigation service providers;
- airline operators;
- pilots and air traffic controllers, aircraft engineers, technicians and airports;
- airline contracting organizations; and
- international air cargo operations.

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PART A – FINANCIAL INFORMATION

1.1 Audit Opinion

The audit of the financial statements of the Civil Aviation Authority of Fiji for the year ended 31 December 2012 resulted in the issue of a unqualified audit report.

1.2 Abridged Income Statement

Year Ended 31 December	2012 (\$)	2011 (\$)
Income		
Income from Operation	1,319,268	1,224,480
Other Operating Income	271,068	283,426
Total Income	1,590,336	1,507,906
Expenses		
Administrative expenses	1,069,513	1,030,592

Year Ended 31 December	2012 (\$)	2011 (\$)
Operating expenses	633,316	778,400
Personal expenses	2,446,985	2,351,672
Total Expenditure	4,149,814	4,160,664
Net financing income	179,323	342,110
Operating (loss) before tax	(2,380,155)	(2,310,648)
Income tax (expense)/benefit	(658,711)	422,004
Net (Loss)/Profit after tax	(3,038,866)	(1,888,644)

The net loss after tax increased by \$1,150,222 or 61% in 2012 compared to 2011. The increase in loss was mainly attributed to the significant increase in income tax due to write back of the prior year's tax losses which have been expensed in 2012 to comply with the Income Tax Act and the International Financial Reporting Standards. No such write back was done in 2011.

1.3 Abridged Balance Sheet

As at 31 December	2012 (\$)	2011 (\$)
Current Assets		
Cash on hand and at bank	383,552	775,068
Investments	3,500,000	5,100,000
Other current assets	799,335	1,138,341
Total Current Assets	4,682,887	7,013,409
Non - Current Assets		
Investments	6,309,258	5,798,950
Property, plant and equipment	4,994,505	4,555,115
Other non-current assets	306,871	839,263
Total Non-current Assets	11,610,634	11,193,328
Total Assets	16,293,521	18,206,737
Current Liabilities		
Creditors and other payables	954,743	1,182,531
Total Current Liability	954,743	1,182,531
Non-current Liabilities		
Employee benefits	223,926	104,976
Total Non-current Liabilities	223,926	223,926
Total Liabilities	1,178,669	1,287,507
Net Assets	15,114,852	16,919,230
Shareholders' equity	15,114,852	16,919,230

Net assets declined by \$1,804,278 or 10.7% in 2012 compared to 2011. The reduction in investment by \$1.2 million was due to withdrawals made to finance the operations of the Authority.

PART B – CONTROL ISSUES

1.4 Upgrade of server room

Where the estimated value of goods and services exceeds \$7,000, an open tendering system will be used by advertising in the daily newspapers. A written specification bill of quantities of scope of works will be prepared and issued¹.

The upgrading of the server room was not put out for public tender. The Authority obtained quotations from three contractors who had previously worked for the Authority on various building and maintenance projects. Refer to Table 1.1 for details of quotations obtained.

Table 1.1: Details of quotations obtained

Date	Supplier	Amount Quoted (\$)
16/11/11	Supplier 1	12,500
17/11/11	Supplier 2	19,850
18/11/11	Supplier 3	28,880

Scrutiny of the board minutes no. 8/11 revealed that the scope of work was issued to the three contractors with the contract awarded to Supplier 1 at a cost of \$12,500.

The Authority did not follow the Finance Manual on the calling of tender for purchases above \$7,000.

The procurement of goods and services from the selected contractors may not have been from the most economical source.

Recommendation

The Authority should advertise expression for tender for its capital works in a local newspaper for goods and services over \$7,000 where there are numerous suppliers of goods and services in the market.

Management Comments

The comments are noted.

The tenders were not advertised as the upgrade of the server room was urgently required so that the necessary equipment could be installed and commissioned to mitigate constant downtimes experienced with the old system. A properly planned upgrade of the server room could not be carried out since the previous incumbent IT Administrator left without sufficient notice and hand-over and the upgrade identified by him initially had to be independently audited to substantiate initially identified requirements. Purchase of IT equipment was therefore re-tendered to avoid unnecessary purchases and for the purpose of good governance.

Due to time constraint therefore, the Authority approached known contractors who had worked for the Authority on many previous jobs and whose experience and workmanship was known to provide quotes rather than go through the tender process which would have taken considerable time at the risk of substantial failure and downtime of the IT system.

¹ Section 12.4- Authority Finance Manual

1.5 Accumulated leave

Annual leave should be liquidated regularly at times mutually agreed between the parties and no accumulation of leave shall be allowed beyond six months of the following year.²

The audit noted that Authority staffs have accumulated leave balances beyond six months of the following year. Refer to Table 1.2 for details:

Table 1.2: Staff with accumulated leave balance

EDP No.	No. of leave days
17179	28.73
17181	21.42
17187	31.50
17050	46.86
17183	42.85
17166	43.85
17163	41.91
17168	26.58
17147	43.13
17017	23.96
17042	67.00
17042	35.49
17052	71.00
17052	43.62
17154	54.83
17164	38.36
17190	29.28
17201	29.11
12064	27.29
17145	96.09
17167	36.82
17177	48.57
17178	25.38
17188	29.26

The audit is of the view that such a significant amount of leave balance has arisen due to the poor leave administration which allowed staffs to accumulate their leave balance.

The audit further noted that the Authority paid leave compensation to some of the officers at the end of their contract. Refer to Table 1.3 for details.

² Annex 3 - General Terms and Condition of Service of the Contract of Service dated 1 July 2010

Table 1.3: Details of Leave Compensated

Employee Initial	No. of leave balance due	Leave Compensated (\$)
JAE	23	10,914.03
HNR	15.5	34,863.33

Poor administration of leave would allow staffs to accumulate leave balances resulting un-necessary compensation of annual leave at a higher rate in future. This will put further burden on the cash flows of the Authority.

Recommendation

Administration of leave should be improved and that staffs should be encouraged to utilise their leave when due.

Management Comments

The comments are noted.

The Authority endeavours and encourages staff to take leave as and when due, however, this is not always possible due to exigencies of work.

Leave is not compensated in cash for serving staff, however, balances are determined and paid-off only on the completion or termination of their respective contracts and agreements.

In the above examples, HNR contract was pre-maturely terminated in which the Authority had no choice but to compensate for the leave balance.

In JAE's case, leave was paid off as his existing contract of 12 months expired and within this period, the requirements of his job did not give him any opportunity to take leave.

1.6 Payment of Bonus

It is in the best interest of the Authority to pay bonus to its staffs based on the availability and state of cash flows.

The Authority made a bonus payment amounting to \$110,269.50 in 2012 for 2011 and paid 2012 bonus amounting to \$122,444.96 in March 2013 despite having unhealthy cash flow status in 2012. The Authority continuously made significant losses in 2011 and in 2012 and relied on its Term deposits to meet some of the operational costs.

The audit is of the view that the decision by the Authority to pay bonus to the staffs was not in the best interest of the Authority considering the poor cash flow position of the Authority in 2012. Such actions and approvals by the Board will place more burdens on the Authority in terms of its cash flows.

Recommendation

The Authority should re-consider making bonus payments to staffs during financial difficulties. Alternatively, the bonus can be re-considered to be paid out when the Authority's cash flow improves.

Management Comments

The comments are noted.

The Authority's funding through a share of the departure tax was withdrawn by government without prior discussion. The Authority has since made submissions for a restoration of an independent and regular source of income either through a share of departure tax or regulatory fee which is under consideration by government. The Authority has also made a submission to revise the current fees & charges.

The Authority's staff bonus is an integral part of the Performance Management System (PMS) established through professional consultancy and approved by the Board. It is not tied to the profitability of the entity but based on staff meeting their Key Performance Indicators (KPI's).

The areas of focus of PMS are as follows;

- 1. Assessment of performance and identification of development goals or needs to improve performance;*
- 2. Rewarding performance and achievements as part of the CAAF HR policy and to act as an incentive and improve morale;*
- 3. Improving staff productivity.*

The Authority has lost several key operational staff and has lost on its investment in them on prolonged and very expensive training, therefore, PMS was considered as one of the incentives for staff retention.

The Authority is mindful of the financial situation which, as noted above, is being addressed with the Ministry; however, suspending bonus payments reactively purely on grounds of lack of funding will only compound anxieties amongst staff and cause them to leave for other opportunities.

SECTION 2: TRAINING AND PRODUCTIVITY AUTHORITY OF FIJI

The Training and Productivity Authority of Fiji, [formerly known as the Fiji National Training Council] is a statutory organisation established under Cap 93 of the FNTC Act.

The Authority is the national organisation for technical vocational training in Fiji, and the National Productivity Organisation for the Fiji Islands and acts and performs functions to promote the concept of productivity as a viable economic strategy.

The Authority's principle activity is to develop the national framework and make provision for the registration of training courses or training providers or facilities or qualifications of such category it shall direct.

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PART A – FINANCIAL INFORMATION

2.1 Audit Opinion

The audit of the financial statements of the Training Productivity Authority of Fiji (TPAF) for the year ended 29 November 2010 resulted in the issue of a qualified audit report as there were deficiencies noted in the record pertaining to the Authority's property, plant and equipment. As a result the audit was not able to verify the existence and valuation of the historical cost and accumulated depreciation for the opening balances for fixed assets beyond the recording of the amounts as shown in the Authority's books.

The attention of the Authority was also drawn to the note 13 of the financial statements where the Authority recorded an annual leave provision amounting to \$490,298 but did not maintain appropriate records for annual leave day's balance.

2.2 Abridged Income Statement

Year ended 31 December	29.11.2010 \$	2009 \$
Income		
Income from operation	20,139,390	22,467,730
Interest income	199,861	211,748
Dividend income	302,952	183,763
Other operating income	655,960	590,761
Total Income	21,298,163	23,454,002
Expenses		
Personnel expenses	6,362,527	7,288,893
Depreciation and amortisation	1,109,279	1,326,946
Refund of grants to employers	4,027,312	4,721,551
Franchise course fees	990,400	1,697,190
Course related expenses	2,850,145	2,969,528
Doubtful debts	841,180	910,627
Operating expenses	3,334,844	3,157,321
Total Expenses	19,515,687	22,072,056
Net Surplus for the Year	1,782,476	1,381,946

The Authority recorded a net surplus of \$1,782,476 as at 29 November 2010, compared to \$1,381,946 in 2009. The increase in net surplus is due to the decrease in personnel expenses by \$926,366 (13%) and refund of grants to employers by \$694,239 (15%) as a result of reduction in method B claims.

2.3 Abridged Statement of Financial Position

As at 31 December	29.11.2010 \$	2009 \$
Assets		
Cash at bank and on hand	7,267,272	1,652,976
Trade & other receivables	13,601,854	14,410,600
Financial assets	7,194,704	10,717,582
Other current assets	166,708	139,410
Property, plant & equipment	10,450,536	10,209,907
Total Assets	38,681,074	37,130,475
Liabilities		
Grants payable	7,633,994	6,509,328
Sundry creditors & accruals	2,410,688	3,397,630
Other current liabilities	490,298	532,539
Total liabilities	10,534,980	10,439,497
Net assets	28,146,094	26,690,978
Authority's Funds		
Fair value Reserve	378,407	912,613
Accumulated Surplus	27,767,687	25,778,365
	28,146,094	26,690,978

Net assets of the Authority increased by \$1,455,116 or 5.45% as at 29 November 2010 compared to 2009. This was due to increase in the Cash at Bank by \$5,614,296 or 340%.

PART B – CONTROL ISSUES

2.4 Unsigned Reconciliations

Reconciliations must be compiled by Accountant, reviewed at the end of each month and signed as evidence by the Manager Accounting Services. Second reviews are to be performed regularly by the General Manager Corporate Services and signed as evidence.¹

The audit noted that the following reconciliations were not signed off as evidence of review by the Accountant and the MAS. Refer to Table 2.1 for details.

Table 2.1: Reconciliations not signed

Account Code	Account Name	Category	Amount as per reconciliation (\$)
1300	Levy Debtors Control	Current Asset	15,271,833
1025	Interest Receivable	Current Asset	32,003
1030	Deposit Refundable-LT	Current Asset	8,600
1040	Deposit Refundable-ST	Current Asset	56,601
1810	Prepayment-Insurance	Current Asset	127,696
1830	Prepayment-Subscription	Current Asset	44,449

In addition, no reconciliations were carried out for student debtors and staff listing debtors amounting to \$4,965,687 and \$255,042 respectively.

Unsigned reconciliations indicated that reconciliations were not reviewed. It further exposes the Authority to incorrect account reconciliations not being corrected on time.

Recommendation

Reconciliations should be signed off by the Accountant and MAS as evidence of review and approval to ensure that accounts are true and accurate.

Authority's Comments

No comments on the issue.

2.5 Staff Debtors

Staff advance shall be settled with a maximum of thirteen (13) pay periods if such advance is equal to or less than a fortnight's net salary. If an advance is more than an officer's fortnight salary, then a fixed amount will be deducted, and such repayment must be made within six months. Advances payable for more than three months will accrue interest at the rate of 10% per annum which would be

¹ Section 18.3.6- TPAF Finance Policy Manual
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added together with the actual advance when calculating repayments. In no case should an advance be carried over to the next financial year.²

The audit of staff debtor's records showed the following anomalies:

- The Authority has not considered writing off the staff debtors amounting to \$54,896 which is included in the provision for doubtful debt accounts despite those debts being dated back to 2007. The audit also did not sight any written confirmation or documentation regarding the recovery of the same debt. Total staff debtors provision as at 29 November 2010 amounted to \$61,723.
- Negative staff debtors amounting to \$27,663 have not been cleared from the staff debtors listing of \$236,842.
- FNTC staff insurance has been long outstanding. Last movement noted in the general ledger account was in 2004. No supporting documents were provided to substantiate this receivable.
- There was no age of staff debtors listing prepared as at 29 November 2010.

Although the Authority has created adequate provision for these staff debtors, Board needs to consider approving these debts to be written off if these debts are not going to be recovered to be prudent and conservative in its approach in preparing financial statements.

Negative staff debtors indicates that the Authority may have over deducted from the staffs and have not refunded the over deduction. Negative staff debtor's balance results in incorrect financial reporting.

Recommendations

- **The Board should consider writing off these doubtful debts to bad debts and remove it from the accounts.**
- **Negative staff debtors should be investigated and adjusted accordingly. Where it is established that over deduction was made which resulted in negative staff debtors, the Authority should make every effort to refund these over deduction to staffs concerned.**
- **Age of staff debtors listing should be prepared, analysed progressively and actions taken on the non paying debtor.**

Authority's Comments

Auditor's comments noted. Staff debtors which is under provision is for those prior staff who have failed to submit proper resignation, is deceased or resigned in prior years. Most of this staff cannot be contacted as they have migrated. Negative staff balances include stale cheques, credit of staff who have resigned and over deductions. The staffs that exist in FNU payroll will be refunded accordingly. The FNTC Staff insurance relates to the transaction for the year 2004, no supporting documents could be retrieved thus it was not written off, however provision for doubtful debts is accounted for FNTC staff insurance. The sun system could not extract correct staff aged debtors report, this problem was highlighted to the software supplier, and this problem will be rectified in the Navision system.

² Section 16.4 - TPAF Finance Policy Manual
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2.6 Property Plant and Equipment

The financial books and records (including financial information stored electronically) of the Authority are maintained by the MAS and should correctly record and explain the transactions and financial position of the Authority, and allow the operations of the Authority to be conveniently and properly audited in accordance with the requirements of the FNTC Act. Accounting records must be also adhering to General Accepted Accounting Principles.³

Property, Plant & Equipment, other than Freehold Land should be depreciated over their estimated useful life using the straight line method at the following rates:⁴

Leasehold Buildings	2.5 %
Motor Vehicles	20 %
Furniture, Fittings and Office Equipment	15 % - 25 %
Plant and Machinery	15 %
Tools and Accessories	10 % - 20 %

Audit of the property, plant & equipment records revealed the following anomalies.

- The Authority failed to rectify audit qualification raised in previous years. This related to the cost and accumulated depreciation for the opening balance of fixed assets. As a result, the period ended 29 November 2010 account has again been qualified on this basis.
- Depreciation amount between the income statement and the notes to and forming part of the financial statements did not reconcile. Refer to Table 2.3 for details.

Table 2.3: Depreciation chargers shown under Income Statement and Statement of financial position/ FAR

Description	Amount as per Income Statement \$	Amount as per notes in the financial statements \$	Variance \$
Depreciation – Furniture	78,198.97	79,533	(1,334.03)
Depreciation – Land	7,742.06	3,491	4,251.06
Depreciation – Buildings	168,371.75	167,765	606.75
Depreciation – Motor Vehicles	37,686.35	37,686	-
Depreciation – Computer Hardware	202,095.63	200,246	1,849.63
Depreciation – Computer Software	53,944.84	58,156	(4,211.16)
Depreciation – Computer Laptop	77,885.93	77,886	-
Depreciation - Printer	11,946.10	11,851	95.10
Depreciation – Office Equipment	246,798.27	249,468	(2,669.73)
Depreciation – Equipment Plant	20,571.26	20,571	-
Depreciation – Equipment Tools	204,038.18	200,235	3,803.18
Total	1,109,279.34	1,106,888	2,391.24

No explanation was provided for the above-noted variance. Depreciation expense reported in the financial statements may not be correctly reflected.

³ Paragraph 18.3.1 - TPAF Finance Policy Manual Version 2.0 December 2006

⁴ Section 1.2.6 - TPAF Finance Policy Manual

- Abnormal changes in accumulated depreciation for the period ending 29 November 2010 were noted. These changes were not supported by the depreciation expense for the year. Refer to Table 2.4 for details.

Table 2.4: Abnormal Changes in Accumulated Depreciation

Accumulated Depreciation	31/12/09 Accumulated Depreciation	29/11/10 Depreciation	Accumulated Depreciation 29/11/10 As per Audit calculation	Accumulated Depreciation 29/11/10 as per Financial Statement	Variance
	\$	\$	\$	\$	\$
Land & Buildings	1,293,294	171,256	1,464,550	4,640,470	(3,175,920)
Motor Vehicle	267,520	37,686	305,206	235,403	69,803
Furniture/ Fitting & Equipment	5,343,613	677,139	6,020,752	597,688	5,423,064
Plant and Machinery	626,866	20,571	647,437	1,370,223	(722,786)
Tool and accessories	1,643,667	200,235	1,843,902	3,437,961	(1,594,059)
Total	9,174,960	1,106,887	10,281,847	10,281,745	102

The above indicates that incorrect postings may have been made to individual class of asset's accumulated depreciation account resulting in abnormal changes in the balances.

Incorrect information on written down values of the assets will be derived, showing incorrect economic reality on the values of individual class of assets.

- Some fixed assets were depreciated using incorrect depreciation rates. Refer to Table 2.5 below for details.

Table 2.5: Incorrect depreciation rates used

Assets code	Description	Amount	Transaction Date	Journals	Depreciation rate used	Depreciation rate as per accounting policy (Finance Manual)
		\$				
1952	FA – Equipment - Tools	10,078.53	11/01/10	102010	40%	10% - 20%
1952	FA – Equipment - Tools	10,445.03	11/01/10	102012	40%	10% - 20%
1950	FA – Equipment	8,923.28	19/02/10	102723	2.5%	15% - 25%
1952	FA – Equipment - Tools	11,509.62	22/03/10	103448	40%	10% - 20%
1910	FA – Buildings	5,914.78	13/04/10	104238	20%	2.5%
1910	FA – Buildings	7,760.98	14/04/10	104239	20%	2.5%
1910	FA – Buildings	4,500.00	29/04/10	104838	20%	2.5%
1910	FA – Buildings	3,700.00	29/04/10	104839	20%	2.5%
1910	FA – Buildings	13,600.00	21/05/10	105719	20%	2.5%
1910	FA – Buildings	4,384.80	23/06/10	106903	20%	2.5%
1910	FA – Buildings	3,600.00	24/06/10	106948	20%	2.5%
1931	FA – Computer Software	13,337.00	02/06/10	106130	40%	15% - 25%
1952	FA – Equipment – Tools	4,479.00	29/11/10	114534	0%	10% - 20%
1960	FA - Furniture	9,750.00	29/11/10	114534	0%	10% - 20%

Failure to use correct depreciation rates leads to incorrect accounting of depreciation expense resulting in incorrect financial reporting of respective asset and depreciation values.

- Supporting documents for some of the Work In Progress listed in the Fixed Assets Register were not made available for audit verification. Refer to Table 2.6 below for details.

Table 2.6: Work In Progress payment vouchers not made available during audit

Payment Date	Cheque No.	Amount \$
30/06/10	162069	5,799.71
30/06/10	162069	4,695.00
07/05/10	162140	45,180.30
29/11/10	159485	100,786.81

Work in Progress may not be correctly accounted in the financial statements.

- Details relating to the opening balance of the Work In Progress totaling \$179,967 were not provided during the audit. As such, audit could not verify the status of the projects totaling \$179,967.

Lack of appropriate information on the opening balance increases risk of incorrect financial reporting. There is a possibility that WIP represented by opening balance may have been completed but still shown as WIP resulting in incorrect financial reporting.

Recommendations

- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to ensure correct postings are done in accumulated depreciation.**
- **The Authority should adhere to instructions in the Finance Policy Manual and charge specified depreciation rates to respective assets.**
- **The Authority should ensure that relevant information is made available for audit.**
- **The Authority should immediately transfer work in progress to respective asset account upon completion of the work to ensure depreciation is correctly taken up.**

Authority's Comments

The Authority's Board of Survey was conducted to verify the existence of all its assets. Currently as fixed assets are acquired the purchase orders are raised using a particular "order type" that, when the order is matched in the system a field prompts up asking for an asset code which automatically links the data to the fixed asset register. The FAR gets updated at this point in time. The general ledger reconciliation of all assets is done after the completion of the Board of Survey and after the re-classification and re-valuation of all the Authority's assets. The Authority is taking its attempts to improve on the issue.

- *All Fixed Assets have been taken over by the FNU and upon completion of the Board of Survey and the Asset Valuation the data has been uploaded into the FNU Fixed Asset Module. The Depreciation process is now run through the Navision System.*
- *Corrected depreciation rates in line with the FNU Finance Policy Manual are now loaded into Navision for each specified asset.*
- *The Authority will make all attempts to furnish the audit team with all relevant information.*
- *The Authority's Properties Office has been reminded to confirm, in writing to the Finance Office that the project is complete upon completion of any project and the transfer entries from the WIP account will be done to ensure timely posting for correct depreciation.*
- *The highlighted issues will be taken care off under FNU's Fixed Asset Register.*

2.7 Physical Verification

A physical verification of all registered assets should be conducted yearly. A list of all assets registered in the system register shall be verified against the physical assets in each location.⁵

The audit was not provided with any reports on physical verification of registered assets. It was gathered that physical verification was not carried out during the year.

Assets are prone to mismanagement or theft in the absence of an effective internal control over Authority's registered assets.

Recommendation

The Authority should comply with its Finance Policy Manual and carry out physical verification of its assets. Additionally, reconciliation should be performed between the physically verified assets and assets listed in the Fixed Assets Register.

Authority's Comments

The University in 2011 has conducted physical verification of assets for its existence as recorded in the FAR.

The Authority is yet to provide the reports on the physical verification exercise undertaken.

2.8 Stale Cheques – Clearing account

Bank reconciliations only recognise cheques that are not more than six months old as part of the un-presented cheque listing. Cheques that appear as outstanding on the bank reconciliation for more than six months should be cancelled and credited to the original account and debiting the bank account.⁶

Stale cheques totalling \$335,619.27 were not credited to individual creditors account.

The Authority has the practice of transferring stale cheques to a clearing account which is cleared once a replacement cheque is issued. The balance of the stale cheques in clearing account remained unadjusted for longer period of time.

The authority may not be able to keep a trail of its creditors which are due for payments. This may expose bad relationship with the creditors.

Recommendation

The Authority should write back the stale cheques and adjust the creditor accounts accordingly.

Authority's Comments

Auditor's comments noted. Stale cheques are kept in stale cheque clearing account as a liability. Replacement cheques are issued respectively as per payees' request. Attempts are also being made to contact the payees to confirm if they did receive the cheque. The Authority is taking its attempts to improve on this issue in 2011.

⁵ TPAF Finance Policy Manual

⁶ Section 6.14 - TPAF Finance and Policy Manual 2006

2.9 Unidentified Deposits

A liability is recognised in the balance sheet when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.⁷

Un-identified deposits totalling \$179,471 was stated under liabilities in the statement of financial position. According to the Accounts Officer these were receipts which could not be traced to its correct account allocation as no narration was provided by the banks.

The Authority was not able to determine whether these un-identified deposits were cash received for the course fees or payment made by debtors. This may result in incorrect financial reporting.

Recommendation

The Authority should reconcile its records to ensure that un-identified deposits are identified and correctly allocated.

Authority's Comments

These unidentified deposits are those which do not have any details attached. These transactions are credited in Authority's bank account without any narration. The Authority takes all measures to identify these deposits. However, those amounts that still cannot be identified are transferred to unidentified account in the ledger. The new PPMS system allows for all payments to be made directly on invoice that has, at the bottom, a readily available bank deposit slip that contains customer details with required narrations pre-printed.

2.10 Employer Verification

Levy Collection Officers are to verify employer records on a regular basis. All Method A employer records are to be verified every two years whilst at 10% of Method B are to be verified every year.⁸

As at 29 November 2010, Authority had approximately 51 registered employers under Method A and 6,463 registered employers under Method B.

The Authority for the past 4 years has not been able to verify the number of the employers' records required under its Finance Policy Manual. Refer to Table 2.7 below for number of employers verified from 2007 – 2010.

Table 2.7: Employers verified in last four years

Employer Registration Method	Verification Required	Percentage Verified			
		2010	2009	2008	2007
A	100% in every 2 yrs	82%	0%	2%	34%
B	10% every year	2.44%	4%	2%	3%

During 2010 the Authority only verified 2.44% of Method B and 82% of Method A employers in the 2 years in contrast to the 10% and 100% respectively.

⁷ Section 91 Recognition of Liabilities - Fiji Accounting Standards, Framework for the Preparation of Financial Statements

⁸ TPAF – Finance Policy Manual – Section 8.16

The above indicates that the Authority is not complying with its Finance Policy Manual.

