



EXCELLENCE IN PUBLIC SECTOR AUDITING

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI

**Volume 2 Audit Report on Government Ministries
and Departments - 2012**



PARLIAMENTARY PAPER NO 28 OF 2014



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Excellence in Public Sector Auditing

File: 102

28 September, 2012

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


Dear Commodore Bainimarama

**AUDIT REPORT ON GOVERNMENT MINISTRIES AND DEPARTMENTS 2011
VOLUME 2**

In accordance with section 7(7) of the State Services Decree 2009, I am pleased to transmit to you my audit report on the Whole of Government Financial Statements and Annual Appropriation Statement for 2010. The report includes the following

- Volume 1: Whole of Government Financial Statements and Annual Appropriation Statement for 2011
- Volume 2 – 4: Audit Report on Government Ministries and Departments - 2011

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


Tevita Bolanavanua
Auditor - General



FOREWORD

This report covers the results of my audit of the Whole of Government (WOG) Financial Statements and the Annual Appropriation Statement for 2012 and its 35 ministries and departments as provided in the 2012 Appropriation Decree.

The purposes of this report are to:

- report on the audit of the WOG Financial Statements as at 31 December 2012, covered under volume 1 of the report;
- report on the audit of financial statements of ministries and departments as at 31 December 2012, covered under volume 2-4 of the report;
- report on the results of and matters arising from our 2012 audits of ministries and departments, also covered under volume 2-4; and
- raise other matters that I believe warrant consideration by Cabinet.

The WOG Financial Statements for 2012 have been presented in accordance with section 46 of the Financial Management Act 2004 and have been prepared on a cash basis of accounting as full accrual information, including the value of assets and liabilities is not yet available.

These financial statements report the receipts and payments and financial assets and liabilities on a consolidated basis in accordance with Government's move towards accrual accounting and the adoption of international accounting and statistical reporting standards. The format of the financial statements therefore significantly differed from previous years reports of the Accounts and Finances of the Government.

A qualified audit opinion was issued on the WOG Financial Statements for 2012. Issues qualified are as follows:

- bank accounts held with the Ministry of Finance contained errors and omissions that could not be determined due to absence of bank reconciliations;
- government investment in the Sinking Fund is overstated by \$138.5 million
- investments totalling \$42.5 million are not supported by share certificates;
- accounts receivables totalling \$21.3 million and term loan receivables of \$67.8 million could not be substantiated;
- prepayments and accrued income of \$13.7 million, accounts payable of \$17.3 million and accrued expenses and deferred income with a debit balance of \$1.3 million were not supported;
- trust accounts with ministries and departments were overdrawn by \$7.3 million;
- equity opening balance of \$2,815,628,265 could not be substantiated; and
- a variance of \$10 million exists between the Ministry of Finance general ledger balances and the FRCA revenue collection report for 2012.

The preparation of the 2012 accounts was again affected by insufficient and lack of competent manpower and support from ministries and departments. The Ministry of Finance like all ministries and departments also continued to face high staff turnover and staff reshuffles which contributed to a lot of deficiencies in the preparation of the accounts.

Section 70 (3) of the Finance Instructions states that the draft agency financial statements for ministries and departments must be submitted to the Auditor-General by 31 March in the following year, or within such other time as agreed to with the Auditor-General. Of the 35 ministries and departments appropriated in the 2012 appropriation decree, 5 failed to submit their agency financial statements by 31/3/13 delaying the issue of their respective audit reports.

Out of the agency financial statements audited, 15 were issued unqualified audit opinions while 20 were qualified. The qualification issues include: trust fund account balances in the general ledger did not reconcile with bank balances; trust fund account statement of receipts and payments were not provided for audit; financial statements were not presented in accordance with the Finance Management Act 2004 and adequate records were not maintained to support Trading and Manufacturing Account balances.

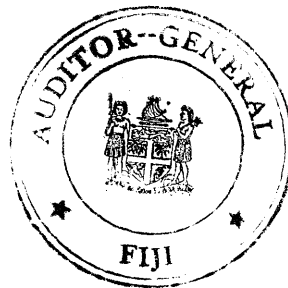
Most issues qualified above were the same as those highlighted in 2011 but at a lesser extent as some ministries and departments had shown some improvement. There however remains a lot of work to improve the requirements of all stakeholders.

The results and matters arising from my audits of ministries and departments are covered under volume 2-4 of the report. Some of the matters raised have been reported in the past but very little improvement was noted or in some instances; no action was taken by respective ministries and departments.

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Tevita Bolanavanua
AUDITOR - GENERAL

Suva, Republic of Fiji
30 September, 2013



EXECUTIVE SUMMARY

The Whole of Government Financial Statements and the Annual Appropriation Statement of the Government of the Republic of Fiji for the year ended 31 December 2012 have been audited in accordance with section 5 of the State Services Decree No. 6, section 46 & 47 of the Financial Management Act 2004 and section 6 of the Audit Act.

The audit resulted in the issue of a qualified audit report based on the following matters:

- Bank reconciliations were not undertaken for various bank accounts, there were bank balances without any cash held, certain cash at bank balances were not recorded, there were cash at bank with negative balances and material variances were noted between the general ledger and the actual cash.
- Investment in the Sinking Fund was overstated by \$138.5 million with only \$53.7 million supported by independent confirmations.
- Share certificates were not produced for investments totaling \$42.5 million.
- Balances disclosed as accounts receivable totaling \$21.3 million and Term Loan Receivable of \$67.8 million could not be substantiated as supporting schedules for accounts receivables were not provided; errors and omission, receivables with negative balances and the absence of reconciliations to substantiate term loans receivable balances were lacking.
- Prepayments and accrued income balance of \$13.7 million, accounts payable balance of \$17.3 million and accrued expenses and deferred income with a debit balance of \$1.3 million were not supported;
- Trust accounts with Ministries/Departments were overdrawn by \$7.3 million contrary to Finance Circulars 4 of 30/3/98.
- The correctness, completeness and existence of the equity opening balance amounting to \$2,815,628,265 could not be substantiated.
- A variance of \$10 million exists between Ministry of Finance general ledger balances and the FRCA revenue collection report for the year 2012.

The attentions of Ministry of Finance were also drawn to the following matters:

- a) The correctness of operating revenue receipted through the Accounts Receivable Module of the Financial Management Information System, totaling \$10.7 million was not correctly accounted in accordance with cash basis of accounting as stated in Note 1 to the Financial Statements.
- b) Inventory totaling \$7.2 million is misstated by \$978,349. In addition, closing stock of finished goods of \$1,128,750 could not be verified.
- c) Government has recognized trusted assets worth \$781,571 in the statement of assets and liabilities which was not supported by individual asset records.

The following is a summary of the audit observations.

2012 Whole of Government Financial Statements

Cash at Bank

The Cash at Bank balance increased significantly from \$80,632,359 in 2011 to \$96,597,006 in 2012. This cash balance is the net off bank balances after offsetting the un-presented cheque amount as at 31/12/12.

This increase was due to a significant increase in domestic bank balance and overseas bank balance by 19% and 248% respectively. However, the trading and manufacturing account bank balance declined by 46%.

Accounts Receivable

The audit noted that there is no consolidated supporting schedule at whole of government level to substantiate the accounts receivable balance of \$21,252,166 at year end.

The accounts receivable balances are extracted from the FMIS general ledger (GL) however these balances are not properly supported as the FMIS system cannot generate a debtors' schedule/register as at 31/12/12. In addition, Ministries/Departments are not maintaining manual debtors' registers to validate the following balances.

Prepayments and Accrued Income

There is no consolidated supporting schedule at Whole of Government level to substantiate the Prepayments and Accrued Income balance of \$13,687,618 at year end.

The balances are extracted from the FMIS GL however these balances are not properly supported as agencies are not maintaining prepayments schedules and no consolidation is done by the Ministry of Finance at year end to validate the prepayments balances as at 31/12/12.

Inventory

The value of inventory held by Government was \$781,571 compared to \$875,150 in 2011. Inventory is measured at cost. The Whole of Government financial statements only showed the ending balances of inventories. It also failed to disclose the accounting policies adopted in measuring inventories including the cost formula used.

Trusted Asset

The balance of Trusted Asset (SAG 59) as at 31/12/12 totalled \$781,571 compared to \$93,578 in 2011. The audit noted that a balance of \$873,950 for the Ministry of Agriculture has been reflected in the general ledger since 2006 which was in relation to a project for the Alternative Livelihood Project. This balance could not be substantiated.

In addition, the Ministry of Foreign Affairs incorrectly credited \$93,578 to Standard Asset Group (SAG) 59 instead of Standard Liability Group (SLG) 84 funds to facilitate vehicle purchase for the Fiji Embassy in Malaysia. This fund was supposed to be carried over to 2013.

There is also a lack of clear description of the account as the chart of accounts failed to explain what constitutes and/or qualified to be treated as a trusted assets.

Term Loans Receivables

The outstanding loans made by Government as at 31/12/12 totalled \$67,813,754; a decrease of \$2,563,586 compared to 2011.

The loan balances have decreased steadily over the years except in 2010 which resulted from a loan repayment of \$20,000,000 by the I-Taukei Affairs Board.

Investments

Government investment in 2012 totalled \$426,197,668 held in 25 companies have decreased by \$12,709,536 or 2.9% compared to 2011. The decrease in government investment in 2012 was due to

the sale of Government shares in Fiji Television Limited and those inoperative entities being struck off.

The dividends on investments have decreased in year 2012 compared to 2011 by \$107,705 or 1%. There was a shortfall of \$16.9 million or by 62% in dividends received compared to the 2012.

The dividend totalling \$10.5 million was received in 2012 from 6 out of the 25 entities.

Term-Loans Payable

There is an unexplained dormant general ledger account reflected in the borrowing fund account ledger totalling \$46.3 million.

Public debt in 2012 totalled \$3,678,821,497 and comprised of domestic loans of \$2,631,565,650 or 72% of total debt; overseas loans of \$935,524,571 or 25%; and Treasury Bills \$111,731,276 or 3%.

Accounts Payable

The accounts payable for the Government as at 31/12/12 showed a balance of \$17,321,156 being unutilised project funds at year end which has been approved to be carried over to the next financial year.

Actual verification however showed a total of \$17,429,328 with a variance of \$108,172 as a result of incorrect postings by ministries and departments.

Accrued Expenses and Deferred Income

The standard liability group (SLG) 85 has been overdrawn by \$1.28 million as at 31/12/12, a decrease of \$666,614 or 34% compared to the overdrawn balance as at 31/12/11.

Majority of the debit balances relate to the Republic of the Military Forces (RFMF) whilst the remainder is for the Department of Water and Sewerage, Ministry of Fisheries and Forests and Ministry of Agriculture.

Trust fund Account

The Trust Fund Account had a balance of \$73,764,291 as at 31/12/12, an increase of \$12,644,968 or 21% from 2011.

The Main Trust account increased by \$15,069,863 or 39% compared to 2011 and Operating Trust fund account balance increased by \$1,711,057 or 9% from \$18,066,392 in 2011.

Revenue

A variance of \$10 million exists between Ministry of Finance general ledger balances and the FRCA revenue collection report for the year 2012.

Expenditure

Government spending for the year ended 31st December 2012 totalled \$2,294,103,654 a decline of \$108.6 million or 5% from \$2,402,752,517 spent in 2011.

Total operating expenditures amounted to \$1,710,220,999 or 75%, capital expenditure totalled \$533,838,990 or 23% and VAT totalled \$ 50,043,665 or 2%.

Compared to 2011, total operating expenditure declined by \$154 million or 8% and capital expenditure increased by \$39 million or 8% from \$494.5 million in 2011 to \$533.8 million in 2012. There was an increase of \$6.1 million or 14% in VAT expenditure from \$43.9m in 2011 to \$50m in 2012.

Equity

The correctness and existence of the opening equity balance amounting to \$2,815,628,265 cannot be verified as there is no schedule to adequately support these balances at Whole of Government level which is inclusive of accumulated surplus deficits [SLG 91] and Appropriation TMA operations [SLG 94].

Contingent Liability

The total contingent liabilities as at 31/12/12 amounted to \$2,155,254,122. Domestic loans accounted for \$2,146,810,005 or 99.6% of total liabilities during the year. Overseas loans on the other hand accounted for \$8,444,117 or 0.4% of total liabilities as at 31/12/12. A total of 15 entities were covered under Government guarantee in 2012, compared to 16 entities in 2011.

2012 Accounts of Ministries and Departments

Office of the President

There were account balances recorded in the general ledger that were not reconciled, remained outstanding for long and were recorded erroneously. The carry-over of budget to year 2013 was recorded as current year expenditure contrary section 19 (1) of the Financial Management Act 2004.

A Board of Survey was not carried out contrary to section 49 (1) of the Finance Instructions 2010. Sixteen staffs were occupying the government quarters contrary to General Order 601 and 607.

Office of the Prime Minister

The account balances recorded in the general ledger did not have adequate supporting documents; had un-reconciled variances, were outstanding for long while some had balances that were contrary to the nature of the account.

Capital construction expenditure allocation was over-spent by \$1,243,830 and there was expenditure that was paid contrary to the budget appropriation provided. The Board of Survey of was not carried out contrary to section 49 (1) of the Finance Instructions 2010.

Office of the Attorney General and the Solicitor General

There were journals raised that lacked authority and supporting documents. Government Wage Earners expenditure was overspent by \$49,801.

The Operating grant for Legal Aid Commission was managed by the Attorney General and Solicitor General's office, of which seventy percent related to payroll expenditures that was processed manually.

Fees charged to censor films have not been revised since 1978 resulting in far less censor fees charged than the sitting allowance paid for censoring.

Ministry of iTaukei Affairs

There were numerous account balances in the general ledger that were not reconciled with the source documents. Some accounts had outstanding balances from previous years while some had balances contrary to the nature of the account.

The Board of Survey was not carried out contrary to section 49 (1) of the Finance Instructions 2010 and the fixed asset and expandable items register was not up-dated. The loss report was not prepared for the loss of the Compact Array Broadband Backend (CABB) software.

The administration of scholarships lacked the planning and monitoring of its desired results. Awareness on the availability of the scholarship was not carried out and funds were allocated to students as funds were available.

Substantial recoveries of bond monies were not recorded as revenue whilst substantial recoveries are yet to be instigated and are increasing as reconciliations are not carried out. The scholarship award management system failed to provide record of students who have absconded their bond.

In addition, there were fifty – two recipients that were not selected by the scholarship committee for the leadership and entrepreneurship training with the Centre of Appropriate Technology and Development (CATD). The result of their training was not provided and only 32% of the approved trainees were trained. The agreement with CATD in Nadave for the scholarship funds provided was lacking.

Department of Defense

The contract and acquittals for projects undertaken were not provided for the National War Memorial and the War Museum project and the construction of perimeter fence and railings respectively.

The Board of survey was not carried out contrary to section 49 (1) of the Finance Instructions 2010.

Department of Immigration

Account balances in the general ledger was not reconciled resulting in unexplained variances from the source documents or records maintained by the department. The board of survey report failed to record the original cost of the boarded of items.

Short term work permit was not provided contrary to the provision of Policies & Management guidelines on Processing and Issuance of Non- Citizen permits, visas & exemptions.

Ministry of Labour, Industrial Relations and Employment

The trust fund account balances in the general ledger was not reconciled resulting in unexplained variances between the source documents or records maintained by the department.

Leave compensations were paid to officers without the approval of the Public Service Commission.

Ministry of Foreign Affairs and International Co-operation

The overseas mission cash at bank balances reflected in the general ledger was not reconciled to the actual cash held in the overseas mission bank accounts. The cash at bank general ledger accounts for embassies in South Korea, Brazil and Abu - Dhabi has not been created. Mission transactions converted to Fiji dollar and recorded in the general ledger was not traceable to source documents. Diplomatic posting to missions were made contrary to the authorised establishment in the diplomatic consular regulations.

The board of survey was not carried out for missions and embassies. Loss reports were not prepared for assets while lost and damaged items recorded in the headquarters board of survey report have not been investigated.

Substantial payments in overtime were made that was retrospectively approved, were paid contrary to general orders and justification was not provided for the non-completion of work during normal working hours. Further, large outstanding account balances existed for trust fund and revolving fund accounts.

Elections Office

There were account balances that were overdrawn and had been outstanding for long.

Various anomalies were noted for the Electronic Voter Registration (EVR) exercise. The master list for the Electronic Voter Registration Clerks was not maintained. Unethical behavior of EVR Clerks causing property damages and thefts were reported. Substantial cash advances were taken for the EVR exercise without retiring the previous advances. Catering expenses incurred during the training of EVR Clerks noted poor management and internal control weaknesses within the payments system.

The motor vehicle accident reports were not submitted to Ministry of Finance and Solicitor General's Office for appropriate action.

Judiciary

The trust fund account balance had a variance between the reconciliation performed by the department and its bank statement balance. The revenue in arrears totalled \$11,341,730.

The cases pending with the courts are accumulating delaying judgement and penalties. Exhibits were not monitored and maintained in accordance with exhibit's maintenance procedure for disposal, retention and distribution of exhibits.

The roof of the government building is leaking and as a result the newly painted walls have been damaged.

Disciplinary procedures for the recovery of damages caused to hired motor vehicle were not followed in accordance with section 12 of the Finance Manual.

Legislature

The operating trust fund for payroll deductions was written off and was recorded as revenue. The board of survey was not carried out contrary to section 49 (1) of the Finance Instructions 2010.

Substantial payments have been made for the renovation of parliamentary complex without much work carried out. The contract has been terminated without any remedy. Numerous procurement and contractual anomalies were evident.

Office of Accountability and Transparency

Grant was provided to the Fiji Human Rights Commission without the grant agreement.

Office of the Director of Public Prosecutions

Exhibits were not monitored and maintained in accordance with exhibit's maintenance procedure. There were exhibits that were not returned despite the conclusion of cases. Some exhibits held dated to year 2002.

Department of Justice

The records and documents for the titles and official receivers office were not backed up for business continuity during recovery from disasters. The company annual returns and status of the bankruptcy and insolvent cases were administered manually through individual files.

There were pending bankruptcy and insolvent cases that dated as far back to 1986. The bankruptcy act has not been revised since 1978.

Prison and Corrections Department

Various accounts balances in the general ledger was not reconciled resulting in unexplained variances with department records and its source documents.

A total of six Trading and Manufacturing Activities (TMA) were carried out without authorised business plans and its quarterly performance reports were not prepared.

Records were not properly kept resulting in missing and misplaced journal vouchers. Further, records relating to the construction of the coffee shop at the Korovou prison compound, contracts for the implementation of the prisons database and motor vehicle records such as running sheets, log books, records relating to accidents was not provided. Various anomalies contrary to the transport rules and regulations in the management of motor vehicle were noted.

Furthermore, the Prisons database remained incomplete as migration of data continued among other various project implementation and testing anomalies. The department's annual corporate plan failed to reflect the completion of the database project as one of the departments' output.

Ministry of Information, National Archives and Library Services

The list of boarded computers replaced with the newly purchased computers was not provided. The fixed asset register was not updated accordingly. Appointment of officers lacked evidence that the positions were advertised, the number of applications that was received for the position, the number of applicants selected and the criteria for the selection, the interview panel and interview scores of the applicants and the staff board decision for the appointment.

The Ministry failed to instigate surcharge on officers responsible for assets that were lost or damaged through motor vehicle accidents. In addition, motor vehicle quarterly returns were not prepared in accordance with that authorized in the transport rules and regulations.

Ministry of Provincial Development and Disaster Management

The journals raised lacked approval and supporting documents. True trust fund account records were not properly kept and reconciled to source documents resulting in unexplained variances.

Reconciliation of projects outstanding was not performed and the project funds were held contrary to section 19 (1) of the Financial Management Act 2004 and Finance Circular 13/2012. Various anomalies were noted in the planning, implementation, monitoring, evaluation and record keeping of capital works related to divisional projects, non-Government schools, provision for rural housing and roads and boarding schools. Also, the statement of acquittals prepared by the divisions for the various projects was not reconciled with the general ledger.

Further, various anomalies were noted in the management of inventories at storehouse in Topyard, Walubay such as damaged and obsolete items, unaccounted materials stacked idly outside the yard, items and materials for the Tropical Cyclone Evan Rehabilitation were stacked inside the store room and some are lying idly outside the yard. In addition, the separation of items purchased by the Ministry

for its community and housing projects and that received through donations was lacking. Stock take of items in the store room and outside the yard has not taken place at the end of the year.

Circumvented financial regulations were noted where cheques were raised but was not released to the suppliers.

Fiji Military Forces

The Force over spent \$2.2 million and had outstanding liabilities totalling \$505,533 at the end of the financial year. There were account balances in the general ledger that were not reconciled, had unexplained balances and some had balances contrary to the nature of the account.

A motor vehicle accident surcharge was not instigated and was awaiting the report from the board of enquiry. Competitive quotations, delivery dockets, assessment of satisfactory services provided and the authorization of payment vouchers was lacking for the goods and services purchased.

The approval of the Ministry of Finance was not provided for operation RFMF Engineers account. In addition, its bank account reconciliation was not performed contrary to section 32 (6) of Finance Instructions 2010, the general ledger account was not created for the operation of the bank account and therefore, was not recorded in the Whole of Government accounts.

Furthermore, the authority for the operation of RFMF farm at the Force Training Group in Nasinu and the sale of farm produce records was not provided. A total of \$135,222 of farm produce was purchased by the Force from the RFMF farm. The approved supplier for whole of Government for farm produce was Fresh'et International.

Conversely, The Royal Fiji Navy Services (RFNS) bought general food items at higher prices from Fresh'et International violating procurement regulation where the purchases of general food items have been contracted to various other suppliers. A total of \$296,114 was paid to Fresh'et International during the year.

Fiji Police Force

The processes for the salary and wages totaling \$69.5 million were not adequately performed. Records such as board of survey reports, payment vouchers, journal vouchers and its supporting documents were kept properly and this was not provided.

Numerous account balances variances between the reconciliations, its source documents and the general ledger remained. Falsified unpresented cheques and its details were recorded in the drawings account reconciliation.

Sixty seven operating trust fund account existed of which some were dormant and overdrawn. The overdrawn balances have increased whilst substantial statutory payments are yet to be paid. Also, substantial advances remained outstanding in the revolving fund account.

There were officers that were recruited in excess of the authorized establishment at lower levels while the higher positions did not adequately have the authorized minimum officers.

Contracts were not entered into with the suppliers for the purchase of equipment and materials. Numerous inactive landlines, mobile and flashnet numbers existed.

Ministry of Finance

Records to substantiate \$4.7 million for the surplus capital transferred to Operating Fund Account and \$15.06 million as TMA accumulated surplus was lacking for the TMA operated by the Government

Printing & Stationery Department and the Fiji Procurement Office in the Trading & Manufacturing Account.

Records to substantiate accounts payable of \$552,955 and account receivable balance of \$3.0 million reflected in TMA Balance Sheet in the Trading & Manufacturing Account was not provided for audit.

There is no acquittal guideline for Ministries/Departments after the release of funds from Head 50 – Miscellaneous Expenditure. As such the actual acquittal for expenditure incurred under Head 50 SEG 10 Item 3 Miscellaneous Aid in Kind of \$2,997,540 and SEG 7 Item 3 General Reserve totalling \$1,518,548 were not maintained.

The consolidated revolving fund account reconciliations for both Ministry of Finance and Government Printing & Stationery Department as at 31/12/12 were not provided for audit.

The absence of reconciling the revenue collected by the Fiji Revenue & Customs Authority with the Ministry's records resulted in double posting of \$3,292,921 revenue in the Ministry of Finance general ledger as per the FRCA revenue report for the year 2012.

TMA cash balance totalling \$1,204,937 million was held in excess of the TMA ceilings appropriated.

A total of \$65,825 is owed by former members of House of Representatives and Senators and there was no segregation of duties at Salaries Section.

Vehicles on lease have incurred excess mileage cost for the year ended 31/12/12 while 1,276 of the Government vehicles currently used by Ministries/Departments are more than 6 years old.

Foreign exchange losses of \$5,204,863.31 were incurred by the Ministry due to fluctuations in exchange rates for overseas loans.

Government Printing and Stationery Department (GPSD)

The Department purchased diary covers from That IT Shop Fiji Ltd totaling \$88,032.50 without tender board approval.

In 2012, the Department sold 9,169 A5 diaries at selling price of \$15.00 each without taking into account the total cost of direct labour, direct material and other overhead cost. The A5 diary covers were sold at a loss.

The Department sold 647 A5 Executive diaries in 2012 which were returned to the Department due to poor quality diary covers.

Fiji Procurement Office (FPO)

Trading & Manufacturing Account (TMA) creditors for FPO showed debit balance of \$552,955 contrary to the nature of the balance that the account should have. TMA debtors for the Office totalled \$2,120,152 whereas the arrears of revenue as at 31/12/2012 showed arrears of \$113,548 only.

Tender process from the advertisement of the tender to the Board approval has gone over period of three months which compromise the fairness and impartiality of the procurement process.

Information Technology and Computing Services (ITC)

There were numerous Officers whose salary were above \$20,295 were granted time-off contrary to General Order 418(b) and the Overtime policy as stated in PSC Circular 52/2011.

Ministry of Strategic Planning, National Development and Statistics

National Planning Office

Officers were going on leave without any supervisor's approval.

Two officers in the National Planning Office have been holding continuous acting posts for more than two years.

The Office was allowing manual salary payments to staffs without the approval from the Permanent Secretary of Finance. These manual payments were neither updated into the automated payroll system nor the fortnightly salary reconciliation.

Acting allowances paid through cheques were made without any deduction of the Pay As You Earn (PAYE) tax contrary to the Income Tax Act

There was inadequate segregation in the handling of cash from receipting, banking and updating records into the general ledger which was solely handled by the former acting assistant accounts officer.

Official revenue receipts were not immediately issued upon receiving the cash refund from Officers when refunding the unutilized accountable advances. In addition, the revenue receipts are issued to the Officers after a considerable number of days from 21 to 173 days which indicates the risks of misappropriation of funds.

The drawings reconciliation for neither the whole year nor a list of un-presented cheques as at 31/12/12 was provided during the audit.

The one third community contributions towards the Integrated Human Resource Development Program (IHRDP) projects were receipted into the Service Worker Credit Union trust account overstating operating trust fund account.

Fiji Bureau of Statistics

The Bureau paid a total of \$23,633.94 out from the personal emoluments vote on separate occasions as overtime payments to various staffs even though overtime payment was not provided for in the Bureau's approved budget for the year 2012 and contradicted part 6.3 of the overtime policy issued by Public Service Commission on 6/9/2011.

Ministry of Industry and Trade

The Ministry did not carry out an extensive performance assessment of the Mindpearl Project during the three year period of the project to determine its viability and success.

Ministry of Public Enterprises, Tourism and Communications

For the Telecommunication Development Trust Fund, a significant variance of \$6,326,426 existed between the cash at bank and the general ledger balance. In addition, the bank reconciliation for 2012 was not carried out. Significant un-explained and un-reconciled variances noted between the financial statements, the general ledger and the reconciliation statements.

FREQMAN spectrum management system format is not compatible with current computer applications, the information generated from the system was unreliable and that there were no data backup and recovery plan.

Government Commercial Companies and Commercial Statutory Authorities have not complied with reporting requirements under the Public Enterprises Act.

Ministry of Works and Transport

Trading and Manufacturing Accounts have continuously been operated at a loss. Accounting records were inadequate to provide sufficient appropriate evidence to substantiate the balances reported in the financial statements.

The effectiveness of the reconciliation process and the reliability of information provided through the reconciliation of accounts were doubtful as there were variances noted between the various reconciliations statements prepared by the Ministry and the balances reflected in the general ledger (FMIS). These also resulted in the qualification of the Ministry's Agency Financial Statement.

Monitoring for compliance of contracts with suppliers of goods and services to the Ministry before payments are effected should be improved. Proper project estimation, accounting and monitoring of capital works need to be carried out.

Adjustments to the general ledger without approval were prevalent which increases the risk of manipulation of accounting records.

Procurement and payment procedures were being circumvented, increasing the risk of fraud and mismanagement of public funds.

Ministry of Agriculture

The Ministry did not maintain adequate accounting records to provide sufficient and appropriate evidence to substantiate Accumulated Surplus of \$2,265,196.82 and Surplus of \$769,283.74 as stated in the Trading and Manufacturing Account (TMA) Balance Sheet.

The Ministry's stock certificates reflected total closing stock of \$1,128,749. However, reliance on this balance was limited as the stock takes were carried out by officers directly involved in maintaining and accounting for the stock without an independent supervision.

Reconciliations of accounts were not carried out properly and correctly resulting in significant variances between the reconciliation statements and the general ledger (FMIS). In addition, balances in the reconciliation statements and the general ledger were not properly supported with relevant documents. The un-explained and un-reconciled variances were not investigated and resolved.

Overall financial performance of the TMA from previous years has been poor. There were ineffective controls on the management of property, plant and equipment.

\$702,329.61 or 85% of arrears of revenue have been outstanding for more than 5 years. The arrears are mainly related to the outstanding repayments from farmers for assistance provided to them under different agricultural programs in previous years.

There was insufficient information available to determine the extent to which the Rural and Outer Island Programme has been successful in meeting its overall objectives. Individual projects were supposed to result in commercial or semi-commercial benefits but there were little or no evidence of this from the projects sited in Rewa and Tailevu. Weaknesses noted in the selection process and performance management process of monitoring, evaluating and reporting on the progress towards achieving the objectives of the individual projects.

Data from various agricultural programs have not been properly captured and consolidated that could be easily analysed and evaluated for improving policies and procedures and to assist in the decision making process on issues relating to the programs.

TMA stores/stock at the Animal Health & Production Division (AH&P) in Vatuwaqa were not properly accounted for and maintained.

New farming machines that cost thousands of dollars to purchase were lying idle as the machines did not operate as intended.

There were inadequate controls over the custody of stock including fuel at the Lakena Station.

Officers that have retired or resigned from the service were continued to be remunerated resulting in substantial overpayments of salaries.

A total of \$226,976 was paid out as leave compensation to 96 officers. Several officers were compensated outstanding leave on their promotion in 2012. However, the compensations were made using new salary rates instead of the salary rates of the positions they were holding before promotion resulting in substantial overpayments of leave compensations

Ministry of Lands and Mineral Resources

The reconciliation process was ineffective as there were variances noted between the various reconciliation statements prepared by the Ministry and the balances reflected in the General Ledger (FMIS) with some reconciling item still being carried forward over the years.

Adjustments to the general ledger (FMIS) without approval and without supporting documentation were prevalent which increases the risk of manipulation of accounting records to conceal misappropriation and fraud.

Rent arrears for Crown Land lease increased by \$8.5 million or by 44% compared to 2011. Instances were also noted where rents were charged on expired leases.

Breaches of the Crown land residential and agricultural lease conditions.

Ministry of Fisheries and Forests

Trading Manufacturing Accounts have continuously operated at a loss. Accounting records were inadequate to provide sufficient appropriate evidence to substantiate the balances reported in the financial statements.

The reliability of information provided through the reconciliation of accounts was doubtful as there were variances noted between the various reconciliation statements prepared by the Ministry and the balances reflected in the general ledger (FMIS).

Officers that have left the service due to retirement or resignation were continued to be remunerated after the retirement/resignation dates resulting in overpayments of salaries.

A number of reproduction ponds for tilapia fish and freshwater prawns at the Naduruloulou Station are not in operation and have been left idle.

Data from various assistance programs provided to farmers including fishing licences issued have not been properly captured and consolidated.

There was lack of coordination between Divisional officers' of the Ministry of Rural and Maritime Development and the Department of Fisheries on the issuing of fishing permits.

Excessive telecommunication expenditure recorded which resulted from ineffective telecommunication policy and controls.

Proper procurement procedures were not followed and cost overruns were incurred for the Colo-i-Suva Forestry road upgrade and maintenance work.

A significant increase of \$297,471 or 185% was noted in the Ministry's fuel expenditure in 2012 compared to 2011.

There are delays in the completion of the Marine Resource Inventory Survey Project.

Ministry of Sugar

Ineffective controls on the management and accounting of fixed assets (property, plant & equipment).

The reliability of information provided through the reconciliation of accounts was doubtful as there were significant variances noted between the various reconciliation statements prepared by the Ministry and the balances reflected in the general ledger (FMIS).

Journal vouchers raised by the Ministry during and at year end were not adequately supported with relevant explanations and documents.

The Ministry failed to carry out monthly salaries and wages reconciliation during the year.

Acquittal reports were not provided by the Sugar Research Institute of Fiji and the South Pacific Fertilizer Limited for grants and subsidies provided to agencies in 2011 and 2012.

Ministry of Education

The Ministry lost \$47,674.56 through embezzlement by the Ministry's staff.

Board of survey was not carried out for a number of sections of the Ministry.

Staffs were overpaid salaries totaling \$255,169.29 as at 31/12/12.

The Ministry vired funds from other allocations to provide an additional \$6,758,350 to the bus fare scheme.

The Ministry did not reconcile bus fare coupons distributed to the schools with the used coupons received from transport providers. A significant variance of 3,622,694 coupons with a total value of \$2,035,541 was noted between the two records.

The Ministry paid a total of \$230,312 to Telecom Fiji for e-ticketing cards which were not received by the Ministry. A contract between the Ministry and Telecom Fiji was not produced for audit. The purchase order and the cheque was signed the Senior Accountant in excess of his authorized limit of \$3,000.

The Ministry diverted \$115,156 from tuition fee grant allocation for Secondary Schools and \$115,156 from Primary schools allocation to pay the Telecom Fiji.

The Ministry paid a total of \$376,742.35 to Foneology as cost of top up for bus fare cards without a valid contract.

The Ministry vired funds totaling \$926,365 from various allocations to Other Setup and Implementation allocation which had zero balance according to FMIS records. A total of \$681,099.85 was utilized for various payments during the year.

The Ministry paid a total of \$20,450 to Davui Printery for printing of TVET Achievement Level Booklets without obtaining competitive quotes.

The Ministry paid a total \$1,086,239.91 to Dynamic Solutions during the year 2012 for purchase of goods and services. A review of a sample of items purchased revealed that the items were of inferior quality as some of the items became unserviceable within one year from the date of acquisition.

The TVET Section of the Ministry purchased 60 computers in 2012 from various suppliers. The total cost of the computers was \$78,591.89 for which tenders were not called.

Tenders were not called for contracts awarded for school improvement works exceeding \$50,000.

The Ministry purchased laptops and desktop computers totaling \$50,009.95 in 2012 from suppliers other than the contracted supplier of Office Products.

One notebook computer lost while in the custody of a Senior Education Officer Mr. John Vincent was neither reported to police nor investigated by the Ministry.

The Ministry purchased computers from various suppliers in 2012 at a total cost of \$86,687.03 without seeking approval from the Information Technology and Computing (ITC).

The Ministry paid a total of \$149,219 to Government Printing and Stationery Department for printing of FSLC and FSFE exam papers for 2012 on 30/01/13 using 2013 budget allocation. The payment was made on the strength of the quotation and not the invoice.

The Ministry approved a total of \$90,480 to 31 schools to purchase furniture, however none of the schools assisted provided acquittals.

The Ministry deliberately incorrectly posted expenditure to various allocations to avoid over expenditures in certain allocations.

Ministry of Social Welfare, Women and Poverty Alleviation

The Ministry had a balance of \$1.6m in the revolving fund account as at 31/12/12 of which \$1.4m was carried forward from past years.

Permanent Secretary of Social Welfare, Women and Poverty Alleviation terminated Mr. Ledua Soqonidobui EDP 92264 from his existing appointment as a Network Administrator/Assistant Programmer on 01/10/12 as he did not meet the minimum qualification requirement. However on 04/10/12 the Minister of Social Welfare, Women and Poverty Alleviation withdrew the termination and re-appointed him to its existing post.

Eight officers were recruited during the year as welfare officer II were paid \$15,336 salary instead of the minimum salary scale at \$12,666. The ministry was not able to provide any reasons for paying salaries above the minimum of the salary scale. As a result the officers were overpaid \$13,766.67.

The ministry issues financial assistance to families in destitute conditions. The following anomalies were noted.

- Several instances were noted where recipients of family assistance had same reference number;
- Several instances of recipients of family assistance did not have any reference number; and

- Several instances of recipients of family assistance allowance were double paid by the Ministry in 2012.

Anomalies in the expanded food voucher program.

- Relevant information about the recipients including date of birth, residential address, district and division were not filled in the application form;
- Inconsistent reference number format;
- Same reference number was allocated to two recipients;
- Applicants eligible for food voucher program must be over 70 years of age. However several recipients were below 70 years of age; and
- Date of birth was wrongly stated in the expanded food voucher recipients' database. The date was beyond 2020.

The Ministry allocated \$1,321,200 each to Ministry of Health and Ministry of Education for expanded food voucher for children in rural schools administered by Ministry of Education and food Voucher programme for expectant mothers. The Ministry of Health and Ministry of Education were disbursed only \$43,808 and \$440,376.67 respectively as their the submission of acquittals to Ministry of Social Welfare, Women and Poverty Alleviation were delayed.

Community Program Officer Administration did not reimburse balance of funds from accountable advance issued to her. Instead she prepared fake receipts to increase expenditure to offset the balance. As a result the officer embezzled a total \$14,577.

The Ministry does not have any contract with its executing agencies for the facilitation of food voucher program and family allowance.

Several Non government organizations do not provide supporting documents to authenticate expenses in the acquittals report.

Review of Family assistance and Care and Protection recipient's file revealed that applications did not contain all relevant information including birth certificates, death certificates, medical report, community letter, etc and Ministry did not carry out reviews of eligibility for the recipients of family assistance and care and protection allowance for the last 3 – 6 years.

Ministry of Local Government, Urban Development, Housing and Environment

The Department of Environment's true trust fund account reconciliation had a balance of \$1,489,745 and \$1,454,505 in FMIS general ledger as at 31/12/12 while the balance or the true trust fund account bank statement as at 31/12/12 was \$2,037,269.

The Department did not reconcile the true trust fund account balance with FMIS general ledger balance or the FMIS general ledger with the bank statement during the year. An unreconciled variance of \$582,764 was noted between the department's true trust fund account FMIS general ledger balance and the bank statement balance.

The Ministry gave a capital grant of \$295,800 to Rakiraki Town Council for market extension project however there was no grant agreement between the Ministry and Rakiraki Town Council. The council submitted first set of acquittals 7 months after the date of payment of the third and final grant.

The Ministry used \$6,549.25 of public funds to procure t-shirts and caps for its staff for PSC sports day.

The Housing Assistance and Relief Trust (HART) over spent the recurrent expenses budget by \$45,804.40 or 51%. HART did not provide supporting documents to authenticate expenses stated in the acquittals report.

The Ministry's mobile phone charges was \$36,053.51 against the limit of \$11,760.00 resulting in an over expenditure of \$24,293.71 or 207%.

Former Permanent Secretary Ms. Taina Tagicikibau's mobile phone charges totalled \$13,716.63. Out of this \$1,981.53 or 14% appeared to be private calls to her daughter in Vanuatu which was paid by the Ministry.

Former Permanent Secretary Ms. Taina Tagicikibau attended the United Nations Framework Convention on Climate Change/Conference of Parties in Durban, South Africa from 21/11/11 to 16/12/11. In addition to her per diem the former per Former Permanent Secretary took \$12,600 an accountable advance and provided acquittals for \$11,908.12.

Ministry of Youth and Sports

PSC approved Mr. Semi Bilitaki a Senior Youth Officer's secondment to Fiji Boxing Commission from 01/03/12 to 28/02/13 under his current terms and conditions of service. However the Ministry prepared a separate terms and conditions for service which included subsistence allowance of \$2,000 and a salary increase of \$3,155 in addition to his existing salary of \$26,845.

The Ministry appointed Mr. James Henry Giles Smith as the consultant for Situational Analysis of Youth in Fiji and noted the following anomalies. The qualifications and work experience required for the position was not stated in the vacancy advertisement.

Mr. Smith was employed for a period of one year with effect from 01/08/12 without a proper work permit. A total of \$8,418.33 was paid to Mr. Smith in 2012 which was sourced through diversion of funds from short term's allocation as no fund was provide for consultancy services in the budget.

The Ministry provided grants totaling \$181,698 to 11 national sporting organizations during 2012. None of these sporting organizations submitted quarterly acquittals to the Ministry for the use of grant funds.

The ministry diverted \$12,800 from other allocations to purchase a server from Office Products for \$12,800 since purchase of server was not budgeted for by the Ministry. Ministry did not prepare a service agreement to be signed by Data vision Technologies for the project.

Ministry of Health

The Ministry had arrears of revenue totalling \$451,365 as at 31/12/12. The audit further noted that arrears of revenue totalling \$305,526 or 68% have been outstanding for more than a year. The arrears of revenue comprised of revenues from vessel agents, Bulk Purchase Scheme and the revenues from the divisions.

The Ministry was operating several Main Trust Accounts during 2012. The total balance for these trust accounts as per the bank statements was \$559,522.96 as at 31/12/12. However the Ministry did not include a Statement of Receipts and Payments for the Main Trust account in its agency financial statements for the year ending 31/12/12.

The audit noted that rental charges for 2012 in the TMA accounts was \$4,500 as it included the rent paid for October to December only. The rents for the months January to September 2012 totalling

\$13,500 which was still outstanding was not taken into account in the TMA and not recorded as payables in the TMA balance Sheet as at 31/12/12.

The Ministry's total revised budget for payroll expenses in 2012 was \$74,987,447. The Ministry's actual payroll expenses for the year of \$88,793,174 exceeded the payroll budget allocation by \$13,805,727 or 18% in 2012. The budgeted payroll expense was also exceeded in 2011 by \$14,498,121.48.

The actual expenditure of \$1,266,414 was paid in 2012 for in house service trainings included payment of outstanding fees totaling \$697,000 to Fiji National University (FNU) for Semester 2, 2011. Funds totaling \$868,523 were vired from other expenditure allocations to facilitate the settlement of these outstanding fees.

The actual cost of overseas medical treatment was more than the quotation obtained from the hospital in several instances. In some cases the variance in the price quoted and the actual cost was quite significant but was still paid by the Ministry. According to the Ministry the quotations for the medical treatment were obtained based on reports from referral doctors.

The budget allocation for charter flight was overspent by \$296,999 in 2012 despite an increase in the revised budget by \$150,000 during the year. The actual expenditure above excludes the traveling expenses of patients back to their villages once they are recovered.

Tenders were not called by the Ministry for supply of banners and billboards costing \$352,680.31.

A total of \$635,645.86 worth of medical stock expired as at 31/12/12. Although 58% reduction in expired stocks was noted in 2012 compared to 2011, audit is of a view that the value of expired stock is substantial.

Some of the drugs and consumables purchased in 2012 were to expire within 1 – 9 months' time from date of receiving.

Several drugs and consumables costing \$39,516.49 purchased in 2012 were not used at all. As a result 100% of these drugs and consumables expired.

FPS ordered clinical items costing \$46,452.33 in 2012 which were still not delivered as at the date of audit¹. These items were to be delivered in 2012.

Scrutiny of the Epicor System revealed that several drugs and consumables were out of stock at FPS.

Most of these consumables and drugs were essential and were out of stock due to poor inventory management which includes monitoring stock levels.

Several drugs and consumables were highly overstocked compared to its maximum stock levels. Review of midyear stocktake report revealed numerous variances between quantity of stock recorded in the Epicor System and quantity available in stock. The stock quantity in the Epicor System was overstated compared to quantity in stock

Fiji Procurement Office charges administration costs totalling 2% of all indent payments to FPS but there was no basis to implement such charges. The administration costs paid in 2012 totalled \$545,668.

The FPS paid CHF608,940 or FJ\$1,194,468.42 on 05/09/12 to Storz Medical for supply, installation, and commissioning of Lithotripter Analyzer. The Lithotripter Analyzer was received on 18/01/13

¹ Date of Audit – 19/03/13

however is yet to be installed as at date of audit². It is currently stored in the warehouse at Nabua since received on 18/1/13.

None of the contract agreement reviewed was signed by the supplier and the FPS. Audit noted that 80% of these unsigned contract agreements were reviewed by Solicitor General's Office while the other 20% were yet to be reviewed.

FPS had commenced purchasing goods and services from these suppliers even though none of the contract agreements were signed and some were yet to be reviewed by Solicitor General's Office. Instances were also noted where the FPS made payments to a few of these suppliers.

A new Boiler was installed at the Lautoka Hospital in 2011. The Boiler uses fuel to heat water and create pressurized steam.

Our inspection on 21/01/13 noted that the boiler was not connected to the fuel pipe and was not in use since its installation in 2011. The audit was advised that a 'Fuel Ring' which is used to connect the boiler to the fuel pipe has not been purchased.

The Ministry engaged Evergreen Environmental Limited for supply of rubbish bins on rent without obtaining three competitive quotes. The Ministry did not have any contract agreement signed between the Ministry and the supplier.

Public Utilities

The Department maintained security deposits received from the contractors engaged in the water and sewerage projects totalling \$1,162,884 together with the Department's Operating Trust Fund account number 1-41201-85999-860101.

A variance of \$208,142 was noted in the Department of Energy's main trust account GL balance and the financial statement.

Unpresented cheques increased from \$263,801 in 2011 to \$2,584,659 in 2012.

There was a significant delay in the supply of the Wind Telemetry Systems by the supplier. The equipment was ordered on 23/2/12 and arrived in the country on 4/4/12 which was only 15 days before the contract expiry date.

The audit noted that the project was not completed as at the date of audit due to delay in the supply of the equipment. The Department did not take any action against the supplier for the delays in fulfilling its obligations under the contract agreement.

The Department awarded the tender for supply and installation of 15 x 34m Wind Telemetry Systems to Clay Engineering for \$403,750. At the time of the tender submission Clay Engineering clarified with the Department whether the Department needed 34m or 50m Wind Telemetry Systems. The Department opted for 34m Wind Telemetry Systems and paid 50% of the total contract sum totalling \$282,625 to the supplier in 3 installments on 1/12/12, 23/03/12 and 25/05/12.

On the arrival of the equipment in Fiji the Department realized that the World Bank standards required 50m Wind Telemetry Systems and not 34m equipment's.

The Department requested the supplier to return the 34m Wind Telemetry Systems and to get 50m Wind Telemetry Systems. The Department paid additional \$345,345 for replacing the 34m Wind Telemetry Systems with 50m Wind Telemetry Systems. In addition the Department paid \$83,852 to

² Date of Audit – 21/02/13

Clay Engineering for shipping cost to return the 34m Wind Telemetry Systems to the overseas supplier. The Department obtained approval from the Government Tender Board for additional cost incurred.

Anomalies were noted on the electrical works at Nauouo and Rukuruku Villages in Ovalau.

The project was still in progress as date of audit³ and was behind by 6 months. The MOU did not have any penalty clause for delay in project completion.

As per the contract agreement the Contractor was to complete the installation of 5 biofuel processing units by 30/12/12. However the contractor was not able to meet the deadline and all projects were delayed.

The audit however noted that both buildings were inspected by the Department's Engineers on 17/04/13 where serious structural defects were identified. The Department's Engineers in their inspection report recommended complete demolition and re-construction of both buildings.

The Department met with the Contractor to resolve the issues raised by the Department's Engineer after which the contractor requested 8 weeks to complete the projects. The contractor however failed to respond to the Departments concern.

³ 27/05/12

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Annual Appropriation Statement - 2012**

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Section 1

Office of the President

Roles and Responsibilities

The Office of the President provides the necessary administrative support to His Excellency, the President in the performance of constitutional functions. The President is vested with the Executive Authority of the State and is the Commander-in-Chief of the Republic of Fiji Military Forces and the Chancellor of the Order of Fiji. In addition to the constitutional and ceremonial roles, the office plays a symbolic role in the promotion of national reconciliation to bring unity among the different ethnic groups in Fiji through the People's Charter for Change, Peace and Progress.

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PART A: FINANCIAL STATEMENT

1.1 Audit Opinion

The audit of the 2012 accounts of the Office of the President resulted in the issue of a qualified audit report. The capital construction expenditure totalling \$62,500, being carry-over expenditure to be utilised in 2013 has been recorded in the Statement of Receipts and Expenditure contrary to the carry-over policy and the Financial Management Act 2004.

Management attention was also drawn to the following:

- Other losses in the Statement of Losses could not be substantiated as the Office failed to conduct a Board of Survey contrary to section 49 (1) of the Finance Instructions 2010.
- Advances outstanding totalling \$288,241 were not reconciled and journalised to the relevant expenditure allocations during the year. As such, expenditure is understated in the Statement of Receipts and Expenditure.

1.2 Statement of Receipts and Expenditure

The Office of the President incurred a total expenditure of \$1,538,569 in 2012. Refer Table 1.1 for details.

Table 1.1: Statement of Receipts and Expenditures for 2012

Description	2012 (\$)	2011 (\$)
EXPENDITURES		
Operating		
Established Staff	468,649	364,780
Government Wage Earners	191,250	200,354
Travel & Communications	217,211	259,042
Maintenance & Operations	239,703	244,932
Purchase of Goods & Services	76,150	32,739
Special Expenditures	---	21,359
Total Operating Expenditure	1,192,963	1,123,206
Capital Expenditure		
Capital Construction	236,133	---
Capital Purchase	---	---
Capital Grants and Transfers	---	---
Total Capital Expenditure	236,133	---
Value Added Tax	109,473	91,993
TOTAL EXPENDITURES	1,538,569	1,215,199

Total expenditure increased by \$323,370 or 27% in 2012 compared to 2011 due to increases in established staff and capital construction expenditure. Vacant positions were filled in 2012 and capital construction work for the preparation of land to build maisonette staff quarters, drainage & civil work for the coronation ground was also carried out.

1.3 Appropriation Statement

The Office of the President incurred expenditure totalling \$1,538,569 in 2012 against the budget of \$1,853,342 resulting in a savings of \$314,773 or 17%. Details of expenditures against the budget estimates are provided in Table 1.2.

Table 1.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	508,351	(13,011)	495,340	468,649	26,691
2	Government Wage Earners	178,239	13,011	191,250	191,250	---
3	Travel & Communications	259,400	24,400	283,800	217,211	66,589
4	Maintenance & Operations	325,377	(50,377)	275,000	239,703	35,297
5	Purchase of Goods & Services	104,775	25,976	130,751	76,150	54,601
	Total Operating Expenditure	1,376,142	---	1,376,141	1,192,963	183,178
	Capital Expenditure					
	Capital Construction	425,000	(100,000)	325,000	236,133	88,867
	Total Capital Construction	425,000	(100,000)	325,000	236,133	88,867
13	Value Added Tax	167,200	(15,000)	152,200	109,473	42,727
	TOTAL EXPENDITURE	1,968,342	(115,000)	1,853,342	1,538,569	314,773

A total of \$115,000 was redeployed by cabinet from the budget of the Office of the President to other ministries and departments.

PART B: AUDIT FINDINGS

1.4 Overstated Capital Construction Expenditure

An amount appropriated by the annual appropriation act for a financial year that has not been used in that financial year, the Minister of Finance may authorise the carry-over to the following year.¹ The carry-over policy ensures that funds requested are reflected in the budget allocation of requesting ministry or department for the respective year.²

The Ministry of Finance approved the carry-over of \$62,500 for drainage and civil work in respect of coronation ground for the Office of the President to be utilized in year 2013.³

However, the authorized carry-over was not budgeted for in the year 2013 budget but recorded as capital construction expenditure (SEG 8) for year 2012. This was contrary to the carry-over policy and Financial Management Act 2004. Refer Table 1.3 for details.

Table 1.3: Carry – Over of Capital Construction Expenditure Recorded In Year 2012

Description	Allocation	DR (\$)	CR (\$)
1-01101-01101-080199	Infrastructure Construction	62,500	
1-40501-99991-840101	Standard Liability Group 84		62,500
<i>(Carry-over expenditure recorded in year 2012 for the office of the President and credited to Ministry works account for completion of project).</i>			

As such, the capital construction expenditure for the year 2012 is overstated by \$62,500 in the statement of receipts and expenditure. In addition, the statement of appropriation failed to show the carry – over approved for the following year.

Recommendations

- The Principal Assistant Secretary in consultation with the Ministry of Finance should ensure that carry-over expenditure is appropriated in the budget of the following year.
- The Principal Assistant Secretary should ensure that the approved carry-over is disclosed in the Statement of Appropriation.

Office Comments

The findings and recommendations are noted with appreciation. The Office will ensure it complies with the relevant guidelines in the future through close and continuous consultation with the Ministry of Finance.

1.5 Board of Survey not carried out

An annual board of survey must be conducted each year to verify the existence and condition of assets recorded on the asset register.⁴

The audit noted that the Office failed to carry out the board of survey since 2009.

Without a board of survey report, the statement of losses, other than money could be substantiated and is in breach of finance instructions.

¹ Financial Management Act 2004 – Section 19 (1)

² Ministry of Finance – Carry-over Policy, January 2012

³ Memorandum of Ministry of Finance, FIN 60/40 dated 08/01/13

⁴ Finance Instructions 2010 – Section 49 (1)

Despite being raised in previous audit reports, the Office is yet to carry out the board of survey of its assets.

Recommendation

The Administration Officer should ensure that a Board of Survey is carried out annually in accordance with Section 49 of the Finance Instructions 2010.

Office Comments

The findings and recommendation are noted with appreciation. The Annual Board of Survey for 2012 has now been completed and the 2013 Board of Survey is scheduled for October 2013.

Further OAG Comments

The office was not able to provide the board of survey report during further audit verification carried out on 20/08/13 following the management comments.

1.6 Non-Monitoring of Staff Quarters

All Officers occupying Government quarters of whatsoever grade or type or self-contained flats will be required to pay rent at the rate of eight percent (8%) of basic salary with maximum limits of rent for different grades of quarters.⁵ Further, General Order 601 defines the public servants who are eligible for Government or rented premises at the subsidized rate.

The audit noted that the following sixteen (16) staffs of the Office of the President are occupying the Government quarters:

Table 1.4: Quarter Occupancy by Staff

Officer	Position	Annual Salary (\$)	Rent Foregone (8%)
Nanise Lagai	Senior Secretary	23,461	1,877
Josaia Yalovigau	Steward	8,908	713
Taufa Waioleti	Steward	7,836	627
Peceli Tora and	Assistant Gardener	8,832	707
Lusiana Delana	Senior Secretary	22,816	1,825
Alipate Ratumaituvuki	Senior Steward	10,102	808
Aminio Cirimaitoga	Assistant Gardener	8,832	707
Salome Vukibora	Laundress	8,740	699
Maika Mocolutu	Assistant Gardener	8,832	707
Siga Mekemeke	Driver	8,855	708
Saimoni Ratukadreu	Caretaker – Presidents cottage (Lautoka)	9,793	783
Inosi Nabuka	Assistant Gardener	9,793	783
Maria Nokoroa	Maid	8,557	685
Inoke Turaganivalu	Assistant Gardener	9,793	783
Sera Saukuru	Switchboard Operator	8,855	708
Aminiasi Tolevu	Steward	8,645	692
Total		172,650	13,812

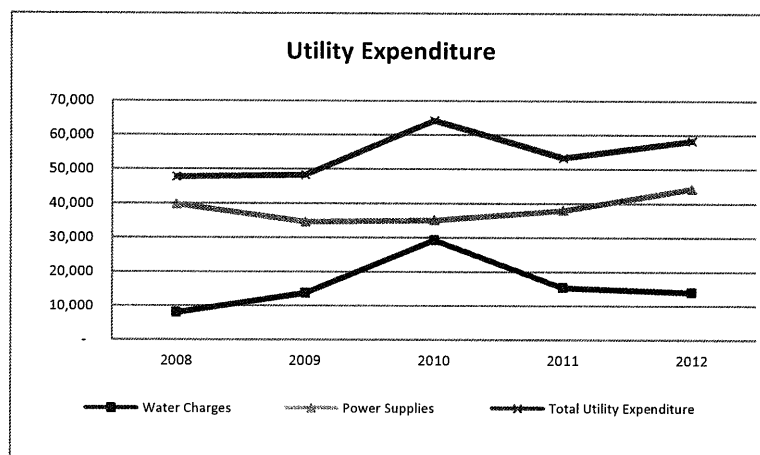
⁵ General Order 607

The audit noted the following anomalies:

- The staff occupying the quarters were not paying rent contrary to General Orders 601;
- Rental income of \$13,812 is forgone annually;
- Fringe benefit tax for the provision of staff quarters was paid totalling \$21,581⁶ for the 16 staff;
- The approval of the Public Service Commission for officers to occupy Government quarters was not provided and was contrary to the General Order section 601;
- The number of staff staying in the quarters and the quarter occupancy policy was not provided;
- The Office of the President paid the electricity and water bills utilized from the quarters premises. However, the policy on the usage of electricity and water was not provided. Refer Table 1.5 for details of increase in utilities spending over the five year period:

Table 1.5: Utility Expenditure (Electricity and Water) for the Five Year Period⁷

Year	Water (\$)	Electricity (\$)	Total (\$)	%
2008	7,963	39,691	47,654	---
2009	13,749	34,502	48,251	1
2010	29,220	35,005	64,224	33
2011	15,362	37,938	53,299	(17)
2012	13,998	44,301	58,299	9
Total	80,292	191,437	211,727	



The quarters occupied by the staff were not monitored in accordance to the staff quarter policy, as a result, staff occupying quarters are not paying any rent.

Recommendations

- **The Senior Assistant Secretary should ensure that rent is deducted from salary of Officers occupying quarters in accordance with the General Order 601.**
- **The Senior Assistant Secretary should review the need for the provision of staff quarters in accordance to the General Orders.**
- **The Senior Assistant Secretary should make available and implement the quarter's policy.**

⁶ Payment Voucher Number 7015 dated 21/12/12

⁷ Financial Management Information System, Natural Account Number 040421 (electricity) and 040521 (water), accessed on 20/08/13

Office Comments

The findings and recommendations are noted with appreciation. The non-payment of rent by the staff has been a practice of the Office of the President over the past decades. The Office will now liaise with the Public Service Commission to determine the way forward.

1.7 Chinese Aid - Main Trust Fund Account

The ledger reconciliation statement shall be forwarded to the *Senior Assistant Secretary*. The *Senior Assistant Secretary* must ensure that all balances are accurate and adequately supported and any misallocations or outstanding balances from the previous month have been dealt with.⁸

The audit noted a total of \$204,195⁹ operated as true trust fund account by the Office of the President. However, this is an overdrawn trust fund account that relates to the Office of the Prime Minister.

Despite the balance being reflected under the Office of the President since 2007, the Office has not taken measures to rectify the error.

Failure to rectify general ledger balances misstates financial statement balances of the Office.

Recommendation

The Senior Assistant Secretary in consultation with the Ministry of Finance and Office of the Prime Minister should rectify the main trust fund account balance to the correct general ledger account.

Office Comments

The findings and recommendation are noted with appreciation. The Office will liaise with the Ministry of Finance and the Prime Minister's Office to have the above account reflected correctly.