The Authority will not be able to know the status of its registered employers if it does not carry out adequate verification of employers. This could lead to overstatement of levy income and levy receivable account balance through continued levy assessment for employers who may no longer be in operation.

Recommendation

The Authority must ensure that all method A employer records are verified every two years while 10% of method B employers records are to be verified every year.

Authority's Comments

Auditor's comments noted. The University has recruited additional staff in Levy department to ensure that 10% levy is verified for Method "B" Employers, and every two years for Method "A" Employers and is in compliance to policy.

2.11 Missing Personal Files

Human resources section shall maintain, on behalf of the TPAF, the official confidential personal files for each staff that are on a permanent, contractual and temporary employment.⁹ Under no circumstances, Personal files shall leave the Human Resources Office.¹⁰

The following two Officers personal files are missing from the Human Resource Office:

Table 2.8: Missing Personal Files

Officers Initial	EDP No	Positions
EW	140	General Manager Corporate Services
CC	185	Manager Finance

Discussions with the Human Resources staff revealed that the above mentioned officers' files were not transferred to Fiji National University Human Resource Office after the merger. Both of the above-mentioned staffs have resigned from the Authority.

Absence of personal files increases risk of incorrect calculation of final dues to these staffs mainly the unused annual leave which is paid to the staffs.

Recommendations

- **The Authority should ensure that personal files of the two officers are obtained and appropriate reconciliation is performed in order to ascertain that correct amount of outstanding leave entitlements has been paid.**
- **The Authority should ensure that all files taken by senior officers for reviews are recorded in the register.**

⁹ Section 1.0 - Human Resource Finance Manual – Staff Access to Personal Files

¹⁰ Section 3.4 - Human Resource Finance Manual – Staff Access to Personal Files

Authority's Comments

Auditor's comments noted. The files got misplaced in the process of transferring personal files from TPAF to FNU. The University is taking all its attempts to do a search through the former TPAF HR office, shelves and filing cabinets to locate the missing files. A register (dispatch trails) is now maintained for any movement of files.

2.12 Non Disclosure of Wages in the PAYE Annual Summary

Item 5 of the IRS 401 form requires the employers to disclose the total amount of emoluments subject to tax and Item 6 requires the employers to disclose the total amount of emoluments not subject to tax.

Our review of the Authority's PAYE Annual Summary lodged with Fiji Revenue Custom Authority revealed that the Authority had disclosed an amount of \$7,972,078.18 as total emoluments subject to tax. The amount disclosed included the total emoluments of \$1,455,552.75 not subject to tax.

In addition, audit was not able to verify the PAYE records for the month of May, August and November 2010.

Incorrect disclosure of salaries and wages in the PAYE annual summary is a breach of statutory requirements and exposes the Authority to penalties. Furthermore, employee's personal tax returns may be delayed due to anomalies in the PAYE annual summary.

Recommendations

The Authority should:

- **ensure that the salaries and wages as per PAYE annual summary reconciles with the gross salaries and wages paid to employees.**
- **ensure that all relevant records pertaining to PAYE are properly kept and available for audit verification.**

Authority's Comments

The auditor's comments are noted. The amount \$1,455,552 relates to payment to external examiners thus it was included in the PAYE annual summary. The University will ensure that such payments are correctly recorded.

2.13 Provisional Tax Not Withheld

Any person making payment in return of a contract for services but not a contract of employment is required under the new regulations to make a deduction for Provisional of 15% of gross amount of the payment at the time is credited or paid to the contractor.¹¹

The Authority failed to deduct 15% withholding tax on the total contractual payments of \$117,115.80 made during the period to a catering contractor for failing to produce Certificate of Exemption to the Authority. Refer to Table 2.10 below for details.

¹¹ Clause 1 (B) (a) - Legal Act 70 of 1976

Table 2.10: No Provisional Tax deducted despite failing to provide Certificate of Exemption

Contractor	Total amount paid (\$)	Total provisional tax that should have been deducted \$	Provisional tax deducted \$
Catering Contractor	117,115.80	17,567.37	nil

The Authority has failed to comply with the statutory requirement relating to Fiji Income Tax Act, hence is exposed to penalties.

Recommendation

In absence of a valid certificate of exemption, the Authority should deduct 15% provisional tax as required by Fiji Income Tax Act for any contractual payment.

Authority's Comments

Auditor's comments have been noted. The Authority is taking attempts to ensure deducting 15% provisional taxes on all contractual payments that do not hold a valid COE.

SECTION 3: FIJI COMMERCE COMMISSION

The Fiji Commerce Commission is an independent statutory body established under Section 7 of the Commerce Commission Decree 2010 to ensure the integrated framework for the regulation of monopoly market structures; encourage competition, prevent restrictive trade practices, ensure consumer protection, and undertake pricing of public utilities and other price controlled items.

The objectives of the Commission as outlined in Section 2 of the Commerce Commission Decree 2010 include:

- the promotion of the interests of the consumers;
- the promotion of the effective and efficient development of industry trade or commerce;
- the need to secure effective competition in industry, trade or commerce; and
- to ensure equitable returns for businesses with fair and reasonable prices charged to consumers.

The Commission has the following objectives in relation to regulated industries and access regimes:

- to promote effective competition in the interests of consumers;
- to facilitate an approximate balance between efficiency and environmental and social considerations; and
- to ensure non-discriminatory access to monopoly and near monopoly infrastructure or services.

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PART A - FINANCIAL INFORMATION

3.1 Audit Opinion

The audit of the financial statements of the Fiji Commerce Commission for the year ended 31 December 2012 resulted in an unqualified Auditor's Report.

3.2 Abridged Income Statement

Year ended 31 December	2012 \$	2011 \$
Government grant	1,520,895	1,491,699

Year ended 31 December	2012 \$	2011 \$
Professional fees	117,226	79,266
Spot fine	109,251	-
Miscellaneous income	53,878	86,807
Total income	1,801,250	1,657,772
Personnel expenses	1,170,178	1,107,544
Administration expenses	13,421	16,411
Operating expenses	507,764	440,860
Total expenditure	1,691,363	1,564,815
Net profit	109,887	92,957

Net profit recorded by the Commission in 2012 increased by 18% compared to the previous year. The increase in income primarily from professional fees and spot fines contributed to the increase in net profit for 2012.

3.3 Abridged Balance Sheet

As at 31 December	2012 31 December \$	2011 31 December \$
Cash at bank and on hand	84,531	133,760
Deposits	7,585	5,478
Other receivables	62,414	28,835
Non-current assets - Property, Plant & Equipment	206,731	133,773
Total assets	361,261	301,846
Accounts Payable	1,800	11,899
Other current liabilities	49,625	77,038
Deferred Income	35,743	48,703
Total liabilities	87,168	137,640
Net assets	274,093	164,206
Total Accumulated Fund	274,093	164,206

Net assets increased by \$109,887 or 68% in 2012 compared 2011. This was due to the increase in total assets by \$59,415 or 20% and the reduction in the total liabilities by \$50,472 or 37%.

PART B – CONTROL ISSUES

3.4 Commission membership

According to Section 8 (1) of the Commerce Commission Decree 2010, the Commission should consist of not less than 4 or more than 6 members.

The audit noted that from August 2012, the Commission was administered by one Commissioner¹ only. Two Commissioners whose term expired in 2012 were not re-appointed

¹ For FCC, board members are known as Commissioners

and the Ministry of Industry and Trade did not appoint any new Commissioner during the year.

Failure in maintaining the minimum number of members of the Commission is breach of the Commerce Commission Decree 2010.

Recommendation

The Commission should maintain the minimum number of members as required by the Commerce Commission Decree 2010.

Management Comments

No comment received from the Commission.

3.5 Receipts not issued

The responsible officer should issue a receipt for every sum paid to him or her on the prescribed official receipt. The receipt should be issued at the time the money is collected and should match actual collection.² Receipts not collected over the counter should be dispatched through mail the same day.³

Our review of the revenue records revealed that receipts for revenue collected from 16/07/10 to the date of audit totalling \$416,073 have not been issued or dispatched to customers. Refer *Appendix 3.1* for details.

Issuance of receipts provides evidence for revenue collected and as such should be issued to customers on receipt of money.

Recommendations

- **The Commission should ensure that all the receipts are issued for any money collected including money directly deposited to the Commission's bank account.**
- **The Commission should consider issuing online receipts for payments received online.**

Management Comments

No comments received from the Commission.

3.6 Lapse in insurance cover

It is imperative that all risks of the business are always adequately covered.

² Commerce Commission Finance Regulation 2010 Part 5.1.1

³ Commerce Commission Finance Regulation 2010 Part 5.1.2

The audit noted that the Commission failed to renew its insurance coverage at the end of the insurance policy one year term on 28 July 2012. The Commission's insurance policy was without insurance cover for a period of 6 months until a new insurer was engaged on 21 February 2013.

Failure to renew insurance policy on time exposes the Commission to significant risks which may not be mitigated effectively.

Recommendation

The Commission should ensure that insurance policy is always renewed on time and preparation of necessary documentation and approvals for renewals should commence well before expiry of existing insurance policy.

Management Comments

No comment received from the Commission.

3.7 Financial Statements Errors

An annual report must contain a statement of the Commission's financial performance, including a statement of financial position, a statement of cash flows and any other information to give a true and fair view of the Commission's financial affairs.⁴

The draft financial statements for the year ending 31 December 2012 submitted for audit contained the following errors and omissions which were subsequently corrected during the audit:

Table 3.1: Financial Statement Errors

Errors	Effects on Financial Statement
The Commission charged 12.5% on some of the revenue and expenditure, instead of using the new VAT rate of 15%.	VAT Output was understated by \$4,071 and Revenue overstated by the same amount. VAT Input was understated by \$229 and Expenditure overstated by the same amount.
The fixed assets register included \$17,930 worth of assets that have been fully depreciated.	Fixed Assets at Cost and Accumulated Depreciated have been overstated by \$17,930.
Revenue arrears were not accounted for in the financial statement.	Accounts Receivable were understated by \$31,670
Provision for leave entitlement was wrongly calculated	Provision for leave and salaries and wages were both overstated by \$929.
Decrease in the Provision for leave entitlement was wrongly classified under amortisation of deferred income	Amortisation of Deferred Income was overstated by \$3,859.

Errors and omissions in the draft financial statements may delay the audit.

⁴ Fiji Commerce Commission Decree 2010 section 25 (3)

Recommendations

The Commission should thoroughly check, for accuracy and completeness, drafts financial statements before submission to the Auditor General for audit.

Management Comments

No comment received from the Commission.

APPENDIX 3.1

The details of receipts that were prepared but not issued are as follows:

Date	Vendor	Details	Receipt No.	Amount (\$)
16/07/10	Vendor details withheld	User pay payment	67	150.00
06/07/10		Transfer of bank balance to Commission for 1/7/10 merger	73	102,197.70
030/8/10		User Pay August (online)	74	1,000.00
16/07/10		User Pay payment for July 2010	75	150.00
23/09/10		Case #98/10 & Case 872/10	87	67.50
23/08/10		Boat Hire Refund (direct deposit)	88	50.00
16/09/10		User Pay payment for July 2010	89	150.00
19/10/10		Meal Allowance refund	93	3.10
29/10/10		User Pay payment for Sept, Oct & Nov 2010	96	450.00
04/12/10		User Pay September	97	1,000.00
02/12/10		Flashnet reimbursement CHQ#1197	103	149.00
02/12/10		CHQ 1292 for itinerary changes travel	104	224.00
02/12/10		Boat Hire Refund	105	70.00
02/12/10		Transfer from PIB Account	106	3,183.27
24/12/12		Abhishek's Case refund	107	250.00
24/12/10		CR 166/10;CR167/10;CR168/10	108	101.25
30/12/10		User Pay for Oct - Dec 2010	109	3,000.00
12/08/10		3rd Quarter Grant	110	275,000.00
14/01/10		Air ticket reimbursement	115	863.00
03/02/11		User Pay for Feb & Jan balance	128	1,044.44
03/02/11		User pay for Dec 2010 & Jan 2011	129	303.33
08/03/11		User Pay Feb 2011	143	130.33
10/03/11		User Pay determination	144	3,440.17
30/03/11		User pay for Feb & March 2011	150	306.66
30/03/11		Reimbursement for trading account from current a/c on 07/01/11	151	110.40
30/03/11		VAT refundable reimbursement	152	515.73
24/05/12		User Pay part payment	261	1,943.00
22/06/12			261	1,005.99
31/01/12		User Pay for Jan 2012	298	1,022.22
24/05/12		Air ticket reimbursement for CEO Australian Workshop	1225	1,666.10
03/02/12		Advanced unspent for PIB duties in Levuka	1232	64.20
24/02/12		Commissioner's meeting expenses refund	1233	4.65
11/04/12		Advanced unspent for PIB duties around Vanua Balavu	1235	807.15
26/04/12		Air fare refund for Rotuma-Suva for Mr. J. A & Mr. V. R	1236	1,263.00
17/09/12		Refund for attache allowance due to officer for P12/12	1237	36.80
14/11/12		Refund for return of laptop purchased for FCC Officer DL	1283	1,849.00
21/12/12		User Pay arrears payment	1306	2,967.76
20/12/12		Rotuma TMO refund	1308	1.10

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Date	Vendor	Details	Receipt No.	Amount (\$)
07/02/13		VAT refundable	1326	3,880.26
01/02/13		User Pay Feb 2013 levy (DD on 01/02/13)	1330	1,022.22
11/03/13		Court cost refund (FCC VS Samuela) CHQ#045570 on 27/02/12	1336	33.75
15/03/13		User Pay levy for Jan & Feb ANZ Bank CHQ#119252 on 27/02/13	1337	511.10
25/03/13		User Pay levy for March ANZ Bank CHQ#119394 on 07/03/13	1338	255.55
01/03/13		User Pay payment for Feb 2013 as per DD on 01/03/13	1339	153.33
01/03/13		User Pay Mar 2013 levy (DD on 01/03/13)	1340	1,022.22
27/03/13		User Pay payment for Mar 2013 as per DD on 27/03/13	1341	153.33
08/03/13		Spot fine#0351 of 16/07/12 as DD on 08/03/13	1342	150.00
03/04/13		User pay for Feb & March 2013 as per CHQ#006333 of 28/3/13	1343	306.33
05/04/13		User Pay Levy for month of Feb & Mar as per WBC Chq#002746 of 14/3/13	1344	2,044.44
TOTAL				416,073.38

SECTION 4: NATIONAL FIRE AUTHORITY

The National Fire Authority (NFA) was established as a corporate body in 1994 under the National Service Act 1994. The duties of the Authority are:

- establish Fire Districts in the areas to which they cover and ensure that the District Fire Officer conforms to the NFA Act and maintains an efficient fire service having regard to the life and property, which he is under an obligation to protect and to the financial capacity of the district;
- coordinate the units of fire services for the purposes of fire protection, reinforcement at serious fire or other emergencies;
- encourage, supervise or carry out fire prevention activities and also experiment or research work with respect to fire service methods, equipment, organization or coordination with other services;
- establish courses of training and generally direct the training of the members the fire services;
- provide for the inspection of training of brigades, and for such degree of standardization of plan, equipment and training as it considers necessary for combined operations;
- inspect in relation to fire safety premises whether public or otherwise;
- arrange for obtaining, by inspection or otherwise, information required for fire fighting purposes with respect to the character of the building and other property in the Fire District and in any area in which the Authority is under an obligation to protect, the available water supplies, means of access thereto, and other material circumstances;
- provide consultancy services on fire fighting and fire fighting equipment and
- Perform such other duties as the Minister may from time to time direct.

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PART A – FINANCIAL INFORMATION

4.1 Audit Opinion

The audit of the financial statements of the Authority for the year ended 31 December 2010 resulted in the issue of an unqualified audit report.

However, attention was drawn to the trade and other payable balances of \$815,593 which include accruals (creditors) totalling \$500,061. The Authority did not maintain the accruals account properly prior to 2010. Creditors were not booked at the time of transaction which resulted in a debit balance in

several creditors account when payments were made. Therefore the amount of \$500,061 booked as accruals may be incorrect.

4.2 Abridged Statement of Financial Performance

Year Ended 31 December	2010 (\$)	2009 (\$)
Income		
Fire Levy	6,261,037	5,047,927
Government Grant	1,233,889	1,422,222
Other Income	1,616,865	1,218,589
Total Income	9,111,791	7,688,738
Expenditure		
Personnel Expenses	5,333,048	4,932,500
Depreciation & Amortization	905,639	885,758
Others	2,006,220	1,825,600
Total Expenditure	8,244,907	7,643,858
Net Surplus/(Deficit) for the Year	866,884	44,880

The Authority surplus increased by \$822,004 in 2010 compared to 2009. This was largely due to increase in fire levy by \$1,213,110 or 24% and increase in other income by \$398,276 or 32.6%.

4.3 Abridged Statement of Financial Position

As at 31 December	2010 (\$)	2009 (\$)
Assets		
Cash & Cash Equivalents	1,165,678	0
Trade & Other Receivables	1,473,806	1,623,428
Inventories	80,849	83,646
Property, Plant & Equipment	5,918,499	6,148,192
Total Assets	8,638,832	7,855,266
Liabilities		
Bank Overdraft	0	344,588
Trade & Other Payables	986,571	679,579
Employee Entitlement	425,805	273,342
Deferred Revenue	7,980	206,165
Total Liabilities	1,420,356	1,503,674
Net Assets	7,218,476	6,351,592
Accumulated Funds		
Retained Profits	7,218,476	6,351,592
Total Accumulated Funds	7,218,476	6,351,592

Cash at bank improved from a bank overdraft of \$344,588 in 2009 to a cash at bank balance of \$1,165,678 in 2010 mainly due to increase in the fire levy contributions. This resulted in the increased in net assets by \$866,884 or 14% in 2010.

PART B – CONTROL ISSUES

4.4 Fire Levy Received from Insurance Companies

The Minister may from time to time, after consultation with the Commissioner of Insurance and other person or persons he deems appropriate, make in such form and containing such details (including provision for the payment of interest) as he may determine, a levy order imposing a levy on any insurance policy or class of insurance policy written in Fiji and the amount payable under such levy order shall be paid to the authority at the time and manner specified in such levy order provided that a levy order may make different provisions in relation to different classes of insurance policies.¹

According to the Insurance Policy Levy Order issued in 1995, the following prescribed fire service levy or individual contribution shall be charged for each class of insurance policy specified below, where the inception date is on or after the 1st day of August 1995:

- a) Commercial Fire Policies: all policies covering commercial (non-domestic) property for the peril of fire. This will include fire, industrial all risks and contractors all risk policies. Prescribed levy – 0.06% of the policy sum insured or total value of the property whichever is greater.
- b) Domestic Fire Policies: all policies covering domestic property for the peril of fire. This will include house owners, householders and contract works policies. Prescribed levy – 0.06% of the policy sum insured or total value of the property whichever is greater.²

NFA received total of \$6,788,492 from Insurance Companies for the year ending 21/12/10 as fire levy.

However, audit noted that NFA did not verify in any way to ascertain the amount paid by insurance companies was correct. Refer to Table 4.1 for details of amount received.

Table 4.1: Details of Fire Levy For 2010

Insurance Company	Fire Levy Received 2010 (\$)
Insurance Company 1	236,736
Insurance Company 2	1,700,895
Insurance Company 3	596,014
Insurance Company 4	2,229,575
Insurance Company 5	271,044
Insurance Company 6	1,260,265
Insurance Company 7	479,692
Insurance Company 8	14,271
Total Fire Levy	6,788,492

Under the current arrangement NFA accepts the amount paid by the Insurance Companies as fire levy. As a result audit could not ascertain whether the amount due from Insurance Companies as fire levy was fully received by NFA.

¹ National Fire Service Act, 1994 section 29 (1) Insurance Companies Contributions

² Insurance Policy Levy Order - National Fire Authority Compliance and Levy

Recommendation

NFA must verify the amount paid by Insurance Companies as fire levy to ensure correct amount is received.

Management Comments

The Authority is in the process of recruiting an Audit and Compliance Officer who will be tasked to verify that insurance levy is levied on any insurance policy or class of insurance policy written in Fiji and that such levies are correctly calculated and remitted to the Authority on a timely manner.

4.5 Water Levy Received From Water Authority of Fiji

In order to raise any amount required to be contributed by it towards the annual expenditure of the Authority, the Minister in consultation with the Authority may make and levy for that purpose a rate on each water meter from the owner or occupier of any premises within any fire district. Provide that the owner of any property which is already under an insurance policy levy may apply to the Authority from exemption from any levy made under this section.³

The prescribed levy on each water meter shall be 50 cents per month as effective from the 1st day of August 1995.⁴

A total of \$374,235 was paid by Water Authority of Fiji (WAF) to NFA as water levy. The audit noted that NFA did not verify in any way to ascertain the amount paid by WAF was correct. Details of the levy received are shown in Table 4.2.

Table 4.2: Water Levy Received in 2010

Date	Receipt Number	Amount (\$)
26/2/10	15796	32,478.77
07/04/10	16304	34,227.41
07/04/10	16304	36,664.34
17/5/10	16674	41,821.89
17/05/10	16674	44,750.38
22/7/10	17098	30,856.96
10/9/10	17568	55,892.90
15/10/10	18227	31,342.95
17/11/10	18379	38,749.66
14/12/10	20666	27,449.59
Total		374,234.85

Under the current arrangement NFA accepts the amount paid by WAF as water levy. As a result audit could not ascertain whether the amount due from WAF as water levy was fully received by NFA.

Recommendation

NFA must verify the amount paid by WAF as water levy to ensure correct amount is received.

³ National Fire Authority Service Act 1994, section 30 Levy on Water Meters

⁴ Levy on Water Meter Order, 1995 – National Fire Authority Compliance and Levy

Management Comments

As stated above, the Audit and Compliance Officer will be tasked to verify that the water levies are calculated on all water meters within fire boundaries and those levies are correctly calculated and remitted to the Authority on a timely manner. NFA will sign a Memorandum of Understanding with Water Authority of Fiji to ensure monthly payment and proper levies reconciliation.

4.6 Visa Card Acquittals

When using visa cards the officer concerned within seven days of return to duty, shall submit a statement of expenses with supporting vouchers.⁵

NFA maintained a Visa Card for official purposes during 2010. Arrangement was made with the bank to automatically replenish the balances on the visa cards on the agreed due date. This was facilitated by debiting NFA operating account and crediting the visa card account with the amount expended during the preceding period.

Subsequent to the replenishment of the credit card accounts, the Visa card holders were required to provide the acquittals of the Visa Card usage to facilitate posting of the expenses into respective expense accounts.

The general ledger account for visa cards had a cumulative balance of \$28,274 as at 31/12/10. These represented the expenses incurred using visa cards not acquitted over the years.

The audit also noted that a total of \$7,328 of expenses were incurred using visa card by the former Acting Chief Executive Officer during 2010 of which only \$3,020 of the total expenses incurred was supported with acquittals while the balance of \$4,308 was not acquitted. Refer to Table 4.3 for details.

Table 4.3: Credit Card Expenses

Visa Card Number	Card Holder	Amount Used (\$)	Remarks
640000085736	Acting CEO	712	Amount not acquitted
640000085736	Acting CEO	75	Amount not acquitted
640000085736	Acting CEO	240	Amount not acquitted
640000085736	Acting CEO	324	Amount not acquitted
640000085736	Acting CEO	2,207	Amount not acquitted
640000085736	Acting CEO	750	Amount not acquitted
Total		4,308	

In absence of acquittals for credit card expenses it could not be determined whether the expenses incurred by the card holders were for official purposes or personal in nature.

Recommendations

NFA should ensure that:

⁵ National Fire Authority Financial Instructions, section 3.11.3

- all acquittals for credit card transactions are obtained from the card holders.
- use of credit cards is ceased.

Management Comments

Use of credit card has been ceased by the Authority. The Authority requires the use of Visa cards to be properly acquitted and if any expense incurred is found not to be in the business nature, than such amounts for expenses incurred are recovered from respective staffs pay. Please note that the Authority has recovered the balance of un-acquitted funds from Acting CEO's final payout.

4.7 No Tender for Procurement of Protective Clothing

Public Tenders to be called for goods and services in excess of \$10,000⁶.

NFA purchased 100 sets of level 2 fire tunics – protective clothing for fire fighters in 2010 from a supplier in China. The total cost of purchase was \$123,134. Following anomalies were noted.

- NFA did not call for tenders before selecting the supplier to supply protective clothing. Refer to Table 4.4 for details of purchases.

Table 4.4: Payment Details

Date	Cheque Number	Amount (\$)	Details
07/06/11	34811	38,046	Payment of 30% as 1 st instalment on the procurement of 100 sets of level 2 fire tunics.
28/06/11	34942	36,625	Payment of 30% as 2 nd instalment on the procurement of 100 sets of level 2 fire tunics.
14/07/10	35117	48,463	Payment of 40% as 3 rd instalment on the procurement of 100 sets of level 2 fire tunics.
Total		123,134	

- NFA did not obtained Board approval before purchasing the protective clothing from China for total cost of \$123,134.
- To facilitate the purchase of protective clothing from China, NFA entered into an agreement on 8/4/2008 with a Chinese national, who acted as a middleman. The middlemen was to act as NFA's agent in communicating with Chinese Authorities and business houses including making enquiries on NFA behalf in accordance with NFA written instructions. A total of \$38,820 was paid to the middlemen by NFA since 2008 up till 31/12/2010.

The findings show that proper procurement procedures were not followed by NAF when procuring goods and services. In addition unnecessary expenses were incurred for purchasing the protective clothing through a middleman.

⁶ National Fire Authority - Financial Instructions, section 6.2(c)

Recommendations

NFA must:

- call for tenders for all purchases in excess of \$10,000.
- ensure that public funds are used with due economy.

Management Comments

The Authority has tendered all goods and services in excess of \$10,000 and is in the process of finalizing the agreements with the respective suppliers.

4.8 No Recording of Incoming Inventory

Either on the satisfactory receipt of newly purchased goods or transfer of existing assets, the relevant cost centre manager must ensure that the relevant asset register has been updated with the required information.⁷

NFA purchased uniforms for all staffs which included corporate and fire officers for total cost of \$57,521 in 2010. The audit noted that stores record such as number purchased, number issued, date of issue, person receiving etc. were not recorded by NFA.

There is a high risk of misappropriation of stores due to poor control.

Recommendation

NFA must ensure the proper stores records are maintained.