1.8 Non – Preparation of Reconciliation and Clearance of Balances in Revolving Fund Account

Loans or advances may be provided to staff to assist in carrying out their official duties or as part of their approved remuneration. The repayment of these advances must be actively pursued to reduce the risk of losses from irrecoverable debts.¹⁰

A *travelling officer* shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents. If an advance has not been fully expended, the travelling officer must repay the balance within seven days of completing travel.¹¹ Upon clearance of the advance, the *Clerical Officer* shall update the debtors register, offset the advance account and debit the appropriate expenditure account.¹²

As at 31/12/12, the Office Revolving Fund Account (RFA) had a balance of \$288,240. Refer Table 1.6 for the balances over the last five years.

⁸ Office of the President, Finance Manual 2011 – Section 16.3.6

⁹ General Ledger Allocation 9-01000-00000-890000

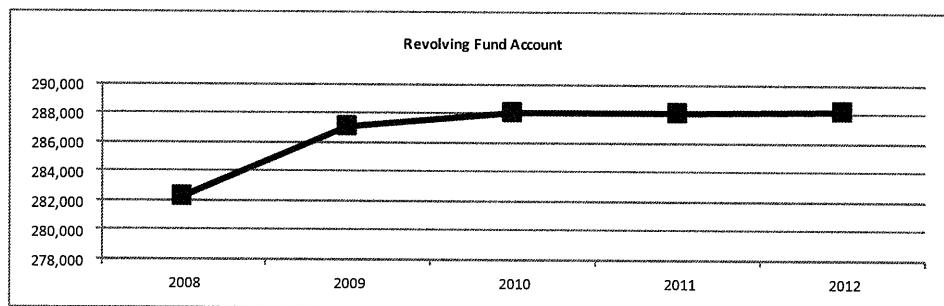
¹⁰ Office of the President, Finance Manual 2011 – Part 10, Introductory Paragraph

¹¹ Office of the President, Finance Manual 2011 – Section 10.1.11 and 10.1.2

¹² Office of the President, Finance Manual 2011 – Section 10.1.15

Table 1.6: RFA – Advance Account over the 5 Year Period¹³

Year	Amount (\$)
2008	282,273
2009	287,052
2010	288,115
2011	288,115
2012	288,241



The following anomalies were noted in the advance account:

- The advance account balance has been brought forward since 2008;
- The account has not been reconciled and the balances have not been retired since 2005;
- The office failed to maintain the register of advances issued over the years;
- The reconciliation performed by the Office of the Prime Minister for the month of 31 May 2005 showed substantial balances owed by current and former staffs of the office.
- Some advances are owed by officers who have passed away, retired or transferred to other Ministries/Departments.

The above shows that the office has failed to maintain, record, reconcile and journalize advances to the relevant expenditure allocations. Hence, expenditure in the Statement of Receipts and Expenditure is understated.

Recommendations

- **The Senior Assistant Secretary should ensure that the advance account balance is reconciled and immediate recovery instigated against officers who failed to retire advances.**
- **Surcharge action should be instigated against officers for the unreconciled and non-recovery of advances.**

Office Comments

The findings and recommendations are noted with appreciation. The Office has dedicated two officers to the Accounts Section and has sought the assistance of the Ministry of Finance to train these officers with the intention that they will now attend to the outstanding issues.

1.9 Supporting Documents not Available for the Issue of Advance

When applying for a travel advance, the *travelling officer* must provide the travel itinerary, estimated costs of travel including accommodation and meals, purpose of travel & officer who approved the travel. The *travelling officer* shall attach supporting documents (for example, airfare quotes, hotel

¹³ Financial Management Information System, Account Number 1-01000-00000-560000 and 1-01000-00000-570000, accessed on 21/08/13

rates, etc.) to the application.¹⁴ The *Senior Assistant Secretary* is responsible for the safekeeping and proper maintenance of all accounting records or documents.¹⁵

A *travelling officer* shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents. If an advance has not been fully expended, the *travelling officer* must repay the balance within seven days of completing travel.¹⁶

The audit noted that accountable advance of \$50,000¹⁷ was paid to the official secretary to accompany His Excellency for his travel to the 2012 London Olympic Games and visit the various missions.

However, the audit was not provided with the payment details such as:

- Request for advance from the travelling officer;
- Details of expenditure for the advance;
- The actual expenditure incurred;
- The payment voucher on which the payment was made; and
- The retirement of the advance.

In addition, per-diem totalling \$15,730¹⁸ was also paid for the same travel.

In the absence of the payment details, audit was not able to substantiate the above expenditure.

Recommendations

- **The Senior Assistant Secretary should ensure that payment vouchers are filed in chronological order and easily retrieved when needed.**
- **The Travelling Officer should strictly comply with the retirement of advances in accordance with Section 10.1 of Finance Manual 2011.**

Office Comments

The findings and recommendations are noted with appreciation. The reconciliations are currently a matter of priority for the Office. The Office also undertakes to ensure greater compliance in the future.

¹⁴ Office of the President, Finance Manual 2011 – Section 10.1.4 and 10.1.5

¹⁵ Office of the President, Finance Manual 2011 – Section 18.1.3

¹⁶ Office of the President, Finance Manual 2011 – Section 10.1.11 and 10.1.2

¹⁷ Cheque Number 61537, dated 19/07/2012, extracted from FMIS General Ledger

¹⁸ Cheque Number 61533, dated 19/07/12, extracted from FMIS General Ledger

Section 2**Office of the Prime Minister and Public Service Commission****Roles and Responsibilities****Office of the Prime Minister**

The primary role of the Prime Minister's Office is to provide sound policy and administrative support to the Prime Minister and to the Cabinet. The Prime Minister's Office has a central place in facilitating the decision-making responsibility of Cabinet and in ensuring the implementation of Government's policies. These responsibilities are undertaken through activities within the Prime Minister's Office, namely Administration and the Cabinet Office. This includes the facilitation of infrastructure development, administration of poverty alleviation programmes and the promotion and monitoring of government initiatives by the Strategic Framework for Change Coordinating Office are also relevant in this regard.

Public Service Commission

The Public Service Commission under Section 12, subsection 1, 2, 4 and 5 of the State Services Decree 2009 (Decree No 6) is a central agency responsible for the following functions.

1. a) To make appointments to public officers;
b) To remove persons from public offices;
c) To take disciplinary action against holders of public offices.
2. Appointments to positions in the public service at the rank of Director and above shall be made by the Public Service Commission upon agreement of the Prime Minister.
3. Disciplinary action against persons employed in the public service including the rank of Director and above shall be initiated by the Permanent Secretary responsible for the Public Service, and any such disciplinary action shall be heard and determined by the Public Service Commission.
4. Disciplinary action against persons employed in the public service below the rank of Director shall be initiated by the Permanent Secretary of the Ministry in which the person is employed, and any such disciplinary action shall be heard and determined by the Public Service Commission.

The Public Service Commission's statutory function in under Section 11 of the Public Service Act, 1999.

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PART A: FINANCIAL STATEMENT

2.1 Audit Opinion

The audit of the 2012 accounts of the Office of the Prime Minister and Public Service Commission resulted in the issue of a qualified audit report. The basis of qualifications was as follows:

- The grant trust fund account reconciliation performed by the office and the balances reflected in the general ledger, noted variances totalling, \$59,661 for the Taiwan grant and \$811,026 for the Chinese grant.
- Journal vouchers totalling \$85,840 was raised without supporting documents for revenue collected during the year by the Prime Minister's Office.

Management attention was also drawn to that a board of survey was not carried out by the office of the Prime Minister and the Public Service Commission contrary to section 49 (1) of the Finance Instructions 2010.

2.2 Statement of Receipts and Expenditure

The Office of the Prime Minister and Public Service Commission collected revenue totalling \$433,981 and incurred a total expenditure of \$64,976,205 in 2012.

Table 2.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
State Revenue	4,216	5,075
Agency Revenue	429,765	291,669
TOTAL REVENUE	433,981	296,744
EXPENDITURE		
Operating Expenditure		
Established Staff	6,084,453	5,779,916
Government Wage Earners	489,037	430,423
Travel & Communications	840,079	720,116
Maintenance & Operations	24,509,136	25,140,566
Purchase of Goods & Services	537,950	443,840
Operating Grants & Transfers	16,741,150	13,256,840
Special Expenditures	1,110,667	735,955
Total Operating Expenditure	50,312,472	46,507,656
Capital Expenditure		
Construction	5,210,894	927,607

Description	2012 (\$)	2011 (\$)
Purchase	639,293	915,630
Grants & Transfers	3,986,650	1,193,210
Total Capital Expenditure	9,836,837	3,036,447
Value Added Tax	4,826,896	4,290,831
TOTAL EXPENDITURE	64,976,205	53,834,934

Revenue collection increased by \$137,237 or 46% in 2012 due to the increase in miscellaneous revenue. Total Expenditure increased by \$11,141,271 or 21% in 2012 due to increase in capital construction and operating grants and transfers.

2.3 Appropriation Statement

The Office of the Prime Minister and Public Service Commission incurred expenditure totalling \$64,976,205 in 2012 against the revised budget of \$65,224,944 resulting in a savings of \$248,739.

Details of expenditures against the budget estimates are provided in Table 2.2.

Table 2.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Appropriation Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	6,610,019	(179,402)	6,430,617	6,084,453	346,164
2	Government Wage Earners	526,146	18,000	544,146	489,037	55,109
3	Travel & Communications	818,236	140,542	958,778	840,079	118,699
4	Maintenance & Operations	25,292,259	(560,546)	24,731,713	24,509,136	222,577
5	Purchase of Goods & Services	575,515	22,578	598,093	537,950	60,143
6	Operating Grants & Transfers	17,194,300	(324,875)	16,869,425	16,741,150	128,275
7	Special Expenditures	1,758,100	(360,685)	1,397,415	1,110,667	286,748
	Total Operating Costs	52,774,575	(1,244,388)	51,530,187	50,312,472	1,217,715
	Capital Expenditure					
8	Construction	---	3,967,064	3,967,064	5,210,894	(1,243,830)
9	Purchase	700,000	(49,000)	651,000	639,293	11,707
10	Grants & Transfers	3,700,000	480,001	4,180,001	3,986,650	193,351
	Total Capital Expenditure	4,400,000	4,398,065	8,798,065	9,836,837	(1,038,772)
13	Value Added Tax	4,371,600	525,092	4,896,692	4,826,896	69,796
	TOTAL EXPENDITURE	61,546,175	3,678,769	65,224,944	64,976,205	248,739

In 2012, Cabinet approved the redeployment of \$3,678,769 to the budget of the Office of the Prime Minister and the Public Service Commission.

2.4 Trust Fund Account Statement of Receipts and Payments

The Office of the Prime Minister utilized \$281,578 in 2012 from the Chinese grant for various projects selected by the Office. Refer to [Appendix 2.1](#) for details.

In addition, the Office utilized \$480,930 from Taiwan Grant on various projects selected by the Office. Refer to [Appendix 2.2](#) for details.

2.5 Trading and Manufacturing Account (TMA) – Government Quarters

Table 2.3: Income Statement

Description	2012 (\$)	2011 (\$)
Income		
Rental Income	3,563,652	3,738,428
Total Income	3,563,652	3,738,428
Expenditure		
Direct Labour	7,601	-
Maintenance and Operations	(27,380)	553,066
Purchase of Goods & Services	3,229,508	837,342
Special Expenditures	322,769	27
VAT	---	127,532
Total Expenditure	3,532,498	1,517,967
Net Profit	31,154	2,220,461

Table 2.4: Balance Sheet

Description	2012 (\$)	2011 (\$)
Asset		
Cash at Bank	951,157	2,951,963
Total Asset	951,157	2,951,963
Liability		
Deposits and Deductions	31,150	231,502
Equity		
Accumulated Fund	920,007	2,720,461
Total Equity and Liability	951,157	2,951,963

PART B: AUDIT FINDINGS

OFFICE OF THE PRIME MINISTER

2.6 Unsubstantiated Adjustment recorded in Miscellaneous Revenue

Each Accounting Head must ensure that revenue is recorded against the correct account as per the chart of accounts, the recording of revenue is reconciled monthly with the Ministry of Finance and the Ministry of Finance is advised of any errors or discrepancies within ten working days after the end of each month.¹ Only the *Principal Accounts Officer* shall approve journal adjustments.² Journal vouchers must be numbered in sequential order. Supporting documents shall be attached to the vouchers.³

The audit noted that miscellaneous revenue totalling \$85,840 was not verified as supporting documents were not attached with the journal voucher. Refer Table 2.5 for details of the journal raised.

¹ Finance Instruction 2010 – Section 21 (1)

² Office of the Prime Minister, Finance Manual 2011 – Section 16.1.2

³ Office of the Prime Minister, Finance Manual 2011 – Section 16.1.3

Table 2.5: Posting in Miscellaneous Revenue⁴

Allocation	Description	Amount (\$)	
		Debit	Credit
1-02101-02999-570302	Dishonored Cheque	11,457	
1-02101-02999-279999	Miscellaneous Revenue		11,457
1-02101-02999-570302	Dishonored Cheque	74,383	
1-02101-02999-279999	Miscellaneous Revenue		74,383
Total		85,840	85,840

Thus, the accuracy of miscellaneous revenue collected was not ascertained and the audit could not establish that the journals raised was not to conceal fraudulent activities.

Recommendations

- The Accounting Head must ensure that all journal vouchers are adequately supported with documentary evidences before being processed;
- The Director Corporate Services should ensure that the journal is reviewed and that the journal is not fraudulent.

Management Comment

Your recommendation has been noted and will be strictly adhered to for future processes.

2.7 Main Trust Account – Taiwanese Grant

Each month, the trust fund account shall be balanced and reconciled with the trust bank accounts. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.⁵

The audit noted the following anomalies in the trust fund account reconciliations for the Taiwanese grants:

- A variance of \$59,661 was noted between the reconciliation performed by the office and the general ledger balance. Refer Table 2.6 for details.

Table 2.6: Variance in Taiwanese Grant Reconciliation

Taiwan Grant Trust Fund Balances	Amount (\$)
Balance as per FMIS (9-02000-00000-890000)	307,271
Balance as per Office Reconciliation	366,932
Variance	59,661

In addition, the following anomalies were noted:

- The office failed to record bank charges and interest received in the general ledger;

⁴ Journal number 06-05/05/12 and 01/13 recorded in period 12

⁵ Finance Instructions 2010 – Section 58(3)

- A photocopier purchased from Chinese grant fund for the sum of \$9,630 was recorded in the Taiwan grant fund account;
- Stale cheque totalling \$10,000⁶; is recorded as unpresented cheques;
- The office failed to prepare its annual acquittal report to Taiwan Trade and Mission Office in 2012.

As such, audit was not able to ascertain that receipts and payments have been accurately accounted and disclosed in the Taiwanese grant main trust fund account.

Recommendations

- **The Accounting Head should ensure that the trust fund account is reconciled with the general ledger balances at the end of each month.**
- **The Accounting Head must investigate and rectify the variances noted.**

Management Comment

Your recommendations are noted and the anomalies have been updated.

Further OAG Comments

Audit confirmation taken on 10/09/13 revealed that the Accounting Head is yet to rectify the anomalies raised.

2.8 Main Trust Account – Chinese Grant

Each month, the trust fund account shall be balanced and reconciled with the trust bank accounts. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.⁷ Where the agency becomes responsible for managing trust money, an application shall be made to the Chief Accountant, Ministry of Finance, seeking approval to open a separate trust bank account and detailing the nature of the trust and of any beneficiaries.⁸

The audit noted the following anomalies in the trust fund reconciliations performed for the Chinese grants:

- A variance of \$811,026 was noted between the reconciliation performed by the office and the general ledger;

Table 2.7: Variance in Chinese grant reconciliation

Chinese Grant Trust Balances	Amount (\$)
Balance as per general ledger ⁹	204,195
Balance as per Office Reconciliation	1,015,221
Variance	811,026

⁶ Cheque number 00001 of 21/11/11

⁷ Finance Instructions 2010 – Section 58 (3)

⁸ Office of the Prime Minister Finance Manual 2011 – Section 15.1.1

⁹ Financial Management Information System, General Ledger Account Number, 9-01101-01084-890502, accessed on 30/05/2013

- Chinese grant trust fund account was used to deposit and make payments for the retention money for dredging work and money received from Ministry of Provincial Development for the Prime Ministers Disaster relief fund for community projects;
- The Office failed to seek prior approval of the Ministry of Finance for using the Chinese grant trust fund account for other purposes; and
- The Chinese grant trust fund account general ledger balance has a positive balance of \$204,195 which indicates that the account is overdrawn.

The audit was not able to ascertain that receipts and payments have been accurately accounted and disclosed in the Chinese grant main trust account.

Recommendations

- **The Accounting Head should ensure that the trust fund account is reconciled with the general ledger balances at the end of each month.**
- **The Accounting Head must investigate and rectify the variances noted.**
- **The Accounting Head must ensure that the trust fund account is used for the approved purpose.**

Management Comment

Your recommendations are noted and will be strictly followed and adhered to.

2.9 Overdrawn Operating Trust Fund Accounts

Trust Fund Accounts compromise monies, which are not the property of the state and not utilized for the purpose of government. In addition, trust money is to be accounted for separately from public money and other money ¹⁰ and by convention should always have credit balances. Thus, the trust fund accounts should not at any time be overdrawn.¹¹

As at 31 December 2012, overdrawn operating trust fund accounts totalled to \$196,045. Refer Table 2.8 for overdrawn balances:

Table 2.8: Overdrawn Operating Trust Fund Accounts

Account	Description	Amount (\$)
1-02101-02999-861104	Housing Authority Deductions	395
1-02101-02999-861202	CML Deductions	142
1-02102-02999-861202	241 PD CMLA	105
1-02102-02999-861204	244 PD-LICI	49
1-02103-02999-861204	244 PD-LICI	126
1-02101-02999-861206	246 PD Marsh & McLennan	18
1-02102-02999-861306	263 PD Housing Authority	215
1-02101-02999-861511	301 PD FPS Credit Union	7
1-02102-02999-861511	301 PD FPS Credit Union	5
1-02102-02999-861533	320 Wesram Finance	180

¹⁰ Financial Management Act 2004 - Section 25 (1)

¹¹ Finance Circular No. 4/98 of 30/03/98

Account	Description	Amount (\$)
1-02101-02999-861599	XXX PD Others0	3
1-02101-02999-861601	341 PD Maint-Suva	12
1-02102-02999-861601	341 PD Maint-Suva	12
1-02101-02999-861602	342 PD Maint-Nausori	80
1-02101-02999-861701	357 PD Rates - Suva	50
1-02101-02999-861901	PAYE	1,205
1-02102-02999-861901	201 PD Tax Arrears/ PAYE	801
1-02101-02101-899988	Sports Trust Account	191,903
1-02201-61999-861106	390 PD Gov Water Rates Chrgs	163
1-02201-61999-861204	244 PD-LICI	249
1-02201-61999-861511	301 PD FPS Credit Union	143
1-02201-61999-861901	201 PD Tax Arrears/ PAYE	118
1-02201-61999-861902	204 PD Depst A/C Recoverable	64
Total		196,045

Most of the overdrawn balances were brought forward from previous years.

Overdrawn trust fund accounts indicate that more payments have been made from the trust fund account than authorised.

Recommendations

- **The Accounting Head should ensure that the trust fund account is not overdrawn at any point in time in accordance with Finance Circular 4/98.**
- **The Accounting Head must investigate the overdrawn trust fund accounts and take appropriate action.**
- **The internal control procedures in the accounts sections, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Management Comment

The office has noted your comments, will verify and adjust accordingly.

2.10 Outstanding balances in the Revolving Fund Account

Within three days of receiving the monthly general ledger reports from the Ministry of Finance, the *Accounts Officer* shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.¹²

A variance of \$36,930 was noted in the Revolving Fund Account (RFA) reconciliation performed by the office and the general ledger balance at year end. Refer Table 2.9 for details.

Table 2.9: Variance in Revolving Fund Account Balances

Description	Amount (\$)
Balances as per FMIS	208,771
Office Reconciliation	171,841

¹² Office of the Prime Minister, Finance Manual 2011 – Section 16.3.3

Description	Amount (\$)
Variance	36,930

In addition, substantial balances in the revolving fund account were held and remained to be recorded into respective expenditure allocations. Refer Table 2.10 for outstanding balances at year end:

Table 2.10: Revolving Fund Account Balances Held At Year End

Allocation	Description	Amount (\$)
1-02101-02999-570101	Advances	88,714
1-02101-02999-570301	Advances	83,228
1-02201-61999-560203	AR Individuals	34,312
1-02201-61999-570302	Dishonoured Cheques	3,532

Failure to reconcile balances in the general ledger is one of the compounding factors for substantial balances held and thus, understates the revenue and expenditure recorded in the Statement of Receipts and Expenditure for the year.

Recommendations

- **The Accounting Head must ensure that the revolving fund account is reconciled and recorded in the revenue and expenditure allocations of the general ledger accordingly at the end of each month.**
- **The Accounting Head must investigate and rectify the variances noted.**

Management Comment

The monthly reconciliation has been carried out with the balances.

2.11 Over-Expenditure

Each year, the appropriation act and budget estimates set out details of the appropriations that cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the authorisation of the Ministry of Finance, pending approval by cabinet.¹³

The audit noted that capital construction expenditure allocation was over-spent by \$1,243,830 which comprised 31% of the revised budget estimate. Refer Table 2.11 for details.

Table 2.11: Over – Expenditures

Description	Revised Budget (\$)	Actual Expenditure (\$)	Over-expenditure (\$)
Capital Construction	3,967,064	5,210,894	1,243,830

Incurring expenditure in excess of the budgetary allocation indicates poor financial management and therefore are unauthorised expenditure.

¹³ Finance Instructions 2010 – Section 7

Recommendations

- **The Accounting Head should ensure that proper planning and monitoring is in place to manage funds wisely.**
- **Expenditure should be reviewed against the budget allocation on a monthly basis to avoid over-expenditure.**

Management Comment

The over expenditure highlighted is not our fault. What happened when the redeployment was done we are not consulted nor even been advised that how much funds would be redeployed out of the Dredging vote. We have funds committed against this vote and when the redeployment was activated this committed funds are left hanging which resulted in the over expenditure. If we have been consulted then we could have advised MOF that we need to set aside this over expenditure amount to meet Dredging commitment.

Dredging contractors are paid by stages and funds already released by Finance via RIE are left in the system awaiting the submission of acquittals from the contractors through the Ministry of Agriculture and in the event of redeployment the commitment funds and balance were all redeployed causing this over expenditure.

2.12 Board of Survey Report

An annual board of survey must be conducted each year to verify the existence and condition of assets recorded on the asset register.¹⁴ A written record must be kept of each board of survey and must be signed and dated by the officers undertaking it.¹⁵

The audit noted that the Office failed to conduct and prepare the Board of Survey report for 2012.

Without a Board of Survey report, the statement of losses, other than money could not be ascertained.

Recommendation

The Accounting Head should ensure that a Board of Survey is carried out annually in accordance with Section 49 of the Finance Instruction.

Management Comment

Board of survey was carried out but report is a bit late.

2.13 Drawings Account Reconciliation

All bank account must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.¹⁶

The audit noted a variance of \$1,563,988 between the drawings accounts reconciliation performed by the office and the general ledger balance. Refer Table 2.12 for details.

¹⁴ Finance Instructions 2010 – Section 49 (1)

¹⁵ Finance Instructions 2010 – Section 49 (2)

¹⁶ Finance Instruction 2010 – Section 32(6)

Table 2.12: Variance in Drawings Account

Details	Amount (\$)
General ledger (1-02103-00000-530000)	227,331
Office's Reconciliation	1,791,319
Variance	1,563,988

Un-reconciled balances indicate unaccounted payments that could be fraudulent in nature.

Recommendation

The Accounting Head should reconcile its monthly drawing account reconciliations with the general ledger balances and the variances should be investigated and rectified accordingly.

Management Comment

Reasons for the variance of \$1,563,988.19 are due to un-reconciled items for past two years. This is because there were some cheques written but was not hitting GL report. It is also noted that there were also some mis-posting done on GL report which has led to the accumulation of above amount. The adjustment will be done accordingly once errors are being located.

2.14 Expenditure Incurred Contrary to the Budget Appropriation

Each year the appropriation act and the budget estimates set out details of the appropriations that cabinet approves for spending by each agency.¹⁷ The authorizing officers must not certify a payment as correct unless they are satisfied that the expenditure account charged is correct.¹⁸ The Permanent Secretaries of agencies may authorise the transfer of budgeted funds.¹⁹

The *Permanent Secretary* may authorize the transfer of budgeted funds from one appropriation category to another category in accordance with Finance Instructions 10 (1).

The audit noted that expenditure totalling \$136,426 was paid contrary to the budget appropriation provided. Refer Table 2.13 below for details:

Table 2.13: Expenditure Incurred Contrary to Budget Appropriation

Date	Cheque No.	Particulars	Amount (\$)	Remarks
31/12/12	65530B	Payment to Kasabias for supplying building materials for Tailevu North College	25,000	Paid from Melanesian/Vasu-I-Taukei vote
15/06/12	60665	Payment to Discount Flight Centre for PM's airfare to Rio de Janeiro	48,681	Paid from Development of the Constitution vote
22/08/12	62408	Payment to Discount Flight Centre for PM & PSO Naliva for airfare to Abu Dhabi	17,191	Paid from Development of the Constitution vote
14/08/12	62177	Payment to Air Pacific airfare for Mr. Durgan Fraser a consultant for Poverty Unit	5,617	Paid from Development of the Constitution vote
26/09/12	63244	Payment to Discount Flight Centre airfare for PS to Japan & China	10,139	Paid from Development of the Constitution vote
27/09/12	63260	Payment to Courts Ltd for supplying computers &	8,494	Paid from Development of the

¹⁷ Finance Instruction 2010 – Section 7

¹⁸ Office Finance Manual - Section 2.8.4 (v)

¹⁹ Finance Instructions 2010, Section 10 (1)

Date	Cheque No.	Particulars	Amount (\$)	Remarks
		printers for Rt Filimoni Loco Memorial High School		Constitution vote
28/08/12	62588	Payment to Vodafone Ltd bill as at 23/08/12	2,252	Paid from Ex-PM's Beneficiary vote
30/08/12	62618	Payment to Telecom Office bill for July	7,222	Paid from Ex-PM's Beneficiary vote
06/11/12	64056	Payment to Kaks Marketing for supply of cleaning items	1,417	Paid from Ex-PM's Beneficiary vote
18/10/12	63634	Payment to Telecom Office bill for September	4,769	Paid from Ex-PM's Beneficiary vote
05/10/12	63428	Payment to Total fuel for August	5,644	Paid from Ex-PM's Beneficiary vote
		Total	136,426	

This can become catalyst to extravagant expenditures and also to utilise surplus funds from other expenditure allocations, contrary to the budget appropriation provided.

Recommendations

- **The Accounting Head should ensure that public funds are used for the purpose they have been approved for in the budget.**
- **The Principal Accounts Officer in consultation with the Permanent Secretary should ensure that funds are transferred to within allocations in accordance to section 10 of the Finance Instructions 2010.**

Management Comment

To allow for the smooth operation of this high office and timely delivery of outputs, at times we overlooked the financial guidelines due to the tightness of our budget and most importantly to ensure that targets are met. We wish to advise audit too that some expenditure items listed related to PM Small Grant Assistance and Overseas travel, they are commitment that we need to address it as our first priority as it is a direct transaction involving the Prime Minister. We need to facilitate it given the available funding that we have.

On the other hand, we do apologize for our oversight and have highly noted audit recommendation.

FOLLOW UP ISSUE

2.15 Unverified and Non-reconciliation of Credit Card Statements

It is the responsibility of the designated reconciliation clerk within each ministry and department to examine and reconcile the credit card bank statement and the individual receipts produced by the card user on a monthly basis. All receipts supplied by the card holder upon return must contain his/her signature to certify that the expense was incurred for official purposes. Any transaction appearing on the credit card bank statement that is not supported by a signed receipt is to be personally reimbursed by the card holder seven (7) days upon return. Proper justification needs to be provided to the reconciliation clerk and the accounting head to support the non-availability of the receipt.²⁰

The authorizing officers must not certify a payment as correct unless they are satisfied that the expenditure is in accordance with the invoices and is in accordance with the expenditure allocation charged.²¹

The Office paid \$56,005 to ANZ Bank for payment of credit card expenses in 2011 and \$39,355 in 2012.

²⁰ Credit Card Policy June 2011 – Section 7

²¹ Office Finance Manual - Section 2.8.4 (v)

The following anomalies were noted:

- The credit card statements were not attached to the credit card payments made to ascertain its nature and whether the payment has been recorded into correct expenditure allocation. Refer Table 2.14 below for payment details:

Table 2.14: Payment for Credit Card Expenses

Date	Cheque No.	Amount (\$)
21/01/11	51584	12,586.89
14/09/11	55912	22,670.25
17/10/11	56462	19,180.51
12/12/11	57215	1,567.10
Total		56,004.75
10/01/12	57909	15,495.91
28/03/12	59308	12,761.85
21/05/12	60151	8,176.43
18/06/12	60698	1,501.62
08/02/12	58383	1,419.22
Total		39,355.03

- The credit card bills received for payment was not reconciled to the credit card statements by the account section;
- This issue has been highlighted in the previous audit reports, yet corrective action has not been taken by the office.

Unverified and non-reconciliation of credit card statements could result in undetected payments charged by the banks in error and make it difficult to verify the correctness of payments recorded by nature in the general ledger.

Recommendation

The Accounting Head in consultation with the Permanent Secretary should ensure that credit card statements verification and reconciliation are performed on a monthly basis.

Management Comment

In the outset and as Audit noted that the Master Card is kept with the Prime Minister on his advice for easy access when he travels overseas. Secondly, the master card is written under his name and all banking correspondence related to the master card with respect to the Credit card statement is addressed to the Prime Minister. It will only come to the Accounts when it's sighted by the Prime Minister or whomever he directed which we have noted takes some time to reach us for reconciliation and payments.

The master card is used by the Prime Minister for two main purposes, payment for accommodation and to meet his incidental payment or at times meals when the need arises. With regards to reconciliation, reconciliation will serve its purpose if supporting documents are available unless it's a worthwhile exercise only. We have done our 2012 reconciliation with and without the supporting documents. Our Accounts Unit main priority is to ensure at all times that they top up the Prime Minister Master Card before he travels because the card is his main source of funding whilst in overseas. Payment are done either through provision of Statement or notification from the bank through email correspondents that the payment is due and we need to settle the accounts to avoid late payment fee penalty.

The acquittal on the Card Usage is an area that we need to address, we have advise the Prime Minister Private Staff on that matter last year but as I have commented last year that they would not facilitate their work well because of the multiple roles they performed whilst accompanying the Prime Minister Overseas.

As recommended by Audit, we would address the issue with the Permanent Secretary and the following measures would be put to him for his consideration. Since, Accounts unit couldn't obtain the relevant acquittals, we would identify charges in the statement that need to be explained by the relevant officers concerned and if management are not satisfied with the explanation we would implement recovery action from officer's salaries. In addition, we would consult the Prime Minister personal staff officers to obtain the relevant statements which is been highlighted to be attached with the payment vouchers.

Management has noted audit recommendation and will address the issue as explained above.

The only credit card used in PMO is for the Hon Prime Minister. Payments are done upon receipt of monthly bank statement in the absence of receipts & we apologise for the non-adherence to the credit card policy requirements. We will ensure monthly credit card statement verifications and reconciliations.

APPENDICES

Appendix 2.1: Trust Fund Account for 2012 - Chinese Grant

	2012 (\$)	2011 (\$)
RECEIPTS		
Interest	618	132
Other Receipts	1,227,621	322,075
Total Receipts	1,228,239	322,207
PAYMENTS		
Assistance to Schools	177,299	133,684
Assistance to Sporting Bodies	---	1,583
Health Project	---	12,750
Installation – PM Office	9,150	---
Others	28,396	---
RFMF Engineers	66,618	56,510
Tax Clearance	107	---
Cheque Book Fees	8	---
Total Payments	281,578	204,527
Net Surplus	946,661	117,680
Balance as at 1 January	75,117	(42,563)
Closing Balance as at 31 December	1,021,778	75,117

Appendix 2.2: Trust Fund Account for 2012 – Taiwan Grant

	2012 (\$)	2011 (\$)
RECEIPTS		
Grants Received	---	897,173
Interest Received	1,690	-
Total Receipts	1,690	897,173
PAYMENTS		
Assistance to Community Projects	77,965	56,815
Assistance to Schools	382,655	61,371
Carting of items	---	387
Installation – Energy Services	---	6,500
Upgrading of Roads	---	10,000
Water Supply – Rural Areas	10,680	5,656
Office Equipment	9,630	---
Total Payments	480,930	140,729
Net (Deficit)/Surplus	(479,240)	756,444
Opening Balance as at 1 January	756,444	---
Closing Balance as at 31 December	277,204	756,444

Section 3

Office of the Attorney General and the Solicitor General

Roles and Responsibilities

The Attorney General is the Chief Advisor to the Government. He or she is assisted by the Solicitor General, who is also the Permanent Secretary of the Attorney General's Chambers.

The Office of the Solicitor General is responsible for providing quality legal advice to all ministries and departments; drafting Government Bills and Subsidiary Legislations; undertaking systematic review; reform and development of laws in Fiji Islands; undertaking Statutory Law Revision; providing legal assistance to impoverished persons in family and criminal laws through legal representation and advice. The administration of the Registrar of Companies, Registrar General's Office, Registrar of Titles, Official Receivers Office, and Stamp Duties Office has all been assigned to the Solicitor General's Office.

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PART A: FINANCIAL STATEMENT

3.1 Audit Opinion

The audit of the 2012 financial statement of the Office of the Attorney General and the Solicitor General resulted in the issue of an unqualified audit report.

3.2 Statement of Receipts and Expenditure

The Office of the Attorney General and the Solicitor General collected revenue totalling \$272,664 and incurred a total expenditure of \$4,629,443 in 2012. Refer Table 3.1 for details.

Table 3.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
State Revenue		
Hotel License	138,441	95,630
Trademark and Patent Registration	41,847	---

Description	2012 (\$)	2011 (\$)
Liquor License	3,913	1,304
Receipts		
State Revenue		
Miscellaneous Fees	10,555	4,985
Other	68,893	25,237
Total State Revenue	263,649	127,156
Agency Revenue		
Miscellaneous	9,015	69,597
TOTAL REVENUE	272,664	196,753
EXPENDITURE		
Operating Expenditure		
Established Staff	1,996,200	2,066,495
Government Wage Earners	174,194	162,451
Travel & Communications	130,756	125,343
Maintenance & Operations	346,448	260,394
Purchase of Goods & Services	451,348	700,549
Operating Grants & Transfers	796,493	804,220
Special Expenditures	300,690	606,231
Total Operating Expenditure	4,196,129	4,725,683
Capital Expenditure		
Capital Construction	223,813	---
Total Capital Expenditure	223,813	---
Value Added Tax	209,501	287,340
TOTAL EXPENDITURE	4,629,443	5,013,023

Total revenue increased by \$75,911 or 38% in 2012 compared to 2011 as a result of increase in collections from trademark & patent registration fees and hotel licenses.

Total expenditure declined by \$383,580 or 8% in 2012 compared to 2011. The decrease was mainly due to the decrease in purchases of goods and services and special expenditure.

3.3 Appropriation Statement

The Office of the Attorney General and the Solicitor General incurred expenditure totalling \$4,629,443 in 2012 against a budget of \$6,382,503 resulting in a savings of \$1,753,060 or 27%.

Details of expenditure against the budget estimates are provided in Table 3.2.

Table 3.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,898,737	(52,800)	2,845,937	1,996,200	849,737
2	Government Wage Earners	124,393	52,800	177,193	174,194	2,999
3	Travel & Communications	135,700	14,000	149,700	130,756	18,944
4	Maintenance & Operations	236,500	122,200	358,700	346,448	12,252
5	Purchase of Goods & Services	1,431,673	(755,986)	675,687	451,348	224,339
6	Operating Grants & Transfers	805,400	---	805,400	796,493	8,907
7	Special Expenditures	1,017,000	(224,750)	792,250	300,690	491,560
	Total Operating Costs	6,649,403	(844,536)	5,804,867	4,196,129	1,608,738
	Capital Expenditure					
8	Capital Construction	---	244,536	244,536	223,813	20,723
	Total Capital Expenditure	---	244,536	244,536	223,813	207,723

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
13	Value Added Tax	423,100	(90,000)	333,100	209,501	123,599
	TOTAL EXPENDITURE	7,072,503	(690,000)	6,382,503	4,629,443	1,753,060

PART B: AUDIT FINDINGS

3.4 Over Expenditure – Government Wage Earners

Each year, the appropriation act and budget estimates set out details of the appropriations that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the authorisation of the Ministry of Finance, pending approval by Cabinet.¹ The Permanent Secretaries of agencies and Permanent Secretary of Finance may authorise the transfer of budgeted funds.²

The audit noted that standard expenditure group allocated for Government Wage Earners (GWE) was overspent by \$49,801 as outlined in Table 3.3

Table 3.3: Over – Expenditure

Description	Amount (\$)
Budget Allocation	124,393
Actual Expenditure	174,194
Over – Expenditure	49,801

Expenditure incurred in excess of the allocated appropriation is unauthorised expenditure.

Recommendations

- The Accounting Head should strictly adhere to Section 7 and section 10 of the Finance Instruction 2010.
- The Accounting Head should ensure that proper planning and monitoring is in place to avoid over-expenditure.
- Expenditures should be reviewed against the budget allocation on a monthly basis to avoid over-expenditure.

Office Comments

The recommendations noted above are taken on board. Over-expenditure in Segs 1 and 2 is always expected and inevitable each year due to the unforeseen expenditure incurred in overtime payment for the Government Wage Earners employed as drivers as well as payment of acting allowances to various established officers. The FMIS system deliberately allows for over-expenditure in Segs 1 and 2 which is adjusted at the end of the year using savings from other segs. This is taken advantage of by the ministries and departments so that savings from within the annual budget provision is used rather than applying for Additional Provision to the Ministry of Finance. Virements will be done within the year to meet the need.

¹ Finance Instructions 2010 – Section 7

² Finance Instructions 2010 – Section 10

3.5 Unauthorised Waiver of Section 701 of the General Order

An Officer shall not be granted leave with salary within the first three months of appointment to the Service.³

The audit noted that legal officer, Robyn Ann E Mani, EDP No. 92806, took sick leave in two instances, that is, 16/07/12 and 27/08/12, which was approved by the Solicitor General through the waiver of General Orders.

Such finding indicates a total disregard by the Solicitor General of the provision of General Orders.

Recommendations

- **The Solicitor General must ensure that provisions of General Orders are complied with at all times.**
- **Any waiver of the provision of General Orders must be approved by Public Service Commission.**

Office Comments

This officer was the top graduate of her class in 2011 and the Office of the Attorney General recruited her on the strength that she would be an asset to the Office. The decision to waive the provision of General Orders GO701 was made by the Head of Department on the strength that the Office cannot lose an officer of her calibre.

Further OAG Comments

Under all circumstances, the provisions of General Order must be complied with at all times

3.6 Management of Grant for Legal Aid Commission

The office of the Attorney General and the Solicitor General was allocated a budget of \$7,072,500 in year 2012 of which \$800,000 was allocated to operating grant for the Legal Aid Commission.⁴

The Legal Aid Commission was established with the objective to assist economically disadvantaged people, to understand and protect their rights and have equal access to the legal system.

The audit noted that the operating grant for Legal Aid Commission totalling \$800,000 was managed by the Attorney General and Solicitor General's office. The following were noted:

- The entire wages and salaries for Legal Aid Commission was processed and managed by the Office of the Attorney General and Solicitor General.
- That \$705,063 or 70% of the total Legal Aid Commission payroll is processed manually.
- That for financial year 2013, the budgetary allocation for Legal Aid Commission has increased to \$2,000,000 compared to the 2012 budgetary allocation.

Manual payment of substantial wages and salaries is susceptible to error and fraudulent payments. Also, the management of the Commission's responsibility is added burden on the office where transactions may not be thoroughly screened.

³ General Orders 2011 – Section (701) (b)

⁴ 2012 Fiji Budget Estimates, Head 3 – Office of the Attorney General and Solicitor General – Page 28

Recommendations

- **The Solicitor General as the Chairman of the Legal Aid Commission should take appropriate measures to set the mechanisms to allow the Commission to manage its operating grant.**
- **Should the Office of the Attorney and Solicitor General decide to continue operating with the current arrangement, the Solicitor General should ensure that all the Legal Aid staffs are placed on the Government automated payroll system.**

Office Comments

The Commission notes the findings and concerns raised in the Auditor-General's Report of 2012 in relation to Legal Aid Commission and wishes to respond to it as follows.

The Commission has been making positive steps towards financial independence from the Office of the Attorney-General. These include the drafting of a Finance Manual customised to the Commission's needs and nature of business but at the same time in line and in compliance with Government's rules and regulations on finance related matters.

The Finance Manual has been tabled to the Board of the Commission who are now in the process of reviewing it. The Finance Manual is somewhat similar to that of other Government departments finance manuals.

It should be noted that in 2005, when a Review of the Legal Aid Commission was carried out, the Review Team included Ms Makereta Tupua, a Financial Consultant from the Ministry of Finance. Hence the Finance Manual of the Commission is one which has undergone an intensive consultative process before it was presented to the Board of the Commission in 2006 for further deliberation.

The Commission has included the Principal Accounts Officer from the AGs Office to be part of the panel of members together with the Board who will be reviewing this document before it is finalised. We anticipate that it will be finalised by June 2013 and endorsed soon thereafter.

While the misallocation of funds as highlighted in the Auditor-General's Report is of concern, it is something that the Commission is unable to comment on as the Government Grant funds are currently handled by the AGs Office.

Again, as pointed out in the Auditor General's Report, the Commission is mindful of the various risks involved with the AGs Office handling Commission's Government Grant funds. However, at the same time, we are also aware of the immense workload that this office has especially since it is handling not only AGs Office accounts, but also those of the Commission.

The Chairman of the Commission who is also the Solicitor-General is very much keen on the financial independence of the Commission from his office and has been a key player towards this move. He understands the risks involved and also the additional workload which his staffs have as a result of handling all of the Commission's finances.

Currently the Chairman/SG has the onerous task of, for example, signing off on and authorising even the smallest amounts of purchases. Under the Finance Manual, the Director, Legal Aid as Head of Department will be the designated officer authorised to make such decisions and also approve payments and purchases.

With the endorsement of the Finance Manual, the Board is targeting the implementation of this from 2014. As of 1st January, 2014, all Government Grant funds allocated to the Commission will come under the direct control and management of the Commission.

Steps are also being taken to invest in appropriate accounting software packages which will enable the Commission staff to carry out finance related duties in compliance with Finance rules and regulations. The recruitment of more staff is also being considered in light of the anticipated increase in workload once the Commission becomes financially independent.

The purchase of good and reliable accounting software as well as the recruitment of staff has already commenced. The Board will be considering the creation of more staffing positions in the Commission's Finance Division within the next 2-3 months while the Finance Manual is being finalised.

Hence the "recommendations" given under the Auditor-General's Report is being considered. The Commission has already opted for the first option and chooses not to burden the Office of the Attorney-General's with additional work for the Commission and as such, the second option is not being considered.

3.7 Film Censorship Fees & Allowances

The fees charged per film for approval by the censor of films for Hindustani, Chinese and other films (with New Zealand certificate submitted) is \$11.50. Other films with 16mm and 35mm are charged \$23.00 per film.⁵ Two non-Government representatives censor the film and as of 01/03/10, the Higher Salaries Commission has revised the censor allowance to \$20.00.⁶

The audit noted that fees charged for censoring films was far less than the sitting allowances paid to non - Government representatives. Refer Table 3.4 for details.

Table 3.4: Revenue versus Cost per Film Censorship

Films	Censorship members	Revenue generated per movie (\$)	Allowance paid per movie (\$)	Losses incurred per movie (\$)
Other films	2 members @ \$20.00 each.	23.00	40.00	17.00
Hindi & Chinese and Other Films (with N.Z. certificate submitted)	2 members @ \$20.00 each.	11.50	40.00	28.50

Furthermore, for the past 8 years, the accumulated total revenue from film censorship was \$39,799 compared to total expenses of \$61,316 resulting in cumulative losses of \$21,517. Refer Table 3.5 for details.

Table 3.5: Revenue versus Cost – Film Censorship

Year	2005	2006	2007	2008	2009	2010	2011	2012	Total
Number of Films	224	221	201	206	212	226	261	291	1,842
Revenue (\$)	5,265.00	5,321.25	4,511.25	4,657.50	4,859.50	4,443.75	5,082.50	5,658.50	39,799.25
Total Cost (\$)	6,720.00	6,630.00	6,030.00	6,180.00	6,360.00	8,440.00	9,890.50	11,065.50	61,316.00
Loss (\$)	(1,455.00)	(1,308.75)	(1,518.75)	(1,522.50)	(1,500.50)	(3,996.25)	(4,808.00)	(5,407.00)	(21,516.75)

In addition, the first submission to review the film censorship fees was made in 2010 by the Secretary of Film Control Board and the second submission was made in 2012 to the Office of the Attorney General and Solicitor General. However, the Office is yet to review the film censorship fees.

The government will continue to provide censorship service at a loss, if the fees are not increased to meet the cost.

This issue has been raised in the previous audit reports; however no action has been taken to resolve this issue.

⁵ Cinematographic Films Act 1978 – Cap 271 – Section 22

⁶ Adopted from letter dated 24/02/10 from Higher Salaries Commission, their reference: C29/211/203-1

Recommendation

The Attorney General and the Solicitor General should take necessary action to revise the censorship fees promptly to at least cover the expenses incurred in censoring a film.

Office Comments

Although this has been the subject of audit query for the last two years, the Office of the Attorney General is in the process of regularising this situation by the submission of a special Cabinet Paper seeking approval for the increase in fees. Once this is done, a copy of the Cabinet Paper will be made available to the Audit team.

3.8 Absence of Supporting Documents for Journal Vouchers Raised

Only the *Principal Accounts Officer* or *Accounts Officer* shall approve journal adjustments.⁷ Journal vouchers must be numbered in sequential order. Supporting documents shall be attached to the voucher.⁸

The *Principal Accounts Officer* must check that all relevant details are included on the voucher, balances are adequately supported and the correct accounts have been debited or credited.⁹

The audit noted that journal vouchers totalling \$415,576 lacked supporting documents and the approval of the Principal Accounts Officer. Refer Table 3.6 for details.

Table 3.6: Lacked Supporting Document and Approval of Journal Vouchers

JV Reference	Amount (\$)
02/01/12	96,703
01/01/12	231
01/03/12	198,603
02/03/12	1,000
05/03/12	112,307
06/03/12	6,732
Total	415,576

Lacked documentation and approval of journals raised indicate unauthorized adjustment to account balances that could be fraudulent.

Recommendation

The Accounting Head must ensure that all journal vouchers are approved and are adequately supported before being processed.

Office Comments

No comments provided.

⁷ Office of the Attorney General and Solicitor General - Finance Manual 2011 – Section 16.1.2

⁸ Office of the Attorney General and Solicitor General - Finance Manual 2011 – Section 16.1.3

⁹ Office of the Attorney General and Solicitor General - Finance Manual 2011 – Section 16.1.4

Section 4**Ministry of Finance****Role and Responsibilities**

The Ministry is responsible for formulating and implementing fiscal, financial and monetary policies. Its main functions are the collection and disbursement of public revenue, raising and repayment of loans, and developments of economic policies. It also provides various services to other departments, which include provision of printing and stationery services by the Government Printer, procurement and processing of supplies through Fiji Procurement Office. Also coming under the ambit of the Ministry of Finance are the several statutory bodies, namely the Fiji Development Bank, the Fiji Revenue & Customs Authority, and the Unit Trust of Fiji.

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PART A: FINANCIAL STATEMENT

4.1 Audit Opinion

The audit of the 2012 accounts of the Ministry of Finance resulted in the issue of a qualified audit report. The qualifications are as follow:

Trading & Manufacturing Account (TMA)

Records to substantiate \$4.7 million for the surplus capital transferred to Operating Fund Account and \$15.06 million as TMA accumulated surplus were lacking for the TMA operated by the Government Printing & Stationery Department and the Fiji Procurement Office.

Records to substantiate accounts payable of \$552,955 and account receivable balance of \$3.0 million reflected in TMA Balance Sheet in the *Trading & Manufacturing Account* were not provided for audit.

Management attention was also drawn to the following issues:

Head 50

There is no acquittal guideline for Ministries/Departments after the release of funds from Head 50 – Miscellaneous Expenditure. As such the actual acquittal for expenditure incurred under Head 50 SEG 10 Item 3 Miscellaneous Aid in Kind of \$2,997,540 and SEG 7 Item 3 General Reserve totaling \$1,518,548 were not maintained by the Ministry.

Head 4

The consolidated revolving fund account reconciliations for both Ministry of Finance and Government Printing & Stationery Department as at 31/12/12 were not provided for audit. In addition, the revolving fund account balance of \$7.7 million held by the Fiji Procurement Office as at 31/12/12 has been static for a number of years without any adjustments to respective revenue and expenditure accounts in Head 4 statement of receipts and expenditure.

The absence of reconciling the revenue collected by the Fiji Revenue & Customs Authority (FRCA) with the Ministry's records resulted in double posting of \$3,292,921 revenue in the Ministry of

Finance general ledger as per the FRCA revenue report for 2012. Hence, the total operating revenue is overstated by the same amount.

Trading & Manufacturing Account (TMA)

TMA cash balance totalling \$1,204,937 million was held in excess of the TMA ceiling of \$500,000 contrary to Finance Circular No. 37 of 26/11/84.

4.2 Head 4 - Statement of Receipts and Expenditure

The Ministry of Finance budget is appropriated as Head 4 in the 2012 Budget Appropriation Authority with Government Printing & Stationery Department (GPSD), Fiji Procurement Authority (FPO) and Information Technology and Computing Services (ITCS).

The Ministry of Finance budget is also appropriated as Head 50, Head 51 and Head 52 in the 2012 Budget Appropriation Authority.

The Ministry collected consolidated revenue of \$2,083,561,318 and incurred consolidated expenditure of \$67,192,476 in 2012 from Head 4.

Table 4.1: Head 4 – Consolidated Statement of Receipts and Expenditure in 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
State Revenue		
Operating Revenue	1,803,273,911	1,701,561,643
Investing Revenue	86,039,204	29,699,647
Borrowing Revenue	192,190,835	650,513,769
Total State Revenue	2,081,503,950	2,381,775,059
Agency Revenue		
Board Member Fee	158,454	125,995
Miscellaneous Revenue	1,543,217	19,208,176
Sales of Publications	355,697	123,108
Total Agency Revenue	2,057,368	19,457,279
TOTAL REVENUE	2,083,561,318	2,401,232,338
EXPENDITURE		
Operating		
Established staff	8,635,623	7,276,128
Government Wage Earners	563,278	480,329
Travel & communication	1,528,853	1,457,027
Maintenance & Operations	2,546,816	2,519,971
Purchase of goods & services	5,090,773	3,771,067
Operating grants & transfers	43,881,645	39,580,448
Special expenditures	14,309	965,112
Total Operating Costs	62,261,297	56,050,082
Capital Expenditure		
Capital Construction	---	22,760
Capital Purchases	1,192,291	285,240
Capital Grants & Transfers	2,800,000	1,998,750
Total Capital Expenditure	3,992,291	2,306,750
Value Added Tax	938,888	708,285
TOTAL EXPENDITURE	67,192,476	59,065,117

Total revenue declined by \$317,671,020 or 13% in 2012 due to the decrease in borrowing revenue caused by the redemption of government bonds in 2012. Total expenditure increased by \$8,127,359 or 14% due to the increase in operating grants and transfers by \$4,301,197 or 11% and increase in travel and communication cost by \$71,826 or 5%. Capital expenditure also increased by \$1,685,541 or 3% in 2012 compared to 2011.

The Ministry incurred expenditure of \$133,430,171 in 2012 from Head 50. Refer Table 4.2 for details:

Table 4.2: Head 50 - Statement of Receipts and Expenditure in 2012

Description	2012 (\$)	2011 (\$)
EXPENDITURE		
Operating Expenditure		
Established staff	2,234,540	3,401,749
Travel & communications	1,975,824	1,952,956
Purchase of goods & services	1,869,180	673,014
Operating grants & transfers	11,248,900	10,574,648
Special expenditures	4,914,064	8,836,861
Total Operating Costs	22,242,508	25,439,228
Capital Expenditure		
Capital Construction	200,000	---
Capital Purchases	7,358,135	3,735,796
Capital Grants & Transfers	101,151,762	161,635,782
Total Capital Expenditure	108,709,897	165,371,578
Value Added Tax	2,477,766	2,460,262
TOTAL EXPENDITURE	133,430,171	193,271,068

During 2012, expenditure incurred for Head 50 - Miscellaneous expenditure under capital grants and transfers decreased by \$60,484,020 or 37% compared to 2011.

Table 4.3: Head 51 - Statement of Receipts and Expenditure in 2012

Description	2012 (\$)	2011 (\$)
EXPENDITURE		
Operating Expenditure		
Pensions	27,059,294	23,958,445
Gratuities	1,204,758	951,854
Compassionate Allowance	8,107,071	8,464,004
Total Operating Costs	36,371,123	33,374,303
TOTAL EXPENDITURE	36,371,123	33,374,303

Head 51 – Pensions, gratuities and compassionate allowances expenditure increased by \$2,996,820 or 9% in 2012 compared to 2011 which was attributed to increase in pension and gratuities payments.

Table 4.4: Head 52 - Statement of Receipts and Expenditure in 2012

Description	2012 (\$)	2011 (\$)
EXPENDITURE		
Operating Expenditure		
Finance Charges on Public debt – Miscellaneous Payment	1,003,298	9,375,064
Finance Charges on Public debt – Overseas Loans	65,538,656	334,218,369
Finance Charges on Public debt – Domestic Loans	443,802,849	426,628,464

Description	2012 (\$)	2011 (\$)
TOTAL EXPENDITURE	510,344,803	770,221,897

The finance charges on public debt decreased by \$259,877,094 or 34% in 2012 compared to 2011 due to decreases in finance charges on public debt for miscellaneous payments by \$8,371,766 or 89% and finance charges on public debt for overseas loans by \$268,679,713 or 80%.

4.3 Appropriation Statement

The Ministry incurred expenditure totalling \$67,192,476 in Head 4 in 2012 against a revised budget of \$70,891,344, resulting in a savings of \$3,698,868 or 5%. The Ministry approved the transfer of funds totalling \$2,879,877 (out) and \$384,877 (in) of Head 4. Refer Table 4.5 for details:

Table 4.5: Appropriation Statement for 2012 – Head 4

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	10,488,336	(121,426)	10,366,910	8,635,623	1,731,287
2	Unestablished Staff	557,862	20,660	578,522	563,278	15,244
3	Travel & Communication	1,555,240	41,691	1,596,931	1,528,853	68,078
4	Maintenance & Operations	2,533,500	302,590	2,836,090	2,546,816	289,274
5	Purchase of Goods & Services	6,142,861	(426,311)	5,716,550	5,090,773	625,777
6	Operating Grants & Transfers	43,881,645	-	43,881,645	43,881,645	---
7	Special Expenditure	15,000	19,936	34,936	14,309	20,627
	Total Operating Costs	65,174,444	(162,860)	65,011,584	62,261,297	2,750,287
8	Capital Construction	---	---	---	---	---
9	Capital Purchases	2,500,000	(1,137,140)	1,362,860	1,192,291	170,569
10	Capital Grants and Transfers	3,800,000	(1,000,000)	2,800,000	2,800,000	---
	Total Capital Expenditure	6,300,000	(2,137,140)	4,162,860	3,992,291	170,569
13	Value Added Tax	1,911,900	(195,000)	1,716,900	938,888	778,012
	TOTAL EXPENDITURE	73,386,344	(2,495,000)	70,891,344	67,192,476	3,698,868

The Ministry incurred expenditure totalling \$133,430,171 in Head 50 in 2012 against a revised budget of \$139,215,169 resulting in a savings of \$5,784,998 or 4%. The Ministry approved the redeployment of funds out from Head 50 totalling \$5,095,100 and \$6,889,993 was re-deployed into Head 50. Refer Table 4.6 for details:

Table 4.6: Appropriation Statement for 2012 – Head 50

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	5,000,000	(2,094,125)	2,905,875	2,234,540	671,335
3	Travel & Communication	2,505,000	36,000	2,541,000	1,975,824	565,176
5	Purchase of Goods & Services	2,662,800	---	2,662,800	1,869,180	793,620
6	Operating Grants & Transfers	12,645,502	(1,231,187)	11,414,315	11,248,900	165,415
7	Special Expenditure	5,964,100	(9,521)	5,954,579	4,914,064	1,040,515

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	Total Operating Costs	28,777,402	(3,298,833)	25,478,569	22,242,508	3,236,061
8	Capital Construction	---	200,000	200,000	200,000	---
9	Capital Purchases	10,150,000	(1,667,547)	8,482,453	7,358,135	1,124,318
10	Capital Grants and Transfers	95,300,574	6,653,993	101,954,567	101,151,762	802,805
	Total Capital Expenditure	105,450,574	5,186,446	110,637,020	108,709,897	1,927,123
13	Value Added Tax	3,192,300	(92,720)	3,099,580	2,477,766	621,814
	TOTAL EXPENDITURE	137,420,276	1,794,893	139,215,169	133,430,171	5,784,998

The Ministry incurred expenditure totalling \$36,371,123 in Head 51 in 2012 against a revised budget of \$41,347,400 resulting in a saving of \$4,976,277 or 12%. The Ministry approved the transfer of funds totalling \$2,000,000 being redeployed out from Head 51. Refer Table 4.7 for details:

Table 4.7: Appropriation Statement for 2012 – Head 51

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
11	Pensions, Gratuities and Compassionate allowance	43,347,400	(2,000,000)	41,347,400	36,371,123	4,976,277
	TOTAL EXPENDITURE	43,347,400	(2,000,000)	41,347,400	36,371,123	4,976,277

The Ministry incurred expenditure totalling \$510,344,803 in Head 52 in 2012 against a revised budget of \$471,564,900 resulting in a savings of \$38,779,903 or 8%. Refer Table 4.8 for details:

Table 4.8: Appropriation Statement for 2012 – Head 52

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
12	Finance Charges on Public Debt	471,564,900	---	471,564,900	510,344,803	38,779,903
	TOTAL EXPENDITURE	471,564,900	---	471,564,900	510,344,803	38,779,903

The Ministry did not make any re-deployment of funds for Head 52.