Management Comments

Currently the Authority is maintaining records of all inventory items purchased and distributed to stations and such records are verified on a monthly basis by the Accountant. The Authority is also conducting its Annual Stock Take to ascertain that the records are properly and there are if any minimal stock loss.

⁷ Finance and Accounting Directions, section 9.4.1
Report of Statutory Authorities – June 2013

SECTION 5: LAND TRANSPORT AUTHORITY

The Land Transport Authority is a statutory body established under the Land Transport Act 1998. The Authority is responsible for administering the provisions of the Act under the administration and policy rule of the Minister responsible for Transport. The Authority's functions are outlined in Section 8 of the Land Transport Act 1998 and include the following:

- To devise, initiate, and carry out measures for the co-ordination, improvement and economic operation of passenger transport and goods transport by road;
- To ensure so far as is practicable the provision of road transport passenger services adequate to meet the requirements of the public;
- To register vehicles, license drivers and establish standards for such registration and licensing consistent with the objectives of road safety;
- To develop and implement traffic management strategies and practices consistent with the needs of road users and the objectives of road safety, in conjunction with highway authorities;
- To develop and implement enforcement strategies in consultation with the Commissioner of Police consistent with road safety and road infrastructure protection objectives; and
- To do anything incidental or conducive to the performance of any of the preceding functions.

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PART A – FINANCIAL INFORMATION

5.1 Audit Opinion

The audit of the financial statements of the Land Transport Authority for the year ended 31 December 2011 resulted in the issue of a qualified audit report. The issues qualified are as follow:

- The carrying amount of property, plant and equipment was \$9,660,200. The amount of \$1,256,807 was unable to be substantiated as the Authority was not able to provide for audit

proper reconciliation. Accordingly, the accuracy, completeness and existence of property, plant and equipment as at 31 December 2011 was not able to be ascertained.

- The Authority's depreciation charge was stated in the statement of comprehensive income at \$17,447 rather than the amount of \$672,448 for the year. Depreciation was supposed to be calculated over the useful life of property, plant and equipment using the straight line method. The Authority's records indicate that management only depreciated a few assets that were acquired during the financial year. Accordingly, the carrying amount of property, plant and equipment for the year is overstated by \$655,001 whereas the operating expenses and the loss were understated by the same amount.
- Included in the financial statements was comprehensive income valued at \$134,552. The audit was unable to substantiate the amount of \$134,552 as the Authority was not able to provide proper reconciliation. Accordingly, the accuracy and completeness of the balance of other comprehensive income as at 31 December 2011 was not able to be ascertained.

5.2 Abridged Statement of Comprehensive Income

Year Ended 31 December	2011 \$	2010 \$
Revenue		
Grant received	8,945,821	8,888,889
Total Revenue	8,945,821	8,888,889
Expenditure		
Administration expenses	5,845,693	5,658,476
Operating expense	3,183,591	3,186,645
Other expenses	522,592	408,106
Total Expenditure	9,551,876	9,253,227
Loss for the Year	(606,055)	(364,338)
Other comprehensive income	134,552	72,599
Total Comprehensive Loss	(471,503)	(291,739)

Total comprehensive loss increased by \$179,764 or 62% in 2011 compared to 2010. The increase was primarily attributed to increasing expenditures, specifically administrative and other expenses.

5.3 Abridged Statement of Financial Position

As at 31 December	2011 \$	2010 \$
Assets		
Cash and cash equivalents	2,200,113	1,907,894
Receivables	1,402,876	946,071
Inventories	555,443	489,088
Non-current assets - Property, plant and equipment	9,660,300	9,255,146
Total Assets	13,818,732	12,598,199
Liabilities		
Creditors and other accruals	1,040,314	920,765
Owing to Government consolidated account	447,214	212,233

As at 31 December	2011 \$	2010 \$
Capital grant	1,488,690	-
Other provisions	445,671	361,874
Total Liabilities	3,421,889	1,494,872
Net Assets	10,396,843	11,103,327
Capital and Reserves		
Capital	1,650,146	1,650,146
Retained Earnings	8,746,697	9,453,181
Total Capital and Reserves	10,396,843	11,103,327

Net assets declined by \$0.7 million or 6% in 2011 compared to 2010. The decrease in net assets was mainly due to an increase in liabilities through capital grant of \$1.48 million accounted for in 2011. In addition, the Authority did not transfer to Government's consolidated funds fees, levies and charges collected from 2010, thus the increase of funds owed to Government Consolidated Accounts by 110% as at 31 December 2011.

PART B – CONTROL ISSUES

5.4 Qualification of Audit Opinion

The audit of the Financial Statements for the year ended 31 December 2011 resulted in the issue of qualified audit opinion. The qualifications include the following:

- Included in the financial statements are property, plant and equipment amounting to \$9,660,300. An amount of \$1,256,807 could not be substantiated as the Authority was not able to provide audit with proper reconciliations. Hence, audit was not able to ascertain the accuracy, completeness and existence of property, plant and equipment as at 31 December 2011.
- The Authority's depreciation charge is stated in the statement of comprehensive income at \$17,447 rather than the amount of \$672,448 for the year. Depreciation is supposed to be calculated over the useful life of Property, plant and equipment using the straight line method. The Authority's records indicate that management only depreciated a few assets that were acquired during the financial year. As a result, the written down value of property, plant and equipment for the year is overstated by \$655,001 whereas the operating expenses and the loss is understated by the same amount.
- Included in the financial statements is comprehensive income amounting to \$134,552. Audit was unable to substantiate the amount of \$134,552 as the Authority was not able to provide a proper reconciliation. As a result audit was not able to ascertain the accuracy and completeness of the balance of comprehensive income as at 31 December 2011.

Recommendations

- **The internal control procedures in the Accounts Section, specifically reconciliation of accounts and supervisory checks should be improved.**
- **Proper accounting records should be maintained and made available for audit purposes when requested.**

Management Comments

Recommendation is noted. The authority is in the process of reviewing finance policies to ensure that the internal control procedures are strengthened and proper records are maintained at all times for audit purposes.

5.5 Cash Shortage Recovery

Any shortages must be fully repaid immediately by the cashier responsible when balancing total cash/cheques with total revenue receipts issued before handing over to the supervisor for verification. The supervisor shall ensure that the total revenue for the total receipts issued for the day tally when reconciling. If the shortage is due to a computer error, the supervisor must ascertain the circumstances surrounding the shortage/surplus and advise MIT for rectification of the error. If the supervisor has established that the shortage is correct and due to negligence, it must be fully recovered right away or a recommendation be made to Manager Accounts for recovery from the officers' salary for the pay period immediately after.¹

GMFA shall issue a letter of caution to reprimand the cashier for all shortages, beaching procedures, unsatisfactory work performance and negligence resulting in losses of revenue according to the disciplinary procedures. In cases where theft, forgery and corruption have occurred, dismissal shall be instigated according to the disciplinary procedures. A cashier who does not record any shortages in a quarter shall be issued with a letter of commendation with a copy in her PF for reference purposes.²

The audit of the cash records revealed that the Authority has not taken any necessary steps to recover cash shortages from its cashiers. For example, in 2010, the Labasa Office recorded cash shortage of \$4,517.45. The Authority has not been upholding its finance policies on cash shortages increasing the risk of fraud and error.

Failure to address cash shortages could have significant negative financial implications.

Recommendation

It is recommended that management put in place effective controls and policies on cash shortages and the recovery of cash shortages.

Management Comments

Recommendations noted. The authority will ensure that the policy on Cashier Shortage is strengthened. Recovery of Cashier shortages from staff's salary has been on going.

5.6 Bank and Balance Sheet Reconciliations

All balance sheet items must be reconciled monthly with a breakdown of the GL balances prepared by the GL Clerk, checked by the Financial Accountant and certified by the Manager Accounts.³ Monthly Bank Reconciliations shall be prepared by the Bank Reconciliation Clerk, checked by the Financial Accountant and certified by the Manager Accounts.⁴

¹ Land Transport Authority's Finance Manual – Section 18.2.1 to 18.2.3

² Land Transport Authority's Finance Manual – Section 18.2.4 to 18.2.6

³ Land Transport Authority's Finance Manual – Section 3.9.1.1

⁴ Land Transport Authority's Finance Manual – Section 3.9.2.1

The following anomalies were noted from our review of balance sheet items:

- Cash at bank and cash equivalent records revealed no evidence of the bank reconciliations being reviewed by the senior accounts officer for the following bank accounts:

TABLE 5.1: BANK RECONCILIATIONS NOT REVIEWED BY SENIOR ACCOUNTS OFFICER

Particulars	Account Code
Bank account	1030
Colonial National Bank	1031

- The Authority failed to prepare any monthly bank reconciliation for the Bank of the South Pacific (BSP) – Retention Fund (Taveuni) Account for the year. As at 31/12/11, the balance in this account was \$447,214.
- All other balance sheet account reconciliations have not been signed to indicate that the review and approval process has been followed.

Failure to prepare bank reconciliation, other balance sheet account reconciliations or the implementation of an independent review function for reconciliation that have been carried out increases the risk of cash balance being misstated and any fraudulent activities or other irregularities may not be detected on a timely basis.

Recommendations

- **The Authority should ensure that all bank reconciliation prepared is reviewed by independent senior personnel. Any discrepancies noted should be investigated and corrected on a timely manner.**
- **The Authority should ensure that monthly bank reconciliations are prepared for all cash accounts and thoroughly reviewed.**
- **The Finance Accountant and General Manager Finance and Administration should endorse the reconciliation to indicate completion of review process.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Management Comments

- *Recommendations noted. The authority will ensure that all Bank Reconciliations are prepared on a monthly basis and thoroughly reviewed by Senior Staffs and GMFA.*
- *Recommendations noted. The monthly Bank Reconciliations for all cash accounts is on-going and reviewed thoroughly by senior finance staffs.*
- *Recommendations seriously considered. The authority will ensure that all reconciliations are reviewed and certified by the Senior Staffs. The authority is also in the process of reviewing the financial policy to strengthen internal control procedures in the accounts section.*

5.7 Amount owed to government

The Authority under Promulgation 49 of 2007 and Promulgation 1 of 2009 is responsible for the collections of all revenues apart from government grant, which are deposited directly into the Government's Consolidated Fund Account. The Authority does not receive these funds in its own bank account except for those fees, levies and charges received in Taveuni.

The Authority opened a bank account number 3095514 to deposit all related revenue items with the idea of transferring the balance to government consolidated account.

The audit noted that for financial periods 2010 and 2011, the Authority failed to transfer this revenue to the government consolidated account. As at 31/12/11, the balance in the account was \$447,214.

As a result, the Cash at bank balance in the financial statements may not be fairly reflected.

Recommendation

The Authority should pass the following journal entries in order to correct its books, however, the financial statements have been adjusted accordingly:

Retained Earnings	Dr	\$447,214	
Government revenue	Cr		\$447,214
<i>(To adjust for payables of government revenue)</i>			

Management Comments

Recommendations noted. The authority is working towards getting all funds transferred to consolidated fund account. The authority will ensure that funds are transferred on monthly or weekly basis.

5.8 Weak internal controls for inventory

There shall be maintained proper records of movement of all stock used by all functional areas of LTA. Adequate stock levels depending on the demand for each category of stock will be maintained at all times to avoid disruption to daily operations and for continuous customer services. All stores shall be properly kept and securely locked in a storeroom with restricted access. The delegated officer in the cost centre or Finance Officer at Accounts, HQ shall be responsible for the maintenance and security of stores.⁵

The audit of the inventory records revealed that the Authority has poor controls to safeguard inventories. The following ineffective controls were noted:

- Stock cards are not maintained;
- Quarterly stock were not performed;
- Monthly reconciliations were not prepared by the Stock Officer;
- Stock reports were not reviewed by the Senior Officer; and
- Stock valuation report was not prepared by the Stock Officer.

⁵ Land Transport Authority's Finance Manual – Section 13.1.1 to 13.1.3

The above control issues increases the risk of inventory theft, failure to detect errors, non-compliance with IFRS and inventory accounts being materially misstated.

Recommendations

The internal control procedures in the Stores Section, specifically supervisory checks should be strengthened to avoid such discrepancies. It is recommended that the Authority reviews its finance manual with the following policies and procedures are included and implemented:

- ✓ **monthly stock takes should be performed. However, this should be restricted to sample counts;**
- ✓ **every quarter, management should ensure that a full stock take is done. Of the quarterly stock take, one will be in the presence of the external auditors;**
- ✓ **monthly stock reconciliations (stock valuation) to be prepared by the Stock Officer and reviewed by the Finance Accountant or General Manager Finance and Administration;**
- ✓ **review the inventory in stores and indicate slow moving or obsolete inventory; and**
- ✓ **invest in inventory software so that proper record keeping and reconciliations are done with actual counts.**

Management Comments

Recommendations noted. The authority will ensure proper procedures are in place for proper controls and recording of inventories on periodical basis. The authority is also in the process of reviewing finance policy on inventories and stock management.

5.9 Overstatement of inventory balance

The closing monthly balances for each inventory item should tally with the monthly balances on the respective tally cards. The inventory account General Ledger (GL) monthly balance should agree with the total monthly closing balances on the stock sheet. Any variances must be verified.⁶

Review of inventory journals revealed that the GL balance was overstated by \$445,910 hence did not reconcile with the inventory valuation report. It was also noted that there was no movements in Work in Progress since 2010. The balance in this account is \$106,199.

As a result, inventory may not be fairly stated in the financial statements.

Recommendations

- **The internal control procedures in the Accounts and Stores Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**
- **The Authority should ensure that the following journal entries are passed into the system in order to fairly state and correctly classify the accounts:**

<u>GL Code</u>	<u>Particulars</u>	<u>DR</u>	<u>CR</u>
New code	Inventory Write – Off	225,078	
1310	Inventory Account		225,078

⁶ Land Transport Authority's Finance Manual – Section 13.6.8 to 13.6.9

(Being writing off inventory account amount)

New code	Inventory Write – Off	220,832	
1315	Inventory Account		220,832

(Being writing off inventory account amount)

1312	Inventory MIS	106,199	
1316	Inventory WIP		106,199

(Being reclassification of inventory WIP to finished goods)

Management Comments

Recommendation is noted. The authority is working towards ensuring that proper procedures are in place for proper controls and recording of inventories on periodical basis.

5.10 Unexplained variances in salary accruals account

All balance sheet items must be reconciled monthly with a breakdown of the GL balances prepared by the GL Clerk, checked by the Financial Accountant and certified by the Manager Accounts.⁷

A review of the salary accrual GL balances (Account Nos. 2381 to 2389) revealed an unexplained variance of \$55,801 as at balance date. Refer Table 5.2 for details:

TABLE 5.2: UNEXPLAINED VARIANCE IN SALARY ACCRUAL GL

Particulars	Amount \$
Total as per LTA's record	14,010.00
Total as per audit calculation (reasonable)	69,811.00
Variance	(55,801.00)

According to audit calculation, the salary accruals were from both staff salary fortnightly and weekly reports. The staff fortnightly report was for period of ten working days beginning 26/12/2011 to 06/01/2012. Therefore, half of the total salary in the payroll report should be accrued. In addition, the weekly pay report for the period 26/12/2011 to 30/12/2011 should also be accrued as this pay was processed in January 2012. Refer to audit calculation below for details:

Fortnightly pay	(26/12/11 to 06/01/12)	\$135,401
<i>(the amount above, is for the 10 days ending 06/01/2012. Of the 10 days, 5 relates to the accounting period)</i>		
Salary accrual relating to the fortnightly pay		67,700
Weekly pay	(26/12/2011 to 30/12/12)	<u>2,111</u>
Amount as per audit calculation		\$69,811

Therefore the salary accrual account balance may not be fairly stated in the financial statements.

⁷ Land Transport Authority's Finance Manual – Section 3.9.1.1

Recommendation

The Authority should review the GL for the above codes and offset both the accruals and the corresponding reversals. The Authority should also investigate whether the un-reconcilable amounts are either an over or under accrual. Necessary journal entries should be passed so that the above accounts are reasonably stated.

Management Comments

Recommendations noted. The authority is in the process of reviewing the Salary accrual account and the reconciliations have been on-going and done on a monthly basis.

5.11 Payroll creditors – no proper reconciliation

All balance sheet items must be reconciled monthly with a breakdown of the GL balances prepared by the GL Clerk, checked by the Financial Accountant and certified by the Manager Accounts.⁸

Payroll creditors are the amount the Authority owes to its employees for over deductions, over-surcharges and others. The audit noted that almost 99% of the payroll liability has been carried forward from prior years. As at 31/12/11, the balance for Payroll Creditors account was \$49,364.

The Authority failed to provide a proper reconciliation for payroll creditors.

Recommendations

- **The Authority should assign personnel to prepare a report/reconciliation as to the exact amount that is being owed to employees.**
- **Payroll Creditors reconciliation should be regularly carried out and by the Financial Accountant.**

Management Comments

Recommendations noted. The authority will ensure that the payroll reconciliations are done on a monthly basis, checked by the Financial Accountant and certified by Manager Accounts or GMFA.

5.12 Unverified variance - PAYE

All balance sheet items must be reconciled monthly with a breakdown of the GL balances prepared by the GL Clerk, checked by the Financial Accountant and certified by the Manager Accounts.⁹

The audit of the trial balance revealed that the PAYE clearing account (Account No. 2331) had a balance of \$85,527 as at 31 December 2011. From this balance, the December 2011 PAYE of \$25,659 was paid¹⁰ in January 2012 whilst balance of \$59,868 remained unverified as at balance date.

PAYE Clearing account balance may not be fairly stated in the financial statement.

⁸ Land Transport Authority's Finance Manual – Section 3.9.1.1

⁹ Land Transport Authority's Finance Manual – Section 3.9.1.1

¹⁰ Cheque No. 12245

Recommendation

The Authority should rectify the unexplained balance and if need be previous years records reviewed and corrected to prevent misstatements.

Management Comments

The Reconciliation of PAYE clearing account is in process including reconciliations for prior years. The authority will ensure that the balances are fairly stated in the financial statements.

5.13 Excessive accumulation of annual leave

The Partnership (PA) and the Collective Agreement (CA), states that the maximum annual leave days that can be accrued are 31 days for Partnership agreement and 10 days can be taken over to the next financial year for Collective agreement. The Partnership agreement entitles staff to 25 working days annual leave. Those under the collective agreement have either 18 or 21 days annual leave depending on position.

Review of leave records revealed the following anomalies:

- Annual leave have been accumulated for more than the agreed number of annual leave days. Refer to Table 5.3 for examples:

TABLE 5.3: EXCESSIVE ACCUMULATION OF ANNUAL LEAVE AS AT 31 DECEMBER 2011

Employee Initial	Agreement	Accumulated Leave Balance	Employee Initial	Agreement	Accumulated Leave Balance
AA	PA	36.46	AF	CA	38.50
AR	PA	44.82	AK	CA	41.83
BRP	PA	61.08	BJ	CA	52.90
BLS	PA	60.50	DV	CA	41.32
FCK	PA	45.23	DJ	CA	65.30
IM	PA	46.79	JU	CA	45.21
IR	PA	43.34	JB	CA	50.26
IK	PA	36.64	JB	CA	41.00
JS	PA	40.27	JL	CA	35.45
JV	PA	58.92	JS	CA	55.36
KC	PA	41.81	JT	CA	38.13
LT	PA	34.63	KS	CA	40.04
MM	PA	36.92	MLR	CA	44.14
MIM	PA	41.29	MS	CA	33.29
MF	PA	66.53	PP	CA	39.00
MF	PA	33.22	RP	CA	50.06
MV	PA	37.41	SK	CA	32.32

Employee Initials	Agreement	Accumulated Leave Balance	Employee Initial	Agreement	Accumulated Leave Balance
MD	PA	40.18	TAT	CA	41.72
MF	PA	36.90	VSJ	CA	32.50
ML	PA	32.92	VA	CA	53.68
NT	PA	50.47	WY	CA	32.25
NS	PA	47.50	YR	CA	32.21
PYR	PA	34.89	SH	PA	37.77
RNB	PA	85.50	TDM	PA	41.02
RP	PA	47.96	US	PA	46.84
SDD	PA	32.02	VK	PA	38.66

- Some employees took annual leave without prior approval. Numerous occasions were noted when the Human Resources Department received leave forms after the leave had been taken. In addition, the Human Resources Department then processed the applications weeks or days after the initial date of receiving the annual leave form. Refer Table 5.4 for examples:

TABLE 5.4: LEAVE APPROVED AFTER LEAVE HAD BEEN TAKEN

Date	Dates of leave to be taken	Date leave forms received by HR	Date HR processed leave
17/05/11	Employee 1 (23/05/11 to 27/05/11)	19/05/11	17/08/11
04/04/11	Employee 2 04/04/11 – 5 days	19/04/11	21/06/11

The current practices are clear breaches of the Authority's annual leave policies and procedures. The findings also indicate that the Authority lacks proper administration and management of leave.

Recommendations

- The Authority should ensure that Officers are encouraged to take their leave when due, however, without hindering the continuity of the Authority's operations.
- The Authority should ensure that limits of annual leave that can be kept or taken to the next financial year are as per the agreements.
- Annual Leave should be approved first before the employees are permitted to go on leave. Management should ensure that the time lag between leave applications to the updating of leave in the leave register should be within an acceptable range.
- It is recommended that the monitoring, processing and updating of leave days should be included in the annual Key Performance Indicator of the HR Department.

Management Comments

- Recommendations noted. The Authority will ensure that staffs are encouraged to take leave when due including the senior management staff. The review of policy on annual leave is on-going.*

- *Recommendations noted. The authority has already acquired and implemented new HR Software and is also working towards reviewing Annual leave policies and procedures.*

5.14 Recoverability of deposits

The audit of the deposit account number 1354 totalling \$32,388 revealed that the balance consisted of deposits made to a telecommunication company and to the landlords (payment of bonds on properties rented). No movements were noted in this account during the year.

Discussion with the Payment Officer revealed that some of the employees are no longer occupying the rented houses and some houses have been sold. The bond paid was not recovered.

It was also noted that the deposit for the mobile phone and landlines should have been collected as the phones are no longer in use (i.e. damaged and disposed-off).

Recommendation

The Authority should review all security deposits and ascertain whether these deposits still exist. In addition, management should work towards the recoverability of those security deposits that needs to be recovered or adjust the necessary accounts to ensure that these accounts are fairly stated.

Management Comments

Recommendations noted. The authority will review all security deposits and ensure that its recovered if need be.

5.15 Postmaster receivables

Post Fiji acts as a sub-agent to provide LTA services to remote islands/areas. LTA will send their manual receipt books to Post Fiji to receipt the customers. The batch of manual receipts is then sent to the LTA accounts office at month end.

The audit noted instances whereby the batches of manual receipts were a month late due to transportation delays. However, Post Fiji would have made a cheque out to the Authority. These amounts should be offset against carbon copy of the manual receipt.

Discussion with the Revenue Officer revealed that although the EPICOR system states that the Authority owes Post Fiji \$60,243 (2010: \$48,271) LTA has yet to account for the manual receipts in the system due to the following reasons:

- LTA and Post Fiji records do not reconcile; and
- Manual Receipts have been misplaced.

The Post Master Receivables balance stated in the financial statement may not be fairly stated.

Recommendation

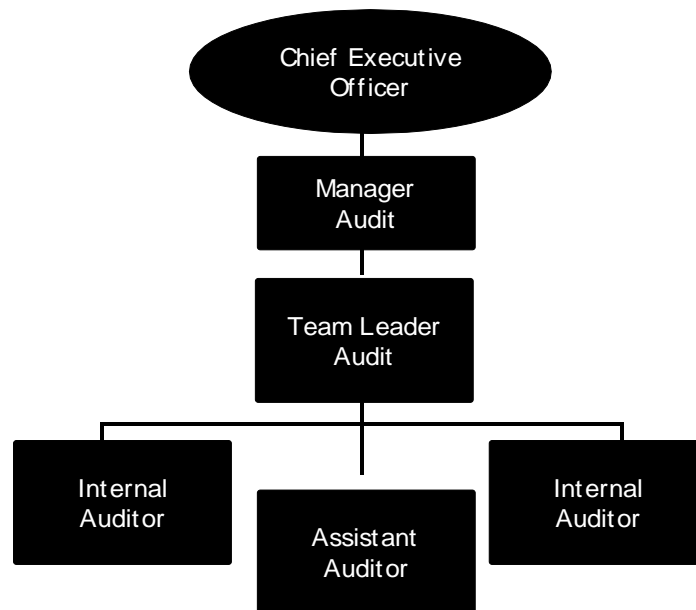
The Authority should liaise with Post Fiji in order to reconcile the variances that exist in the two records.

Management Comments

Recommendations noted. The authority will ensure that the Post Masters Account is reconciled on a monthly basis to rectify the variances or any discrepancies. The authority will ensure that all Manual receipts are accounted and filed safely.

5.16 Conflict of interest in internal audit reporting

A review of the organisation chart revealed that the Internal Audit Department reports directly to the Chief Executive Officer (CEO). The CEO approves the scope of the compliance testing and all reports are issued to the CEO for review. The CEO also tabulates the report to the Board of Directors and discusses the matters highlighted in the internal audit reports. The organizational structure for 2011 is illustrated below.



The current practice increases the risk of manipulation of internal audit scope to meet the CEO's expectations. Lack of segregation of duties and independence with regards to the setting up of internal audit programs and reviews of the internal audit programs increases the risk of misleading reports being presented to the Board.

Recommendation

For an effective internal audit function, the Internal Audit Manager should report directly to the Audit Committee or the Board.

Management Comments

While the recommendations are noted, this has been previously practised, however the trust that has been placed to the members has not been honoured for example the Print House Case. Thus the current structure was established. For effective internal audit function, the management will consider the recommendations in due course.

SECTION 6: WATER AUTHORITY OF FIJI

The Water Authority of Fiji was established under the Water Authority of Fiji Promulgation No. 25 of 2007 vide Legal notice No. 68 of 2011. The objectives of the Promulgation were as follows:

- To give effect to the reorganization of the Water and Sewerage Department under the Public Enterprise Act 1996;
- To make provision for the effective management and administration of the Water and the Sewerage Systems; and
- To provide efficient and reliable services to customers and to ensure that the services are undertaken competently and professionally.