4.4 Statement of Losses

The Ministry of Finance recorded no loss in 2012 however the annual Board of Survey wrote off various assets totalling \$1,378,758. Refer Table 4.9 for details:

Table 4.9: Assets written off in 2012

Ministry/Department	BOS No.	Amount (\$)	Date Approved	Item
Ministry of Finance	Various	68,308	Various	Various
Fiji Procurement Office	Various	1,300	Various	Various
Information Technology and Computing Services	Various	186,487	Various	Various
Government Printing and Stationery Department	Various	1,122,663	Various	Various
Total		\$1,378,758		

4.5 Consolidated Manufacturing Account – Trading & Manufacturing Activity

The Manufacturing Account is a consolidation of both Government Printing & Stationery Department and Fiji Procurement Office accounts.

The total production costs in 2012 amounted to \$1.17 million, of which \$1.06 million was for raw materials used during the year, \$0.03 million for direct costs and \$0.08 million for direct labour costs. Refer Table 4.10 for details:

Table 4.10: Consolidated Manufacturing Account

Description	31 December 2012 (\$)	31 December 2011 (\$)
Raw Materials (01/01/12)	873,049	1,001,481
Add: Purchases	1,007,597	1,019,100
	1,880,646	2,020,581
Less: Raw Materials (31/12/12)	820,547	873,049
Raw Materials Used	1,060,099	1,147,532
Direct Costs	27,836	29,832
Direct Labor	89,420	144,208
Cost of Manufactured Goods Transferred to Trading Account	1,177,355	1,321,572

4.6 Consolidated Trading Account – Trading & Manufacturing Activity

The Trading Account is a consolidation of both Government Printing & Stationery Department and Fiji Procurement Office accounts. The cost of goods sold amounted to \$1.16 million whilst sales income amounted to \$3.44 million, resulting in a gross profit of \$2.28 million. Refer Table 4.11 for details:

Table 4.11: Trading Account

Description	31 December 2012 (\$)	31 December 2011 (\$)
Sales	3,445,512	2,278,455
Stock of Finished Goods (01/01/12)	3,340,409	2,895,345
Add: Cost of Manufactured Goods	1,177,355	1,321,572
	4,517,764	4,216,917
Less: Stock of Finished Goods (31/12/12)	3,352,273	3,340,409
Cost of Finished Goods Sold	1,165,491	876,508
Gross Profit Transferred to Profit/(Loss) Account	2,280,021	1,401,947

4.7 Consolidated Profit & Loss Statement – Trading & Manufacturing Activity

The consolidated profit & loss statement showed a consolidated net profit of \$1.55 million for the Ministry. Total expenses for 2012 were \$726,194 with the major components of expenses being incurred on maintenance & operations. Refer Table 4.12 for details:

Table 4.12: Profit & Loss Statement

Description	31 December 2012 (\$)	31 December 2011 (\$)
Income		
Gross Profit transferred from Trading Account	2,280,021	1,401,947
Expenses		
Travel & Communication	2,549	2,675
Maintenance & Operations	655,195	140,523
Other Expenses	68,450	98,686
Value Added Tax	---	171,024
Total Expenses	726,194	412,908
Net Profit	1,553,827	989,039

4.8 Balance Sheet – Consolidated Trading & Manufacturing Activity

The consolidated net assets of the Ministry totalled \$9.9 million which declined by \$6.9 million (41%) compared to the year 2011. This was attributed to a reduction in cash at bank by \$7.2 million (73%). Refer Table 4.13 for details:

Table 4.13: Balance Sheet

Description	31 December 2012 (\$)	31 December 2011 (\$)
TOTAL LIABILITIES & EQUITY	9,935,145	16,869,193
Current Assets		
Bank	2,756,441	10,028,815
Raw Materials	820,547	873,049
Finished Goods	3,352,273	3,340,409
Accounts Receivable	3,005,884	2,626,920
TOTAL	9,935,145	16,869,193

4.9 Consolidated Trust Account Statement

The total trust fund for the Ministry during the year 2012 increased by \$1,600,769 or 17.5% due to substantial movements in receipts and payments for performance bond. Refer Table 4.14 for details:

Table 4.14: Trust Account

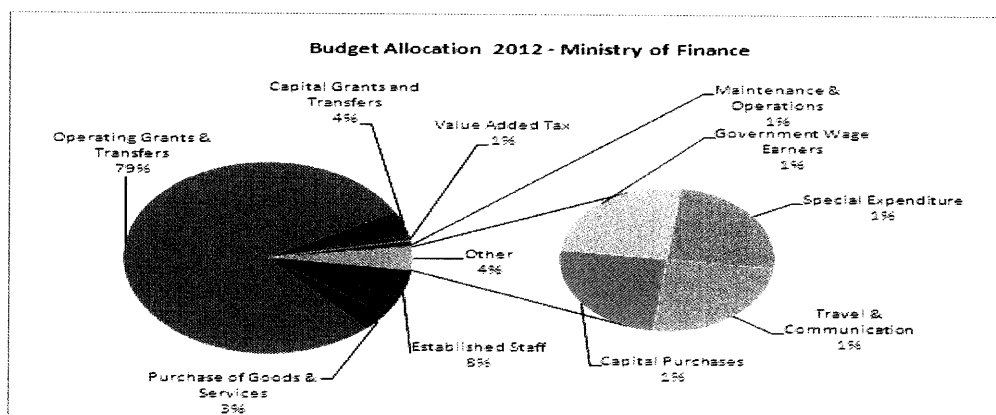
Description	31 December 2012 (\$)	31 December 2011 (\$)
Opening Balance 1 January	9,147,931	8,764,640
Receipts		
Receipts from Performance Bonds	6,235,864	814,665
Total Receipts	6,235,864	814,665
Payments		
Payments of Performance Bonds	4,635,095	431,374
Total Payments	4,635,095	431,374
Closing Balance	10,748,700	9,147,931

MINISTRY OF FINANCE

4.10 Budget Allocation For 2012

The Ministry's revised budget was \$55.2 million for the year ended 31/12/12 excluding Government Printing & Stationery Department, Fiji Procurement Office and Information Technology and computing services which are also discussed later in the report. The distribution of the Ministry's budget into the various Standard Expenditure Groups (SEGs) is shown in the figure 4.1:

Figure 4.1: Budget Allocation - Ministry of Finance



The Ministry's budgetary allocation was divided into operating expenditure totalling \$51.9 million, capital expenditure totalling \$2.9 million and VAT expenditure totalling \$0.4 million. Refer Table 4.15 below for details of budgeted expenditure to the actual expenditure incurred in 2012:

Table 4.15: Revised Budgeted Expenditure vs. Actual Expenditure - Ministry of Finance

SEG	Item	Revised Estimate (\$)	Actual Expenditure (\$)	Savings (\$)	%age
1	Established Staff	5,284,063	4,616,732	667,331	13
2	Government Wage Earners	144,093	144,354	(261)	0
3	Travel & Communication	171,531	153,865	17,666	10
4	Maintenance & Operations	594,300	542,641	51,659	9
5	Purchase of Goods & Services	1,761,579	1,355,191	406,388	23
6	Operating Grants & Transfers	43,881,645	43,881,645	0	0
7	Special Expenditure	34,936	14,309	20,627	59
9	Capital Purchases	162,860	141,868	20,992	13
10	Capital Grants and Transfers	2,800,000	2,800,000	0	0
13	Value Added Tax	393,600	293,369	100,231	25
	Total Expenditure	55,228,607	53,943,974	1,284,633	2

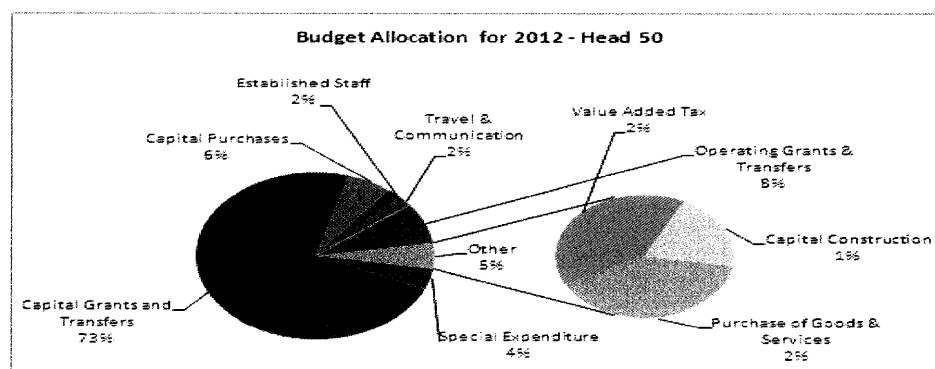
There was a savings of \$1.2 million or 2% of the budgeted expenditure.

4.11 Miscellaneous Payments of Government – Head 50

The budget estimates and budget statements are to be prepared as far as practicable in accordance with internationally accepted standards.¹

The revised budget for Miscellaneous Expenditure (Head 50) was \$139 million for the year ended 31/12/12. The distribution of the budget into the various Standard Expenditure Groups (SEGs) is shown in figure 4.2:

Figure 4.2: Budget Allocation – Miscellaneous Expenditure of Government [Head 50]



The Head 50 budget allocation was divided into operating expenditure totalling to \$25.5 million or 18%, capital expenditure totalling \$110.6 million or 80% and VAT expenditure totalling to \$3.1 million or 2%. Refer Table 4.16 below for details of budgeted expenditure to the actual expenditure incurred in 2012:

Table 4.16: Revised Estimate versus Actual Expenditure – Head 50

SEG	Item	Revised Estimate (\$)	Actual Expenditure (\$)	Savings (\$)	%age
1	Established Staff	2,905,875	2,234,540	671,335	23
3	Travel & Communication	2,541,000	1,975,824	565,176	22
5	Purchase of Goods & Services	2,662,800	1,869,180	793,620	30
6	Operating Grants & Transfers	11,414,315	11,248,900	165,415	1
7	Special Expenditure	5,954,579	4,914,064	1,040,515	17
8	Capital Construction	200,000	200,000	0	0
9	Capital Purchases	8,482,453	7,358,135	1,124,318	13
10	Capital Grants and Transfers	101,954,567	101,151,762	802,805	1
13	Value Added Tax	3,099,580	2,450,804	648,776	21
	Total Expenditure	139,215,169	133,403,209	5,811,960	4

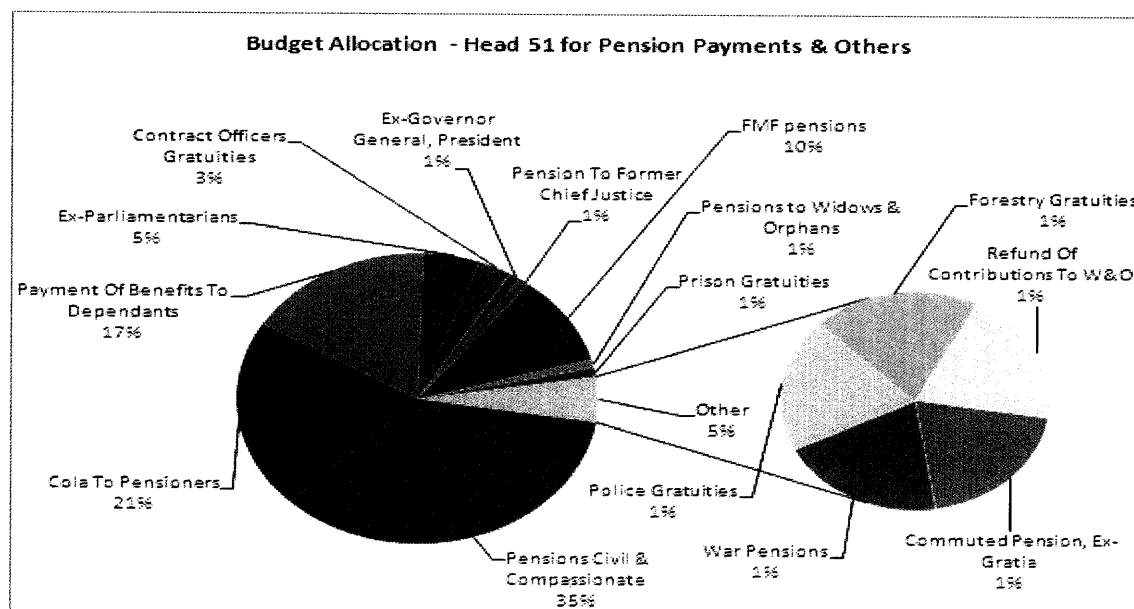
There was a savings of \$5.8 million or 4% of the budgeted expenditure.

¹ Financial Management Act 2004, Section 13 (3)

4.12 Head 51 – Pensions and Other related Payments

The revised budget for pension and other related payments was \$47.3 million for the year ended 31/12/12. The distribution of the Pension's budget into the various Standard Expenditure Groups (SEGs) is shown in figure 4.3:

Figure 4.3: Budget Allocation of the Pensions and Other Related Payment



The Head 51 budget allocation was divided into operating expenditure totalling \$47.3 million comprising of Pensions, Gratuity and Compassionate allowances. Refer Table 4.17 below for details of budgeted expenditure against the actual expenditure incurred in 2012:

Table 4.17: Revised Expenditure versus Actual Expenditure

Item	Revised Estimate (\$)	Actual Expenditure (\$)	Savings (\$)	%age
Pensions Civil & Compassionate	14,681,500	13,200,027	1,481,473	10
Payment Of Benefits To Dependants	7,200,000	7,198,201	1,799	0
Pensions to Widows & Orphans	454,500	155,818	298,682	66
War Pensions	17,900	2,079	15,821	88
Refund Of Contributions To W&O	2,000	0	2,000	100
FIMF pensions	4,268,800	4,254,563	14,237	0
Ex-Governor General, President	524,000	114,819	409,181	78
Ex-Parliamentarians	2,475,600	1,940,974	534,626	22
Pension To Former Chief Justice	532,100	192,812	339,288	64
Commuted Pension, Ex-Gratia	170,000	3,044	166,956	98
Police Gratuities	10,000	0	10,000	100
Prison Gratuities	400,000	224,065	175,935	44
Contract Officers Gratuities	1,355,000	977,650	377,350	28
Forestry Gratuities	6,000	0	6,000	100
Cola To Pensioners	9,250,000	8,107,071	1,142,929	12

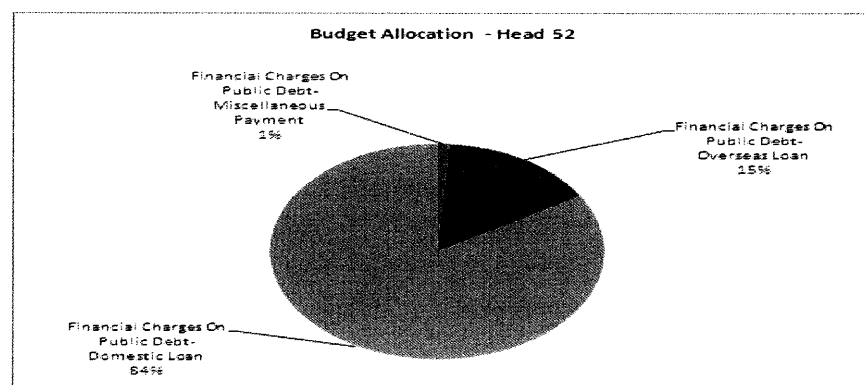
Item	Revised Estimate	Actual Expenditure	Savings	%age
Total Expenditure	41,347,400	36,371,123	4,976,277	12

There was a savings of \$4.98 million or 12% of the budgeted expenditure.

4.13 Debt Repayment Expenditure - Head 52

The revised budget for repayments of debt was \$471.6 million for the year ended 31/12/12. The distribution of the budget into the various Standard Expenditure Groups (SEGs) is shown in figure 4.4.

Figure 4.4: Budget Allocation of the repayment of debt



The Head 52 budget allocation was divided into capital expenditure totalling to \$5.1 million or 1%, Finance charges on Public Debt for Domestic Loan of \$394.9 million or 84% and Finance charges on Public Debt for Overseas Loan of \$71.5 million or 15% of the budgeted expenditure.

Refer Table 4.18 below for details of budgeted expenditure to the actual expenditure incurred in 2012:

Table 4.18: Revised Expenditure versus Actual Expenditure

Item	Revised Estimate (\$)	Actual Expenditure (\$)	Savings (\$)	%age
Interest treasury bills	4,000,000	847,026	3,152,974	79
Interest ways and means	0	3,825	(3,825)	NA
Manage agency and legal expenses	0	35,675	(35,675)	NA
Provision for contingent liability	1,000,000	0	1,000,000	100
RBF fees & charges	150,000	116,773	33,227	22
Financial charges on public debt-overseas loans	71,504,000	65,538,656	5,965,344	8
Financial charges on public debt-domestic loans	394,910,900	443,802,849	(48,891,949)	(12)
Total Expenditure	471,564,900	510,344,804	(38,779,904)	(8)

There was an over expenditure of \$38.8 million or 8% of the budgeted expenditure.

4.14 Variance between General Ledger and FRCA Revenue Report for Taxes Collected

The function of the Fiji Revenue Customs Authority (FRCA) is to act as an agent of the State and provide services in administering and enforcing the laws specified in schedule 1 of the FIRCA Act.²

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

The following anomalies were noted:

- (i) The Ministry did not carry out revenue reconciliations during 2012 for the months of April, May, August, October, November and December.
- (ii) A variance of \$10 million existed between Ministry of Finance general ledger balances and the FRCA revenue collection report for the year 2012. Refer Table 4.19 below for details:

Table 4.19: Variance in Revenue Collection between FRCA Report & MOF General Ledger

Account Number	Operating Revenue	Amount (\$)
1-04102-04251-210101	Income Tax Personal	(519,196,593.06)
1-04102-04252-210101	Income Tax Personal	42,075,474.53
1-04102-04253-210101	Income Tax Personal	3,567.94
1-04102-04251-210107	Capital Gains Tax	(15,599,176.55)
1-04102-04251-220101	Customs Import VAT	(436,955,039.73)
1-04102-04251-220199	Value Added Tax	(430,747,651.04)
1-04102-04252-220199	Government Department Value Added Tax	200,707,905.08
1-04102-04253-220199	Government Department Value Added Tax	3,426,382.45
1-04102-04251-220299	Fiscal Duty	(254,519,424.69)
1-04102-04251-220399	Excise Dues	(82,980,613.45)
1-04102-04251-220499	Export Duty	(7,304,369.82)
1-04102-04251-220501	Import Excise Duty	(27,300,715.62)
1-04102-04251-220601	Hotel Turnover Tax	(52,582,149.07)
1-04102-04251-220701	Water Resource Tax	(28,382,238.31)
1-04102-04251-220901	Departure Tax	(91,513,557.23)
1-04102-04251-221001	Fish Levy – FIRCA	(1,492,521.80)
1-04102-04251-221201	Stamp Duty	(21,081,267.74)
1-04102-04251-221301	Luxury Vehicle Levy	(1,257,500.00)
1-04102-04251-229999	Miscellaneous Fees & Receipts	(783,466.44)
Total Operating Revenue as per AFS		(1,725,482,954.55)
Total Revenue as per FIRCA Revenue Report		(1,735,556,553.00)
Variance		(10,073,598.45)

Furthermore, the audit noted that \$246.2 million in refunds (debit amounts in the operating revenue account) are included as operating revenue in schedule 1 resulting in the understatement of the

² FRCA Act 1998, Section 22 (a)

operating revenue by the same amount. Refer Table 4.20 below for revenue allocations with debit balances in FMIS.

Table 4.20: Refunds Included in the Operating Revenue

Account Number	Operating Revenue	Amount (\$)
1-04102-04252-210101	Income Tax Personal	42,075,474.53
1-04102-04253-210101	Income Tax Personal	3,567.94
1-04102-04252-220199	Govt. Dept. Value Added Tax	200,707,905.08
1-04102-04253-220199	Govt. Dept. Value Added Tax	3,426,382.45
1-04102-04251-230201	Stamp Duty	40,153.50
1-04102-04251-230316	Departure Tax	4,442,735.80
1-04102-04351-230412	License Telecom & TV	1,682,700.34
1-04102-04351-230501	Water Charges	17,467,618.11
Total		269,846,537.75

In the absence of carrying out revenue reconciliations, the operating revenue disclosed in the Ministry's financial statements could be incorrect.

Recommendations

The Ministry of Finance should obtain monthly revenue reports from FRCA and carry out revenue reconciliations between the Ministry general ledger records and FRCA revenue collection reports.

Management Comments

While we had requested FRCA for monthly reports, they continued to send it quarterly. However, they have again assured us to send the reports monthly. Copies of the reconciliations for the months mentioned above are available for sighting. The reconciliation for December also shows a variance of \$10m together with explanations by FRCA of this difference.

The sum of \$3m was a result of late revenue posting advice from FRCA. We are stressing to FRCA the importance of sending their reports early so that such errors can be detected on time and adjusted within the permitted period.

4.15 Variance in Drawings Account Reconciliation

All bank accounts shall be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.³

The following anomalies were noted:

- (i) A variance of \$134,074 was noted in the Drawing Account between the Ministry's records and the general ledger (FMIS) balance. Refer Table 4.21 for details.

Table 4.21: Variance between FMIS and Ministry's Reconciliation

Allocation	Description	FMIS (\$)	Ministry's (\$)	Variance (\$)
1-04102-04202-530201	Treasury main drawings	(12,352,285.37)	(12,486,359.89)	134,074.52

³ Finance Instructions 2010 – Section 32 (6)

Allocation	Description	FMIS (\$)	Ministry's (\$)	Variance (\$)
	accounts – WBC			

- (ii) In addition, the Ministry failed to prepare the Drawings Account reconciliation for those account held with Westpac totalling \$6,431,986.39. Refer Table 4.22 for details.

Table 4.22: Drawings Account 1-04102-04251-530201

Allocation	Description	FMIS (\$)
1-04102-04251-530201	DRAWINGS WBC SUVA	(6,431,986.39)

The above anomalies imply ineffective controls and lack of supervisory checks, which resulted in failure to perform reconciliations and rectify variances on a timely basis.

Recommendations

- The Ministry should ensure that reconciliations are carried out monthly and any variances noted are adjusted accordingly.
- Supervisory checks on monthly reconciliations should be improved to ensure the accuracy of the balances reflected in the reconciliations is reconciled to FMIS balances.
- The general ledger balances for drawing should be agreeing to bank accounts. If bank accounts are not in existence, the general ledger balances should be adjusted to correct allocation.

Management Comments

Reconciliations for the Drawings WBC Suva Account amounting to \$6.4m are prepared by FRCA.

Further OAG comments

Treasury Main Drawings Account December balance has been reconciled by the Ministry through the revised December Reconciliation. It was noted that there was variance of \$134,156.72 in the opening balance figure in the December reconciliation compared to November closing balance. The variance in December opening balance is still unresolved.

The Ministry maintain all bank reconciliations copy and should liaise with FRCA to submit these drawing accounts reconciliations for verification purposes prior to audit review.

4.16 Drawings Account with Debit Balance

Officers operating official bank accounts must not allow such accounts to be overdrawn and may be liable for surcharge in respect of any bank charges arising from the overdrawn accounts⁴.

Contrary to the above, the Ministry's Inland Revenue Drawings Account (1-04102-04251-530195) had a debit balance of \$20,349.69 which has been overdrawn as at 31/12/12.

In addition, there was no supporting document to the drawings account reconciliation to verify the debits and the credits entries. Refer Table 4.23 for the unsubstantiated movements in the reconciliations.

⁴ Finance Instructions 2010, Section 32 (5)

Table 4.23: FRCA Drawings Reconciliation

Description	Amount (\$)
Unpresented Cheques brought forward	77,797.33
Add: Cheques issued during December 2012	7,191,225.59
	7,269,022.92
Less: Total Cheques Paid & Presented during December 2012	(7,164,388.42)
Unpresented Cheques as at 31st December 2012	104,634.50
Add: Debit bank Fees and Charges to be carried forward	1,186.05
Cash deposit made in error 31 December 2012 to be reversed in January 2013	7,509.50
Less: Credit bank fees and charges of 2008,2009,2010, 2011,2012 carried forward	(133,679.74)
Closing Balance as at 31/12/12	(20,349.69)
Balance as per General Ledger (FMIS)	20,349.69

Lack of supervisory checks in the Accounts Section has resulted in the above anomalies.

Recommendations

- The Ministry should ensure that proper reconciliations are carried out with all supporting documents attached and made readily available during the audit.
- The Ministry should investigate the reason for the debit balance and take appropriate action.

Management Comments

It is requested that this issue be taken up with FRCA as they operate this account.

Further OAG Comments

The Ministry should liaise with FRCA to ensure that the balance as per general ledger reconciles with the reconciliations. Moreover, records such as bank reconciliations should always be maintained by the Ministry as a supporting document for audit review purposes and not relying on audit to verify these balances by liaising with FRCA.

4.17 Revolving Fund Account (RFA) reconciliations not prepared

Within 3 days of receiving the monthly general ledger reports from Payment Section, the Clerical Officer vote book shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.

Any error or misallocation must be immediately adjusted by way of journal vouchers. The ledger reconciliation statement shall be forwarded to the Accounts Officer Treasury. The Accounts Officer Treasury must ensure that all balances are accurate and adequately supported; any misallocations or outstanding balances from the previous month have been dealt with.⁵

The RFA is a Standard Asset Group which is used to clear prepayments and accrued income.

⁵ Finance Manual 2011, Section 16.3.3, 16.3.4 & 16.3.6

The audit noted that the Ministry failed to prepare the RFA reconciliations which have a general ledger balance of \$30,888,846.84 as at 31/12/12. Refer Table 4.24 below for details.

Table 4.24: RFA without Ministry's Reconciliations and with credit balances

Allocation	Description	FMIS (\$)	Ministry's Records (\$)	Variance (\$)
1-04102-04202-570301	ADVANCES	239.00	-	239.00
1-04104-04209-578101	INTEREST OVERSEAS LOANS	0.01	-	0.01
1-04102-04209-578102	PRIN ON OVERSEAS LOANS	4.00	-	4.00
1-04104-04210-578102	PRIN ON OVERSEAS LOANS	495,841.14	-	495,841.14
1-04104-04210-578101	INTEREST OVERSEAS LOANS	(829.24)	-	(829.24)
1-04104-04211-578101	INTEREST OVERSEAS LOANS	(23,820,540.31)	-	(23,820,540.31)
1-04104-04209-578102	PRIN ON OVERSEAS LOANS	(495,828.95)	-	(495,828.95)
1-04104-04211-578102	PRIN ON OVERSEAS LOANS	(7,067,732.49)	-	(7,067,732.49)
		(30,888,846.84)	-	(30,888,846.84)

In addition, audit noted that four RFA accounts had credit balances as at 31/12/12 totalling \$31,384,930.99 which has been stagnant from 2010 (balances in italics).

The above indicate that monthly reconciliations were not properly carried out and that supervisory checks were inadequate.

Recommendations

- **The Ministry should ensure that reconciliations are carried out monthly and any variances noted are adjusted accordingly.**
- **The Ministry should ensure that all revolving fund accounts that exist in the FMIS are reconciled with supporting documents.**

Management Comments

We have noted the anomaly in the posting, this is primarily due to misposting. DCFMU has had consultation with PIFTAC consultant on ways to rectify budget loading particularly for principal debt payments which is treated as expense.

4.18 Absence of Acquittal of funds released to Ministries/Departments

Each year the Appropriation Act and the Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency.⁶ Each appropriation is to be administered by the budget sector agency specified in the Appropriation Act concerned or the Ministry of Finance if no agency is so specified.⁷

The principles of responsible financial management are to ensure value for money in the use of money and resources and to report transparently in accordance with relevant accounting and statistical standards.⁸

The audit noted that the Ministry of Finance has been disbursing funds from general reserves vote to various Ministries/Departments through the standard liability group (SLG) 84, Accounts Payable

⁶ Finance Instruction 2010, Section 7

⁷ Financial Management Act 2004, Section 14(2)

⁸ Financial Management Act 2004, Section 5 (c) (e)

account. In doing so, Ministry of Finance creates the following accounting entry in the general ledger through journal vouchers:

Table 4.25: Accounting Entries for Disbursing Funds

Recording	Description
DR	Head 50 Respective Expense
CR	SLG 84 (Ministry/Department)

The audit noted that the acquittal reports for the general reserve disbursements did not have adequate supporting documents. Refer Table 4.26 below for examples:

Table 4.26: General Reserve Disbursements without Acquittals

Ministry/Department	Voucher No	Allocation	Remarks	Amount (\$)
Ministry of Finance	403329	1-50101-50999-079916	Accountable Advance for Chief Accountant	20,321.74
Ministry of Health	MOH007	1-50101-50999-079916	Funds used for repatriation of Mikaele Delana	65,346.09
Public Service Commission	PSC002	1-50101-50999-079916	No acquittals submitted except for excel sheet, but no supporting documents	171,000.00
Prime Minister's Office	PM003	1-50101-50999-079916	12 Payment Vouchers had no supporting documents	236,174.91
Prime Minister's Office	PRI001	1-50101-50999-079916	Funds for U19 Basketball Team	300,000.00
Youth and Sports	MYS001	1-50101-50999-079916	6 Payment Vouchers had unverifiable supporting documents (Receipts)	355.45
Youth and Sports	MYS003	1-50101-50999-079916	Delana celebration	4,944.50
Elections Office	ELE001	1-50101-50999-079916	Request for additional funding	720,405.80
Total				1,518,548.49

Discussions with the Ministry Officials revealed that the Ministry is in the process of implementing the SLG84 Reporting Guide. However, the policy was still in draft at the time of audit.

Hence, expenditure recorded through the respective allocations cannot be deduced to be actual expenditure, incurred for the purpose it was disbursed and reported transparently in accordance with the Financial Management Act section 5.

Recommendations

- The Ministry of Finance as administering funds for Head 50 should ensure that there is acquittal from the recipient Ministry/Department as a check mechanism to determine that the funds have been used for its intended purpose.
- The Ministry should ensure that the procedure manual for the processing and accounting of transaction through natural account SLG 84 are implemented as soon as practical.