The Authority was established to manage the following functions:

- To harvest, treat and reticulate water for supply to its customers;
- To comply with standards in relation to the supply and quality of water in its water system;
- To collect, transport, treat and discharge waste water for the purpose of this promulgation;
- To establish, operate and maintain systems for the provision of water and sewerage services;
- To maintain any State assets transferred to and vested in it by the Government pursuant to this promulgation or any other written law.
- To provide technical or expert advice to any other person on matters relating to its functions and powers;
- To progressively achieve economic viability in the provision of water supply and sewerage services;
- To be environmentally responsible in the performance of all its activities.
- To assist in protecting, managing and conserving water resources; and
- To assist in the formulation and implementation of national policies or urban and rural land use planning, relating to the use and control of water bodies and resources.

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PART A – FINANCIAL INFORMATION

6.1 Audit Opinion

The audit of the financial statements of the Water Authority of Fiji (WAF) for the year ended 31 December 2010 resulted in issue of a disclaimer of opinion as stated below:

1. The Authority made adjustments to several general ledger accounts in 2010 and was not able to provide journals for these adjustments for audit verification. As a result I was unable to ascertain whether the adjustments made were correct and properly authorised.
2. A significant variance of \$5,400,498 was noted between the general ledger balance (\$1,323,234) and the subsidiary ledger balance (\$6,723,732) for inventory due to the two records not linked. The Authority did not reconcile the variance. As a result I was not able to ascertain whether the inventory amount is fairly stated in the financial statements.
3. Property, plant and equipment valued at \$1,888,909,608 transferred from the Government were taken in the Authority's books based on the valuation carried out by the Government in 2006. Valuation at the time of takeover was not carried out. As a result, I was not able to ascertain whether the net book value of property, plant and equipment amounting to \$1,832,506,702 is fairly stated in the financial statements.
4. The Authority did not provide evidence of stock take of inventories at the beginning and at end of the year. In addition, chemical stock on hand as at 31 December 2010 was not included in the statement of financial position. I was unable to satisfy myself by alternative means that the inventory quantities held at 31 December 2010 and its valuation which are stated in the statement of financial position at \$1,323,234.

6.2 Abridged Statement of Financial Performance

Year Ended 31 December	2010 (\$)
Income	

Year Ended 31 December	2010 (\$)
Income from Operation	63,363,727
Other Income	1,012,538
Finance Income	37,535
Total Income	64,413,800
Expenditure	
Staff Costs	17,989,067
Depreciation	85,763,471
Income Tax Expense	2,401,538
Other Operating Expenses	44,951,090
Total Expenditure	151,105,166
Net Loss for the Year	(86,691,366)

The Authority recorded an operating loss of \$86,691,366 in its first year of operation.

6.3 Abridged Statement of Financial Position

As at 31 December	2010 (\$)
Assets	
Cash & Cash Equivalents	2,747,168
Trade and Other Receivables	23,042,095
Property, Plant and Equipment	1,832,506,702
Inventories	1,323,234
Held-To-Maturity Investments	1,000,000
Other Assets and Prepayments	2,922,569
Total Assets	1,863,541,768
Liabilities	
Employee Benefits	569,256
Trade and Other Payables	28,534,868
Deferred Revenue	38,537,141
Deferred Tax Liability	2,401,538
Total Liabilities	70,042,803
Net Assets	1,793,498,965
Accumulated Funds	
Contributed Equity	1,880,190,331
Retained Losses	(86,691,366)
Total Accumulated Funds	1,793,498,965

PART B – CONTROL ISSUES

6.4 Employment of Overseas National

A person who is not a citizen of Fiji Islands must not enter, reside and work in the country unless the person meets the visa requirements set and approved by the Department of Immigration.¹

WAF employed a British national (ID W0202) as a team leader for projects from 18/02/10 to 01/07/10. The officer was on visitor's visa to Fiji and the Department of Immigration on 14/04/10 authorized the officer to work in Fiji from 21/03/10 to 21/06/10. The officer was terminated on 01/07/10 due to expiry of his visa. The audit noted the following anomalies regarding the expatriate;

- WAF employed the officer from 18/02/10. The approval to work at WAF from the Department of Immigration was given on 14/04/10. This indicated that he was employed illegally from 18/2/10 – 14/4/10.
- WAF employed the expatriate from 18/02/10 to 01/07/10 contrary to Department of Immigration's approval for him to work from 21/03/10 to 21/06/10. The officer was employed by WAF for additional 41 consecutive days or 30 working days. The expatriate was paid a salary of \$15,989.97 for the period of employment.

WAF did not comply with Immigration rules when employing the expatriate as project team leader.

Recommendation

WAF should comply with Immigration Act when employing overseas nationals.

Management Comments

No comments received.

6.5 Entertainment Allowance for the Former Chief Executive Officer

Entertainment allowance is an amount of money set aside for entertaining clients and visitors. Enterprises should set annual limit for the entertainment allowance paid to top management staffs.

The following anomalies were noted for payment of entertainment allowance to WAF former CEO.

- The former CEO was paid entertainment allowance of \$1,000 per event. There was no annual limit set by WAF on entertainment allowance which totalled \$49,519 for 2010.

¹ Fiji Immigration Act 2003, Section 7

- Management sought clarification on the payment of former CEO entertainment allowance. The board in its meeting held on 1/12/2009 approved that: *“CEO clarified and it was approved and confirmed that the entertainment expenditure of cap of \$1000 per event is included in the \$30,000 operational authority”*.

The audit noted that the board’s clarification on the payment of CEO entertainment allowance was ambiguous. As a result WAF staff did not know what it meant and were not able to provide how much to be actually paid to CEO as his entertainment allowance.

Recommendations

- **WAF should seek clarification from the board on the payment of CEO’s entertainment allowance.**
- **The Board should set an annual limit for payment of entertainment allowance to CEO.**

Management Comments

No comments received.

6.6 Annual Leave Balances

The main purpose of computer software is to process transactions at high-speed and provides ad-hoc reporting to the users with reduced labour to perform the tasks.

WAF is using a payroll software for processing payroll and recording of the officers’ annual leave records.

The audit noted that the payroll software does not itself compute the annual leave due after deducting the leave taken from the officer’s leave entitlement. Instead the officer in charge has to access another panel within the annual leave module, manually count the number of days leave taken by an officer and then deduct it from the annual leave entitlement in order to obtain the leave due at a particular point in time.

Computing leave balances for staffs is a tedious exercise. The system does not generate all the reports required by the management.

Recommendation

WAF should upgrade its annual leave module in the payroll software so that it automatically calculates the annual leave balances for management reporting.

Management Comments

No comments received.

6.7 Job Description’s

A job description template is a list that a person might use for general tasks, or functions, and responsibilities of a position. It may often include to whom the position reports, specifications such as

the qualifications or skills needed by the person in the job, or a salary range. Job descriptions are usually narrative, but some may instead comprise a simple list of competencies, for instance, strategic human resource planning methodologies may be used to develop competency architecture for an organization, from which job descriptions are built as a shortlist of competencies.

The audit noted that WAF did not have job descriptions for its staffs which include permanent employees and wage earners.

In absence of job descriptions employees may not be able to properly understand their roles and responsibilities of the position they hold. In addition WAF may not be able to hold its employees accountable for incomplete tasks.

Recommendation

WAF must ensure that all positions have job descriptions.

Management Comments

No comments received.

6.8 Cash at Bank

Monthly receipts and payments amounts in the general ledger should reconcile with the cash book and bank statements.

WAF uses ACCPAC accounting software to prepare its monthly bank reconciliations.

The audit could not verify the monthly receipts and payments total in the general ledger due to unavailability of the cash receipts journals or subsidiary ledgers. According to the Senior Accountant the general ledger and the cash receipts journal and cash book modules of the ACCPAC accounting software were not inter-graded.

As a result the audit could not establish whether receipts totalling \$75,477,547 and payments totalling \$76,601,659 for the year 2010 taken up in WAF's bank reconciliation were correctly stated.

Recommendation

WAF should ensure that subsidiary records in the ACCPAC accounting software are linked to the general ledger.

Management Comments

No comments received.

6.9 Bad and Doubtful Debts

Doubtful debts should be provided for debtors who are highly likely to default payment of their accounts and become bad in a near future.

WAF prepared a report dated 31/5/11 on proposed write off for all accounts which had pre 2010 arrears and was deemed as unrecoverable in the near future. Details of the debtors not likely to pay as per the report dated 31/5/11 are shown in Table 6.1 below.

Table 6.1: Debtors Not Likely to Pay

Debtors	Amount (\$)
Write off	3,085,092
Potential write off	11,624,129
Hold	16,619,596
Total	31,328,817

Out of the \$31,328,817 of debtors who were not likely to pay, the report recommended that \$14,365,004 be written off. The Board in its meeting held on 9/1/2012 did not approve the write off. However, the Board approved that these accounts be fully provided for and taken as part of the opening trial balance as at 1/1/10. Following anomalies were noted.

- The Board in its meeting held on 9/1/12 approved that accounts be fully provided for and taken as part of the opening trial balance as at 1/1/10. The Board did not state the exact amount to be provided as bad and doubtful debts in 2010 financial statements.
- WAF created a provision for doubtful debts totalling \$12,000,000 for the year ended 31/12/10 out of \$14,365,004 that was recommended to be written off. The Board minutes of 9/1/2012 did not state the amount of provision for doubtful debts to be taken up in 2010 accounts. WAF did not consult the Board on the amount and arbitrarily decided \$12,000,000 to be provided for.
- WAF provided for doubtful debts totalling \$12,000,000 in 2010 accounts out of \$14,365,004 for which details of specific accounts or customers to be written off were not provided.
- WAF did not carry out any debt collection exercise before recommending for write off to the Board and creating a \$12,000,000 provision for bad and doubtful debts in 2010 accounts. Some of this debts may be collectable, especially the amount owed by the government through discussions with heads of departments or Public Service Commission.
- WAF did not take any action against the consumers who owed substantial amounts to ensure that they start paying the bills after the proposed write off. For example 11,099 customers had ceased and damaged meter with total outstanding bill of \$6,984,645. However, WAF did not replace or disconnect these meters. In addition, 11,370 meters with total outstanding bill of \$7,002,030 had previous disconnections but they still do not pay their bills. WAF did not disconnect these meters permanently. These consumers may continue to default payment of bills after their arrears are written off if no action is taken by WAF.

The findings showed that proper process was not followed before creating the provision of \$12,000,000 in 2010 accounts. As a result audit could not ascertain whether the amount provided for bad and doubtful debts was actually not collectable.

Recommendations

- **The Board should provide exact amount of arrears that need to be provided for doubtful debts.**

- **WAF should:**
 - **identify which specific accounts or customers to be included in the provision for doubtful debts of \$12,000,000 out of the \$14,365,004 it recommended to be written off.**
 - **undertake debt collection exercise before recommending for write off to the Board.**
 - **take appropriate action against the consumers who owe substantial amounts to ensure that they start paying the bills after the proposed write off.**

Management Comments

No comments received.

6.10 Chemical Usage

Tenders should be called for purchases of goods and services exceeding \$30,000. Competitive quotes should be obtained for purchase of goods and services costing less than \$30,000. All expenses incurred should be properly posted into the general ledger system.

WAF purchased chemicals such as chlorine gas, aluminium sulphate, copper sulphate, HTH powder and calcium hydroxide. These chemicals were purchased from companies as shown in Table 6.2 below.

Table 6.2: Suppliers of Chemicals

Chemical Supplier	Amount (\$)
Chemical Supplier 1	739,611.34
Chemical Supplier 2	1,070,688.78
Chemical Supplier 3	54,800.00
Chemical Supplier 4	14,858.94
Total	1,879,959.06

Our review of chemicals purchased by WAF during 2010 revealed the following irregularities.

- WAF purchased chemicals from the first three suppliers in 2010 which exceeded \$30,000 per annum. However tenders were not called for selecting these companies for regular supply chemicals during the year.
- WAF did not carry out stock take of chemicals as at 31/12/10. However list for the quantity of chemical stock on hand in December 2010 was submitted to the WAF headquarters from Northern and Western divisions. The cost of chemical stock on hand was not provided by these divisions. No detail of chemical stock as at 31/12/10 was prepared for the Central/Eastern division by WAF.
- WAF did not maintain a ledger for chemical inventory. In addition WAF did not have any record of opening chemical inventory quantity and cost as at 1/1/10. As a result WAF did not know the actual cost of chemical inventory on hand as at 31/12/10.
- WAF purchased chemicals totalling \$1,879,959 in 2010. The total chemical usage for the year ended 31/12/10 was \$1,453,296. This indicated that WAF should have chemical inventory of at least \$426,663 (excludes opening balance on 1/1/10) on hand as at 31/12/10. However, WAF's balance sheet did not include any chemical inventory as at 31/12/10.

The findings show that proper procurement procedure was not always followed by WAF. In addition the chemical inventory was not properly recorded and disclosed in the financial statements.

Recommendations

WAF should ensure that:

- **tenders are called for all procurement of goods and services exceeding \$30,000;**
- **a ledger to record chemical inventory balance is maintained;**
- **annual stock take of chemical is carried out in future; and**
- **chemical inventory on hand at the end of financial year is included in the statement of financial position.**

Management Comments

No comments received.

6.11 Hire of Assets

Tenders should be called for purchases of goods and services exceeding \$30,000. Competitive quotes should be obtained for purchase of goods and services costing less than \$30,000. In addition proper records should be maintained by WAF for all payments made.

Included in the financial statement for the year ending 31/12/10 was cost of hire of assets totalling \$3,157,139. This included hire of plant, equipment and motor vehicles. Refer to Table 6.3 below for cost of hire of assets for the year ended 31/12/10.

Table 6.3: Hire of Assets

Assets Hired	Cost (\$)
Vehicle leased	826,168
Domestic hire of vehicles/vessels	60,865
Plant and Equipment Hire	1,282,783
Machinery Hire	126,711
Trucks/vehicle hire – material and labour carting	227,063
Truck hire – water carting	633,549
Total	3,157,139

Review of hire of assets expenses revealed the following anomalies.

- WAF only provided the vendor names from which assets were hired during 2010. WAF was not able to provide the total cost of assets hired from each vendor during 2010.
- WAF was not able to provide transactions listing for each vendor for hire of assets. The audit was not able to select sample of transactions for further audit tests as details such as payment voucher number, cheque number and purchase order number could not be obtained from the general ledger system.

- The total cost for hire of assets was \$3,157,139 for the year ended 31/12/10. WAF did not call for tenders for hire of assets during 2010. All assets were hired based on quotations only.

The findings showed that proper procurement procedure was not followed for hire of assets. In addition proper record was not maintained in subsidiary ledger of the accounting system used by WAF. As a result the audit was not able to substantiate the hire of asset cost as at 31/12/10.

Recommendations

WAF should ensure that:

- transactions are properly posted into the ledgers and the ledger system should be able to show and print vendor transaction listing with total amounts as at any date.
- tenders are called for hire of assets exceeding \$30,000 per annum.

Management Comments

No comments received.

6.12 Audit Fees

Tenders should be called for purchases of goods and services exceeding \$30,000. Competitive quotes should be obtained for purchase of goods and services costing less than \$30,000. In addition proper records should be maintained by WAF for all payments made.

WAF hired a Chartered Accountant Firm in 2010 to provide the following professional service.

- i) Design the accounting framework to change the accounting system from cash to accrual basis;
- ii) Propose a chart of accounts;
- iii) Consult relevant users and stakeholders to ensure there are adequate reporting system; and
- iv) Recommending an appropriate system of reporting to enable WAF to meet its various reporting requirements.

WAF provided for \$240,000 as audit fees in its 2010 financial statements to pay for the professional services rendered by the firm. Review of the audit fees noted the following anomalies.

- WAF was not able to provide tender documents or details about how the firm was selected and appointed to provide the professional services.
- There was no contract agreement prepared and signed between WAF and the firm for the professional services provided.
- WAF paid total of \$68,800.65 to the firm as at 31/12/10 for professional services. The audit could not establish whether correct amount was paid to the firm as no formal documentation about the cost and the details of the services was provided by WAF.
- WAF hired the firm for setting up the accounting system, chart of accounts and reporting system. These services do not relate to auditing of WAF's accounts. However, WAF treated these expenses as audit expenses and incorrectly charged to audit fees allocation in 2010 accounts.

- WAF recorded audit fee expenses of \$240,000 in its 2010 accounts. However there was no audit undertaken in 2010. WAF paid \$68,800.65 to the firm for setting up the accounting system, chart of accounts and reporting system which was charged to Audit Fees account. Audit was not able to substantiate the balance of \$171,199.35 charged to audit fee account as no expense was incurred. As a result the total expense was overstated by \$171,199.35.

The findings show that proper procurement procedure was not followed by WAF.

Recommendations

WAF should ensure that:

- **tenders are called for all procurement of goods and services exceeding \$30,000;**
- **contract agreement is prepared and signed by both parties for all project works. The contract agreement should also state the total cost of work to be carried out;**
- **expenses are posted to correct expenditure allocation; and**
- **appropriate adjustments are made to ensure that audit fees account is properly reflected in the accounts.**

Management Comments

No comments received.

6.13 Printing and Stationery

WAF spent total of \$191,811 for printing and stationary expenses in 2010. Review of printing and stationary expenses revealed the anomalies.

- Out of total printing and stationary expenses of \$191,811, in 2010 WAF paid \$166,558 to a printing service company for printing services and audit noted that WAF did not call for tenders before selecting the printing company.
- WAF obtained printing and stationary services from various suppliers without proper procurement process.
- WAF did not post most of the purchases made from these suppliers into the creditors' subsidiary ledger. WAF was not able to provide total purchases made in 2010 by vendors' names.

The findings showed that proper procurement procedures were not always followed by WAF. Hence audit could not ascertain the accuracy of printing and stationary expenses for 2010.

Recommendation

WAF should ensure that tenders are called for all purchase costing more than \$30,000 and that all transactions are properly recorded in the subsidiary ledger and posted to general ledger.

Management Comments

No comments received.

6.14 Long Outstanding Debtors

All necessary avenues should be explored by WAF to recover the arrears of water charges to avoid unnecessary write offs.

The audit noted that as at 31/12/10 a total of \$12,022,753 or 35% of the total arrears of \$34,979,981 was owed for more than 5 years in water and sewerage charges. These arrears were taken over by WAF from the Government when it was corporatized from 1 January 2010.

Apart from meter disconnection no other action was taken to recover the arrears. In addition legal actions were not taken against any of the defaulting customers to recover the long outstanding arrears.

Recommendation

WAF should make concerted efforts to recover the arrears to avoid write offs and should consider taking legal action against consumers who owe large amounts.

Management Comments

No comments received.

6.15 Other Assets.

Management should ensure that accounting records are made available for audit inspection as and when requested.

Payment voucher numbers 11099 and 12367 amounting to \$59,445.64 and \$44,894.33 respectively for VAT reversible charges account in other assets were not provided for audit as the officer in charge of payments could not locate these vouchers. As a result audit could not establish whether the amounts reflected in the financial statements as other assets are fairly stated.

Due to laxity and poor record keeping these payment vouchers were not made available for audit inspection.

Recommendation

WAF should ensure that accounting records are properly maintained for audit inspection.

Management Comments

No comments received.

6.16 Inventory Records

Annual stock take should be carried out for all inventory items held by WAF to ascertain the value of stock on hand at balance date to be included in the accounts.

Stock on hand certificate and the stock sheet for the stock take carried out as at 31 December 2010 was not produced for audit. According to the Finance Officer Inventory the file that contained the stock take records was missing.

As a result audit could not establish whether stock take was actually carried out by WAF for the year ended 31/12/10. In addition audit could not determine whether the inventory amount was fairly stated in the accounts.

Recommendation

WAF should ensure that stock take of inventories is carried out and records properly maintained.

Management Comments

No comments received.

6.17 Failure to Provide General Journals for Expenditure

Journals entries maybe passed to make adjustments to the general ledger amounts. All adjusting journals should be properly reviewed and approved by a senior officer before any adjustments are passed. Journals should be properly filed and maintained by the accounting section for future references.

Our review of the several expenditure accounts in the general ledger revealed that several adjustments were made to the account balances in 2010 through journal entries. However WAF was not able to provide journals for these adjustments for audit verification as the journal files were missing.

As a result audit was unable to ascertain whether adjustments were approved and correct.

Recommendations

WAF should ensure that:

- **all journal are properly filed and maintained for future reference.**
- **missing journals are investigated and appropriate action taken.**

Management Comments

No comments received.

6.18 Petty Cash

Total petty cash held by an entity should be reflected in the final accounts at the year end.

The audit noted that the Authority held a total of \$900 for petty payments at its three major centres as at 31/12/10. However, the petty cash amount stated in the financial statements was \$1,892.00. A variance of \$992 was noted.

WAF was not able to provide any reason for the overstatement of petty cash amount by \$992.

Recommendation

WAF should ensure that petty cash account and petty cash records are properly maintained.

Management Comments

No comments received.

6.19 Absence of Accounting Manual

The purpose of the accounting procedure manual is to provide accounting officers with direction and guidance in connection with accounting transactions, procedures, and reports that should be uniform throughout the WAF.

The Accounting Manual should not be considered an all inclusive handbook. Rather, accounting officers should also be guided by professional accounting standards. Except as otherwise stated the policies and procedures contained in the Accounting Manual should be mandatory.

The audit noted that WAF did not have an accounting manual since its establishment in 2010. WAF is now in the process of developing an accounting manual. Accounting procedure manual ensures that accounting procedures are applied consistently by all accounting staffs. It also ensures that all accounting tasks are carried out in compliance to the set guidelines.

Recommendation

WAF should ensure that the compilation and finalization of the accounting procedure manual is expedited.

Management Comments

No comments received.

6.20 Annual Budget Not Prepared

An annual budget is prepared for an entity to guide itself for utilization of funds and to keep or monitor its cash flow at any point in time.

The audit noted that WAF did not prepare its budget for the year 2010. Hence WAF did not estimate how much each activity or task should cost.

In absence of budget estimates WAF did not have any monitoring mechanism in place to ensure expenses were properly controlled and maintained at a predetermined levels. The finding show poor control over WAF finances by the management.

Recommendation

WAF should ensure that it prepares its annual budget for every financial period. The budget estimates should be approved by the board.

Management Comments

No comments received.

6.21 Tender Committee

The main function of the Tender Committee is obtaining the most favourable terms for acquisition of goods and services required for the WAF main activities on the principles of competitiveness, transparency and team decision making. The main goal of the Tender Committee is to cut budget expenses and secure corporate interests of the WAF as well as to strengthen image of the WAF as an accurate and transparent statutory Authority.

The audit noted that WAF did not have a tender committee in 2010. All purchases of goods and services were made based on the competitive quotes irrespective of the dollar value and the nature of goods and services.

WAF may not have purchased goods and services in 2010 based on the principles of competitiveness, transparency and team decision making.

Recommendation

WAF should ensure that a Tender Committee is established as soon as practicable and that all purchases exceeding \$30,000 are approved by the Tender Committee

Management Comments

No comments received.

6.22 Discrepancies in Payments Made

A local purchase order, indent, departmental warrant, contract or agreement must be issued before goods and services are received. Payment should be made on original invoices.

The review of the payment vouchers and supporting document noted instances where payments for purchase of goods and services were processed without payment vouchers and supporting documents such as invoice and purchase order were not attached. Refer to Table 6.4 below for examples.

Table 6.4: Discrepancies in Payments Made

Date of Payment	Cheque Number	Payee	Amount (\$)	Comments
17/3/10	10417	Payee 1	15,217.20	Payment voucher not prepared
26/6/10	15613	Payee 1	29,812.50	Payment voucher not prepared
19/8/10	12393	Payee 1	8,493.65	Payment vouchers not prepared
26/8/10	12477	Payee 2	8,910.00	LPO's not attached for purchases made costing \$1,880 and \$2,985
16/4/10	10882	Payee 2	8,580.00	Payment voucher not prepared

The findings showed that proper payment procedures were not followed. WAF did not have adequate internal controls in the payments system. The risk of fraud, misappropriation of funds and double payments are high with inadequate internal controls.

Recommendations

WAF should ensure that:

- **payment vouchers are prepared and properly reviewed and authorized by senior officer; and**
- **purchase orders are issued for all purchases and copies properly maintained.**

Management comments

No comments received.

6.23 VAT Reconciliation

Subject to the provisions of this Decree, the tax shall be charged in accordance with the provisions of this Decree at the rate of fifteen percent on the supply (but not including an exempt supply) in Fiji of goods and services on or after the 1st day of July 1992, by a registered person in the course or furtherance of a taxable activity carried on by that person, by reference to the value of that supply.²

Output VAT is payable to the Commissioner of Inland Revenue for the supply of all goods and services with the exception of zero rated and exempted supplies.

The audit noted that WAF did not prepare VAT reconciliations for the year 2010. Discussion with the team leader finance revealed that this was not practiced in 2010.

In the absence of vat reconciliation the authority would not be able to ascertain whether it is paying the correct VAT to FRCA.

Recommendation

WAF should ensure that VAT reconciliation is carried out on a monthly basis.

Management Comments

No comments received.

6.24 Cheques Not Issued in Sequential Order

As part of internal control cheques shall be prepared in sequential order for payments.

The audit noted that 5 cheques from December 2010 series were issued out of sequence in January 2011. Refer to Table 6.5 below for examples.

² Value Added Tax Decree 1991 revised to 4th March 2011 – Section 15 (1)

Table 6.5: Cheques Not Issued in Sequential Order

Date Issued	Cheque Number	Amount (\$)	Particulars
11/1/11	14314	135,515.99	Payment of staff salaries and wages
11/1/11	14315	84,844.80	Payment of staff salaries and wages
11/1/11	14316	18,872.39	Payment of staff salaries and wages
11/1/11	14317	249,036.41	Payment of staff salaries and wages
11/1/11	14318	7,093.77	Payment of staff salaries and wages
Total		495,363.36	

The Senior Accountant could not explain why these cheques were issued out of its sequence.

The finding showed poor control over issue of cheque for payments.

Recommendation

WAF should ensure that cheques are always issued in sequence.

Management Comments

No comments received.

6.25 Competitive Quotations Not Obtained

Competitive quotes should be obtained for all purchases costing less than \$30,000.

WAF purchased goods and services from suppliers costing less than \$30,000. However, instances were noted where WAF did not obtain at least 3 competitive quotes from the suppliers before purchases were made. Refer to Table 6.6 below for examples.

Table 6.6: Competitive Quotations not Obtained

Date Payment	Cheque Number	Payee	Particulars	Amount (\$)
26/8/10	12477	Payee 2	Printing of various forms	8,910
16/4/10	10882	Payee 2	Printing of envelopes and billing forms	8,580

In absence of competitive quotes the Authority may not be obtaining goods and services from most economical sources.

Recommendation

WAF must ensure that competitive quotes are obtained for purchase of goods, services or works valued below the tender limit.

Management Comments

No comments received.

6.26 Payment Vouchers and Supporting Documents Not Stamped Paid

Immediately after payment has been effected, the payment officer must stamp “PAID” on all vouchers and supporting documents to avoid any double payments.

Our audit noted that supporting documents were not always stamped “PAID” after the payments were made. Refer to Table 6.7 below for examples.

Table 6.7: Payment Vouchers Not Stamped Paid

Date	Purchase Order Date	Invoice Number	Amount (\$)
18/10/10	14/09/10	2827	8,700
18/11/10	25/09/10	2843	4,400
28/10/10	01/10/10	2844	9,750
18/11/10	25/09/10	2845	3,200
17/11/10	01/10/10	2846	2,720
28/10/10	01/10/10	2847	4,150

The findings showed poor control in payments system. The risks of fraud, misappropriation of funds and double payments are high with inadequate controls.

Recommendation

WAF should ensure that all payment vouchers and supporting documents are stamped “PAID” after payments have been made.

Management Comments

No comments received.

6.27 Purchase Orders Issued After Services Rendered

Purchase orders should be issued when procuring any goods and services from an organization, unless a contract or agreement has been entered into.

The audit noted several examples where purchase orders were not issued for hire of plant and equipment. It was further noted that purchase orders were issued after invoices were received for payment from the suppliers of plant and equipment to fulfil the requirement issuing purchase orders. Refer to *Appendix I* for details.

According to the officer in charge, they were not able to ascertain the number of hour’s plant and equipments were required to be hired. As such the purchase orders were issued after the job was completed.

The current practice of issuing purchase orders does not fulfil the internal control requirement for which purchase orders are issued.

Recommendation

WAF should ensure that purchase orders are issued for purchase of goods and services.

Management Comments

No comments received.

6.28 PUBS password

Having password to access data on a computer system ensure data security. However, the password should be changed periodically. In addition the system should have a built in facility to inform the users to change the password on a periodic basis. However, the users may change the passwords more frequently than required by the system.

WAF uses Pacific Utilities Billing System Software (PUBS) for billing consumers for water and sewerage charges. Audit noted that the PUBS system does not have built in facility which requires its users to change passwords periodically.

Failure to change passwords periodically can result in passwords being accessed by other employees resulting in misuse or manipulation of information.

Recommendation

WAF should ensure that PUBS system is upgraded to have a built in facility for changing passwords periodically.

Management Comments

No comments received.

6.29 Void Report

WAF should print generate void reports on a regular basis for verification and certification by a senior officer to ensure the all voids are valid.

The audit noted that WAF did not generate periodic void reports. As a result WAF does not know how many receipts are void and whether voids are valid.

In absence of void reports there is risk of fraud and misappropriation of revenue.

Recommendation

WAF should ensure that void reports are generated periodically and reviewed by a senior officer to ensure all voids are genuine.

Management Comments

No comments received.

6.30 Fixed Assets Taken Over From Government

IFRS requires that fixed assets transferred from one entity to another should be valued by a qualified registered valuer at the time of transfer so that its fair value is taken up in the books of the new owner.

The audit noted that fixed assets valued at \$1,888,909,608 transferred from the Government to WAF on 31/12/09 were taken in the books based on the valuation carried out in 2006. WAF did not carry out valuation of the assets at the time of takeover in 2009.

WAF failed to comply with the requirements of the IFRS.

In the absence valuation of assets at the time of takeover audit could not be established whether the net book value of fixed assets amounting to \$1,832,506,702 is fairly stated in the financial statements.

Recommendation

WAF should ensure that all assets are valued at the time of transfer so that asset values are fairly stated in the accounts.

Management Comments

No comments received.

6.31 ADB Accounts Not Consolidated With WAF Accounts

All the expenses incurred by the Authority either from its initial budget or from loan funds should be included in the financial statements of WAF to reflect its true financial position at the end of the financial year.

The loan disbursements and the expenditure incurred for the capital projects under the ADB funding for the Suva/Nausori Regional Water Supply and Sewerage Project is controlled by the WAF since 2010. The ADB loan amount and the expenditure incurred from the loan proceeds were not consolidated with the Authority's financial statements.

Therefore WAF financial statements do not show a true position of its financials. Incomplete financial statements provide misleading information to the users.

Recommendation

WAF should ensure that ADB funded Suva/Nausori Water and Sewerage account is consolidated to its financial statements.

Management Comments

No comments received.

6.32 Capital Projects Completed In 2010 but Not Accounted in the FAR

Capital projects completed in a financial year should be capitalised and taken up in the fixed assets register of the entity.

The audit noted that WAF completed capital projects valued at \$12,554,831 in 2010. These fully completed projects were not included in WAF fixed assets register. As a result the WAF fixed assets value in the FAR and in the financial statements was understated by \$12,554,831 as at 31/12/10.

In addition, WAF was not able to provide the file for the project number 10-W-09-WM-0067 the Nayau to Benau pipe laying costing the WAF \$1,189,597 for audit. The audit could not establish whether the funds were properly used and recorded in the accounts.

Recommendation

WAF should make necessary adjustments in its account to include the projects completed in its FAR and the accounts.

Management Comments

No comments received.

6.33 Variance in general ledger and subsidiary records

Draft financial statements should be internally checked by responsible officers for its completeness and accuracy before it is submitted for audit.

A significant variance of \$5,400,498 was noted between the general ledger balance \$1,323,234 and the subsidiary ledger balance of \$6,723,732 in inventory records due to the two records not linked to one another. WAF did not reconcile the variance. WAF prepared its financial statements using the general balance.

As a result audit could not establish the correctness of the account balance for inventory stated in the financial statements.

Recommendations

WAF should:

- **investigate the variance and take appropriate action to reconcile the two records.**
- **ensure that the draft accounts are properly checked internally before it is submitted for audit.**

Management Comments

No comments received.

6.34 Inventory with Credit Balances

Inventory is an asset account and should have a debit balance at any point in time. Inventory should never have a credit balance.

The audit noted that three Divisions of WAF had credit balances in their project inventory accounts totalling \$1,419,962.45 as at 31/12/2010. Refer to Table 6.8 below for details.

Table 6.8: Inventory with Credit Balances

Account Code	Division	Amount (\$)
10509-51	Central Eastern	592,227.36
10509-52	Western	455,313.16
10509-53	Northern	372,421.93
Total		1,419,962.45

Credit balances in the inventory account indicates that inventory amount is incorrect in the general ledger. As a result it is highly likely that the inventory amount is incorrectly stated in the financial statements.

Recommendation

WAF should investigate the credit inventory balances and take appropriate action.

Management Comments

No comments received.

6.35 Trade Creditors Balance Stated in Overseas Currency

An enterprise normally uses the currency of the country in which it is domiciled.

The foreign currency transaction should be recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.³

WAF procured water meters, pipe fittings and consultancy services from overseas suppliers in England, Australia and New Zealand.

The audit noted that purchases made from overseas suppliers in England, Australia and New Zealand were not converted to local currency at the date of the transactions. As a result the amounts owed to overseas suppliers were stated in foreign currencies. Refer to Table 6.9 below for details.

Table 6.9: Amount Due to Overseas Creditors Stated in Overseas Currencies

Overseas Creditors Origin	Respective Overseas Currency	Current	Overdue		Total Overdue (In respective Currency)
			1 – 30 days	31 – 60 days	
Australia	AUD \$	99,845.00	8,979.54	8,864.65	117,689.19
England	Pounds	84,750.00	0	0	84,750.00
New Zealand	NZ \$	30,900.00	0	0	30,950.00

³ Fiji Accounting Standards 21(9)

The audit further noted these overseas suppliers were also included in creditors account in the financial statements in foreign currencies. As a result the total creditors balance was understated in the financial statement.

Recommendations

WAF should ensure that:

- all transaction with overseas suppliers are converted to local currency at the date of transaction.
- financial statements are prepared in the Fijian currency and all transactions should be converted to Fiji currency to be included in the financial statements.

Management Comments

No comments received.

APPENDIX 1: Purchase Order Issued after Receiving Invoices from Suppliers

Purchase Order Date	Invoice Number	Invoice Date	Amount (\$)
9/9/2010	4531	2/8/2010	179.20
	4532	3/8/2010	117.60
	4533	4/8/2010	111.30
	4534	5/8/2010	190.40
	4535	6/8/2010	136.50
9/9/2010	4425	21/06/10	168.00
	4426	22/06/10	168.00
	4427	23/06/10	168.00
	4428	24/06/10	168.00
	4429	25/06/10	168.00
9/9/2010	4367	2/8/2010	84.20
	4368	3/8/2010	52.80
25/08/10	4447	26/07/10	168.00
	4448	28/07/10	168.00
	4449	29/07/10	168.00
	4450	29/07/10	168.00
	4452	30/07/10	168.00
25/08/10	4357	19/07/10	128.80
	4358	20/07/10	98.40
	4359	21/07/10	130.40
	4360	22/07/10	112.80
	4361	23/07/10	141.60
25/08/10	4521	19/04/10	192.50
	4522	20/07/10	98.00
	4523	21/07/10	103.60
	4524	22/07/10	159.60
	4525	23/07/10	149.10
23/08/10	4181	12/7/2010	112.00
	4182	13/07/10	112.00
	4183	14/07/10	112.00
	4184	15/07/10	112.00
	4185	16/07/10	112.00
23/08/10	4283	26/07/10	83.70
	4284	27/07/10	128.70
	4285	28/07/10	119.70
	4286	29/07/10	106.20
	4287	30/07/10	79.20
23/08/10	4278	19/07/10	79.20
	4279	20/07/10	86.40
	4280	21/07/10	82.80
	4281	22/07/10	94.50
	4282	23/07/10	84.60
23/08/10	4191	26/07/10	112.00
	4192	27/07/10	112.00
	4193	28/07/10	112.00

Purchase Order Date	Invoice Number	Invoice Date	Amount (\$)
	4194	29/07/10	112.00
	4195	30/07/10	112.00
Total			5,931.80

SECTION 7: FIJI FLOOD EMERGENCY RESPONSE PROJECT GRANT NO. 0283-FIJ (ADB FUNDED)

The Objectives of the Fiji Flood Emergency Response Project was:

- (i) To provide in a timely fashion, incremental grant resources to developing member country (DMC) affected by a natural disaster.
- (ii) That the proposed Asia Pacific Disaster Response Fund (APDRF) will help bridge the gap between existing ADB arrangements that assist (DMCs) to reduce disaster risk through hazard mitigation loans and grants, and longer term post disaster reconstruction lending.
- (iii) That the APDRF will provide quick disbursing grants to assist DMCs in meeting immediate expenses to restore life-saving services to affected populations following a declared disaster and in augmenting aid provided by other donors in times of national crisis (e.g. purchase of water purification and sanitation systems).

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PART A - FINANCIAL INFORMATION

7.1 Audit Opinion

The audit of the Statements of Expenditure of the Fiji Flood Emergency Response Project for the period 12 March to 6 September 2012 (Grant No. 0283-FIJ) resulted in the issue of disclaimer of opinion audit report. The disclaimer of opinion was due to the following issues:

1. Tenders were not called for services to undertake flood rehabilitation works in the Western parts of Fiji. The total cost of purchases made during the year from these unapproved suppliers exceeded \$20,000. In addition several purchase orders issued were not authorized at all for payment.
2. The daily machine tally sheets have provisions for idle and waiting time. None of the tally sheets had entry for idle or waiting time recorded.
3. On several occasions the works completed at the site were certified by officers other than the Engineer/Supervisor.
4. The contract for vehicle/plant hire expired on 15/6/12. Since then WAF did not take any action to call for fresh tenders and award new contracts. The contract for vehicle/plant hire was extended four times by the Chief Executive Officer without the Board's approval after it expired on 15/06/12.
5. A supplier was contracted to supply vehicles for hire in the Western division. However the vehicle registration numbers were not stated in the WAF plant hire contract documents. Instead the word "unregistered" was stated in place of vehicle registration numbers. Since the inception of the contract in June 2011 WAF did not verify with LTA to confirm the registration of these plants as of the date of audit.
6. Several cases were noted where purchase orders were issued for hire of plant and equipment after invoices were received for payment from the suppliers of plant and equipment. Purchase orders were issued only to fulfill the requirement of issuing purchase orders.
7. Adequate supporting documents such as daily vehicle running sheets and three quotations were not always attached to the payment vouchers.
8. Expenses incurred using the grant funds for flood rehabilitation works were posted in the general ledger according to expenditure allocations. WAF was not able to provide details such as grant funds used per Depot, list of projects funded from grant funds and amount of grant funds used for each project.
9. The WAF failed to produce the following documents for audit inspection.
 - The periodic progress reports for the flood rehabilitation works carried out.
 - Details of rehabilitation works such as repairs and maintenance plan/design, contractors hired, duration of works, progress report and funds utilised for following projects.
 - Waiwai dam and pipeline
 - Vaturu bulk supply
 - Varaciva pump station
 - Moto bridge
 - Buried meters in various locations

7.2 Statement of Expenditure

TABLE 7.1: DETAILS OF EXPENDITURES FOR 2012

Sub Project Components Description	2012 (\$)
Plant Hire	1,425,375
Materials	361,467
TOTAL	1,786,842

The expenditure was divided in 2 categories being plant hire and materials. This is a one off account therefore no comparisons of figures.

PART B – CONTROL ISSUES

7.3 Job Description

A job description template is a list that a person might use for general tasks, or functions, and responsibilities of a position. It may often include to whom the position reports, specifications such as the qualifications or skills needed by the person in the job, or a salary range. Job descriptions are usually narrative, but some may instead comprise a simple list of competencies, for instance, strategic human resource planning methodologies may be used to develop competency architecture for an organization, from which job descriptions are built as a shortlist of competencies.

Discussion with the Human Resources Officer, revealed that there was no job descriptions for the staffs involved with the project for the year 2012 including tallymen, technical officers and project supervisors.

In absence of job descriptions employees may not be able to properly understand their roles and responsibilities of the position they hold. In addition the WAF may not be able to hold its employees accountable for incomplete tasks.

Recommendation

WAF should ensure that all positions have job descriptions.

Management Comments

There were many new recruits over the last 3 years as new project workers, their generic role is defined by their employment titles. E.g. Plumber/Fitter/ Engineers.

The casual labourers who were part of ADB rehabilitation projects were supervised by Team Leaders, Engineers and GM Operations. Their role and responsibilities is more of as labourers which do not necessarily require a job description.

Furthermore, by the end of 2012, there was a restructure to all business units. This task also includes the finalisation of New Job Descriptions and contracts to all established staff.

7.4 Absence of Accounting Manual

The purpose of the accounting procedure manual is to provide accounting officers with direction and guidance in connection with accounting transactions, procedures, and reports that should be uniform throughout the WAF.

The Accounting Manual should not be considered an all inclusive handbook. Rather, accounting officers should also be guided by professional accounting standards. Except as otherwise stated the policies and procedures contained in the Accounting Manual should be mandatory.

The audit noted that WAF had an accounting manual namely Cash Management and Treasury Policy number 31/03/12. However discussion with the legal officer revealed that as at the date of audit¹ the Cash Management and Treasury Policy was not approved by the Board.

The unapproved Cash Management and Treasury Policy cannot be relied on as a mandatory policy for providing direction to accounting officers for finance management and reports.

Recommendation

WAF should ensure that the Cash Management and Treasury Policy is approved by Board as soon as practicable.

Management Comments

The Accounting and Financial manual was approved in principle by the WAF Board in early 2012. However the minute for the same was missing as the former secretary to Board resigned. The same has now been approved in 2013.

The approved policy and procedures includes the following:

1. Cash and Treasury Management Policy;
2. Fixed Asset and Project Management;
3. Inventory Policy and Procedures;
4. Payroll process and policies;
5. Procurement and purchasing policy; and
6. Revenue and receivables policy.

7.5 Tenders Not Called For Purchases in Excess of \$20,000

The tender committee shall consider and may evaluate the acceptance of any tender called for the supply of goods and services where the estimated price of those goods or services exceeds twenty thousand dollars (\$20,000).²

¹ 18/02/13

² Water Authority of Fiji Cash Management and Treasury Policy Section 2.1

The audit noted that WAF obtained services from 3 suppliers to undertake flood rehabilitation works in the western parts of Fiji during the year 2012, that is from suppliers other than those approved by the WAF Tender Board. The purchases made during the year from these unapproved suppliers exceeded \$20,000. Refer to Table 7.2 below for details.

Table 7.2: Purchases Made from Unauthorised Suppliers

Supplier	Amount (\$)
Supplier 1	72,234.43
Supplier 2	45,000.00
Supplier 3	62,650.00

According to the Team Leader Finance calling for tenders required lengthy time period and a short time was allocated by ADB to utilise funds.

Procurement of goods and services from suppliers other than those approved by the WAF Tender Board is an unauthorised purchase.

Recommendations

WAF should:

- **investigate purchases made from unauthorized suppliers and take appropriate action against responsible officers; and**
- **ensure that purchases of goods and services are only made from approved contracted suppliers.**

Management Comments

Supplier 1 was used during Flood on Quotations. Note that all the Purchase orders as stated in the Audit Report did not exceed \$20,000. The comparison is based on Cash and Treasury Policy but this should have been compared to Procurement and Purchasing Policy (D – 31/03/2012). Please find citation from the policy below:

Functions of Tender Committee

The Tender Committee shall consider and may evaluate the acceptance of any tender called for the supply of goods and services where the estimated price of those goods or services exceeds twenty thousand dollars (\$20,000).

Thus this is within the procurement policy and this does not exceed purchase of \$20,000.

Supplier 3 was used on Quotation basis and it was used during Flood emergency in Nadi since Carpenters was used in Lautoka and it is for bailing out sewer from Pump Stations during power shutdown. There is no tender for bailing Trucks. Due to the emergency situation bailing of sewer was urgently needed and this minute was approved by CEO. Note on this payment only 1 Purchase Order (PO17829) exceeds \$20,000 due to the urgency of this service and Supplier 3 was the only Company to respond to the request as per the attached minute in the source document.

Supplier 2 was also used during the flood on Quotation basis. Please note that the minute was approved by CEO for purchase due to the urgency of the Flood Rehab works. The boulders were purchased for the vital works carried out on Moto Bridge as Waiwai TP was washed away during the January Floods thus approval from the Board was not sought due to the urgency.

7.6 Machine Tally Sheet and Certification of Works Done

Idle time refers to the time when a machine is not working on the job but is refuelling, machine breakdowns, maintenance and unavailability of driver(s). Waiting time refer to where a machine after carrying out certain task awaits while other non machine work is done.

Tallyman is required to enter details such as vehicle registration number, contractor name, date, plant hire instruction number, contractor plant hire/delivery docket number, start and end time and total hours worked by the contractor into the daily machine tally sheet.

On the daily machine tally sheet a separate section is allocated for the engineer/supervisor to certify if work had been satisfactorily done. As per OHS act all day workers are entitled to one hour lunch.

Review of the daily machine tally sheets revealed the following anomalies:

- The daily machine tally sheets have provision for idle and waiting time. However not a single tally sheet out of so many tally sheets had an entry for idle or waiting time recorded. The audit is of the view that in a practical scenario machine(s) on the job site would definitely have some idle and/or waiting time.

For instance, if a damaged valve is to be replaced, a digger would be used to dig out until the damage valve is sighted. The machine would then be on waiting time while the damaged valve is dismantled and replaced. The digger would then be required to cover the repaired valve with sand and soil.

- On several occasions the works completed at the site were certified by officers other than the engineer/supervisor. Refer to *Appendix 1* for several examples.
- Contractors were claiming for lunch hour indicating that the machine operators did not even take lunch break. However WAF did not allow for this and treated this as idle time during 1 hour lunch break when processing payments for contractors' claim.
- Several instances were noted where the engineers/supervisors did not sign the daily machine tally sheets on the day of work. The tally sheets were signed after the day of actual work.

The finding indicates that WAF engineers/supervisors were not always at the project site to properly supervise the project work. In addition with no idle or waiting time recorded at all there is a high risk of overstated machine hours in the tally sheets and possible collusion between the tallymen, supervisors and contractors.

Recommendations

WAF should ensure that:

- **engineers/supervisors are always present at the job site to ensure correct machine hours are recorded in the tally sheets and tally sheet are signed by the engineers/supervisors on the day the work is carried;**
- **engineers/supervisors certify work carried out by the contractor on a daily basis; and**
- **appropriate disciplinary action is taken against engineers/supervisors for delegating their responsibility of supervising the job on site to junior officers.**

Management Comments

Diggers and excavators do not have mileage thus they are paid on an hourly basis. The officer on site is the right person to certify the work carried out he can be called as Tallyman.

Normally during emergency and urgency of work contractors are asked have working lunch. engineers/supervisors sign after the tally man countersign on the invoices and mostly these are verified by Regional Manager West.

7.7 Plant Hire Contract Extension

WAF vehicle/plant hire contract for the three Divisions namely the Central, Western and Northern was approved by the Board in June 2011 and was valid till 15 June 2012.

The audit noted that the vehicle/plant hire contract was extended four times by the Chief Executive Officer after its expiry date on 15/06/12 without Board's approval. Refer to Table 7.3 below for extension of contract.

Table 7.3: Extensions to Vehicle/Plant Hire Contract

Extensions	Extension Dates
First extension	16/06/12 – 31/08/12
Second extension	01/09/12 – 14/09/12
Third extension	15/09/12 – 14/10/12
Fourth extension	15/10/12 – 23/11/12

The audit is of the view that any extensions to the contract for vehicle/plant hire should be approved by WAF Board and not the Chief Executive Officer since the initial contract was approved by the Board.

Continued extension of vehicle/plant hire contract by Chief Executive Officer indicates that proper procurement processes were not followed for hire of vehicles/plant.

The contract for vehicle/plant hire expired on 15/06/12. Since then WAF did not take any action to call for fresh tenders and award new contracts as the contract had expired and was no longer valid.

The non-renewal and continued extension of the expired contract indicates poor planning by WAF for outsourcing the vehicle/plant hire.

Recommendations

WAF should ensure that:

- **all dealings with the contractors are ceased unless the contracts are renewed/extended by the Board and not the CEO;**
- **fresh tenders are called and new contracts are awarded; and**
- **in future proper planning for renewing or calling for fresh tenders is done to avoid extension of contracts.**

Management Comments

In 2012 tender for vehicles and machines for 3 Division was evaluated by previous Project Accountant and was not approved by the tender Committee. This tender was called again in January for 2013. Note that the contract was extended four times during the year due to the urgency of the work in both Operations/Projects and also since the tender was approved by the Tender committee as they were not satisfied with the specifications stated. Thus approval was sought from CEO to extend the validity of tender in order for operations to function efficiently.

7.8 Standby Time

The principal will not pay the contractor for any standby time.³

The audit noted that WAF's general conditions of contract for vehicle/plant hire states that WAF will not pay any standby time to the contractors. However the WAF's contract for vehicle/plant hire included standby rate for following plant.

- 3 ton double cab;
- Back hoe;
- Excavator – medium, large and extra large; and
- Dump truck 6 wheeler.

Including contradictory conditions for payment of standby time in the contract for plant hire could result in misinterpretations by accounting staff whilst processing contractual claims. This may result in paying for standby charges while it's not permitted by WAF.

Recommendation

WAF should rectify the issue on payment of standby time to contractors and amend plant hire contract accordingly to exclude the standby rate.

Management Comments

WAF is paying the contractors on hourly basis which covers both for standby and idle time as approved on hourly basis by the tender board.

7.9 Unregistered Vehicle Contracted

WAF vehicle/plant hire contract for the three Divisions namely the Central, Western and Northern was approved by the Board in June 2011 and expired on 15 June 2012. The contract was extended by the WAF CEO thereafter.

Vehicle hire contractor was engaged to supply vehicles for hire in the Western division. However the audit noted that the vehicle registration numbers were not provided in the WAF plant hire contract documents. Instead the word "unregistered" was stated in place of vehicle registration numbers. Refer to Table 7.4 for examples.

³ Water Authority of Fiji General Conditions of Contract - Plant Hire Section 6.1

Table 7.4: List of Unregistered Vehicles in WAF Plant Hire Contract 2011

Location	Vehicle Type	Quantity of Vehicles Contracted	Vehicle Registration Numbers	Tendered Price Per Hour (\$)
Ba	Excavator - Small	1	Unregistered	35.50
Lautoka	Excavator - Medium	2	Unregistered	55.50
Nadi	Excavator - Medium	2	Unregistered	55.50
Ba	Excavator - Medium	2	Unregistered	55.50

Since the inception of the contract in June 2011 WAF did not verify with LTA to confirm the registration of these plants as of the date of audit.

In the absence of vehicle registration numbers in the plant hire contract there is a high risk that the contractor may supply unregistered/private plant for hire, subcontract to other supplier to fulfil WAF's contractual obligation or not have those plant available.

Recommendations

WAF should:

- **not consider unregistered plant/vehicles for contracts;**
- **verify the registration of plants/vehicles with LTA before awarding the contract; and**
- **update its plant hire contract to ensure that it reflects registration numbers of all the vehicles hired.**

Management Comments

The contractors were called to provide the vehicle # during the hiring period since they never specified the vehicle # while applying for tender.

- *This means that the contract did not specify the vehicle number and would provide as per our request. The contractor provided a valid third party during use.*
- *This does not mean that the vehicles were unregistered from LTA.*

7.10 Discrepancies in Purchase of Goods/Services

The finance officer should ensure that purchase orders are authorised by officers who have been delegated authority to procure goods, services and works before issuing it. Purchase orders should be issued when procuring any goods, services or works from an organization, unless a contract or agreement has been entered into. Immediately after payment has been effected, the payment officer must stamp "PAID" on all vouchers and supporting documents to avoid any double payments.

Review of payment vouchers revealed the following anomalies in purchases of goods and services.

Several instances were noted where the purchase orders issued to Supplier 1 were not authorised for payment at all. Refer to Table 7.5 for examples.