Management Comments

- *In the past, Departmental Warrants were issued instead of SLG84 from Head 50 and this was never an audit issue as we are following the same procedure. Some of the Ministries and Departments when*

acquitting funds released from Head 50 usually submit an excel spreadsheet showing the summary of acquittals. In addition, we do not have the capacity to verify each and every funding that we disburse and the onus is on the auditors to verify directly with the respective Ministry/Department's Accounting Heads.

- However, we have included this in the Ministry's 2013 Finance Manual and we have introduced the SLG 84 Guidelines to allow funds being acquitted in a summary table with detailed information on payment vouchers and cheque numbers included, but could be further verified by the Auditors against the original records with the recipient Ministry/Department.*
- The highlighted Ministry/Department in the table above had submitted the acquittals of funds released to them during the time of audit. However, this has been highlighted again in the audit report.*

Further OAG Comments

Since the funds are released from the Ministry's budget, the Ministry should be responsible for all the funds disbursed to other Ministry's/Departments. The acquittals were not produced to audit during the audit conduct while the SLG 84 guideline was not finalized until the date of the audit.

The Ministry should ensure that acquittal reports by recipients are maintained by the Ministry and as part of a condition of release of funds.

4.19 Carry-Over approved by Chief Accountant

If an amount appropriated by an Annual Appropriation Act for a financial year has not been used in that financial year; or is unlikely to be used in that financial year, the Minister may authorise the carry-over to the following year of all or part of the unused appropriation that relates to known liabilities as at a particular date, and the amount authorised for carry-over may be used accordingly in that following year, subject to such conditions as the Minister specifies in the authorisation.⁹

The Ministry on 04/01/12 approved the transfer of amount totalling \$17,042.05 to Standard Liability Group (SLG) account to meet a contractual payment for Ministry of Health. The audit noted that the Ministry failed to seek approval of Minister for Finance as required under the Financial Management Act, Section 19.1.

Failure to obtain Ministerial approval to carry over the funds indicates a breach of the Financial Management Act, Section 19.1.

Recommendation

The Ministry must ensure that carry-over of any unused appropriation is approved by the Minister in accordance with the Financial Management Act 2004.

Management Comments

One of the determining factors for the carryover of funds is that there is a binding contract and also where funds are not budgeted in the following year to meet the costs of spillover. In this case, the Ministry of Health who were on the Epicore system migrated into the government FMIS in late 2011. By this time the budget for 2012 had been announced wherein funds for the Ministry of Health implementation was not provided. At the same time, savings for this project was still available then. This carryover met the criteria of not having provision in the 2012 budget and also that we had a contract with SSA Global for the implementation. While the conditions of the carryover were met, we note and acknowledge the audit findings on the issue raised.

⁹ Financial Management Act, Section: 19.1

Further OAG Comments

The Chief Accountant should understand that only the Minister has the powers to approve the carry over in accordance with Financial Management Act 2004.

4.20 Internal Control Weaknesses – Treasury & Salary Sections

A fundamental element of internal control is the segregation of certain key duties with the basic idea that no employee or group of employees should be in a position both to perpetrate and to conceal errors or fraud in the normal course of their duties.

The Chief Accountant Treasury is responsible for the safekeeping and proper maintenance of all accounting records or documents.¹⁰ The Chief Accountant Treasury / Principal/Senior or Accounts Officer Treasury must not certify a payment as correct unless they are satisfied that the account is not fraudulent and has not been previously paid.¹¹

Ministries/Departments shall send to our Ministry requests for payment of leave allowance at least three months before the due date. The request will be filed on the Treasury personal file kept in registry and forwarded to Leave and Passage unit for payment of dues. The payment will be paid with the salary near due dates¹². No manual payment of salary is permitted except on first appointment or upon written approval from the Permanent Secretary for Finance.¹³

The audit noted the following unsatisfactory features in relation to salary processing:

- There is no segregation of duties at Salaries Section. The level of access to Officers to carry out data entry, edit and the reporting functions in the automated payroll system has been made available to all officers at the salary section.
- FSO forms have not been signed by the Senior Accounts Officer prior to salary processing. Refer Table 4.27 below for details. The supervisory checks in the salary section and Treasury section were not stringent as payments were processed without verifying the request.
- The file records of Officers who are being paid leave allowances are not maintained by salary section or registry section.
- The manual payment of leave allowance were continued to be processed on numerous occasions contrary to section 4.5.8 of the Finance Manual that leave allowances should have been paid with the salary.
- The approval for manual payments were not obtained from Permanent Secretary for Finance on those manual processing of leave allowance payments as required under section 4.5.8 of the Finance Manual.
- There are no regular internal audits carried out at the salaries section to highlight any internal control weaknesses.
- The salaries section has only 7 staff out of the required 12 staffs. In addition, there are two temporary relieving clerical officers in salaries section who do not have any accounting skills and experience to carry out payroll functions.
- The payroll edit reports generated by the payroll system are not signed and checked by the supervising officers to ensure that the work performed have been correct in all aspects.

¹⁰ Finance Manual 2011, section 18.1.3

¹¹ Finance Manual 2011, section 2.8.4

¹² Finance Manual Section 4.12.4- 4.5.6

¹³ Finance Manual 2011, section 4.5.8

Table 4.27: Examples of Anomalies in FSO Forms

EDP #	Reason for Change in Salary	FSO Number	Pay # 2012	Comments
64437	Promotion on Contract	FSO1 # 749564	9	Clerical Officer authorizing and processing the payroll
64346	Extension of Acting	FSO1 # 750238	11	Clerical Officer authorizing and processing the payroll
90069	Paid Manually	FSO1 # 669910	12	Clerical Officer authorizing and processing the payroll. FSO2 form should have been completed instead of FSO1.
58422	Acting Appointment	FSO1 # 750215	11	Clerical Officer authorizing and processing the payroll
91227	Acting Appointment	FSO1 # 750212	11	Clerical Officer authorizing and processing the payroll
91157	Renewal of Contract	FSO1# 669907	12	Clerical Officer authorizing and processing the payroll
61475	Acting Appointment	FSO Not filled in	5	FSO1 not in salaries file
46338	Leave Allowance	FSO4 # 248421	25	Officer processing the form did not sign
63525	Acting Appointment		11	Input form and acting letter not maintained in the file
91411	Renewal of Contract & Acting Appointment	FSO1 # 760003 & 759978	24	Clerical Officer authorizing and processing the payroll
90673	Renewal of Contract	FSO1 # 760012	25	Clerical Officer authorizing and processing the payroll
91622	Acting Appointment	FSO1 # 770178	16	Clerical Officer authorizing and processing the payroll
93091	New Appointment	FSO1 # 759972	23	Clerical Officer authorizing and processing the payroll

The input forms are vital documents for any change in payroll files and lack of responsibility taken to maintain these documents for verification purposes indicates serious disregard to important control measures and procedures. Absence of the adequate checks and controls to FSO forms could lead to changes to salaries in the automated payroll system resulting in fraud.

Segregation of duties is critical to effective internal control because it helps fight fraud by discouraging collusion.

Recommendations

- The Ministry must ensure that there is adequate segregation of duties at Salaries Section to ensure that chances of concealing errors and fraudulent activities are eliminated.
- The internal control procedures in the Salaries and Treasury Section, specifically supervisory checks should be strengthened.
- The Ministry must ensure that internal audit review for the salary section to provide assurance that there is adequate internal control on the payroll system.
- The Ministry should relook at the staff strength at the salaries section and put in measures to ensure that payroll functions are carried out satisfactorily.

Ministry's Comments

The Salaries Section is currently under-staffed with, the shortfall being three clerical officers. Duties have been segregated as far as possible under the current circumstances:

- 1. Payment vouchers are verified and signed by two other officers other than the officer preparing these vouchers. Only then are these vouchers certified by the Senior Accounts Officer before forwarding to Treasury for processing of cheques.*
- 2. Salary input forms are prepared by the AAO (Salaries) and are either certified by the AO (Salaries) or the SAO (Salaries). The input forms are then entered into the payroll system by a third officer.*
- 3. Input forms are only certified if all supporting documents including deduction authorities are in order.*

Comments are noted.

4.21 Excessive Mileage – Leased Government Vehicles

Cabinet decision dated 21/10/08 approved the strategy to lease vehicles instead of buying, owning and operating vehicles unless they are specialty vehicles. Also, \$2.83 million per year for the next 4 years to lease the first 183 vehicles for the Fiji Police Force/Defense, Fiji Prisons and Corrections service, Fiji Military Forces, Ministry of Health and Ministry of Agriculture.¹⁴

The lessee (Government) shall pay the dealer the excess usage fee of a maximum of \$0.22 for each kilometer travelled in excess of 150,000 kilometers (or pro-rata for any period less than the period of lease) paid at the termination of the lease.¹⁵

The review of the 2nd leasing agreement for Government and Asco Motors noted that a sum of \$62,825 has been incurred for excess mileage cost for the year ended 31/12/12.

Refer Table 4.28 for examples of Ministry/Department with the vehicles which exceeded the authorized mileage.

Table 4.28: Examples of Ministries/Departments Vehicles with excess mileage

Ministry/ Department	No. of Vehicles	Excess Mileage (KM)	Additional Unit Cost (\$)	Total Cost (\$)	%age of Total Cost
Chief Registrar's Office	1	2,277	0.22	501	1
Agriculture	1	2,468	0.22	543	1
High Court	1	3,599	0.22	792	1
Primary Industries	1	5,779	0.22	1,271	2
Permanent Secretary Sugar	1	6,384	0.22	1,404	2
Elections Office	1	8,879	0.22	1,954	3
Royal Fiji Military Forces	1	10,001	0.22	2,200	3
Local Government	1	10,671	0.22	2,348	4
Provincial	4	13,899	0.22	3,058	5
Meteorology	1	18,627	0.22	4,098	7
Lands & Minerals	2	22,669	0.22	4,987	8
Fisheries & Forest	3	27,973	0.22	6,154	10

¹⁴ Cabinet Decision CP (2008) – 20th Meeting

¹⁵ Master Operating Lease Agreement, Section 6.1

Ministry/ Department	No. of Vehicles	Excess Mileage (KM)	Additional Unit Cost (\$)	Total Cost (\$)	%age of Total Cost
Health	5	30,857	0.22	6,789	11
Immigration	4	38,461	0.22	8,461	13
Police	5	83,024	0.22	18,265	29
Total	32	285,568	0.22	62,825	100

The above indicated the lack of proper planning to correctly forecast the standard mileage based on the piloted Ministries/Departments' nature of operations.

Payments at the end of the lease period could burden government's cash flow with substantial payout that will be needed should the mileage in excess of the authorized mileage not be contained.

Recommendation

The Ministry of Finance should put in place measures to contain the excess mileage by liaising with the respective Ministries/Departments.

Ministry's Comments

Authorized mileage for lease vehicles is 150,000km for 4 years under the master Lease Agreement and the rates vary according to type of vehicle. Ministries and Departments have been reminded to monitor their mileage as well as swapping high mileage vehicle for low mileage ones when they see that the mileage is closed to the limited amount per month.

4.22 Ageing of Government Vehicles

All ministries vehicles are to be replaced when the life of the vehicle is over 6 years and the mileage has exceeded 200,000 km.¹⁶

The audit noted that 66% or 1,276 of the Government vehicles currently used by Ministries/Departments are more than 6 years old. Refer Table 4.29 below for details.

Table 4.29: Vehicle Age Category

Age of Vehicles	Number	Percentage %
0-6 years	112	6
6-10 years	413	22
10-15 years	316	16
15 + years	547	28
No date Specification	534	28
Total	1,922	100

Furthermore, 28% or a total of 534 vehicle's age could not be determined due to lack of data raising the possibility of an increased number of vehicles for replacement over the age of 6 years.

In addition, the cost for the repairs and maintenance of government owned vehicles in 2012 was \$1.9 million. The figure would escalate if Ministries/Departments continue to use these aged old vehicles.

¹⁶ Cabinet Decision, Extract from Minutes of Meeting Held on Tuesday, 24 March 1998 at 9.00 a.m., Paragraph k of Government Vehicle Policy.

While the need for vehicles in certain Ministries and Departments cannot be denied, the condition of these vehicles does pose a risk to drivers, passengers and road users. The utilization of aged vehicles also represent a probable liability to government as they are susceptible to malfunctions putting lives of officials and the public at risk.

Recommendation

The Vehicle Control Unit must conduct a cost benefit analysis of the cost of repairs and maintenance to government vehicles at the end of the year and provide alternative to ensure that resources are well utilized and at the same time there is a pool of vehicles in good vehicle running conditions.

Ministry's Comments

Recommendation is noted.

4.23 Unutilized Funds - Loan Repayment allocations

Each year the Appropriation Act and the Budget Estimates set out details of the appropriations that the Cabinet approves for spending by each Agency.¹⁷

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

Our review of the 2012 debt portfolios noted that the Ministry did not utilize the amount set aside for repayment for various loan accounts totalling \$3,146,900 as at 31/12/12. Refer Table 4.30 below for details:

Table 4.30: Budgeted Allocation for 2012 Loan Repayments Left Unutilized

Loan Account	Allocation	Particulars	Budgeted (\$)	Actual (\$)
1985 PRC Electricity Loan	1-52101-04402-141207	Principal repayments	234,200	-
1989 China ROC Loan No.3	1-52101-04402-141213	Principal repayments	658,000	-
2004 ADB Suva/Nausori Water Supply	1-52101-04402-143110	Interest repayments	1,071,100	-
ADB 3 rd Road Upgrade	1-52101-04402-143116	Interest repayments	759,000	-
2010 ADB Loan 2603	1-52101-04402-143117	Interest repayments	276,700	-
Generated Account	1-52101-04402-143115	No Description	147,900	-
Total			3,146,900	-

Moreover, the Debt Unit could not provide an explanation on the nature of loan account known as Generated Account.

Providing unrealistic budget submission indicates poor planning by Debt Unit and hence provides an unnecessary burden to manage the debt. This will further lead to increase in government borrowings.

Recommendations

- **The Debt Management Unit should carry out monthly reconciliations for the Borrowing Fund Account and any variances noted should be adjusted accordingly.**

¹⁷ Finance Instructions 2010, Section 7

- **The Debt Management Unit should provide an explanation on the nature of the account known as Generated Account.**

Ministry's Comments

The Units has been undertaking monthly reconciliations of its outstanding debt. The issue highlighted in Table 12 pertaining to ADB Loans relates to capitalized interest. For the two PRC Loans, it has been noted that the Government of China has extended the repayment of these loans. The Debt Unit will consult Fiji's Embassy in China to ascertain further details on the above.

4.24 Over-Expenditure – Head 52

Each year, the Appropriation Act and Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the authorization of the Ministry of Finance, pending approval by Cabinet.¹⁸

The audit noted that expenditures generated through general ledger (FMIS) for 2012 indicated that the Ministry had incurred over-expenditure in Head 52 SEG 14 (overseas loans) and SEG 15 (domestic loans). The over-expenditure for overseas loans totalled \$840,975.13 as at 31/12/12. Refer Table 4.31 below for details.

Table 4.31: Over – Expenditure for Overseas Loans

SEG	Description	Revised Budget (\$)	Actual Expenditure (\$)	Over-Expenditure (\$)
1-52101-04402-142103	Fiji Public Rental Housing – EXIM	225,200	251,309.30	26,109.30
1-52102-04402-143113	INT-China Exim Bank-E-Govt. PRO	2,996,900	3,058,202.77	61,302.77
1-52102-04402-143204	1989 ADB Rd Maint. Sect. PRJ LN	3,737,100	3,966,989.17	229,889.17
1-52102-04402-143206	1993 ADB FRUP II LN 1164 FJ	2,882,400	2,952,634.45	70,234.45
1-52102-04402-143209	ADB FRUP 3 Loan 1530	2,710,500	3,038,208.35	327,708.35
1-52102-04402-143210	ADB SV/NSRI Water Supply 2055	1,731,500	1,857,231.09	125,731.09
	TOTAL	14,283,600	15,124,575.13	840,975.13

Similarly, the audit noted over-expenditure for domestic loans totalling \$54,839,046.61. Refer to **Appendix 4.3** for details of over-expenditure.

These over expenditure indicate that there was no budgetary control mechanism in existence on Head 52 and contrary to section 7 of the Finance Instruction where prior approval of Cabinet was not obtained.

Discussion held with the Officers noted that approval was obtained from Minister of Finance for early redemption of Government expensive bonds in 2012.

Incurring expenditures in excess of the budgetary allocation indicates poor financial management.

In addition, over-expenditure affects the Government's liquidity position and if not controlled, could lead to cash flow problems.

¹⁸ Finance Instructions 2010 – Section 7

Recommendations

- The Ministry should ensure that any over expenditure is regularized.
- The Ministry should ensure that proper planning and monitoring are in place to manage funds wisely and avoid over-expenditure.

Ministry's Comments

The 5.8 per cent excess over budget relates to the exchange rate fluctuations. A separate provision is given for exchange rate fluctuations in the National Budget.

4.25 Expenditure not budgeted for

Each year the Appropriation Act and the Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency¹⁹.

In 2012, Asian Development Bank made direct payment to the various contractors for amount totalling \$7,747,932.61 for ADB Flood Recovery Loan No: 2541.

Accordingly, the Ministry recognized an increase in expenditure and respective increase in loan balance by the same amount.

The audit noted that the Ministry did not have a budgetary allocation for the payment of the above mentioned expenditure in 2012. Refer Table 4.32 below for the entry to record the payment.

Table 4.32: Expenditure Form Head 50 Not Budgeted For

Allocation	Debit (\$)	Credit (\$)
1-50101-50999-100223	3,114,085.57	
1-50101-50999-100223	4,633,847.04	
1-04104-04402-810315		7,747,932.61

The above findings indicate lack of planning to determine the amount of funds that will be disbursed during the year.

Recommendation

The Ministry must ensure that all expenditures incurred from Head 50 are budgeted for.

Ministry's Comments

The above is the Flood Recovery Loan which was supposed to be finished in 2011. Therefore no allocation was made in the 2012 Budget. However, the project was not completed in 2011 and ADB agreed to extend the Loan period to 2013.

¹⁹ Finance Instruction 2010, Section 7

4.26 Management of Road Works Undertaken

Each agency must have in place a cost effective system of internal controls which safeguards money and property against loss, avoids or detects accounting errors; and avoid unfavourable audit report.²⁰

Cabinet memorandum dated August 2009 tasked the Central Coordination Agency (CCA) to oversee the implementation and quality control of the projects farmed out to the private sector for the rehabilitation and maintenance of municipal roads.

The audit noted a sum of \$8.3 million has been spent on roads works for the years 2011 and 2012. Tabulated below are the number of road works undertaken and the costs to each of these roads.

Table 4.33: Road Works Undertaken for the Period 2011 - 2012

CTN No	Contract	Contract Name	Contractor	Amount paid (\$)
70/2011	11/1	Tavua, Ba	Hiway Stabilizers International Ltd	1,101,864.32
71/2011	11/2	Labasa, Savusavu, Levuka	Road Sealing Services	694,596.35
112/2011	11/3	Lami, Nasinu, Nausori	Hiway Stabilizers International Ltd	2,350,062.49
113/2011	11/4	Lautoka, Nadi, Sigatoka	Pratap Asphalt Quarries Ltd	3,732,398.77
111/2011	11/5	Rakiraki	Hiway Stabilizers International Ltd	490,698.58
				8,369,620.51

The following anomalies were noted:

- The CCAR road register of the road works undertaken was not made available. The audit also noted that an excel spread sheet was being maintained but these records were not made available to audit.
- The roads register should have the following minimum information:
 - The name of the road and brief description of road work undertaken (such as kilometres developed);
 - Tender board approval, date and amount;
 - Actual expenditure incurred until the completion of the road works;
 - Date of the road work commencement against the planned date for the road works;
 - Actual and Expected completion date of the road work;
 - The reason for the delay in the completion of the road work;
 - Certificate of completion provided for the roads completed; and
 - The defect period.
- There was no documentation of contract timelines and contract completion dates for contract works being carried out.
- There was no file maintained for correspondence with the project manager Montgomery Watson Harzan (MWH).

The absence of an easy to follow audit trail hindered the progress of the audit as substantial audit hours were exhausted on trying to locate and identify payments vouchers and supporting documents.

This issue was raised also during the audit during 2011 but no remedial action was taken. Moreover, there was no file maintained for the road works undertaken as all correspondences in relation to the road works are filed loosely and difficult to trace.

²⁰ Finance Instruction Section 59(1)

In the absence of maintaining registry files in a chronology, the transparency and accountability with which the road works are undertaken cannot be deduced.

Recommendation

The Ministry should ensure that registry files for future contracts are created in light with the above anomalies and correspondences and documentations in relation to particular roads works are filed accordingly.

Ministry's Comments

Recommendation is noted.

4.27 Non-retirement of Accountable Advance

A travelling officer shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents. If an advance has not been fully expended, the travelling officer must repay the balance within seven days of completing travel.²¹

Voluntary collections may be organized for presentation of a gift to an Officer leaving the Public Service on retirement or resignation.²²

The audit noted the following anomalies:

- An accountable advance of \$1,500 was paid from Head 50 to Minister of Agriculture; Mr. Joketani Cokanasiga on 07/03/12 for his travelling expenses for an official visit to Hanoi, Vietnam from 09/03/12 to 19/03/12 which is yet to be retired at the time of audit.
- The Ministry incurred \$595 to purchase gifts for 7 officers retired in 2012 from the training vote which is an unauthorized expenditure contrary to General Order 2011.

The above findings indicate non adherence to Finance Manual and General Orders requirements.

Recommendations

- **The Ministry should ensure that accountable advances are cleared within seven days upon returning from their duties, otherwise deductions are to be made from their salary.**
- **The Ministry should strictly adhere to the Finance Manual and General Order.**

Ministry's Comments

The Ministry has followed up with the Ministry of Agriculture and they have confirmed that they are arranging with former Minister for Agriculture to repay this advance as soon as possible.

Further OAG Comments

The Ministry failed to provide any comments on the unauthorized purchase of gifts from training vote and the accountable advance has not been cleared by the Minister.

²¹ Ministry of Finance Manual 2011, Section 10.1.11 & 10.1.12

²² General Order 2011, Section 316 (a)

4.28 Non-reimbursement of Travel Costs

An Officer travelling overseas on duty may be paid per diem allowance at rates prescribed by the Permanent Secretary for the Public Service if the per diem is not provided for by the donor agencies.²³

Food Agricultural Organization (FAO) would cover the cost of economy travel and daily subsistence allowance for the stay in Rome from 26th to 29th June, 2011.²⁴

According to 2011 Auditor General's report, the Ministry released \$20,359 from Head 50, (Travel vote) to cater for the former Minister of Agriculture's air ticket and the per-diem allowances for the FAO meeting. Despite the letter provided by FAO to pay for cost of the air ticket, daily subsistence allowance, funds were released to the Ministry of Agriculture from Head 50 without carrying any due diligence checks.

The Ministry commented that they will ensure that the funds released will be refunded. However, audit noted that Ministry failed to take any corrective action on the recommendations and comments provided for 2011 audit report. Hence, the amount remains outstanding as at 31/12/12.

The above finding indicates laxity of the Ministry Officials to ensure that comments provided are acted upon.

Recommendations

- **The Ministry of Finance should ensure to follow-up with the Ministry of Agriculture for the per diem and the air ticket fare reimbursements by FAO.**
- **The Ministry should ensure that the audit recommendations are being followed up and action to be taken as soon as practicable.**

Ministry's Comments

The initial invitation letter specifies that the Minister's travel will be fully funded by FAO. Upon enquiry by the Ministry of Agriculture, it was revealed by FAO that Fiji is not included as a FAO member Forum and therefore has to fund all expenses. A request was then put forward by the Ministry of Agriculture requesting financial assistance from Head 50 – Ministers Overseas Travel allocation hence funds were released on the basis to the Ministry.

Further OAG Comments

The Ministry is providing contradicting comments for the same issue in 2011 and 2012 report. Since no written document was submitted stating that Fiji is not included as FAO member this issue is not resolved.

4.29 Outstanding Car Advances from Former Members of Parliament

The ledger reconciliation statement shall be forwarded to the *Accounting Head*. The *Accounting Head* must ensure that all balances are accurate and adequately supported; any misallocations or outstanding balances from the previous month have been dealt with²⁵.

²³ General Order, Section 525

²⁴ Invitation from FAO, Declaration of Global Freedom from Rinderpest, Page 2

²⁵ Finance Manual 2011, Section 16.3.6

According to 2011 Auditor General's Report, former members of House of Representatives and Senators owed the Ministry \$214,443. Despite the Ministry seizing 5 vehicles in 2012, the amount totalling \$65,110.24 remained outstanding as at 31/12/12. Refer Table 4.34 for details.

Table 4.34: Former Members of the Parliament with Outstanding Car Advances

Name	Vehicle Registration	Amount (\$)
Sanjeet Maharaj	FC 838	21,593.84
Paulo Ralulu	EB 429	28,716.40
Lavenia Padarath	DK 420	14,800
	Total	65,110.24

Delays in fully recovering the outstanding advances can lead to amount becoming irrecoverable in future.

Recommendation

The Ministry should follow up with these former Parliamentarians and Senators on the amounts due and for the possibility of making arrangement to clear these dues.

Ministry's Comments

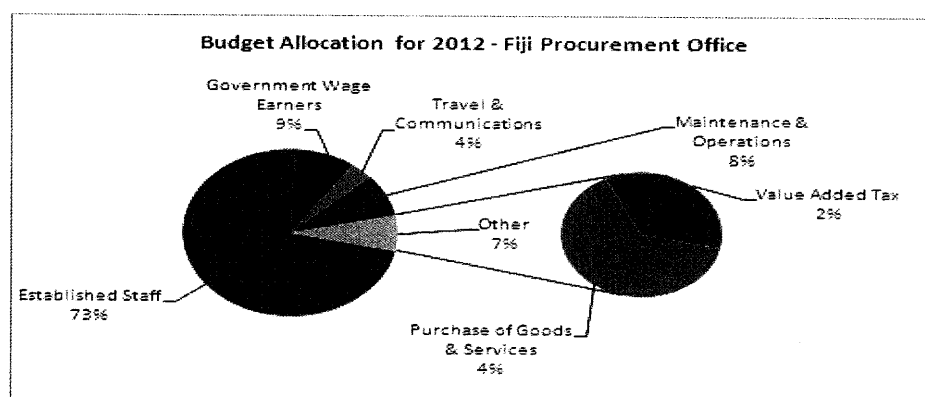
The Ministry had engaged a bailiff who was able to repossess some vehicles in respect of former members of parliament except the above three:

- The son of Mr. Sanjeet Maharaj (Mr. Atesh Maharaj) who resides in Australia has undertaken to clear the account by December 2013.*
- The bailiff was not able to locate Mr. Ralulu's vehicle after he went to America. In checking with LTA, there was no activity under the vehicle records which could only refer that it was not on the road.*
- The bailiff could not find any trace of Mrs Padarath's vehicle after following up with her.*

FIJI PROCUREMENT OFFICE

4.30 Budget Allocation For 2012

The Department's revised budget of \$1.4 million in 2012 included payroll, non-payroll and VAT expenditure. The distribution of the Department's budget into the various Standard Expenditure Groups (SEGs) is shown in figure 4.5:

Figure 4.5: Budgetary Allocation By Standard Expenditure Group

The Department's budget allocation was divided into operating expenditure of \$1.3 million and VAT expenditure of \$33,100. Refer Table 4.35 for details of budgeted expenditure to the actual expenditure incurred in year 2012:

Table 4.35: Budgeted Expenditure vs Actual Expenditure

SEG	Item	Revised Estimate (\$)	Actual Expenditure (\$)	Savings (\$)	%
1	Established Staff	989,581	867,116	122,465	12
2	Government Wage Earners	121,660	142,033	(20,373)	(17)
3	Travel & Communications	47,000	26,251	20,749	44
4	Maintenance & Operations	114,400	92,147	22,253	19
5	Purchase of Goods & Services	59,383	47,269	12,114	20
13	Value Added Tax	33,100	21,553	11,547	35
	Total Expenditure	1,365,124	1,196,369	168,755	12

A savings of \$168,755 or 12% of the total budgeted expenditure could have been utilized in prioritised Government projects.

4.31 Variances between the Arrears of revenue Return and General Ledger

Each agency must maintain a Debtors Register within the FMIS or an accounts receivable ledger for licenses, debts, court fees and other State or agency revenues receivable.²⁶

The audit noted of a variance of \$2 million between the Fiji Procurement Office's (FPO) records and those balances reflected in the general ledger (FMIS). Refer Table 4.36 for details:

Table 4.36: Fiji Procurement Office Record vs. General Ledger

Particulars	Amount (\$)
Balance as per General Ledger (FMIS)	2,120,152
Balance as per Office record (Arrears of revenue return)	113,548
Variance	2,006,604

²⁶ Finance Instructions, Section 40

The Office is yet to reconcile the general ledger balance to facilitate necessary adjustments as contained in the arrears of revenue return as outlined at Table 4.37:

Table 4.37: Composition of Debt Owed as per the Arrears of Revenue Return

Debtor	Status on Recovery	Amount (\$)
Hola Security Services	Small Claims Tribunal	2,152
Vanua Designs & Associates	Fiji Police Force	111,397
Total		113,549

The difference in balances between the general ledger and the arrears of revenue return as at 31/12/12 indicate the lack of proper supervision and the timely reconciliation of balances not being carried out.

Recommendation

The Department should ensure that regular reconciliation of the debtor balance is carried out with the source documents and rectify the variances between FMIS balances and the Office records and adjustment made accordingly.