Table 7.5: Purchase Order Not Authorised

Date	Purchase Order Number	Particulars	Amount (\$)
26/04/12	PO18588	Payment for hire of excavator for earth works.	13,972.50
26/04/12	PO18586	Payment for cartage of excavator from yard to field and return.	1,840.00
26/04/12	PO18587	Payment for hire of excavator for earth works.	13,627.50
21/05/12	PO19220	Payment for hire of excavator for digging and back filling.	12,187.15
23/05/12	PO19250	Payment for earth works.	16,611.77

- Several cases were noted where purchase orders were not issued for hire of plant and equipment. Purchase orders were issued after invoices were received for payment from the suppliers of plant and equipment only to fulfil the requirement of issuing purchase orders.

According to the Financial Accountant, they were not able to ascertain the number of hours plant and equipment were required to be hired. As such the purchase orders were issued after the job was completed. Refer to *Appendix 2* for examples.

- Adequate supporting documents such as daily vehicle running sheets and three quotations were not always attached to the payment vouchers. Refer to Table 7.6 below for examples.

Table 7.6: Supporting Documents Not Attached To Payment Vouchers

Date	Cheque Number	Payee	Particulars	Amount (\$)	Comments
16/5/12	18254	Payee 1	Hire of extra large excavator for digging and backfilling.	33,600.00	Only one quote attached No daily vehicle running sheet attached.
16/8/12	19450	Payee 2	Plant Hire for cleaning flood silt/sludge and dredging along the river bank at the Matavo Bore field during flood rehab.	14,072.50	Only one quote attached No daily vehicle running sheet attached.
30/8/12	19703	Payee 3	Plant Hire payment for various jobs that was carried out during flood rehab in Lautoka.	30,840.50	No daily vehicle running sheet attached.
20/8/12	19506	Payee 4	Payment for extra large excavator during flood.	17,600.00	No daily vehicle running sheet attached.

- Payment vouchers and supporting documents were not always stamped “PAID”. Refer to Table 7.7 below for examples.

Table 7.7: Payment Vouchers and Supporting Documents Not Stamped “PAID”

Date	Cheque Number	Payee	Particulars	Amount (\$)
16/04/12	17889	Payee A	Payment for bailing out various locations in Nadi.	62,650.00
11/07/12	18885	Payee B	Payment for hire of 320 KVA generator.	2,323.04
27/04/12	18037	Payee C	Payment for hire of excavator for digging and back filling.	13,972.50
			Payment to cart excavator from Nadi to Ba and return.	1,840.00
			Payment for hire of excavator for digging and backfilling.	13,627.50
24/05/12	18325	Payee C	Payment for hire of excavator for digging and back filling.	12,187.15
			Payment for earth works.	16,611.77

Date	Cheque Number	Payee	Particulars	Amount (\$)
06/08/12	19272	Payee D	Payment for earth works.	25,537.75
08/02/12	17337	Payee E	Payment for hire of 40ft trailer to cart water tanks from Laucala beach estate and wailoku stores to WAF Ba depot on 27/01/12 and 29/01/12.	5,175.00
13/03/12	17621	Payee F	Payment for 10 x 12" supa coupling 300mm (OD 327mm – 350mm).	9,500.00
			Payment for 2 x 12' x 45 degrees FL-FL bend (300mm x 45 degrees).	5,800.00

The findings indicate that proper payment procedures were not always followed by WAF and adequate internal controls are lacking in the purchase and payments system. The risk of fraud, misappropriation of funds and double payments are high with inadequate internal controls.

Recommendations

WAF should ensure that:

- **purchase order is properly authorized by officers when procuring goods and services;**
- **purchase orders are issued prior to acquiring goods and services to ensure no unauthorized purchases are paid;**
- **payment vouchers are adequately supported to avoid fictitious payments; and**
- **all payment vouchers and supporting documents are stamped “PAID” after payment has been made to avoid double payments.**

Management Comments

Table 4: Purchase Order Not Authorised

- *This was a practice from previous years for Plant Hire. Instructions were issued in order to carry out the work, and when completed contractor have to submit invoice for payment. This procedure has changed and currently the process is that a requisition is generated before the invoices are received for payments.*
- *Responsible staff has been advised and the stamping process is still going on.*
- *Supplier 1 cheque had PO not signed, this was overlooked by person checking the vouchers and appropriate measures have been taken to rectify this in future.*

Table 5: Supporting Documents Not Attached To Payment Vouchers

- *For Excavators and Backhoes, delivery dockets are used instead of daily running sheets.*
- *Quotations are always sited when approval for the requisitions is sought. The quotations are filed in the quotations file for our record purpose. Note that sometimes when quotations are called only 1 supplier responses to the request thus only one quotation is used.*

7.11 Purchase of Water Tanks

The tender committee shall consider and may evaluate the acceptance of any tender called for the supply of goods and services where the estimated price of those goods or services exceeds twenty thousand dollars (\$20,000).⁴

As per the Government approved tender number CTN106/2011 the tendered price for 10,200 litre water tank was \$1,750.

WAF purchased a total of 20 Rotomould water tanks in two different sizes from two suppliers for water carting in Ba. These included 10 units of 5,200 litre water tanks at \$875 each totalling \$8,750 and 10 units of 10,000 litre water tanks at \$1,750.00 each totalling \$17,500. The total purchase value was \$26,250.00.

The audit noted that WAF did not call for any tender for the purchase of water tanks but instead used the Government tender number CTN106/2011 namely Contract for Supply of Water Tanks for Whole of Fiji.

In addition WAF purchased 10 x 10,000 litre water tanks through purchase order number PO17332 of 21/02/12 at a price of \$1,750 each which was the tendered price for 10,200 litre tanks as per Government tender number CTN106/2011. Hence the water tanks of 10,000 litre capacity were supplied at a price for 10,200 litre tanks. The audit noted that WAF did not enquire about the smaller size tanks supplied at the same price by the supplier.

The findings indicate that WAF did not follow proper procurement procedures for purchases of goods and service costing more than \$20,000.

Recommendations

WAF should:

- **ensure that it complies with its tender procedures;**
- **ensure that tenders are called for purchase of goods and services exceeding \$20,000; and**
- **investigate the non compliance to tender process and take appropriate action.**

Management Comments

- *Payment to one of the supplier's Purchase Orders did not have the necessary board approval due to the emergency as the water tanks were urgently needed for supply of water to the Flood affected areas. Note that due to the urgency of the tanks General Manager Production suggested that the Government contract be used. These are attached in the source # 17523 for reference.*
- *10,000 litre tanks were supplied at \$ 1,750.00 whereas 5,200 litre tanks were supplied at a price of \$ 875.00. Although Government Tender CTN 106/2011 states that 10,200 litre will be supplied at \$ 1750.00 a quotation was sought from the same supplier on 27th January 2012 and the price stated for 10,000 litre tanks was \$ 1750.00. Therefore WAF purchased on the price advised on 27th January 2012 .Note letter is attached in Chq #17523 for reference.*

⁴ Water Authority of Fiji Cash Management and Treasury Policy Section 2.1

7.12 General Ledger Posting

All payments, including VAT, must be immediately recorded in the general ledger system ensuring that these are posted to the correct allocations.

General ledger posting should reflect all account numbers as this ensures that expenses are posted to the correct account area. The WAF's general ledger uses 18 digit account number. Refer to Table 7.8 below for details of the account number.

Table 7.8: General Ledger Account Structure

Account Number	Description
66652-01-03-05-06-2005 (example)	
66652	GL code
01	Business unit
03	Region
05	Depot
06	Process
2005	Activity

The audit noted that WAF posted flood rehabilitation expenditure to the general ledger account titled Repair & Maintenance Disaster Risk Management totalling to \$3,396,586.68.

Out of this \$ 2,407,095.93 or 71% of expenditure was posted to general ledger with 'Depot' and 'Process' codes in account numbers set to default value of zero. This made it difficult to determine the amount of grant funds used at various Depots. Refer to Table 7.9 below for details.

Table 7.9: Posting to Repair & Maintenance Disaster Risk Management General Ledger Account

Account Number	Amount Posted (\$)
66652-01-03-00-00-2000	164,964.76
66652-01-03-00-00-2001	189,108.27
66652-01-03-00-00-2002	4,256.50
66652-01-03-00-00-2003	524,936.27
66652-01-03-00-00-2004	337,399.45
66652-01-03-00-00-2005	222,529.99
66652-01-03-00-00-2006	133,298.87
66652-01-03-00-00-2007	180,888.70
66652-01-03-00-00-2008	322,674.50
66652-01-03-00-00-2009	12,240.96
66652-01-03-00-00-2010	4,281.74
66652-01-03-00-00-2011	5,032.18
66652-01-03-00-00-2012	122,860.20
66652-01-03-00-00-2013	87,456.90
66652-01-03-00-00-2014	52,266.12
66652-01-03-00-00-2015	42,900.52
Total	2,407,095.93

In addition the audit noted that expenses incurred using the grant funds for flood rehabilitation works were posted in the general ledger according to expenditure allocations. WAF was not able to provide

details such as grant funds used per Depot, list of projects funded from grant funds and amount of grant funds used for each project.

In absence of such information the audit was not able to establish the grant funds allocated to each Depot, funds used on each project and the number of projects funded from the grant funds.

Recommendations

WAF should ensure that:

- **expenses are correctly posted to their respective depot or process account; and**
- **it is able to provide details such as total grant funds at each Depot Fiji wide, total funds used on each project and the number of projects funded from the grant funds.**

Management Comments

A manual report can be generated to reflect the amount of Grant allocated for each Depot. This can be done through checking the source documents. A list of projects funded and how much funds were used can also be generated from this manual report. Some of the works were done outside the depot area, which cannot be expensed to a specific depot thus; a default depot and process were used.

7.13 Access to Records

In the exercise of his duties, the Auditor-General may call upon any officer for any explanation and information he may require or may authorise any officer on his behalf to conduct any enquiry, examination or audit.⁵

The audit noted that the Project team failed to produce the following documents for audit inspection.

- The periodic progress reports for the flood rehabilitation works carried out. In the absence of progress report audit could not establish if flood rehabilitation works were properly planned and completed on time.
- Details such as repairs and maintenance, design, contractors hired, duration of works, progress report and funds utilised for the following projects.
 - Waiwai dam and pipeline
 - Vaturu bulk supply
 - Varaciva pump station
 - Moto bridge
 - Buried meters in various locations

In absence of these records the audit could not verify whether the projects were carried out according to plan. In addition audit could not establish whether appropriate quantity and quality of materials were supplied.

⁵ Audit Act 7 (1) (a) & (b)

Recommendation

WAF must ensure that all documents pertaining to flood rehabilitation works including repairs and maintenance, design, progress reports and funds utilized are properly maintained and made available for audit inspections.

Management Comments

In response to the above a manual report could be generated for each individual projects (in excel) when required. This can be prepared after checking the source documents for payments.

7.14 Anomalies in Vehicle/Plant Hire

The Contractor must not assign, transfer or sub – contract any of its rights or obligations under the Contract without the Principal’s prior written consent, which the Principal may in its absolute discretion either refuse to give or grant subject to any condition as the Principal thinks fit.⁶

The records contained on the registration certificate shall be kept and maintained in accordance with the provisions of this Act and include, but not be limited to renewal of registration, current expiry date and date of next inspection; changes of ownership or financial interest; modifications to the vehicle; and changes in the license class, and any exemptions and conditions.⁷

The Authority may register motor vehicles under the provisions of this Act to operate a private license which authorizes the use of the motor vehicle subject to this Act and the conditions of the license; and does not authorize the use of the motor vehicle for commercial purposes, or as a public service vehicle; and a commercial license authorizes the use of the motor vehicle for the carriage of goods in relation to the business of the owner, subject to this Act and the conditions of the licence; and limits the carriage of passengers to bona-fide employees and other persons directly involved in the carrying on of the business of the owner...⁸

WAF hired vehicles/plant from its contracted suppliers during flood rehabilitation works in the western division in 2012. The audit noted the following anomalies relating to vehicle/plant hire.

- Several approved suppliers of vehicle/plant sub contracted its obligations to supply the vehicles/plants to other suppliers, particularly individuals who were not the approved vehicle/plant suppliers as per WAF Vehicle/Plant Hire contract agreement. Refer to Table 7.10 for examples.

Table 7.10: Vehicle/Plant Sub Contracted

Vehicle Registration Numbers	Make of the Vehicle	Vehicle/Plant Body Type	Vehicle Usage Class	Registration Validity As At 31/12/12	Comments
BO 820	Hino	Tray Truck	Commercial	Yes	

⁶ WAF Vehicle/Plant Hire Contract Paragraph 18

⁷ Land Transport Act 1998 Section 51 (2)

⁸ Land Transport Act 1998 Section 53 (1)

Vehicle Registration Numbers	Make of the Vehicle	Vehicle/Plant Body Type	Vehicle Usage Class	Registration Validity As At 31/12/12	Comments
BY 376	Nissan	Flat top truck	Commercial	Yes	Comments withheld
CL 503	Mitsubishi	Tray Truck	Commercial	Yes	
DA 837	Isuzu	Tray Truck	Commercial	Yes	
EB 583	Hitachi	Excavator	Commercial	Yes	
EC 385	Hino	Tray truck	Commercial	Yes	
EG 224	Mitsubishi	Tray truck	Commercial	Yes	
EO 888	Isuzu	Tray truck	Commercial	Yes	
EP 543	Hitachi	Excavator	Commercial	Yes	
EP 325	Mitsubishi	Mobile crane	Commercial	Yes	
FA 018	Hino	Dump truck	Commercial	Yes	

- The contract agreement required that all plants/vehicles provided by the contractor to have valid registration. The registrations of several plants/vehicles sub contracted by the main contractors were expired prior to 2012 and were not renewed as per Land Transport Authority records. These plants/vehicles with invalid registrations were continued to be hired by WAF. Refer to Table 7.11 for examples.

Table 7.11: Expired Registrations of Vehicle/Plant Sub Contracted

Vehicle Registration Numbers	Make of the Vehicle	Vehicle/Plant Body Type	Vehicle Usage Class	Registration Validity As At 31/12/12	Owner as per WAF Vehicle/Plant Hire Contract	Comments
EA 422	Hitachi	Excavator	Commercial	No – 24/06/09	Not listed	Comments withheld
EU 370	Hitachi	Excavator	Commercial	No – 05/02/10	Not listed	
FB 298	Hitachi	Excavator	Commercial	No – 24/06/09	Not listed	
FJ 587	Kato	Excavator	Commercial	No – 23/01/09	Not listed	

- WAF was to hire commercial vehicles only. One of the contractors, subcontracted two vehicles from different owners. These subcontracted vehicles were classed as private vehicles. The contractor continued to supply private vehicles to WAF. Refer to Table 7.12 for examples.

Table 7.12: Vehicle/Plant Classified As Private Class

Vehicle Registration Numbers	Make of the Vehicle	Vehicle/Plant Body Type	Vehicle Usage Class	Registration Validity As At 31/12/12	Owner as per WAF Vehicle/Plant Hire Contract	Comments
EP 136	Nissan Sedan	Excavator	Private	Yes	Not listed	Comments withheld
DA 387	Mitsubishi	Sedan car with extra boot	Private	Yes	Not listed	

- The vehicle class stated in the WAF's contract agreement for three of the vehicles was incorrectly stated. In WAF's contract agreement these vehicles were classified as tipper truck and excavator when the class of vehicle should be either private/commercial. WAF is supposed to hire commercial vehicles only however WAF does not know whether these vehicles are private or commercial. Refer to Table 7.13 for examples.

Table 7.13: Deviating Class of Vehicle/Plant between WAF and LTA Records

Vehicle Registration Numbers	Make of the Vehicle	Vehicle/ Plant Body Type	Vehicle Usage Class	Registration Validity As At 31/12/12	Owner as per WAF Vehicle/ Plant Hire Contract	Comments
DA 387	Mitsubishi	Sedan car with extra boot	Private	Yes	Not listed	Comments withheld
EQ 986	Toyota	Van	Commercial	No – 10/02/11	Not listed	
FK 687	Caterpillar	Fork lift	Commercial	Yes	Not listed	

- Several vehicles were hired by WAF from the approved contractors which were not listed in the contract agreement. The rate charged by the contractors for these vehicles may not be correct. Refer to Table 7.14 below for examples.

Table 7.14: Vehicle/Plant Sub Contracted Not Listed In WAF Vehicle/Plant Hire Contract

Vehicle Registration Numbers	Make of the Vehicle	Vehicle/Plant Body Type	Vehicle Usage Class	Registration Validity As At 31/12/12	Owner as per WAF Vehicle/Plant Hire Contract	Comments
DK 371	Kato	Excavator	Commercial	Yes	Not listed	Comments withheld
EA 422	Hitachi	Excavator	Commercial	No – 24/06/09	Not listed	
EU 370	Hitachi	Excavator	Commercial	No – 05/02/10	Not listed	
FB 298	Hitachi	Excavator	Commercial	No – 24/06/09	Not listed	
FJ 587	Kato	Excavator	Commercial	No – 23/01/09	Not listed	

The finding indicates that contractors did not always comply with the terms of the contract agreement. In addition WAF did not verify that the contractors were complying with the contract agreements when supplying plants/vehicles as per the contract agreement.

Recommendations

WAF should:

- ensure that vehicle/plant contractors avoid sub contracting other suppliers as this may result in additional hire charges imposed by the contractors;
- ensure that vehicles/plant hired have valid registrations;
- ensure that the contractors comply with the requirements of the contract at all times;
- carry out a thorough investigation on the matter and take necessary actions; and
- terminate the contracts of suppliers who do not comply with the requirements of the contract.

Management Comments

No comments provided.

Appendix 7.1: Works Certified By Officer other than the Engineer/Supervisor

Date	Cheque Number	Payee	Plant/Vehicle Instructions	Supplier Plant Hire/Delivery Docket/Invoice Number	Amount (\$)	Comments
24/05/12	18325	Payee 1	51777 of 9/2/12	5102 of 9/2/12	12,187.12	Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time.
			42359 of 15/2/12	5104 of 15/2/12		Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time.
			42371 of 16/2/12	5105 of 16/2/12		Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time.
			42385 of 16/2/12	5107 of 17/2/12		Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time.
			31002 of 18/2/12	5109 of 18/2/12		Start time, stop end and hours worked not filled in the machine tally sheet. Machine tally sheet signed on behalf of the engineer/supervisor. No time allocated for idle and waiting time.
			31050 of 20/2/12	5111 of 20/2/12		Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time.
			31086 of 21/2/12	5114 of 21/2/12		Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time.
25/05/12	18325	Payee 1	51693 of 2/3/12	5058 of 2/3/12	16,611.77	Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time.
			51694 of 3/2/12	5059 of 3/3/12		Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time.
			51695 of 6/3/12	5060 of 6/3/12		Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time.
			92890 of 8/3/12	5061 of 8/3/12		Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time. Use of Fiji Public Works Department Plant/Vehicle job instructions.
			928906 of 9/3/12	5062 of 9/3/12		Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time. Use of Fiji Public Works Department Plant/Vehicle job instructions.

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Date	Cheque Number	Payee	Plant/Vehicle Instructions	Supplier Plant Hire/Delivery Docket/Invoice Number	Amount (\$)	Comments
			928920 of 10/3/12	5063 of 10/3/12		Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time.
			928936 of 12/3/12	5064 of 12/3/12		Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time. Use of Fiji Public Works Department Plant/Vehicle job instructions.
			928947 of 13/3/12	5065 of 13/3/12		Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time. Use of Fiji Public Works Department Plant/Vehicle job instructions.
			928966 of 14/3/12	5066 of 14/3/12		Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time. Use of Fiji Public Works Department Plant/Vehicle job instructions.
			928978 of 15/3/12	5067 of 15/3/12		Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time. Use of Fiji Public Works Department Plant/Vehicle job instructions.
			928990 of 16/3/12	5069 of 16/3/12		Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time. Use of Fiji Public Works Department Plant/Vehicle job instructions.
			122870 of 17/3/12	5069 of 17/3/12		Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time. Use of Fiji Public Works Department Plant/Vehicle job instructions.
			1228718 of 19/3/12	5070 of 19/3/12		Machine tally sheet certified on behalf of the engineer/supervisor. No time allocated for idle and waiting time. Use of Fiji Public Works Department Plant/Vehicle job instructions.
06/08/12	19272	Payee 2	944322 of 29/3/12	2798 of 29/3/12	280.00	Use of Fiji Public Works Department Plant/Vehicle job instructions.
			944274 of 9/4/12	2912 of 9/4/12	1,360.00	Use of Fiji Public Works Department Plant/Vehicle job instructions.
			943745 of 11/4/12	2914 of 11/4/12	1,530.00	Use of Fiji Public Works Department Plant/Vehicle job instructions.
			943787 of 13/4/12	2975 of 13/4/12	1,870.00	Use of Fiji Public Works Department Plant/Vehicle job instructions.

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Date	Cheque Number	Payee	Plant/Vehicle Instructions	Supplier Plant Hire/Delivery Docket/Invoice Number	Amount (\$)	Comments
			940435 of 14/4/12	2994 of 14/4/12	1,870.00	Use of Fiji Public Works Department Plant/Vehicle job instructions.
			94431 of 2/4/12	1860 of 2/4/12	420.00	Use of Fiji Public Works Department Plant/Vehicle job instructions.
			944334 of 3/4/12	1861 of 3/4/12	490.00	Use of Fiji Public Works Department Plant/Vehicle job instructions.
			944350 of 4/4/12	1862 of 4/4/12	525.00	Use of Fiji Public Works Department Plant/Vehicle job instructions.
			944364 of 5/4/12	1863 of 5/4/12	525.00	Use of Fiji Public Works Department Plant/Vehicle job instructions.
			944386 of 6/4/12	1864 of 6/4/12	595.00	Use of Fiji Public Works Department Plant/Vehicle job instructions.
			944208 of 7/4/12	1865 of 7/4/12	612.50	Use of Fiji Public Works Department Plant/Vehicle job instructions.

Appendix 7.2: Purchase Orders Issued After Services Rendered

Purchase Order		Invoice		Cheque		
Date	Number	Date	Number	Date	Number	Amount (\$)
Contractor 1						
10/05/12	PO18933	21/02/12	6236	16/05/12	18254	4,875.00
10/05/12	PO 18934	15/02/12	6218	16/05/12	18254	4,940.00
10/05/12	PO18935	15/02/12	6219	16/05/12	18254	6,565.00
10/05/12	PO18936	15/02/12	6258	16/05/12	18254	6,240.00
10/05/12	PO18937	21/02/12	6235	16/05/12	18254	1,170.00
10/05/12	PO18938	15/02/12	6221	16/05/12	18254	630.00
10/05/12	PO18939	27/02/12	6265	16/05/12	18254	5,220.00
10/05/12	PO18940	21/02/12	6233	16/05/12	18254	3,960.00
Contractor 2						
31/01/12	PO16921	04/01/12	6467	24/05/12	18324	464.00
31/01/12	PO16921	05/01/12	6468	24/05/12	18324	464.00
21/05/12	PO19199	26/01/12	6469	24/05/12	18324	464.00
21/05/12	PO19199	27/01/12	6470	24/05/12	18324	493.00
21/05/12	PO19199	28/01/12	6471	24/05/12	18324	609.00
21/05/12	PO19199	29/01/12	6472	24/05/12	18324	667.00
21/05/12	PO19199	30/01/12	6473	24/05/12	18324	638.00
21/05/12	PO19199	31/01/12	6474	24/05/12	18324	551.00
21/05/12	PO19198	02/02/12	6475	24/05/12	18324	435.00
21/05/12	PO19198	03/02/12	6476	24/05/12	18324	580.00
21/05/12	PO19198	04/02/12	6477	24/05/12	18324	493.00
21/05/12	PO19198	05/02/12	6478	24/05/12	18324	580.00
21/05/12	PO19200	06/02/12	6479	24/05/12	18324	551.00
21/05/12	PO19200	07/02/12	6480	24/05/12	18324	609.00
21/05/12	PO19200	08/02/12	6481	24/05/12	18324	667.00
21/05/12	PO19200	09/02/12	6482	24/05/12	18324	638.00
21/05/12	PO19200	10/02/12	6483	24/05/12	18324	899.00
21/05/12	PO19200	11/02/12	6484	24/05/12	18324	841.00
21/05/12	PO19200	12/02/12	6485	24/05/12	18324	870.00
21/05/12	PO19191	13/02/12	6486	24/05/12	18324	696.00
21/05/12	PO19191	14/02/12	6487	24/05/12	18324	725.00
21/05/12	PO19191	15/02/12	6488	24/05/12	18324	725.00
21/05/12	PO19191	18/02/12	6489	24/05/12	18324	696.00
21/05/12	PO19191	19/02/12	6490	24/05/12	18324	580.00
03/07/12	PO20304	04/06/12	7353	11/07/12	18905	440.00
03/07/12	PO20304	05/06/12	7355	11/07/12	18905	440.00
03/07/12	PO20304	06/06/12	7357	11/07/12	18905	440.00
03/07/12	PO20304	07/06/12	7359	11/07/12	18905	440.00
03/07/12	PO20304	08/06/12	7361	11/07/12	18905	440.00
03/07/12	PO20305	12/06/12	7363	11/07/12	18905	440.00
03/07/12	PO20305	13/06/12	7365	11/07/12	18905	440.00
03/07/12	PO20305	14/06/12	7367	11/07/12	18905	440.00
03/07/12	PO20305	15/06/12	7369	11/07/12	18905	440.00
03/07/12	PO20306	13/06/12	7401	11/07/12	18905	880.00
03/07/12	PO20306	14/06/12	7402	11/07/12	18905	880.00
03/07/12	PO20306	15/06/12	7403	11/07/12	18905	880.00
18/07/12	PO20617	25/06/12	7409	25/07/12	19099	880.00