Management Comments

The recommendations are noted.

The difference derived from the large opening balance. During a meeting with the Asset Management Unit and OAG it was highlighted to reconcile the difference approval shall be obtained from higher authority to correct the balance from the FMIS. The Asset Management Unit is pursuing this matter to adjust the balance.

4.32 Non-performance of reconciliations for Vision Core and FMIS balances

Within 3 days of receiving the monthly general ledger reports from Payment Section, the CO Vote Book shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement. Any errors or misallocations must be immediately adjusted by way of journal vouchers.

The ledger reconciliation statement shall be forwarded to the Accounts Officer Treasury. The Accounts Officer Treasury must ensure that all balances are accurate and adequately supported; any misallocations or outstanding balances from the previous month have been dealt with.²⁷

The audit noted that the Fiji Procurement Office (FPO) uses Vision Core accounting software to record its daily transactions which is then uploaded onto the Financial Management Information System (FMIS) general ledger.

However, there were no reconciliations prepared and maintained for accounts receivable, accounts payable and vision core revenue batches that were uploaded from Vision core to FMIS. The following anomalies were attributed to differences arising as a result of balances uploaded from Government Supplies System to the FMIS general ledger:

- TMA creditors for FPO showed debit balance of \$552,955 contrary to the nature of the balance that the account should have.

²⁷ Finance Manual 2011, Section 16.3.3, 16.3.4 & 16.3.6

- TMA debtors for the Office totaled \$2,120,152 whereas the arrears of revenue as at 31/12/2012 showed arrears of \$113,548 only.

Failure to reconcile these uploaded balances made it difficult to rectify balances for the correct presentation of the TMA financial position.

Recommendation

The Office should ensure that the uploaded balances from the Vision Core accounting system to the general ledger (FMIS) are reconciled on a monthly basis.

Management Comments

The FMIS balances were brought forward from Government Supplies account. The Asset Management Unit is pursuing this matter to adjust the balance.

4.33 Membership of Board Composition

Membership of the Board shall include:

- (i) The Permanent Secretary for Works & Transport as Chair;
- (ii) The Permanent Secretary for Provincial Development as Deputy Chair;
- (iii) The Permanent Secretary for Strategic Planning, National Development & Statistics;
- (iv) The Permanent Secretary for Health;
- (v) Deputy Commissioner, FICAC²⁸

In the absence of the member, the officer nominated to attend Board meetings shall be at Deputy Secretary Level. If the member is unable to attend meetings, an apology for absence will suffice.²⁹

The Board shall consist of a Chairperson and four (4) other members appointed by the Minister³⁰.

The audit noted the following anomalies:

- The previous board members continued to represent themselves in board meetings until 04/09/12 despite changes to tender board composition issued by the legal notice³¹ which came into effect on 25/05/12.
- A review of the board meeting minutes noted those various board meetings held from 29/05/12 to 04/09/12 did not consist of members at Permanent Secretary/Deputy Secretary Level. The members comprised of members below Deputy Secretary Level contrary to Tender Board Procedures.
- The Director Fiji Procurement Office continued to be present in board meetings when the legal notice was issued which did not allow him to be a member of the board.
- The membership of the board only required five tender board members. The audit noted instances where more than five members were present in board meetings. Refer to **Appendix 4.4** for irregularities in board meetings.

²⁸ Guide to the Tender Board Procedures 2011, Part 3.2.1

²⁹ Guide to the Tender Board Procedures 2011, Part 3.2.2

³⁰ Fiji Government Gazette No: 22 dated 25/05/12, Legal Notice No: 49

³¹ Fiji Government Gazette No: 22 dated 25/05/12, Legal Notice No: 49

On 09/10/12, the Office wrote to Solicitor General seeking legal opinion on the tender board decisions made after 25/05/12 but a formal response from Solicitor-General has not been received to date at the time of audit during January 2013.

The failure to adhere to the procurement regulation could compromise the independence and transparency of the tender board functions and the operations of the Fiji Procurement Office. This can also lead to increase the risk of approved tenders being void.

Recommendations

- **The Office must ensure to comply with Section 3.2 of the guide to the tender board procedures to safeguard the integrity of government procurement process.**
- **The Office should follow up on the legal advice with the Solicitor General's office.**

Management Comments

Follow-up is being maintained with the Solicitor-General's office; we await their counsel.

4.34 Standing Offer Contracts

Where the Director identifies any goods or services that are required for the benefit of more than one Department, the Director may, in respect of up to one year, call a tender for the supply of goods, services or works to meet the requirements of those Departments for that year and enter into a standing offer contract.³²

If the Director is satisfied that it would be more advantageous to obtain tenders for the supply of such goods or services to meet those requirements over a longer period than one year, the Director may call for tenders for the supply of such goods and services to meet those requirements over such longer period.³³

The Director may withdraw a tender, if the tender process from the advertisement of the tender to the Board approval has gone over a period of three months and has compromised the fairness and impartiality of the procurement process.³⁴

The following anomalies were noted:

There were numerous instances where the tender process from the advertisement of the tender to the Board approval has gone over period of three months which could compromise the fairness and impartiality of the procurement process. Refer Table 4.38 below for details.

Table 4.38: Examples of Standing Offer Contract finalised after 3 months contrary to Procurement Regulations 2010

Tender No.	Item Description	Advertisement Date	Tender Board Approved Date	Time Taken
CTN 122/2011	Contract for Supply & Purchase of tyres for Whole of Government	23/07/11	24/01/12	6 months

³² Procurement Regulations 2010, Section 35(1)

³³ Procurement Regulations 2010, Section 35(2)

³⁴ Procurement Regulations 2010, Section 47(c)

Tender No.	Item Description	Advertisement Date	Tender Board Approved Date	Time Taken
CTN 127/2011	Contract for Supply, Installation & Maintenance of Air-conditioners for Whole of Government	06/08/10	24/01/12	5 months 28 days
CTN 94/2011	Supply of Fresh and Frozen Food Items	28/05/11	24/01/12	7 months 27 days
CTN 197/2011	Contract for Supply of General Food Items For Whole of Government	30/12/11	04/04/12	3 months 5 days
CTN 25/2012	Contract for Supply of Photocopy & Printing Paper for Whole of Government	25/01/12	29/05/12	4 months 4 days
CTN 200/2011	Contract for Supply of Toilet Paper for Whole of Government	30/12/11	19/05/12	4 months 19 days
CTN 198/2011	Contract for Supply of Garden Tools for Whole of Government	31/12/11	19/05/12	4 months 18 days
CTN 16/2012	Contract for Courier Services Within Fiji	14/01/12	29/05/12	4 months 15 days
CTN 55/2012	Contract for Supply of Low Pressure Gas for Whole of Government	28/02/12	12/6/2012	3 months 15 days
CTN 50/2012	Contract for Supply of Automotive Batteries for Whole of Government	18/02/12	12/06/12	3 months 25 days
CTN 27/2012	Contract for Supply of Stationery for Government	25/01/12	12/06/12	4 months 18 days
CTN 139/2012	Contract for Laundry Services	05/05/12	07/08/12	3 months 2 days
CTN 26/2012	Contract for Supply of Laptop & Desktop for Whole of Government	25/01/12	7/8/2012	6 months 13 days
CTN 196/2011	Contract for Supply of Paints for Whole of Government	30/12/2011	4/9/2012	8 months 4 days

The failure of the Procurement Office to implement adequate controls to revoke the tenders which have lapsed over 3 months from the date of advertisement compromises impartiality and transparency of the procurement process. This has also led to inefficiency in the procurement process.

Recommendations

- The Fiji Procurement Office should ensure that it adheres to Procurement Regulation 2010 section 47(c) by adhering to 3 months timeline to ensure fairness and impartiality of the procurement process.
- The Office should consider the option of rotating the responsibilities for the maintenance of the Standing Offer Contracts to other Officers within the Office.

Management Comments

Concerns are noted and will be addressed.

TRADING AND MANUFACTURING ACCOUNT (TMA)

4.35 Unsubstantiated Equity Balances

The Accounting Head is responsible for the safekeeping and proper maintenance of all accounting records or documents.³⁵

During the audit, there were items that appeared in the TMA for 2012 which were carried forward from previous years and could not be validated as records were lacking. Refer Table 4.39 below for details:

Table 4.39: Unsubstantiated TMA Equity Balances

Account	Description	Balance as at 31/12/12 (\$)	Balance as at 31/12/11 (\$)	Movement (\$)
4-04000-00000-940300	TMA Surplus capital returned to consolidated fund	4,699,379	4,070,223	629,156
4-04000-00000-940400	TMA Accumulated surplus/deficit	(15,065,915)	(20,962,191)	5,896,276
Total		(10,366,536)	(16,891,968)	6,525,432

Recommendation

The Ministry should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences.

Management Comments

Records to substantiate \$4.7 million for the surplus capital transferred to Operating Fund Account \$15.06 million as TMA accumulated surplus were lacking for the TMA operated by the Government Printing & Stationery Department and the Fiji Procurement office in schedule 9. AMU is currently working on substantiating the Equity of WOG TMA.

Similarly, records to substantiate accounts payable of \$552,955; - FPO to provide the records to substantiate the amount of \$552,955

Account receivable balances of \$3.0 million reflected in TMA Balance Sheet in schedule 9 were not provided for audit. FPO TMA to provide records in substantiating its receivable of \$ 2,120,152.53, GPSD to provide for \$ 885,731.68

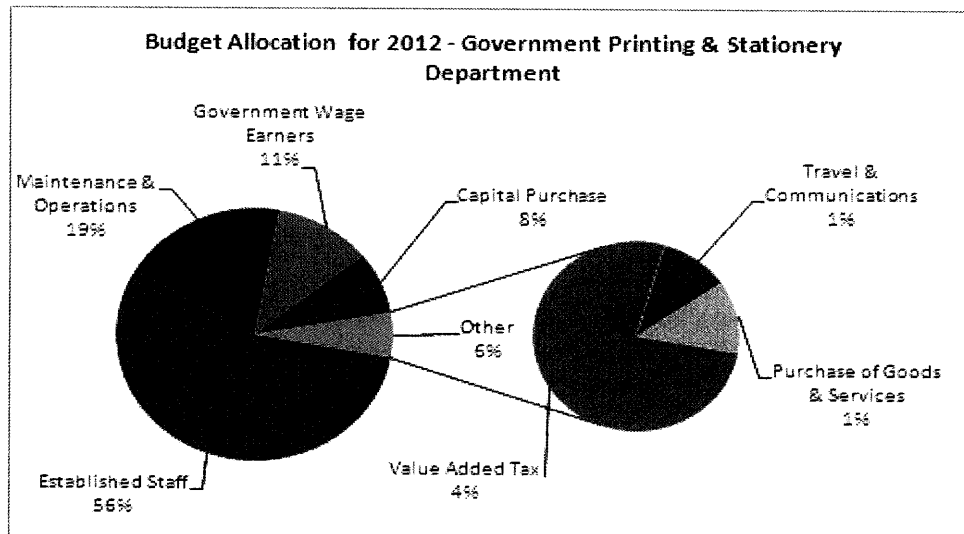
TMA cash balance totaling \$1,204,937 was held in excess of the appropriated TMA ceiling of \$500,000 contrary to Finance circular No. 37 of 26/11/84. GPSD has remitted the sum of \$373,017.33 and retained \$408,595.2 as per Part 6 section 4 of the Finance Instruction 2010.

GOVERNMENT PRINTING & STATIONERY DEPARTMENT

4.36 Budget Allocation For 2012

The Department's revised budget in 2012 totalled \$2.49 million. The distribution of the Department's budget into the various Standard Expenditure Groups (SEGs) is represented in figure 4.6:

³⁵ Ministry's Finance Manual – Section 18.1.3

Figure 4.6: Budgetary Allocation By Standard Expenditure Group

The Department's budget allocation was divided into operating expenditure totalling \$2.2 million or 88%, capital expenditure totalling \$0.2 million or 8% and VAT expenditure totalling to \$0.1 million or 4%. Refer Table 4.40 for details of budgeted expenditure to the actual expenditure incurred in 2012:

Table 4.40: Budgeted Expenditure versus Actual Expenditure

SEG	Item	Revised Estimate (\$)	Actual Expenditure (\$)	Savings (\$)	%age
1	Established Staff	1,384,631	1,129,251	255,380	18
2	Government Wage Earners	283,110	254,392	28,718	10
3	Travel & Communications	15,400	14,928	472	3
4	Maintenance & Operations	484,200	376,176	108,024	22
5	Purchase of Goods & Services	17,600	11,465	6,135	35
9	Capital Purchase	200,000	197,587	2,413	1
13	Value Added Tax	107,600	77,881	29,720	28
		2,492,541	2,061,680	430,862	17

4.37 Excessive Sick Leave taken over a 6 year leave period

An Officer shall be entitled to outpatient sick leave up to 21 days in any one leave year of Service. This leave cannot be accumulated.³⁶ The Permanent Secretary or Head of Department may directly request the Permanent Secretary for Health to convene a Medical Board to ascertain whether the Officer is capable of performing the duties of his/her post or of any post to which it may be proposed to transfer him/her.³⁷

The audit noted that technical officer (EDP # 53396) has been taking more than the entitled outpatient sick leave since 2007.

While the Department has provided counseling and effecting salary deductions, it did not instigate the Officer to improve his attendance. Refer Table 4.41 below for details.

³⁶ General Order 2011, Section 710 Part B (i)

³⁷ General Order 2011, Section 1004

Table 4.41: Excessive Sick Leave

Leave Year	Sick Leave Entitlement	Sick Leave Taken	Excess Sick Leave Taken
16/12/06-15/12/07	21	38	(17)
16/12/07-15/12/08	21	50	(29)
16/12/08-15/12/09	21	25	(4)
16/12/09-15/12/10	21	22	(1)
16/12/10-15/12/11	21	42	(21)
15/12/11-16/12/12	21	27	(6)

The audit also noted that the officer was scheduled for medical board review in 2009 however a medical report was not made available for verification. Discussion held with Acting Assistant Government Printer (Administration) at the time of audit revealed that the Officer did not undergo a medical board review.

In addition, the Department failed to deduct 2 days excess sick leave taken during 2012 totaling \$88.14.

Failure to take appropriate action has resulted in the Officer continuously over utilizing his sick leave entitlement.

Recommendation

The Department should comply with General order 1004 to carry out a medical board review to assess the capability of performing the duties required of him.

Management Comments

- *His first Medical Board was booked on 23/11/09 but he did not turn up.*
- *The officer was again booked for Medical Board on 08/02/10 at 1.30 pm but still did not turn up. This has been confirmed by the Medical Board Unit at CWM Hospital.*

The Department will ensure that corrective actions are taken in 2013 to eliminate the problem.

4.38 Procurement without competitive quotes as required by Procurement Regulations

A tender must be called for the procurement of goods, services or works valued at \$50,001 and more³⁸.

The Government Printer has been authorized to procure goods, services and works up to a \$15,000 while the Assistant Government Printer has been delegated to procure goods, services and works totaling to \$10,000.³⁹

Any officer who authorizes expenditure exceeding his/her procurement limits, including by splitting purchase orders, shall be liable for surcharge to repay the unauthorized amount.⁴⁰

Immediately after payment has been effected, the Payments Clerk must stamp “paid” on all vouchers and supporting documentation to avoid any double payments⁴¹.

³⁸ Procurement Amendment Regulation 2012, Section 5

³⁹ Department Finance Manual 2011, Section 2.2.1 and 2.2.3

⁴⁰ Department Finance Manual 2011, Section 2.2.3

⁴¹ Department Finance Manual 2011, Section 2.8.7

The following unsatisfactory features were noted:

- (i) The audit noted that during the month of January to March 2012, the Department purchased diary covers from That IT Shop Fiji Ltd totaling \$88,032.50 without a tender board approval. Refer Table 4.42 for detail.

Table 4.42: Procurement of Diary Covers without Tender Board Approval

Date	LPO Date	Cheque #	Vendor	Purchase of	Amount (\$)	Cost per diary cover (\$)
10/01/12	PO910141649	3888	That IT Shop Fiji Ltd	770 Diary covers	14,835.00	19.27
10/01/12	PO910141648	3888	That IT Shop Fiji Ltd	1,000 Diary covers	13,972.50	13.97
27/01/12	PO910141675	3895	That IT Shop Fiji Ltd	550 Diary covers	7,969.50	14.49
31/01/12	PO910141677	3899	That IT Shop Fiji Ltd	450 Diary covers	6,520.50	14.49
09/02/12	PO910141695	3907	That IT Shop Fiji Ltd	500 Diary covers	7,245.00	14.49
20/02/12	PO910141699	3913	That IT Shop Fiji Ltd	1,000 Diary covers	14,490.00	14.49
02/03/12	PO910141720	3920	That IT Shop Fiji Ltd	1,500 Diary covers	13,800.00	9.20
14/03/12	PO910141727	3933	That IT Shop Fiji Ltd	1,000 Diary covers	9,200.00	9.20
					88,032.50	

- (ii) The audit noted of the price variations for different purchase orders for the purchase of diary covers which ranged from \$9.20 to \$19.27 per diary cover which was usually high.
- (iii) There was no evidence of the Department obtaining competitive quotes for the purchase of diary covers from other suppliers.
- (iv) The Department did not use a "PAID" stamp to cancel invoices and documents after payment. These increase the risk of double payment to creditors and fraud.
- (v) A random stock take of diaries revealed that physical stock did not match with the balance shown in the tally card. This increases the risk of unauthorized sale and misappropriation of government stores. Refer to Table 4.43 for details:

Table 4.43: Discrepancies In Diaries

Description	Physical Count	Tally Card Balance	Variance
A5 Diaries	52	109	57

Failure to adhere to the procurement regulations is a blatant disregard for procurement procedures and policies in place.

Recommendations

- The Department should take appropriate actions against Officers responsible for authorising the purchase orders exceeding their procurement limits.
- The Department should ensure that the procurement regulations are strictly adhered to.
- Department should use 'PAID' stamp to cancel invoices and supporting documents after payment.
- The Department should ensure Tally Cards are updated when stocks are received or issued.

- **Appropriate action is taken against the responsible officers for the deficiencies noted in the stores.**

Departments Comments

Procurement procedures were not followed at the first place. The purchasing of the diary covers was handled by the former Government Printer. She dealt directly with the supplier (That IT Shop)

4.39 Loss on sale of A5 Diaries

Goods or services shall be sold at prices that ensure that adequate returns are received from the trading and manufacturing process, with due regard to competition in the industry⁴². One of the objectives of the Department was the timely delivery of services that are cost efficient and of high quality⁴³

The Department operates a trading and manufacturing (TMA) account for printing of official publications, supply of stationery items and printing publications.

In 2012, the Department sold 9,169 A5 diaries at selling price of \$15.00 each without taking into account the total cost of direct labour, direct material and other overhead cost.

The Department paid \$10,000 to Star Printery on 7/2/12 for binding 1,000 diaries at \$10.00 each. In addition, a total of 6,770 A5 diary covers were purchased from That IT Shop Fiji Ltd at an average cost of \$13.00 each totalling \$88,032.50.

Hence, the cost of \$23.00 (\$10.00 + \$13.00) exceeds the selling price of \$15.00 excluding the cost of direct labour, direct material and other overhead cost.

Furthermore, request for job bag records to determine the actual costs involved in respect of production of A5 diaries were not provided for audit.

Verbal discussion with a technician revealed during the audit on 14/12/12 that the job bag was missing.

The above findings are a matter of concern since it appears that the Department failed to maintain accurate records to establish the actual cost of producing A5 diaries.

Recommendations

- **The Department should ensure that all records in relation to production of diaries are maintained to establish the total cost of production.**
- **The Department should liaise with Ministry of Finance for the approved selling price and carry out an independent investigation on the need to set the prices for the items below costs.**

Management Comments

Your recommendations are noted and the responsible staffs have been advised to maintain proper records at all times. The review of selling prices is in progress and is line with the reform process currently being undertaken at the Department.

⁴² Department Finance Manual 2011, Section 6.4.1

⁴³ Department's Business Plan 2012.

4.40 Replacement of Diary Covers

The proper management of expenditure is fundamental to ensuring value-for-money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur⁴⁴.

Goods or services shall be sold at prices that ensure that adequate returns are received from the trading and manufacturing process, with due regard to competition in the industry.⁴⁵

The Department sold 647 A5 Executive diaries in 2012. However audit noted that all the A5 Executive diaries were returned to the Department due to poor quality diary covers. These diary covers were purchased from That IT Shop Ltd at \$19.27 each costing \$12,467.69. These diary jackets were replaced by the Department with hard cover diaries.

The Department failed to return the poor quality diary covers to That IT Shop Fiji Ltd for refund or obtain replacement diary covers.

These indicate that purchase of diary covers were not properly checked which resulted in poor quality covers being supplied. This may place unnecessary financial constrain on the Department.

Recommendations

- The Department must check its procurement of materials properly to avoid such extravagant purchases.
- The Department should surcharge the responsible officer for not exercising due care and diligence in procurement of diary covers.

Management Comments

The decision to purchase of Diary covers from That IT Shop was made by the former GP who has since been terminated from her post.

4.41 Splitting of Purchase Order

Any officer who authorises expenditure exceeding his/her procurement limits, including by splitting purchase orders, shall be liable for surcharge to repay the unauthorised amount.

The audit noted that the former Government Printer authorised expenditure exceeding her procurement limit by splitting the Local Purchase Order to bring it within the approver's limit of \$15,000. Refer Table 4.44 for details:

Table 4.44: Purchases Exceeding Local Purchase Order Limits

LPO Date	LPO #	Cheque #	Payee	Details	Amount (\$)
19/06/12	91014-1815	4025	Janty Kanvan Ltd	Art Gloss 250 GSM	7,866.00
19/06/12	91014-1813	4025	Janty Kanvan Ltd	Art Gloss 250 GSM	7,866.00
				Total	15,732.00
09/01/12	PO91014-001649	3888	That IT Shop Fiji	770 Diary covers	14,835.00

⁴⁴ Department Finance Manual Part 2

⁴⁵ Department Finance Manual 2011, Section 6.4.1

LPO Date	LPO #	Cheque #	Payee	Details	Amount (\$)
			Ltd		
03/01/12	PO91014-001648	3888	That IT Shop Fiji Ltd	1000 Diary covers	13,972.50
					28,807.50

- Levels of authority over local purchase orders are put in place to ensure adequate control is exercised over purchases made by Ministry/Department. Failure to adhere to the control measures may result in evasion of an important control over purchases.

Recommendations

- The Department must ensure that goods and services are purchased in accordance with government regulations.
- Appropriate actions are taken against Officer responsible for authorising the purchase orders exceeding their procurement limits.

Management Comments

Your recommendations are noted and the former GP was aware of the rules and regulations yet she chose to disregard it.

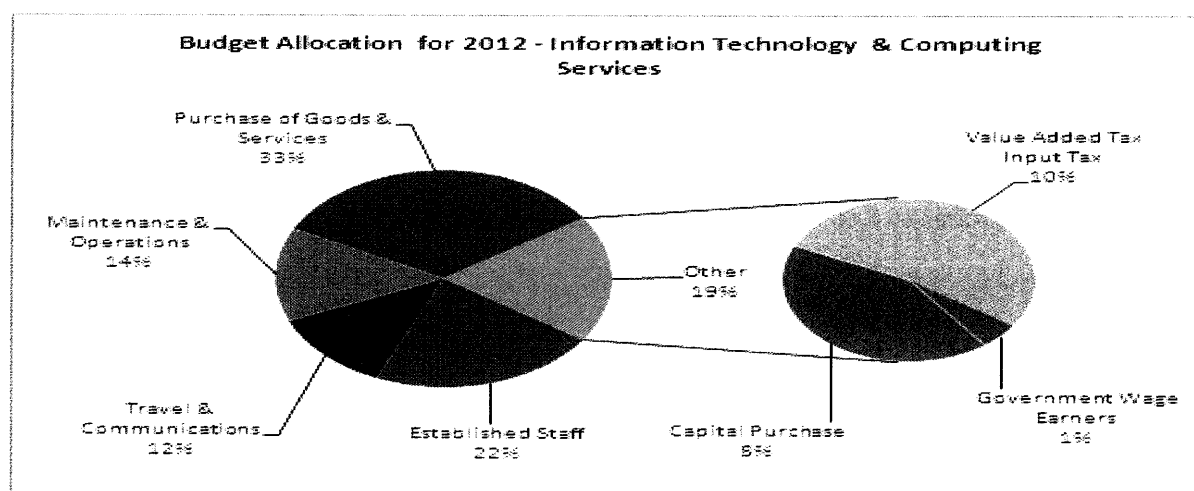
INFORMATION TECHNOLOGY AND COMPUTING SERVICES

4.42 Budget Allocation For 2012

The proper management of expenditure is fundamental to ensuring value-for-money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.⁴⁶

The Department's budget was revised to \$11.8 million during the year. The distribution of the Department's budget into the various Standard Expenditure Groups (SEGs) is shown in figure 4.7:

Figure 4.7: Budgetary Allocation By Standard Expenditure Group



⁴⁶ Finance Manual 2011 – Part 2 Expenditure

The Department's budget allocation was divided into operating expenditure totalling to \$9.6 million or 82%, capital expenditure totalling to \$1 million or 8% and VAT expenditure totalling to \$1.2 million or 10%. Refer Table 4.45 for details of budgeted expenditure to the actual expenditure incurred in 2012:

Table 4.45: Budgeted Expenditure Vs Actual Expenditure

SEG	Item	Revised Estimate (\$)	Actual Expenditure (\$)	Savings (\$)	%age
1	Established Staff	2,708,635	2,022,524	686,111	25
2	Government Wage Earners	29,659	22,498	7,161	24
3	Travel & Communications	1,363,000	1,333,809	29,191	2
4	Maintenance & Operations	1,643,190	1,535,852	107,338	7
5	Purchase of Goods & Services	3,877,988	3,676,849	201,139	5
9	Capital Purchase	1,000,000	852,835	147,165	15
13	Value Added Tax Input Tax	1,182,600	546,085	636,515	54
	Total Expenditure	11,805,072	9,990,452	1,814,620	15

4.43 Unauthorised Time-Off Taken

Officers occupying posts, the maximum salary of which does not exceed \$20,295, are eligible for the payment of overtime or time-off in lieu on an hour-for-hour basis of any work performed in excess of their normal daily working hours⁴⁷.

An Officer, who would have otherwise qualified to claim overtime, shall not be eligible for overtime pay or time-off when acting in a higher position, the maximum salary of which is \$20,295.00 or above⁴⁸.

The audit noted that during 2012, there were numerous Officers whose salary were above \$20,295 were granted time-off contrary to General Order 418(b) and the Overtime policy as stated in PSC Circular 52/2011.

On 09/02/12, ITCS made a request to Public Service Commission (PSC) if the project team could be allowed overtime, time off and flexi hours. The Public Service Commission in its letter dated 09/03/12 granted approval for flexi hours only.

Refer Table 4.46 for details of Officers' granted time-off contrary to PSC circular 52/2011 and General Order 418.

Table 4.46: Examples of time-off taken by officers of salaries above \$20,295

Officer	Post	EDP No's	Annual Salary (\$)	Time-off Taken (hours)
Nataniela Rafai	Manager Project	61839	50,455	12.5
Moape Qiolveu	Manager Project	90428	43,148	42
Aloesi Cagica	System Analyst/Engineer	90427	39,157	68
Jack Kanimea	System Analyst/Engineer	63715	39,157	53.5

⁴⁷ General Order 2011- Section 418(b)

⁴⁸ PSC Circular 52/2011 - Section 6.5.1 (d)

Officer	Post	EDP No's	Annual Salary (\$)	Time-off Taken (hours)
Suliana Waqavakatoga	Senior System Analyst	48050	39,157	124.5
Jobe Nabalarua	System Analyst/Engineer	63877	32,175	26.5
Manasa Vakuruivalu	System Analyst/Engineer	92194	32,175	177
Watisoni Kaumaitotoya	System Analyst/Engineer	91990	32,175	29.5
Rosarina Rigamoto	AnalystProgrammer/Engineer	92246	29,678	81.5
Esiromi Rokotakala	AnalystProgrammer/Engineer	91251	29,678	75.5
Catherine Subhyadas	AnalystProgrammer/Engineer	92177	29,678	83
Ravuama Bainivalu	AnalystProgrammer/Engineer	63701	24,505	131
Alvin Reddy	RelievingAnalyst Programmer	UZ525	24,505	136
Romika Prasad	System Analyst/Programmer	64636	24,505	36.5
Savita Chandra	System Analyst/Programmer	92176	24,505	23.5
Asaeli Cati	System Analyst/Programmer	90207	24,505	78.5
Josaia Boselawa	System Analyst/Programmer	91543	24,505	33.5
Meli Moce	System Analyst/Programmer	91944	24,505	170.5
Fazia Fariza	AnalystProgrammer/Engineer	92250	24,505	38.5
JoapeDreu	System Analyst/Programmer	93007	24,505	101.5
Colin Rika	Assistant Programmer	93101	20,922	111.5
Sarote Waisale	Assistant Programmer	93094	20,922	30
Amena Tagicakibau	Assistant Programmer	93098	20,922	45
Naikelekele Wara	Assistant Programmer	93097	20,922	41.5
Tomasi Chan	Assistant Programmer	93006	20,922	36.5
Jone Kotobalavu	Assistant Programmer	93100	20,922	99.5

The above findings indicate that the Department failed to adhere to the overtime policy for the civil service.

Recommendation

The Department should ensure that Officers whose salaries above \$20,295 are not entitled to take time off or overtime pay. Part 6.4.1 of the Policy on overtime of the civil service is relevant.