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Purchase Order		Invoice		Cheque		
Date	Number	Date	Number	Date	Number	Amount (\$)
18/07/12	PO20617	26/06/12	7410	25/07/12	19099	880.00
18/07/12	PO20617	27/06/12	7411	25/07/12	19099	880.00
18/07/12	PO20617	28/06/12	7412	25/07/12	19099	880.00
18/07/12	PO20617	29/06/12	7413	25/07/12	19099	880.00
18/07/12	PO20616	18/06/12	7404	25/07/12	19099	880.00
18/07/12	PO20616	19/06/12	7405	25/07/12	19099	880.00
18/07/12	PO20616	20/06/12	7406	25/07/12	19099	880.00
18/07/12	PO20616	21/06/12	7407	25/07/12	19099	880.00
18/07/12	PO20616	22/06/12	7408	25/07/12	19099	880.00
18/07/12	PO20615	25/06/12	7381	25/07/12	19099	440.00
18/07/12	PO20615	26/06/12	7383	25/07/12	19099	440.00
18/07/12	PO20615	27/06/12	7385	25/07/12	19099	440.00
18/07/12	PO20615	28/06/12	7387	25/07/12	19099	440.00
18/07/12	PO20615	29/06/12	7389	25/07/12	19099	440.00
18/07/12	PO20614	18/06/12	7371	25/07/12	19099	440.00
18/07/12	PO20614	19/06/12	7373	25/07/12	19099	440.00
18/07/12	PO20614	20/06/12	7375	25/07/12	19099	440.00
18/07/12	PO20614	21/06/12	7377	25/07/12	19099	440.00
18/07/12	PO20614	22/06/12	7379	25/07/12	19099	440.00
21/05/12	PO19193	13/02/12	6654	24/05/12	18324	464.00
21/05/12	PO19193	14/02/12	6655	24/05/12	18324	464.00
21/05/12	PO19193	15/02/12	6656	24/05/12	18324	464.00
21/05/12	PO19193	16/02/12	6657	24/05/12	18324	464.00
21/05/12	PO19193	17/02/12	6658	24/05/12	18324	464.00
21/05/12	PO19197	08/02/12	6651	24/05/12	18324	464.00
21/05/12	PO19197	09/02/12	6652	24/05/12	18324	464.00
21/05/12	PO19197	10/02/12	6653	24/05/12	18324	464.00
21/05/12	PO19192	20/02/12	6659	24/05/12	18324	464.00
21/05/12	PO19192	21/02/12	6660	24/05/12	18324	464.00
21/05/12	PO19192	22/02/12	6661	24/05/12	18324	464.00
21/05/12	PO19192	23/02/12	6662	24/05/12	18324	464.00
21/05/12	PO19192	24/02/12	6663	24/05/12	18324	464.00
21/05/12	PO19213	05/03/12	6669	24/05/12	18324	464.00
21/05/12	PO19213	06/03/12	6670	24/05/12	18324	464.00
21/05/12	PO19213	07/03/12	6671	24/05/12	18324	464.00
21/05/12	PO19213	08/03/12	6672	24/05/12	18324	464.00
21/05/12	PO19213	09/03/12	6673	24/05/12	18324	464.00
21/05/12	PO19196	27/02/12	6664	24/05/12	18324	464.00
21/05/12	PO19196	28/02/12	6665	24/05/12	18324	464.00
21/05/12	PO19196	29/02/12	6666	24/05/12	18324	464.00
21/05/12	PO19196	01/03/12	6667	24/05/12	18324	464.00
21/05/12	PO19196	02/03/12	6668	24/05/12	18324	464.00
13/06/12	PO19863	21/05/12	7233	19/06/12	18658	440.00
13/06/12	PO19863	22/05/12	7235	19/06/12	18658	440.00
13/06/12	PO19863	23/05/12	7237	19/06/12	18658	440.00
13/06/12	PO19863	24/05/12	7239	19/06/12	18658	440.00
13/06/12	PO19863	25/05/12	7241	19/06/12	18658	440.00
13/06/12	PO19871	28/05/12	7243	19/06/12	18658	440.00
13/06/12	PO19871	29/05/12	7245	19/06/12	18658	440.00
13/06/12	PO19871	30/05/12	7247	19/06/12	18658	440.00
13/06/12	PO19871	31/05/12	7249	19/06/12	18658	440.00
13/06/12	PO19871	01/06/12	7351	19/06/12	18658	440.00

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Purchase Order		Invoice		Cheque		
Date	Number	Date	Number	Date	Number	Amount (\$)
04/08/12	PO21040	09/07/12	7424	13/08/12	19412	880.00
04/08/12	PO21040	10/07/12	7426	13/08/12	19412	880.00
04/08/12	PO21040	11/07/12	7428	13/08/12	19412	880.00
04/08/12	PO21040	12/07/12	7430	13/08/12	19412	880.00
04/08/12	PO21040	13/07/12	7432	13/08/12	19412	880.00
04/08/12	PO21039	09/07/12	7425	13/08/12	19412	440.00
04/08/12	PO21039	10/07/12	7427	13/08/12	19412	440.00
04/08/12	PO21039	11/07/12	7429	13/08/12	19412	440.00
04/08/12	PO21039	12/07/12	7431	13/08/12	19412	440.00
04/08/12	PO21039	13/07/12	7433	13/08/12	19412	440.00
09/08/12	PO21204	16/07/12	7651	20/08/12	19485	1,040.00
09/08/12	PO21204	17/07/12	7652	20/08/12	19485	1,040.00
09/08/12	PO21204	18/07/12	7653	20/08/12	19485	1,040.00
09/08/12	PO21204	19/07/12	7654	20/08/12	19485	1,040.00
09/08/12	PO21204	20/07/12	7655	20/08/12	19485	1,040.00
09/08/12	PO21205	23/07/12	7656	20/08/12	19485	1,040.00
09/08/12	PO21205	24/07/12	7658	20/08/12	19485	1,040.00
09/08/12	PO21205	25/07/12	7660	20/08/12	19485	1,040.00
09/08/12	PO21205	26/07/12	7662	20/08/12	19485	1,040.00
09/08/12	PO21205	27/07/12	7664	20/08/12	19485	1,040.00
09/08/12	PO21207	23/07/12	7657	20/08/12	19487	1,040.00
09/08/12	PO21207	24/07/12	7659	20/08/12	19487	1,040.00
09/08/12	PO21207	25/07/12	7661	20/08/12	19487	1,040.00
09/08/12	PO21207	26/07/12	7663	20/08/12	19487	1,040.00
09/08/12	PO21207	27/07/12	7665	20/08/12	19487	1,040.00
09/08/12	PO21202	23/07/12	7445	20/08/12	19487	440.00
09/08/12	PO21202	24/07/12	7447	20/08/12	19487	440.00
09/08/12	PO21202	25/07/12	7449	20/08/12	19487	440.00
09/08/12	PO21202	26/07/12	7701	20/08/12	19487	440.00
09/08/12	PO21202	27/07/12	7703	20/08/12	19487	440.00
09/08/12	PO21203	16/07/12	7435	20/08/12	19487	440.00
09/08/12	PO21203	17/07/12	7437	20/08/12	19487	440.00
09/08/12	PO21203	18/07/12	7439	20/08/12	19487	440.00
09/08/12	PO21203	19/07/12	7441	20/08/12	19487	440.00
09/08/12	PO21203	20/07/12	7443	20/08/12	19487	440.00
09/08/12	PO21201	02/07/12	7415	20/08/12	19487	440.00
09/08/12	PO21201	03/07/12	7417	20/08/12	19487	440.00
09/08/12	PO21201	04/07/12	7419	20/08/12	19487	440.00
09/08/12	PO21201	05/07/12	7421	20/08/12	19487	440.00
09/08/12	PO21201	06/07/12	7423	20/08/12	19487	440.00
09/08/12	PO21200	02/07/12	7414	20/08/12	19487	880.00
09/08/12	PO21200	03/07/12	7416	20/08/12	19487	880.00
09/08/12	PO21200	04/07/12	7418	20/08/12	19487	880.00
09/08/12	PO21200	05/07/12	7420	20/08/12	19487	880.00
09/08/12	PO21200	06/07/12	7422	20/08/12	19487	880.00
09/08/12	PO21199	16/07/12	7434	20/08/12	19487	880.00
09/08/12	PO21199	17/07/12	7436	20/08/12	19487	880.00
09/08/12	PO21199	18/07/12	7438	20/08/12	19487	880.00
09/08/12	PO21199	19/07/12	7440	20/08/12	19487	880.00
09/08/12	PO21199	20/07/12	7442	20/08/12	19487	880.00
09/08/12	PO21198	23/07/12	7444	20/08/12	19487	880.00
09/08/12	PO21198	24/07/12	7446	20/08/12	19487	880.00

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Purchase Order		Invoice		Cheque		
Date	Number	Date	Number	Date	Number	Amount (\$)
09/08/12	PO21198	25/07/12	7448	20/08/12	19487	880.00
09/08/12	PO21198	26/07/12	7450	20/08/12	19487	880.00
09/08/12	PO21198	27/07/12	7702	20/08/12	19487	880.00
13/08/12	PO21239	30/07/12	7705	22/08/12	19531	440.00
13/08/12	PO21239	31/07/12	7707	22/08/12	19531	440.00
13/08/12	PO21239	01/08/12	7709	22/08/12	19531	440.00
13/08/12	PO21239	02/08/12	7711	22/08/12	19531	440.00
13/08/12	PO21239	03/08/12	7713	22/08/12	19531	440.00
13/08/12	PO21240	30/07/12	7704	22/08/12	19531	880.00
13/08/12	PO21240	31/07/12	7706	22/08/12	19531	880.00
13/08/12	PO21240	01/08/12	7708	22/08/12	19531	880.00
13/08/12	PO21240	02/08/12	7710	22/08/12	19531	880.00
13/08/12	PO21240	03/08/12	7712	22/08/12	19531	880.00
13/08/12	PO21241	30/07/12	7667	22/08/12	19531	1,040.00
13/08/12	PO21241	31/07/12	7669	22/08/12	19531	1,040.00
13/08/12	PO21241	01/08/12	7671	22/08/12	19531	1,040.00
13/08/12	PO21241	02/08/12	7673	22/08/12	19531	1,040.00
13/08/12	PO21241	03/08/12	7675	22/08/12	19531	1,040.00
13/08/12	PO21238	30/07/12	7666	22/08/12	19530	1,040.00
13/08/12	PO21238	31/07/12	7668	22/08/12	19530	1,040.00
13/08/12	PO21238	01/08/12	7670	22/08/12	19530	1,040.00
13/08/12	PO21238	02/08/12	7672	22/08/12	19530	1,040.00
13/08/12	PO21238	03/08/12	7674	22/08/12	19530	1,040.00
16/08/12	PO21288	06/08/12	7676	22/08/12	19542	1,040.00
16/08/12	PO21288	07/08/12	7678	22/08/12	19542	1,040.00
16/08/12	PO21288	08/08/12	7680	22/08/12	19542	1,040.00
16/08/12	PO21288	09/08/12	7682	22/08/12	19542	1,040.00
16/08/12	PO21288	10/08/12	7684	22/08/12	19542	1,040.00
16/08/12	PO21285	06/08/12	7677	21/08/12	19512	1,040.00
16/08/12	PO21285	07/08/12	7679	21/08/12	19512	1,040.00
16/08/12	PO21285	08/08/12	7681	21/08/12	19512	1,040.00
16/08/12	PO21285	09/08/12	7683	21/08/12	19512	1,040.00
16/08/12	PO21285	10/08/12	7685	21/08/12	19512	1,040.00
16/08/12	PO21284	06/08/12	7801	21/08/12	19512	1,040.00
16/08/12	PO21284	07/08/12	7802	21/08/12	19512	1,040.00
16/08/12	PO21284	08/08/12	7803	21/08/12	19512	1,040.00
16/08/12	PO21284	09/08/12	7804	21/08/12	19512	1,040.00
16/08/12	PO21284	10/08/12	7805	21/08/12	19512	1,040.00
16/08/12	PO21287	06/08/12	7714	21/08/12	19512	880.00
16/08/12	PO21287	07/08/12	7716	21/08/12	19512	880.00
16/08/12	PO21287	08/08/12	7718	21/08/12	19512	880.00
16/08/12	PO21287	09/08/12	7720	21/08/12	19512	880.00
16/08/12	PO21287	10/08/12	7722	21/08/12	19512	880.00
16/08/12	PO21286	06/08/12	7715	21/08/12	19512	440.00
16/08/12	PO21286	07/08/12	7717	21/08/12	19512	440.00
16/08/12	PO21286	08/08/12	7719	21/08/12	19512	440.00
16/08/12	PO21286	09/08/12	7721	21/08/12	19512	440.00
16/08/12	PO21286	10/08/12	7723	21/08/12	19512	440.00
Contractor 3						
21/05/12	PO19202	28/03/12	7	24/05/12	18325	6,442.88
21/05/12	PO19203	21/03/12	5	24/05/12	18325	1,121.25

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Purchase Order		Invoice		Cheque		
Date	Number	Date	Number	Date	Number	Amount (\$)
21/05/12	PO19220	20/02/12	2	24/05/12	18325	12,187.15
23/05/12	PO19250	21/03/12	6	24/05/12	18325	16,611.77
26/04/12	PO18586	20/02/12	3	27/04/12	18037	1,840.00
26/04/12	PO18587	29/02/12	4	27/04/12	18037	13,627.50
26/04/12	PO18588	20/02/12	1	27/04/12	18037	13,972.50
20/06/12	PO20033	02/04/12	4290	09/08/12	19343	160.13
20/06/12	PO20033	03/04/12	4291	09/08/12	19343	1,785.38
20/06/12	PO20033	04/04/12	4292	09/08/12	19343	1,242.00
20/06/12	PO20033	05/04/12	5078	09/08/12	19343	1,397.25
20/06/12	PO20033	06/04/12	5079	09/08/12	19343	2,173.50
20/06/12	PO20033	07/04/12	5080	09/08/12	19343	1,552.50
20/06/12	PO20033	09/04/12	5081	09/08/12	19343	1,242.00
Contractor 4						
21/08/12	PO21484	07/02/12	930	27/08/12	19610	280.00
21/08/12	PO21484	09/02/12	945	27/08/12	19610	175.00
21/08/12	PO21484	10/02/12	1379	27/08/12	19610	280.00
21/08/12	PO21484	11/02/12	950	27/08/12	19610	245.00
21/08/12	PO21484	12/02/12	955	27/08/12	19610	280.00
16/07/12	PO20575	12/04/12	2963	27/08/12	19610	315.00
16/07/12	PO20575	13/04/12	2976	27/08/12	19610	280.00
16/07/12	PO20575	14/04/12	3312	27/08/12	19610	315.00
16/07/12	PO20575	15/04/12	3334	27/08/12	19610	315.00
16/07/12	PO20575	16/04/12	335	27/08/12	19610	280.00
16/07/12	PO20575	17/04/12	3336	27/08/12	19610	315.00
16/07/12	PO20575	18/04/12	3355	27/08/12	19610	280.00
16/07/12	PO20575	19/04/12	3359	27/08/12	19610	315.00
16/07/12	PO20575	20/04/12	3360	27/08/12	19610	280.00
01/08/12	PO20981	01/05/12	3384	27/08/12	19614	216.00
01/08/12	PO20981	02/05/12	3514	27/08/12	19614	216.00
01/08/12	PO20981	03/05/12	3385	27/08/12	19614	216.00
01/08/12	PO20981	04/05/12	3392	27/08/12	19614	216.00
01/08/12	PO20980	09/04/12	537	27/08/12	19614	420.00
01/08/12	PO20980	10/04/12	538	27/08/12	19614	400.00
01/08/12	PO20980	11/04/12	539	27/08/12	19614	520.00
01/08/12	PO20980	12/04/12	540	27/08/12	19614	600.00
01/08/12	PO20980	13/04/12	541	27/08/12	19614	460.00
19/07/12	PO20655	09/04/12	2857	27/08/12	19614	420.00
19/07/12	PO20655	10/04/12	2847	27/08/12	19614	455.00
19/07/12	PO20655	11/04/12	2853	27/08/12	19614	455.00
19/07/12	PO20655	12/04/12	2854	27/08/12	19614	420.00
19/07/12	PO20655	13/04/12	2973	27/08/12	19614	420.00
01/08/12	PO20982	01/04/12	2966	27/08/12	19614	315.00
18/07/12	PO20636	19/03/12	434	27/08/12	19614	280.00
18/07/12	PO20636	20/03/12	435	27/08/12	19614	297.50
18/07/12	PO20636	21/03/12	436	27/08/12	19614	227.50
01/08/12	PO20979	09/04/12	442	27/08/12	19614	551.25
01/08/12	PO20979	10/04/12	443	27/08/12	19614	630.00
01/08/12	PO20979	11/04/12	444	27/08/12	19614	560.00
01/08/12	PO20979	12/04/12	445	27/08/12	19614	525.00
01/08/12	PO20979	13/04/12	446	27/08/12	19614	560.00
01/08/12	PO20979	14/04/12	2896	27/08/12	19614	175.00

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Purchase Order		Invoice		Cheque		
Date	Number	Date	Number	Date	Number	Amount (\$)
01/08/12	PO20979	15/04/12	2986	27/08/12	19614	350.00
21/08/12	PO21450	20/02/12	6100	27/08/12	19624	120.00
21/08/12	PO21450	21/02/12	1515	27/08/12	19624	560.00
21/08/12	PO21450	22/02/12	1516	27/08/12	19624	320.00
21/08/12	PO21450	23/02/12	1517	27/08/12	19624	320.00
21/08/12	PO21450	24/02/12	1518	27/08/12	19624	480.00
21/08/12	PO21450	25/02/12	1519	27/08/12	19624	420.00
21/08/12	PO21450	26/02/12	1520	27/08/12	19624	440.00
20/08/12	PO21377	27/02/12	524	27/08/12	19624	560.00
20/08/12	PO21377	28/02/12	525	27/08/12	19624	560.00
20/08/12	PO21377	29/02/12	526	27/08/12	19624	590.00
20/08/12	PO21377	01/03/12	527	27/08/12	19624	440.00
20/08/12	PO21377	02/03/12	528	27/08/12	19624	490.00
20/08/12	PO21377	03/03/12	529	27/08/12	19624	360.00
21/08/12	PO21498	26/03/12	1543	27/08/12	19624	300.00
21/08/12	PO21498	27/03/12	1544	27/08/12	19624	280.00
21/08/12	PO21498	28/03/12	1545	27/08/12	19624	340.00
21/08/12	PO21498	29/03/12	1546	27/08/12	19624	320.00
01/08/12	PO20978	09/04/12	2906	28/08/12	19641	464.00
01/08/12	PO20978	10/04/12	2926	28/08/12	19641	522.00
01/08/12	PO20978	11/04/12	2927	28/08/12	19641	522.00
01/08/12	PO20978	14/04/12	3338	28/08/12	19641	464.00
01/08/12	PO20978	15/04/12	3339	28/08/12	19641	522.00
21/08/12	PO21448	26/04/12	2287	28/08/12	19641	248.00
21/08/12	PO21448	27/04/12	2288	28/08/12	19641	248.00
21/08/12	PO21448	30/04/12	3531	28/08/12	19641	248.00
21/08/12	PO21503	14/02/12	6095	29/08/12	19652	380.00
21/08/12	PO21503	15/02/12	6096	29/08/12	19652	400.00
21/08/12	PO21503	16/02/12	6097	29/08/12	19652	240.00
21/08/12	PO21503	18/02/12	6098	29/08/12	19652	400.00
21/08/12	PO21503	19/02/12	6099	29/08/12	19652	360.00
05/06/12	PO19713	03/04/12	683	28/08/12	19640	280.00
05/06/12	PO19713	04/04/12	684	28/08/12	19640	280.00
05/06/12	PO19713	05/04/12	696	28/08/12	19640	280.00
22/08/12	PO21546	06/02/12	924	28/08/12	19648	888.00
22/08/12	PO21546	07/02/12	927	28/08/12	19648	888.00
22/08/12	PO21546	08/02/12	1363	28/08/12	19648	962.00
22/08/12	PO21546	09/02/12	941	28/08/12	19648	962.00
22/08/12	PO21546	10/02/12	1375	28/08/12	19648	814.00
22/08/12	PO21546	11/02/12	947	28/08/12	19648	814.00
22/08/12	PO21546	12/02/12	954	28/08/12	19648	814.00
21/08/12	PO21438	10/04/12	2263	29/08/12	19666	280.00
21/08/12	PO21438	11/04/12	3106	29/08/12	19666	280.00
21/08/12	PO21438	12/04/12	3107	29/08/12	19666	280.00
21/08/12	PO21438	13/04/12	3108	29/08/12	19666	280.00
20/08/12	PO21414	05/03/12	2413	29/08/12	19666	592.00
20/08/12	PO21414	06/03/12	2414	29/08/12	19666	592.00
20/08/12	PO21414	07/03/12	2415	29/08/12	19666	592.00
20/08/12	PO21414	08/03/12	2421	29/08/12	19666	592.00
20/08/12	PO21414	09/03/12	2420	29/08/12	19666	592.00
21/08/12	PO21439	30/04/12	3015	29/08/12	19666	592.00
21/08/12	PO21452	02/04/12	690	29/08/12	19666	592.00

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Purchase Order		Invoice		Cheque		
Date	Number	Date	Number	Date	Number	Amount (\$)
21/08/12	PO21452	03/04/12	691	29/08/12	19666	592.00
21/08/12	PO21452	04/04/12	692	29/08/12	19666	592.00
21/08/12	PO21452	05/04/12	693	29/08/12	19666	592.00
21/08/12	PO21453	10/04/12	3001	29/08/12	19666	592.00
21/08/12	PO21453	11/04/12	3002	29/08/12	19666	592.00
21/08/12	PO21453	12/04/12	3003	29/08/12	19666	592.00
21/08/12	PO21453	13/04/12	3004	29/08/12	19666	592.00
20/08/12	PO21426	12/03/12	647	29/08/12	19666	280.00
20/08/12	PO21426	13/03/12	652	29/08/12	19666	280.00
20/08/12	PO21426	14/03/12	650	29/08/12	19666	280.00
20/08/12	PO21426	15/03/12	657	29/08/12	19666	280.00
20/08/12	PO21426	16/03/12	659	29/08/12	19666	280.00
21/08/12	PO21489	17/02/12	1388	29/08/12	19654	1,360.00
20/08/12	PO21338	20/02/12	423	29/08/12	19658	592.00
20/08/12	PO21338	21/02/12	424	29/08/12	19658	592.00
20/08/12	PO21338	22/02/12	425	29/08/12	19658	592.00
20/08/12	PO21338	23/02/12	426	29/08/12	19658	592.00
20/08/12	PO21338	24/02/12	427	29/08/12	19658	592.00
20/08/12	PO21338	25/02/12	428	29/08/12	19658	592.00
20/08/12	PO21338	26/02/12	429	29/08/12	19658	592.00
20/08/12	PO21339	27/02/12	631	29/08/12	19658	280.00
20/08/12	PO21339	28/02/12	632	29/08/12	19658	280.00
20/08/12	PO21339	29/02/12	633	29/08/12	19658	280.00
20/08/12	PO21339	01/03/12	634	29/08/12	19658	280.00
20/08/12	PO21340	25/06/12	4029	29/08/12	19658	216.00
20/08/12	PO21340	26/06/12	4030	29/08/12	19658	216.00
20/08/12	PO21340	27/06/12	4031	29/08/12	19658	216.00
20/08/12	PO21340	28/06/12	4032	29/08/12	19658	216.00
20/08/12	PO21340	29/06/12	4033	29/08/12	19658	216.00
20/08/12	PO21342	14/02/12	1826	29/08/12	19658	280.00
20/08/12	PO21342	15/02/12	1827	29/08/12	19658	280.00
20/08/12	PO21342	16/02/12	1828	29/08/12	19658	280.00
20/08/12	PO21342	17/02/12	1829	29/08/12	19658	280.00
20/08/12	PO21343	05/03/12	641	29/08/12	19658	280.00
20/08/12	PO21343	06/03/12	642	29/08/12	19658	280.00
20/08/12	PO21343	07/03/12	2416	29/08/12	19658	280.00
20/08/12	PO21343	08/03/12	2418	29/08/12	19658	280.00
20/08/12	PO21345	07/03/12	2457	29/08/12	19658	592.00
20/08/12	PO21345	08/03/12	2460	29/08/12	19658	592.00
20/08/12	PO21345	09/03/12	2458	29/08/12	19658	592.00
20/08/12	PO21346	10/04/12	3102	29/08/12	19658	280.00
20/08/12	PO21346	11/04/12	3103	29/08/12	19658	280.00
20/08/12	PO21346	12/04/12	3104	29/08/12	19658	280.00
20/08/12	PO21346	13/04/12	3202	29/08/12	19658	490.00
20/08/12	PO21348	01/05/12	3380	29/08/12	19658	248.00
20/08/12	PO21348	02/05/12	3383	29/08/12	19658	248.00
20/08/12	PO21348	03/05/12	3386	29/08/12	19658	248.00
20/08/12	PO21348	04/05/12	3558	29/08/12	19658	248.00
20/08/12	PO21348	05/05/12	3559	29/08/12	19658	248.00
20/08/12	PO21353	26/03/12	679	29/08/12	19658	280.00
20/08/12	PO21353	27/03/12	680	29/08/12	19658	280.00
20/08/12	PO21353	28/03/12	681	29/08/12	19658	280.00

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Purchase Order		Invoice		Cheque		
Date	Number	Date	Number	Date	Number	Amount (\$)
20/08/12	PO21353	29/03/12	682	29/08/12	19658	280.00
20/08/12	PO21409	25/06/12	4024	29/08/12	19658	592.00
20/08/12	PO21409	26/06/12	4025	29/08/12	19658	592.00
20/08/12	PO21409	27/06/12	4026	29/08/12	19658	592.00
20/08/12	PO21409	28/06/12	4027	29/08/12	19658	592.00
20/08/12	PO21409	29/06/12	4028	29/08/12	19658	592.00
20/08/12	PO21410	12/06/12	3760	29/08/12	19658	248.00
20/08/12	PO21410	13/06/12	3761	29/08/12	19658	248.00
20/08/12	PO21410	14/06/12	3762	29/08/12	19658	248.00
20/08/12	PO21410	15/06/12	3763	29/08/12	19658	248.00
20/08/12	PO21411	22/02/12	626	29/08/12	19658	280.00
20/08/12	PO21411	23/02/12	627	29/08/12	19658	280.00
20/08/12	PO21411	24/02/12	628	29/08/12	19658	280.00
20/08/12	PO21411	25/02/12	629	29/08/12	19658	280.00
20/08/12	PO21411	26/02/12	630	29/08/12	19658	280.00
20/08/12	PO21423	02/04/12	686	29/08/12	19658	280.00
20/08/12	PO21423	03/04/12	687	29/08/12	19658	280.00
20/08/12	PO21423	04/04/12	688	29/08/12	19658	280.00
20/08/12	PO21423	05/04/12	689	29/08/12	19658	280.00
20/08/12	PO21424	19/03/12	660	29/08/12	19658	280.00
20/08/12	PO21424	20/03/12	662	29/08/12	19658	280.00
20/08/12	PO21424	21/03/12	665	29/08/12	19658	280.00
20/08/12	PO21424	22/03/12	666	29/08/12	19658	280.00
20/08/12	PO21424	23/03/12	667	29/08/12	19658	280.00
20/08/12	PO21375	05/02/12	1334	30/08/12	19703	962.00
20/08/12	PO21415	25/06/12	4009	30/08/12	19703	216.00
20/08/12	PO21415	26/06/12	4010	30/08/12	19703	216.00
20/08/12	PO21415	27/06/12	4011	30/08/12	19703	216.00
20/08/12	PO21415	28/06/12	4012	30/08/12	19703	216.00
20/08/12	PO21415	29/06/12	4013	30/08/12	19703	216.00
20/08/12	PO21416	04/05/12	2091	30/08/12	19703	592.00
20/08/12	PO21416	05/05/12	2092	30/08/12	19703	814.00
20/08/12	PO21417	12/03/12	714	30/08/12	19703	3,552.00
20/08/12	PO21419	02/04/12	721	30/08/12	19703	5,440.00
20/08/12	PO21420	26/03/12	716	30/08/12	19703	3,626.00
20/08/12	PO21421	07/05/12	786	30/08/12	19703	1,785.00
21/08/12	PO21445	19/03/12	715	30/08/12	19703	3,552.00
21/08/12	PO21446	19/03/12	719	30/08/12	19703	8,160.00
21/08/12	PO21454	30/01/12	1269	30/08/12	19703	1,277.50
21/08/12	PO21451	14/05/12	3525	30/08/12	19700	216.00
21/08/12	PO21451	15/05/12	3526	30/08/12	19700	216.00
21/08/12	PO21451	16/05/12	3565	30/08/12	19700	216.00
21/08/12	PO21451	17/05/12	3566	30/08/12	19700	216.00
21/08/12	PO21451	18/05/12	3567	30/08/12	19700	216.00
20/08/12	PO21378	17/04/12	3372	30/08/12	19700	372.00
20/08/12	PO21378	18/04/12	3373	30/08/12	19700	248.00
20/08/12	PO21378	19/04/12	3374	30/08/12	19700	372.00
20/08/12	PO21378	20/04/12	3375	30/08/12	19700	341.00
21/08/12	PO21486	26/01/12	903	30/08/12	19700	472.50
21/08/12	PO21486	27/01/12	906	30/08/12	19700	525.00
21/08/12	PO21486	28/01/12	1984	30/08/12	19700	507.50
21/08/12	PO21488	26/01/12	904	30/08/12	19700	507.50

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Purchase Order		Invoice		Cheque		
Date	Number	Date	Number	Date	Number	Amount (\$)
21/08/12	PO21488	27/01/12	907	30/08/12	19700	630.00
20/08/12	PO21376	03/04/12	1547	30/08/12	19700	320.00
20/08/12	PO21376	04/04/12	1548	30/08/12	19700	310.00
05/06/12	PO19710	15/03/12	2915	30/08/12	19700	350.00
05/06/12	PO19710	16/03/12	2916	30/08/12	19700	350.00
20/08/12	PO21388	26/04/12	3376	30/08/12	19700	200.00
20/08/12	PO21388	30/04/12	3377	30/08/12	19700	200.00
20/08/12	PO21374	07/02/12	601	30/08/12	19700	280.00
20/08/12	PO21374	08/02/12	604	30/08/12	19700	280.00
20/08/12	PO21374	02/02/12	610	30/08/12	19700	280.00
20/08/12	PO21374	10/02/12	605	30/08/12	19700	280.00
20/08/12	PO21374	11/02/12	611	30/08/12	19700	280.00
20/08/12	PO21374	12/02/12	606	30/08/12	19700	280.00
20/08/12	PO21379	19/03/12	2733	30/08/12	19700	592.00
20/08/12	PO21379	20/03/12	663	30/08/12	19700	592.00
20/08/12	PO21379	21/03/12	673	30/08/12	19700	592.00
20/08/12	PO21379	22/03/12	674	30/08/12	19700	592.00
20/08/12	PO21379	23/03/12	675	30/08/12	19700	592.00
21/08/12	PO21455	23/04/12	3010	30/08/12	19700	592.00
21/08/12	PO21455	24/04/12	3011	30/08/12	19700	592.00
21/08/12	PO21455	25/04/12	3012	30/08/12	19700	592.00
21/08/12	PO21455	26/04/12	3013	30/08/12	19700	592.00
21/08/12	PO21455	27/04/12	3014	30/08/12	19700	592.00
21/08/12	PO19707	26/03/12	676	30/08/12	19700	280.00
21/08/12	PO19707	27/03/12	677	30/08/12	19700	280.00
21/08/12	PO19707	28/03/12	678	30/08/12	19700	280.00
21/08/12	PO21442	19/03/12	654	30/08/12	19700	280.00
21/08/12	PO21442	20/03/12	664	30/08/12	19700	280.00
21/08/12	PO21442	21/03/12	668	30/08/12	19700	280.00
21/08/12	PO21442	22/03/12	669	30/08/12	19700	280.00
21/08/12	PO21442	23/03/12	670	30/08/12	19700	280.00
20/08/12	PO21429	16/04/12	3005	30/08/12	19700	592.00
20/08/12	PO21429	17/04/12	3006	30/08/12	19700	592.00
20/08/12	PO21429	18/04/12	3007	30/08/12	19700	592.00
20/08/12	PO21429	19/04/12	3008	30/08/12	19700	592.00
20/08/12	PO21429	20/04/12	3009	30/08/12	19700	592.00
Contractor 5						
09/08/12	PO21151	17/03/12	45685	20/08/12	19492	472.50
09/08/12	PO21151	16/03/12	45686	20/08/12	19492	280.00
09/08/12	PO21151	15/03/12	45687	20/08/12	19492	437.50
09/08/12	PO21151	14/03/12	45688	20/08/12	19492	297.50
09/08/12	PO21151	13/03/12	45689	20/08/12	19492	367.50
09/08/12	PO21151	12/03/12	45690	20/08/12	19492	280.00
09/08/12	PO21152	03/03/12	45700	20/08/12	19492	245.00
13/08/12	PO21245	18/03/12	46895	22/08/12	19517	402.50
13/08/12	PO21245	19/03/12	46896	22/08/12	19517	402.50
13/08/12	PO21245	20/03/12	46897	22/08/12	19517	402.50
13/08/12	PO21245	21/03/12	46898	22/08/12	19517	402.50
13/08/12	PO21245	22/03/12	46899	22/08/12	19517	402.50
13/08/12	PO21245	23/03/12	46900	22/08/12	19517	402.50
23/08/12	PO21573	27/01/12	45310	29/08/12	19663	280.00

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Purchase Order		Invoice		Cheque		
Date	Number	Date	Number	Date	Number	Amount (\$)
23/08/12	PO21573	04/02/12	45361	29/08/12	19663	440.00
23/08/12	PO21573	14/02/12	45626	29/08/12	19663	340.00
23/08/12	PO21573	15/02/12	45629	29/08/12	19663	340.00
23/08/12	PO21575	07/05/12	47017	29/08/12	19663	490.00
23/08/12	PO21575	08/05/12	47016	29/08/12	19663	490.00
23/08/12	PO21575	11/05/12	47015	29/08/12	19663	490.00
23/08/12	PO21575	12/05/12	47014	29/08/12	19663	490.00
01/08/12	PO20971	01/06/12	47509	29/08/12	19663	402.50
01/08/12	PO20971	31/05/12	47510	29/08/12	19663	367.50
01/08/12	PO20971	30/05/12	47511	29/08/12	19663	402.50
01/08/12	PO20971	29/05/12	47512	29/08/12	19663	437.50
01/08/12	PO20971	28/05/12	47513	29/08/12	19663	332.50
23/08/12	PO21574	07/04/12	4634	29/08/12	19663	360.00
09/08/12	PO21174	03/04/12	46441	29/08/12	19660	385.00
09/08/12	PO21174	04/04/12	46442	29/08/12	19660	385.00
09/08/12	PO21174	05/04/12	46443	29/08/12	19660	385.00
09/08/12	PO21174	06/04/12	46444	29/08/12	19660	595.00
23/08/12	PO21578	14/04/12	46381	29/08/12	19660	320.00
23/08/12	PO21578	13/04/12	46380	29/08/12	19660	350.00
23/08/12	PO21578	12/04/12	46379	29/08/12	19660	530.00
23/08/12	PO21578	10/04/12	46378	29/08/12	19660	120.00
23/08/12	PO21578	07/04/12	46372	29/08/12	19660	520.00
23/08/12	PO21578	06/04/12	46370	29/08/12	19660	660.00
23/08/12	PO21578	06/04/12	46369	29/08/12	19660	640.00
23/08/12	PO21578	05/04/12	46367	29/08/12	19660	600.00
23/08/12	PO21572	03/06/01	46866	29/08/12	19660	520.00
23/08/12	PO21572	01/05/00	46869	29/08/12	19660	122.50
23/08/12	PO21572	14/04/00	46868	29/08/12	19660	105.00
23/08/12	PO21572	04/01/01	46870	29/08/12	19660	370.00
23/08/12	PO21572	03/06/01	46871	29/08/12	19660	520.00
23/08/12	PO21572	13/06/01	46872	29/08/12	19660	530.00
23/08/12	PO21572	15/11/00	46874	29/08/12	19660	320.00
23/08/12	PO21572	03/02/01	46875	29/08/12	19660	400.00
23/08/12	PO21572	15/03/01	46876	29/08/12	19660	440.00
23/08/12	PO21572	07/08/00	46877	29/08/12	19660	220.00
16/08/12	PO21921	15/04/12	46341	29/08/12	19680	280.00
16/08/12	PO21921	14/04/12	46342	29/08/12	19680	315.00
16/08/12	PO21921	12/04/12	46344	29/08/12	19680	455.00
16/08/12	PO21921	11/04/12	46345	29/08/12	19680	280.00
16/08/12	PO21921	10/04/12	46346	29/08/12	19680	245.00
16/08/12	PO21921	09/04/12	46347	29/08/12	19680	350.00
16/08/12	PO21921	08/04/12	46348	29/08/12	19680	455.00
16/08/12	PO21921	07/04/12	46349	29/08/12	19680	350.00
16/08/12	PO21293	16/04/12	46386	29/08/12	19680	332.50
16/08/12	PO21293	17/04/12	46387	29/08/12	19680	420.00
16/08/12	PO21293	18/04/12	46388	29/08/12	19680	236.25
16/08/12	PO21293	19/04/12	46389	29/08/12	19680	332.50
16/08/12	PO21293	20/04/12	46390	29/08/12	19680	428.75
16/08/12	PO21293	21/04/12	46391	29/08/12	19680	367.50
16/08/12	PO21293	22/04/12	46392	29/08/12	19680	253.75
16/08/12	PO21296	28/04/12	46848	29/08/12	19680	280.00
16/08/12	PO21296	27/04/12	46849	29/08/12	19680	280.00

OFFICE OF THE AUDITOR GENERAL – REPUBLIC OF FIJI

Purchase Order		Invoice		Cheque		
Date	Number	Date	Number	Date	Number	Amount (\$)
16/08/12	PO21296	26/04/12	46850	29/08/12	19680	183.75
16/08/12	PO21296	25/04/12	46851	29/08/12	19680	350.00
16/08/12	PO21296	24/04/12	46852	29/08/12	19680	332.50
16/08/12	PO21296	23/04/12	46853	29/08/12	19680	402.50
16/08/12	PO21297	29/04/12	46841	29/08/12	19680	253.75
16/08/12	PO21297	28/04/12	46842	29/08/12	19680	490.00
16/08/12	PO21297	27/04/12	46843	29/08/12	19680	455.00
16/08/12	PO21297	26/04/12	46844	29/08/12	19680	472.50
16/08/12	PO21297	25/04/12	46845	29/08/12	19680	428.75
16/08/12	PO21297	24/04/12	46846	29/08/12	19680	350.00
16/08/12	PO21297	23/04/12	46847	29/08/12	19680	367.50
16/08/12	PO21299	25/03/12	46017	29/08/12	19680	280.00
16/08/12	PO21299	23/03/12	46018	29/08/12	19680	332.50
16/08/12	PO21299	22/03/12	46019	29/08/12	19680	332.50
16/08/12	PO21300	14/04/12	46327	29/08/12	19680	280.00
16/08/12	PO21300	13/04/12	46328	29/08/12	19680	490.00
16/08/12	PO21300	12/04/12	46329	29/08/12	19680	437.50
16/08/12	PO21300	11/04/12	46330	29/08/12	19680	297.50
21/08/12	PO21465	24/04/12	46878	29/08/12	19680	280.00
21/08/12	PO21465	26/04/12	46879	29/08/12	19680	580.00
21/08/12	PO21465	30/04/12	46880	29/08/12	19680	280.00
21/08/12	PO21466	16/04/12	46808	29/08/12	19680	350.00
21/08/12	PO21466	18/04/12	46809	29/08/12	19680	402.50
21/08/12	PO21466	19/04/12	46810	29/08/12	19680	350.00
21/08/12	PO21466	20/04/12	46811	29/08/12	19680	402.50
21/08/12	PO21466	21/04/12	46812	29/08/12	19680	385.00
21/08/12	PO21466	22/04/12	46813	29/08/12	19680	332.50
21/08/12	PO21467	21/03/12	46020	29/08/12	19680	332.50
21/08/12	PO21467	20/03/12	46021	29/08/12	19680	280.00
21/08/12	PO21467	19/03/12	46022	29/08/12	19680	420.00
Contractor 6						
26/07/12	PO20775	31/01/12	38402	01/08/12	19194	1,725.00
26/07/12	PO20775	31/01/12	38408	01/08/12	19194	900.00
26/07/12	PO20775	11/02/12	38467	01/08/12	19194	1,125.00
26/07/12	PO20775	11/02/12	38470	01/08/12	19194	1,125.00
26/07/12	PO20775	11/02/12	38471	01/08/12	19194	2,175.00
26/07/12	PO20775	11/02/12	38472	01/08/12	19194	900.00
26/07/12	PO20774	31/01/12	38401	01/08/12	19194	1,100.00
26/07/12	PO20774	31/01/12	38404	01/08/12	19194	1,265.00
26/07/12	PO20774	31/01/12	38407	01/08/12	19194	1,045.00
26/07/12	PO20781	31/01/12	38405	01/08/12	19194	640.00
26/07/12	PO20781	31/01/12	38409	01/08/12	19194	1,520.00
26/07/12	PO20775	31/01/12	38402	01/08/12	19194	1,725.00
26/07/12	PO20775	31/01/12	38408	01/08/12	19194	900.00
26/07/12	PO20775	11/02/12	38467	01/08/12	19194	1,125.00
Contractor 7						
24/05/12	POP19325	20/02/12	2803	18/06/12	18636	2,622.00
24/05/12	POP19324	20/02/12	2805	18/06/12	18636	2,622.00
24/05/12	POP19344	25/02/12	2813	18/06/12	18636	664.13
24/05/12	POP19346	25/02/12	2814	18/06/12	18636	708.40

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Purchase Order		Invoice		Cheque		
Date	Number	Date	Number	Date	Number	Amount (\$)
24/05/12	POP19348	25/02/12	2815	18/06/12	18636	796.95
24/05/12	POP19349	25/02/12	2816	18/06/12	18636	531.30
24/05/12	POP19374	25/02/12	2817	18/06/12	18636	1,125.56
24/05/12	POP19336	25/02/12	2818	18/06/12	18636	833.75
24/05/12	POP19334	25/02/12	2819	18/06/12	18636	1,167.25
24/05/12	POP19339	25/02/12	2820	18/06/12	18636	229.28
24/05/12	POP19380	25/02/12	2832	18/06/12	18636	759.00
24/05/12	POP19314	24/05/12	2833	18/06/12	18636	619.85
24/05/12	POP19324	20/02/12	2805	18/06/12	18636	2,622.00
24/05/12	POP19287	27/02/12	2840	18/06/12	18636	833.75
24/05/12	POP19289	27/02/12	2841	18/06/12	18636	708.69
24/05/12	POP19338	05/03/12	2855	18/06/12	18636	1,271.47
24/05/12	POP19341	05/03/12	2856	18/06/12	18636	708.69
24/05/12	POP19342	05/03/12	2857	18/06/12	18636	541.94
24/05/12	POP19337	05/03/12	2858	18/06/12	18636	667.00
24/05/12	POP19343	05/03/12	2859	18/06/12	18636	1,042.19
24/05/12	POP19340	05/03/12	2860	18/06/12	18636	833.75
24/05/12	POP19347	24/05/12	2861	18/06/12	18636	708.40
24/05/12	POP19350	05/03/12	2862	18/06/12	18636	487.03
24/05/12	POP19349	05/03/12	2863	18/06/12	18636	265.65
24/05/12	POP19352	05/03/12	2864	18/06/12	18636	708.40
24/05/12	POP19351	05/03/12	2865	18/06/12	18636	708.40
24/05/12	POP19355	05/03/12	2870	18/06/12	18636	729.53
24/05/12	POP19288	07/03/12	2890	18/06/12	18636	1,012.00
24/05/12	POP19316	20/03/12	2921	18/06/12	18636	708.40
24/05/12	POP19316	20/03/12	2922	18/06/12	18636	221.38
Contractor 8						
26/06/12	PO20150	04/06/12	389A	12/07/12	18911	204.00
26/06/12	PO20150	05/06/12	389A	12/07/12	18911	204.00
26/06/12	PO20150	06/06/12	389A	12/07/12	18911	204.00
26/06/12	PO20150	07/06/12	389A	12/07/12	18911	204.00
26/06/12	PO20150	08/06/12	389A	12/07/12	18911	204.00
26/06/12	PO20149	28/05/12	380	12/07/12	18911	204.00
26/06/12	PO20149	28/05/12	380	12/07/12	18911	204.00
26/06/12	PO20149	28/05/12	380	12/07/12	18911	204.00
26/06/12	PO20149	28/05/12	380	12/07/12	18911	204.00
26/06/12	PO20149	28/05/12	380	12/07/12	18911	204.00
03/07/12	PO20301	18/06/12	442	24/07/12	19065	204.00
03/07/12	PO20301	19/06/12	442	24/07/12	19065	204.00
03/07/12	PO20301	20/06/12	442	24/07/12	19065	204.00
03/07/12	PO20301	21/06/12	442	24/07/12	19065	204.00
03/07/12	PO20301	22/06/12	442	24/07/12	19065	204.00
03/07/12	PO20302	18/06/12	443	24/07/12	19065	204.00
03/07/12	PO20302	19/06/12	443	24/07/12	19065	204.00
03/07/12	PO20302	20/06/12	443	24/07/12	19065	204.00
03/07/12	PO20302	21/06/12	443	24/07/12	19065	204.00
03/07/12	PO20302	22/06/12	443	24/07/12	19065	204.00
10/07/12	PO20478	12/06/12	435	24/07/12	19078	204.00
10/07/12	PO20478	13/06/12	435	24/07/12	19078	204.00
10/07/12	PO20478	14/06/12	435	24/07/12	19078	204.00
10/07/12	PO20478	15/06/12	435	24/07/12	19078	204.00

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Purchase Order		Invoice		Cheque		
Date	Number	Date	Number	Date	Number	Amount (\$)
26/07/12	PO20809	02/07/12	449	01/08/12	19239	1,020.00
18/07/12	PO20613	02/02/12	450	25/07/12	19102	1,020.00
13/06/12	PO19864	21/05/12	378	19/06/12	18667	1,020.00
04/06/12	PO19663	27/04/12	360	14/06/12	18605	1,020.00
04/06/12	PO19661	04/05/12	362	14/06/12	18605	1,020.00
04/06/12	PO19651	11/05/12	365	14/06/12	18605	1,020.00
04/06/12	PO19659	20/04/12	785	14/06/12	18605	1,020.00
04/08/12	PO21049	06/07/12	705	13/08/12	19395	1,020.00
04/08/12	PO21048	06/07/12	706	13/08/12	19395	1,020.00
04/08/12	PO21047	13/07/12	719	13/08/12	19395	1,020.00
13/08/12	PO21237	03/08/12	742	21/08/12	19507	1,020.00
09/08/12	PO21188	08/06/12	387	22/08/12	19525	816.00
09/08/12	PO21190	13/07/12	721	22/08/12	19525	1,020.00
09/08/12	PO21189	20/07/12	724	22/08/12	19525	1,020.00
09/08/12	PO21187	20/07/12	726	22/08/12	19525	1,020.00
09/08/12	PO21186	27/07/12	731	22/08/12	19525	1,020.00
09/08/12	PO21185	27/07/12	732	22/08/12	19525	1,020.00
Total						458,986.70

SECTION 8: TELECOMMUNICATIONS AUTHORITY OF FIJI

The Telecommunications Authority of Fiji was established under the Telecommunications Promulgation 2008, which provides for the constitution of the Authority and the manner in which it may function, levy and collect licences, exercise powers and expand funds.

The principal activities of the Authority are to provide rapid expansion of reliable and as affordable as possible telecommunications services on an equitable basis, with particular improvement in rural areas; promote efficient investment and innovation in telecommunications network and services; provide fair competition among service providers and allowing market forces to operate; provide and promote appropriate consumer protection and other safeguards in relation to telecommunications services where market forces are insufficient.

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PART A – FINANCIAL INFORMATION

8.1 Audit Opinion

The audit of the financial statements of the Telecommunications Authority of Fiji for the year ended 31 December 2012 resulted in an unqualified Auditor's Report.

8.2 Statement of Receipts and Payments

Year ended 31 December	2012 (\$)	2011 (\$)
Receipts		
Government grant	639,115	1,130,961
Miscellaneous	104,891	38,525
Total Receipts	744,006	1,169,486
Payments		
Administration Expenses	225,139	343,231
Operating Expenses	272,183	353,752
Capital Expenses	345,806	157,763
Value Added Tax	77,936	102,605
Total payments	921,064	957,351
Net (deficit)/surplus	(177,058)	212,135

A sum of \$1.5 million was budgeted as grant to the Telecommunications Authority of Fiji in 2012 of which only \$639,115 was received by the Authority in 2012 resulting in the decrease in total receipts by 36%. The net deficit recorded in 2012 was therefore primarily due to the decrease in the grant received by the Authority from Government.

8.3 Statement of Financial Position

As at 31 December	2012 (\$)	2011 (\$)
Assets		
Cash	225,934	402,992
Total Assets	225,934	402,992
Accumulated Funds	225,934	402,992

The decrease in cash at bank at year end by 44% was largely attributed by the decrease in Government grant received by the Authority in 2012.

PART B - CONTROL ISSUES

8.4 Reporting Receipts and Payments VAT Inclusive

The preferred method of accounting for VAT is to state both income and expenditure items net of VAT.¹ However, where the impact of VAT is not significant to the users of the financial statements, reporting on a gross basis is permissible provided that there is a footnote disclosure of the use of this method.²

Our review of the draft financial statements submitted for audit revealed that receipts and expenditures have been presented in the Statement of Receipts and Payments at VAT inclusive balances. However, the General Ledger closing balances are reported on VAT exclusive amounts.

The audit also noted that the Authority did not disclose the use of the gross basis method in the financial statements.

Reporting using the VAT inclusive amounts distort the results of the financial performance of the Authority as presented in the financial statements.

Recommendation

It is recommended that the Authority use the General Ledger as the basis for drawing up its draft financial statements and present the financial statements VAT exclusive unless the Authority can show that the impact of VAT is not significant.

¹ FAS 103(9)

² FAS 103(11)

Management Comments

From 2013 the Authority will use the General ledger as the basis of drawing up its draft financial statements and present the financial statements as VAT exclusive.

8.5 Basis of Accounting

An enterprise should prepare its financial statements, except for cash flow information, under the accrual basis of accounting.³

Under the accrual basis of accounting, transactions and events are recognised when they occur (and not as cash or its equivalent are received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.⁴

Although highlighted in previous years' audit reports, the Authority's preferred accounting method is still on cash basis. Cash basis of accounting does not take into account arrears and accruals. Costs of all fixed assets are expensed, therefore not recognised in the Statement of Financial Position. An amount of \$345,806 was spent on fixed assets in 2012.

The Authority explained that the lack of capacity has prevented them from moving towards accrual based accounting.

The Authority has not been able to capture in its financials the value of fixed assets it owned and also receivables and payables.

Recommendation

It is recommended that the Authority adopt and comply with the Fiji Accounting Standards and present its annual financial statements on accrual basis of accounting.

Management Comments

No comments received from the Authority.

TAF will build its necessary capacity that will enable a review on its accounting processes and to work with the Ministry of Finance and the ministry of Communications to ensure that accrual accounting is adopted and the Authority prepares its financial statements that comply with the requirements of FAS.

The Authority, under the Boards decision will be temporarily subjected to the provisions of the Government Financial Management Act of 2004, in the absence of the Authority's Accounting manual.

³ FAS 1(25)

⁴ FAS 1(26)

SECTION 9: INSTITUTIONALIZING THE MONITORING OF TELECOMMUNICATIONS REFORM PROJECT

The objective of this World Bank grant is to develop the capacity of the Telecommunications Authority of Fiji, formerly the Department of Communications, under the Ministry of Public Enterprises, Communications, Civil Aviation and Tourism, and thereby to monitor and assess the performance of the telecommunications industry operators in their delivery of services to households and businesses, particularly in rural and remote areas.

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PART A – FINANCIAL INFORMATION

9.1 Audit Opinion

The audit of the financial statements for Institutionalizing the Monitoring of Telecommunications Reform Project for the year ended 31 December 2012 resulted in an unqualified Auditor's Report.

9.2 Abridged Statement of Receipts and Payments

Year ended 31 December	2012 (\$)	2011 (\$)
Receipts		
World Bank grant	249,663	87,415
Miscellaneous	266	2,099
Total Receipts	249,929	89,514
Payments		
Consultant fees	225,467	115,122
Other expenses	595	1,569
Total Payments	226,062	116,691
Net surplus/(deficit)	23,867	(27,177)

The net surplus of \$23,867 recorded in 2012 was primarily due to the increase in grant from the World Bank for the project.

Increase in regulatory fees, travel costs and per diem allowances paid to individual consultants resulted in the increase in consultant fees by \$110,345 or 96%.

9.3 Statements of Financial Position

As at 31 December	2012 \$	2011 \$
Cash at bank	33,113	9,246
Total current assets	33,113	9,246
Net Assets	33,113	9,246

The increase in cash at year end was largely attributed by the increase in the grant from the World Bank Grant which in turn resulted in increase in cash at bank.