Management Comment

Due to the nature of work carried out by these officers where they have to stay back late in the night in order to carry out the migration works and also attend to urgent change management request, the management has allowed them to take Time off so that they could have good rest before they continue with the Project that they were carrying out. This was approved by our former Manager

Recommendation noted and also PSC Circular 52/2011 and GO 418

APPENDICES

Appendix 4.1: Acquittals Not Submitted For Miscellaneous Aid In Kind

Head 50 - 2012 Small Grants Scheme			
Particulars	Donor	Ministry/Department	Amount (\$)
Clean Development Mechanism (CDM) Fund	UNEP	MFAIC	6,683.61
Purchase of Mortuary Berths at Mokani Health Centre	Tailevu community-Sydney	Health	21,977.59
Divisional Follow up Training on development of Divisional STI Combi plan	WHO	Health	10,600.00
Development of Strategic Workforce Plan for Fiji	WHO	Health	3,000.00
Enforcement of Nurses Decree 2011	WHO	Health	4,000.00
Printing of National Strategic Plan on HIV & STI 2012 - 2015	WHO	Health	2,923.00
Nationwide road Safety Campaign 2011-2020	WHO	Police	13,112.00
Printing of photos for Photo Archive Gallery	US embassy	Archives	1,087.20
Critical Infrastructure Survey	Various	Defense	3,205.69
Balance of National Biosafety Project	GEF/UNEP	Local Government	59,905.20
Second National Communication Project	UNFCCC	Foreign Affairs	21,568.26
Fiji radio Nuclide Station for the Comprehensive Nuclear Test Ban Treaty Organization	NZ MOH	Fiji Meteorological Services	10,266.78
Russian Delegation Visit	Russia	Foreign Affairs	17,177.93
Fiji-China Friendship Association	China	Foreign Affairs	9,449.20
Health Promoting Symposium	WHO	Health	2,000.00
Payment of Salary Expenses for Project Officer - Task Force Global Health	TFGH	Health	23,605.00
Reef Enrichment Initiative Campaign - Project Development Fund	PDF	Fisheries and Forests	60,000.00
Health Promoting School	WHO	Health	17,593.00
Container deposit Legislation (CDL) Project	UNDP	Health	3,008.75
UNGU R&R Accommodation Rental in Jordan	Azerbaijan	Military Forces	9,961.56
Organization of the South-South Cooperation	UNEP	Environment	5,398.60
Healthy Promoting School	WHO	Health	42,001.00
Salaries for Research Assistants for Group A Streptococcal Project (GRASP)	Menzies school of Health research Assistants, Australia	Health	34,251.00
Financial Competency Survey for Low Income Households in Fiji to be returned to RBF	RBF	Bureau of Statistics	4,133.30
Integrated Water Resource Management	SOPAC	Agriculture	80,260.00
Multi Country Program to fight	SPC	Health	16,640.50

Head 50 - 2012 Small Grants Scheme			
Particulars	Donor	Ministry/Department	Amount (\$)
HIV/AIDS			
Training workshop on Infection control for clinical PH personnel	WHO	Health	7,296.00
Lymphatic Filariasis Program - Task Force global Health	TFGH	Health	83,704.05
Fiji Hydrocolectomy Surgery project	French Government	Health	18,409.00
Purchase of Drugs to assist farmers in the Western Division	World Society for the protection of animals	MPI	13,256.58
MSG Summit Meeting	Chinese Embassy	Foreign Affairs	88,025.00
Survey of Fiji Islands Archipelagic Base point in North of Yasawa	FFA	Foreign Affairs	21,905.80
MSG Summit Meeting	Various	Foreign Affairs	5,000.00
Pacific Adaptation to Climate Change	UNDP	Agriculture	129,820.16
Improving Soil Health in support of Sustainable Development Project	SPC	Agriculture	49,006.16
Salaries for Rotavirus Project Officers	Australia	Health	29,630.07
Naitasiri Women's Project	China	Social Welfare	28,093.33
Repair of roof at Quarters 17	French Government	Social Welfare	6,300.00
FFA Working Group Preparatory Meeting	FFA	Fisheries and Forests	33,391.60
Training Workshop on Pen Model	WHO	Health	9,000.00
MSG Summit Meeting	Various Donors	Foreign Affairs	15,000.00
National Capacity Self Assessment Project	UNDP	Environment	3,000.00
Climate Change and Human Health Project Technical Working Group Activities	WHO	Health	7,135.00
Balance of Seed Funds for RETA6483	ADB	Bureau of Statistics	10,492.31
Creation of a Deposit & refund Beverage Container Recycling System in Fiji	UNEP	Environment	12,468.59
Salaries for Project staff for Fiji Newborn Integrated Care Initiative	University of Melbourne, Australia	Health	20,461.78
Capacity Building and Mainstreaming of Sustainable Land Management	IHRDP	Agriculture	5,000.00
ISO COPOLCO conference 2012	British American Tobacco	Industry and Trade	7,000.00
Fiji Government contributions to the Western and Central Pacific Fisheries Commission	PDF	Foreign Affairs	91,055.15
Developing Cleaner Export Pathways for Pacific Agriculture Commodities Project	SPC	Agriculture	34,163.63
Public Health Laboratory	WHO	Health	6,090.00
ISO COPOLCO conference 2012	Carpenters Fiji Ltd	Industry and Trade	20,000.00
ISO COPOLCO conference 2012	Vodafone	Industry and Trade	5,000.00
Rehabilitative Program for the aftermath of the flood in the Western Division	WHO	Health	9,100.00
Training on Lymphatic Filariasis Morbidity Control	WHO	Health	9,985.00
Small Project Award for John Allwright Fellowship Returnees	ACIAR	Agriculture	11,141.90

Head 50 - 2012 Small Grants Scheme			
Particulars	Donor	Ministry/Department	Amount (\$)
Lautoka Agriculture Show	SPC	Agriculture	10,000.00
Agriculture Show	Various	Agriculture	6,560.00
Balance of funds for Agriculture Show	Various	Agriculture	3,711.65
ISO/COPOLCO Conference	Punjas & RC Manubhai	Industry and Trade	15,600.00
Fiji radio Nuclide Station for the Comprehensive Nuclear Test Ban Treaty Organization	NZ MOH	Fiji Meteorological Services	8,670.30
Improving Soil Health in Support of sustainable development in the Pacific project	SPC	Agriculture	17,968.60
Agriculture Show	Fiji Meat Industry	Agriculture	5,000.00
Seed Fund RDTA	ADB	Government Statistician	29,126.21
Review of the Quarantine Act Stakeholders Consultations Workshop	WHO	Health	13,611.50
Training on Integrations of RH/HIV/STI/TB	WHO	Health	4,600.00
Updating STI Information	WHO	Health	4,000.00
Activities to improve data on Chlamydia	WHO	Health	18,000.00
Support Outreach Services	WHO	Health	15,000.00
Creation of a Deposit & refund Beverage Container Recycling System in Fiji	UNEP	Environment	10,870.00
Agriculture Rehabilitation Program	UNEP	Agriculture	50,000.00
Climate Protection through Forest Conservation in Pacific Island Countries Project	PDF	Foreign Affairs	56,300.00
Agriculture Show	Various Co	Agriculture	6,500.00
Child Protection Program	UNICEF	Education	14,781.00
Refurbishment of the Government House Swimming Pool	Chinese Embassy	Presidents Office	49,000.00
Agriculture Show	Awesome Chicks	Agriculture	500.00
Canadian International Development Assistance (CIDA funds)	SPREP	Foreign Affairs	42,528.28
Pacific Island Countries (PIC's) Network Meeting of Ozone Officers	UNEP	Environment	1,804.40
Purchase of Office Equipment for Director Fisheries Office	PDF	Fisheries and Forests	68,330.00
Agriculture Show	FDB	Agriculture	5,000.00
Integrated Water Resource Management Project	SOPAC	Agriculture	35,794.93
Agriculture Show	Central Manufacturing / Agchem Ltd	Agriculture	11,000.00
Agriculture Show	Hop Tiy/ RBF/ Clyde Equipment	Agriculture	17,000.00
National Portfolio Exercise	GEF	Environment	26,150.90
UNGU R&R Accommodation Rental in Jordan	Azerbaijan	Military Forces	7,296.01
Balance of National Biosafety Project	UNEP	Local Government	59,628.13
Agriculture Show	China Railway, Hall Contracting, Goodman Fielder	Agriculture	42,000.00
salaries for project staff for Rotavirus	Australia	Health	27,402.04

Head 50 - 2012 Small Grants Scheme			
Particulars	Donor	Ministry/Department	Amount (\$)
Project			
Engagement with the Pacific meeting	China	Foreign Affairs	96,000.00
Child Protection Training	UNICEF	Youth and Sports	16,790.00
Agriculture Show	Food Processors/ Westpac	Agriculture	6,000.00
Agriculture Show	Mechanical Services/ South Pacific Fertilizers/ MH/ ASCO Motors	Agriculture	14,401.00
Public Health Response to March/April Floods	FHSSP	Health	56,718.00
Cyber Security Workshop	Geneva Switzerland	Defense	2,891.46
Media Training for Journalist	WHO	Health	6,770.00
Effective Vaccine Management	WHO	Health	30,000.00
Integrated Water Resource Management	SOPAC	Agriculture	88,490.23
Nuclear Test BAN Treaty Organization	NZMOH	Meteorological Services	9,006.89
Reimbursement for Spatial Epidem	WHO	Health	307.59
Hiring of Consultant - Alain Murphy	PDF	Foreign Affairs	76,561.46
Heads of Agriculture & Forestry Services Conference	SPC	Agriculture	5,000.00
MSG & Engaging With The Pacific (EWTP) Meeting	Carpenters Fiji Ltd	Foreign Affairs	10,000.00
Pacific Adaptation to Climate Change	SOPAC	Agriculture	50,000.00
Health Care Waste Management Conference	WHO	Health	8,387.00
Non-Communicable & Health Promotions Activities	WHO	Health	30,000.00
Mass Drug Administrations Program	WHO	Health	100,000.00
Medical Mobile Bus Project	Rotary Club of Fiji	Health	10,000.00
National Biodiversity Strategy and Action Plan	UNDP	Local Government	24,252.00
Technical Training on Penaeus Vannemei Hatchery	PDF	Fisheries and Forests	3,281.00
HCFC Phase Out Management Plan	UNDP	Environment	25,000.00
Lautoka Hospital Landslide Rehabilitation	FHSSP	Health	82,719.08
Mobile Medical Bus Project	Colgate Palmolive	Health	20,000.00
Esala Nayasi - UNFCCC COP18 in DOHA	British High Commission	Foreign Affairs	16,455.00
CTBTO Project	Environmental Science & Research Limited	Meteorological Services	4,229.82
Prime Minister's Visit to PNG	Vodafone	Foreign Affairs	10,000.00
Child Protection Awareness Competition	UNICEF	Youth and Sports	11,976.00
Cocoa Training	SPC	Agriculture	2,360.00
The Pacific Adaptation to Climate Change	UNDP/SPREP	Agriculture	171,419.05
Hosting of Minister of Foreign Affairs functions to all Residents Diplomatic Corp	Golden Ocean Fish Limited	Foreign Affairs	10,000.00
CTBTO Project	Environmental Science & Research Limited	Meteorological Services	8,620.55

Head 50 - 2012 Small Grants Scheme			
Particulars	Donor	Ministry/Department	Amount (\$)
Installation of Cool room for EPI program	UNICEF	Health	17,430.00
Northern Division Setting Awards Night	WHO	Health	15,000.00
			2,997,540.36

Appendix 4.2: Fuel Card Receipts Not Signed

No.	Vehicle No.	Receipt No.	Date	Amount (\$)	Comments
November					
1	GN 668	3275	21/11/12	112.95	Not Signed
2	GM 949	3594	12/11/12	125.00	Not Signed
3	GN 668	2287	29/11/12	104.43	Not Signed
4	GN 934	1661	01/11/12	102.90	Not Signed
5	GN 934	1950	05/11/12	100.83	Not Signed
6	GN 934	2735	15/11/12	105.20	Not Signed
7	GN 934	2970	18/11/12	101.15	Not Signed
8	GN 934	3791	26/11/12	100.45	Not Signed
9	GM 880	1627	01/11/12	144.40	Not Signed
10	GM 880	1969	05/11/12	127.50	Not Signed
11	GM 880	2344	09/11/12	125.00	Not Signed
12	GM 880	2792	15/11/12	130.00	Not Signed
13	GM 880	3259	21/11/12	148.88	Not Signed
14	GP 098	1744	02/11/12	116.78	Not Signed
15	GP 098	1476	07/11/12	118.47	Not Signed
16	GP 098	6660	14/11/12	128.65	Not Signed
17	FB 775	2840	16/11/12	109.62	Not Signed
18	GN 323	1568	01/11/12	154.01	Not Signed
19	GN 323	1884	05/11/12	155.88	Not Signed
20	GN 323	2049	06/11/12	134.00	Not Signed
21	GN 323	2443	11/11/12	159.55	Not Signed
22	GN 323	2606	14/11/12	106.70	Not Signed
23	GN 323	3276	21/11/12	145.51	Not Signed
24	GN 323	3871	28/11/12	137.03	Not Signed
Total				2,994.89	
December					
25	GN 668	4628	07/12/12	102.64	Not Signed
26	GM 949	281	24/12/12	118.45	Not Signed
27	GN 934	4274	03/12/12	103.55	Not Signed
28	GN 934	5069	12/12/12	101.48	Not Signed
29	GM 880	4491	05/12/12	146.16	Not Signed
30	GM 880	4970	11/12/12	141.12	Not Signed
31	GM 880	5373	15/12/12	126.00	Not Signed
32	GM 880	5910	21/12/12	126.00	Not Signed
33	GM 880	6333	29/12/12	133.56	Not Signed
34	GP 098	5307	15/12/12	137.56	Not Signed
35	GN 323	4135	01/12/12	136.87	Not Signed
36	GN 323	4559	06/12/12	133.24	Not Signed
37	GN 323	7796	08/12/12	157.08	Not Signed
38	GN 323	6063	24/12/12	138.18	Not Signed
39	GN 323	6303	28/12/12	163.76	Not Signed
Total				1,965.65	
Total Not Signed				4,960.54	

Appendix 4.3: Over – Expenditure for Domestic Loans

Allocation	Description	Revised (\$)	Actual (\$)	Variance (\$)
1-52201-52206-151101	INT-FD LOAN 01-1@-5.875%	912,700	912,720	20.00
1-52201-52208-151101	INT-FD LOAN 01-1@-5.875%	3,250,100	3,250,136	36.00
1-52201-52209-151101	INT-FD LOAN 01-1@-5.875%	1,413,100.00	1,448,566.85	35,466.85
1-52201-52211-151101	2011 FDL 01	212,100.00	212,115.00	15.00
1-52201-52208-151102	INT-FD LOAN 01-2@4.05% 2006/0	1,978,400.00	1,978,440.00	40.00
1-52201-52200-151103	INT-FDL 3@6.00-7.75% 2002/15	188,800.00	228,051.37	39,251.37
1-52201-52205-151103	INT-FD LOAN 3 @2.08-6.07% 2007/20	751,800.00	751,830.00	30.00
1-52201-52206-151103	INT-FD LOAN 01-3@5.51% 2008/1	35,700.00	35,720.00	20.00
1-52201-52200-151104	INT-FDL 4@6.00-7.75% 2002/15	226,500.00	264,973.97	38,473.97
1-52201-52199-151105	INT-FDL 5@5.45-7.47% 2000/14	299,200.00	365,597.81	66,397.81
1-52201-52200-151106	INT-FDL 6@5.98-7.47% 2002/15	224,100.00	236,993.42	12,893.42
1-52201-52204-151106	INT-FD LOAN 6@2.00-5.44% 2007/19	546,000.00	546,020.00	20.00
1-52201-52211-151106	2011 FDL 06	244,600.00	244,690.00	90.00
1-52201-52200-151107	INT-FDL 7@5.78-7.45% 2002/15	223,500.00	227,786.30	4,286.30
1-52201-52204-151107	INT-FD LOAN 7@ 2.00-5.45% 2007/19	654,300.00	654,310.00	10.00
1-52201-52208-151107	INT-FD LOAN 7 @ 5.825-8.80%	1,385,800.00	1,385,835.00	35.00
1-52201-52211-151108	2011 FDL 08	381,900.00	381,940.00	40.00
1-52201-52197-151109	INT-FDL 9@6.21-8.18% 1998/12	582,000.00	582,010.00	10.00
1-52201-52207-151109	INT-FD LOAN 9 @ 6.04-8.82%	1,314,400.00	1,314,420.00	20.00
1-52201-52208-151109	INT-FD LOAN 9 @ 6.04-8.82%	1,736,800.00	1,736,840.00	40.00
1-52201-52211-151109	2011 FDL 09	260,300.00	553,250.00	292,950.00
1-52201-52206-151113	INT-FDB LOAN 13 @ 4.60 - 7.32%	1,568,200.00	1,568,210.00	10.00
1-52201-52208-151113	INT-FDB LOAN 13 @ 4.60 - 7.32%	1,044,400.00	1,044,420.00	20.00
1-52201-52205-151114	INT-FD LOAN 14 @ 2.15-6.32% 2007/20	440,900.00	440,910.00	10.00
1-52201-52209-151114	INT-FDB LOAN 14 @ 2.99 - 6.20%	2,158,000.00	2,158,020.00	20.00
1-52201-52205-151115	INT-FD LOAN 15 @2.17-6.35% 2007/20	449,600.00	449,620.00	20.00
1-52201-52206-151115	INT-FDB LOAN 15 @ 2.97 - 6.19%	2,040,200.00	2,040,230.00	30.00
1-52201-52205-151117	INT-FD LOAN 17@2.20-6.41% 2007/20	692,500.00	692,530.00	30.00
1-52201-52206-151121	INT FD LOAN 05-1@2.00% 2006/07	1,038,100.00	1,038,105.00	5.00
1-52201-52205-151122	INT FD LOAN 22@3.00-6.54% 2008/20	543,100.00	543,110.00	10.00
1-52201-52206-151122	INT FD LOAN 05-2@2.51% 2007/09	1,771,100.00	1,771,120.00	20.00
1-52201-52209-151123	INT FD LOAN 05-3@3.81% 2009/11	1,590,200.00	1,590,693.15	493.15
1-52201-52209-151124	INT FD LOAN 05-4@4.61% 2011/14	1,787,800.00	1,788,352.74	552.74
1-52201-52205-151125	INT FD LOAN 25@2.65-6.75%	346,000.00	372,600.00	26,600.00

Allocation	Description	Revised (\$)	Actual (\$)	Variance (\$)
	2007/20			
1-52201-52206-151126	FD LOAN 06-1@2.30% 2005/06	1,834,800.00	1,834,840.00	40.00
1-52201-52210-151126	2010 FDL 26	1,986,300.00	1,986,900.00	600.00
1-52201-52211-151151	2011 FDL 51	2,900,000.00	3,200,440.00	300,440.00
1-52202-52209-151201	FDB LOAN 01 @11.5% 2011/29	2,200,000.00	4,200,000.00	2,000,000.00
1-52202-52199-151203	PPY-FDL 01-3@6.70% 2004-06	0	4,000,000.00	4,000,000.00
1-52202-52200-151203	PPY-FDL 3 @ 6-7.75% 2003/15	0	2,500,000.00	2,500,000.00
1-52202-52202-151203	PPY-FDL 3 @ 3.23-6.28% 2005/17	3,000,000.00	6,000,000.00	3,000,000.00
1-52202-52199-151204	PPY-FDL 01-4@7.09% 2006-09	0	3,000,000.00	3,000,000.00
1-52202-52200-151204	PPY-FDL 4 @ 6-7.75% 2003/15	0	3,000,000.00	3,000,000.00
1-52202-52207-151204	PPY-FDL 01-4@4.70% 2011-14	1,200,000.00	3,300,000.00	2,100,000.00
1-52202-52198-151205	PPY-FDL 5 @ 6.9-7.71% 2005/13	0	7,500,000.00	7,500,000.00
1-52202-52199-151205	PPY-FDL 01-5@7.49% 2010-14	0	4,000,000.00	4,000,000.00
1-52202-52207-151205	FDB LOAN 05 @ 9.1% 2010/22	5,100,000.00	6,080,000.00	980,000.00
1-52202-52200-151206	PPY-FDL 6 @ 6-7.75% 2003/15	0	3,000,000.00	3,000,000.00
1-52202-52200-151207	PPY-FDL 7 @ 5.78-7.45% 2003/15	0	3,000,000.00	3,000,000.00
1-52202-52209-151212	FDB LOAN 12 @ 12.81% 2011/29	1,100,000.00	2,200,000.00	1,100,000.00
1-52202-52202-151214	PPY-FDL 14 @ 2.99-6.20% 2005/17	2,000,000.00	3,000,000.00	1,000,000.00
1-52202-52209-151215	FDB LOAN 15 @ 10.5% 2011/29	3,900,000.00	6,900,000.00	3,000,000.00
1-52202-52209-151216	FDB LOAN 16 @ 12.0% 2011/29	1,000,000.00	6,000,000.00	5,000,000.00
1-52202-52209-151217	FDB LOAN 17 @ 13.0% 2011/29	2,000,000.00	4,000,000.00	2,000,000.00
1-52202-52209-151223	FDB LOAN 23 @ 12.0% 2011/29	1,100,000.00	1,190,000.00	90,000.00
1-52202-52209-151224	FDB LOAN 24 @ 12.0% 2011/29	50,000.00	300,000.00	250,000.00
1-52202-52206-151227	FDB LOAN 06-2@3.33% 2006/08	0	3,000,000.00	3,000,000.00
1-52202-52206-151233	FDB LOAN 07-3@4.57% 2008/10	0	500,000.00	500,000.00
	Total	61,663,300.00	116,502,346.61	54,839,046.61

Appendix 4.4: Sample of Tender Board Meeting Composition

Meeting No.	Meeting Date	No.	Members Present	Posts	Board Role
12	29/05/12	1	Mr. M. Luveniyali	DS (Admin/Finance) Health	T/Chairperson
		2	Mrs. E. Lobendahn-Volavola	A/DSF (A)	Member
		3	Mr. M. Lesuma	A/DSO Works	Member
		4	Mr. A. Imtiaz	DFPO	Member
		5	Mr. U. Dean	Manager Finance FICAC	Member
		6	Mr. J. Bacau	PAS Provincial	Member
		7	Mr. K. Gounder	PEPO (Strategic Planning)	Member
		8	Ms. L. Bolalevu	SFA (MPECCAT)	Member
13	05/06/12	1	Mr. M. Luveniyali	DS (Admin/Finance) Health	T/Chairperson
		2	Mrs. E. Lobendahn-Volavola	A/DSF (A)	Member
		3	Mr. A. Imtiaz	DFPO	Member
		4	Mr. U. Dean	Manager Finance FICAC	Member
		5	Mr. L. Koroisave	A/CEPO (Strategic Planning)	Member
		6	Ms. L. Bolalevu	SFA (MPECCAT)	Member
14	16/06/12	1	Mrs. E. Lobendahn-Volavola	DCS Finance	T/Chairperson
		2	Mr. M. Lesuma	A/DSO Works	Member
		3	Mr. U. Dean	Manager Finance FICAC	Member
		4	Mr. E. Walker	A/CEPO (Strategic Planning)	Member
		5	Mr. L. Bolton	Manager Logistics FPO	Member
		6	Mr. J. Bacau	PAS Provincial	Member
		7	Ms. P. Singh	SFA (MPECCAT)	Member
15	26/06/12	1	Mr. M. Luveniyali	DS (Admin/Finance) Health	T/Chairperson
		2	Mrs. E. Lobendahn-Volavola	DCS Finance	Member
		3	Mr. A. Imtiaz	DFPO	Member
		4	Mr. U. Dean	Manager Finance FICAC	Member
		5	Mr. L. Koroisave	A/CEPO (Strategic Planning)	Member
		6	Mr. J. Bacau	PAS Provincial	Member
		7	Ms. L. Bolalevu	SFA (MPECCAT)	Member
16	10/07/12	1	Mr. M. Luveniyali	DS (Admin/Finance) Health	T/Chairperson
		2	Mrs. E. Lobendahn-Volavola	DCS Finance	Member
		3	Mr. A. Imtiaz	DFPO	Member
		4	Mr. U. Dean	Manager Finance FICAC	Member
		5	Mr. L. Koroisave	A/CEPO (Strategic Planning)	Member
		6	Mr. G. Chand	PAS Provincial	Member
		7	Ms. P. Singh	SFA (MPECCAT)	Member
17	24/07/12	1	Mr. P. Ratumaitavuki	DS Provincial	T/Chairperson
		2	Mr. A. Imtiaz	DFPO	Member
		3	Mr. U. Dean	Manager Finance FICAC	Member

Meeting No.	Meeting Date	No.	Members Present	Posts	Board Role
		4	Mr. J. Vonu	Divisional Engineer C/E	Member
		5	Mr. S. Moce	PEPO Finance	Member
		6	Mr. N. Prakash	PEPO (Strategic Planning)	Member
		7	Ms. L. Bolalevu	SFA (MPECCAT)	Member
18	7/8/12	1	Mr. M. Luveniyali	DS Health	T/Chairperson
		2	Mrs. E. Lobendahn-Volavola	DCS Finance	Member
		3	Mr. A. Imtiaz	DFPO	Member
		4	Mr. U. Dean	Manager Finance FICAC	Member
		5	Ms. M. Lacarua	Manager Finance Provincial	Member
		6	Mr. N. Prakash	PEPO (Strategic Planning)	Member
		7	Ms. P. Singh	SFA (MPECCAT)	Member
19	15/08/12	1	Mr. M. Lesuma	DSO Works	T/Chairperson
		2	Mr. M. Luveniyali	DS Health	Member
		3	Mr. A. Imtiaz	DFPO	Member
		4	Mr. S. Sudhakar	Director Provincial	Member
		5	Mr. S. Moce	PEPO Finance	Member
		6	Mr. K. Gounder	SEPO (Strategic Planning)	Member
		7	Ms. P. Singh	SFA (MPECCAT)	Member
20	21/08/12	1	Mr. M. Luveniyali	DS Health	T/Chairperson
		2	Mr. M. Lesuma	DSO Works	Member
		3	Mrs. E. Lobendahn-Volavola	DCS Finance	Member
		4	Mr. S. Sudhakar	Director Provincial	Member
		5	Mr. K. Gounder	PEPO (Strategic Planning)	Member
		6	Ms. P. Singh	SFA (MPECCAT)	Member
		7	Mr. N. Swamy	Manager Compliance (FPO)	Member
21	4/9/12	1	Mr. M. Luveniyali	DS Health	T/Chairperson
		2	Mr. M. Lesuma	DSO Works	Member
		3	Mr. S. Sudhakar	Director Provincial	Member
		4	Mr. A. Imtiaz	DFPO	Member
		5	Mr. U. Dean	Manager Finance FICAC	Member
		6	Mr. S. Moce	PEPO Finance	Member
		7	Mr. K. Gounder	PEPO (Strategic Planning)	Member
		8	Mr. S. Chand	SFA (MPECCAT)	Member

Section 5 Ministry of *i*-Taukei Affairs

Role and Responsibilities

The Ministry of *i*-Taukei Affairs is responsible for developing, implementing and monitoring policy advice and programmes focused on the 'good governance and well being of the *i*-Taukei people' as stipulated in the *i*-Taukei Affairs Act (Cap 120). MTA provides the link between the government and various units of the *i*-Taukei Administration that cascades to the fourteen (14) provinces throughout Fiji.

The Ministry is the custodian of official records of *i*-Taukei intellectual properties and various registers significant to the *i*-Taukei community and culture, and acts as the judiciary for all *i*-Taukei disputes on land, customary fishing grounds and traditional headship titles. The Ministry facilitates and promotes programmes aimed at safeguarding *i*-Taukei traditional knowledge and expression of cultures. An additional role of the Ministry is to administer scholarship awards for *i*-Taukei and Rotuman students, with the objective to facilitate academic development that will hasten an "enlightened vanua for a progressive Fiji".

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PART A: FINANCIAL STATEMENT

5.1 Audit Opinion

The audit of the 2012 accounts of the Ministry of *i*-Taukei Affairs resulted in the issue of an unqualified audit report.

Management attention was however, drawn to the following matters:

- (i) Due to the absence of reconciliation for statutory contributions made to the Fiji National Provident Fund, the expenditure reflected in the *Statement of Receipts and Expenditure* cannot be ascertained to be fairly stated;
- (ii) Revenue recovered from bond monies totalling \$162,696 was not reflected in the *Statement of Receipts and Expenditure*; and
- (iii) The Ministry failed to prepare the board of survey report contrary to section 49 (2) of the Finance Instructions 2010, and as a result, the completeness of losses disclosed in the *Statement of Losses* could not be ascertained.

5.2 Statement of Receipts and Expenditure

The Ministry of *i-Taukei* Affairs incurred total expenditure of \$16,642,314 in 2012.

Table 5.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
State Revenue	5,222	4,162
Agency Revenue	---	9,899
TOTAL REVENUE	5,222	14,061
EXPENDITURES		
Operating		
Established Staff	1,901,642	1,955,268
Government Wage Earners	67,647	96,774
Travel & Communications	52,676	49,811
Maintenance & Operations	198,362	189,361
Purchase of Goods & Services	36,972	27,025
Operating Grants & Transfers	13,393,169	14,612,936
Special Expenditures	471,299	412,523
Total Operating Expenditure	16,121,767	17,343,698
Capital Expenditures		
Capital Grants & Transfers	438,406	231,826
Total Capital Expenditure	438,406	231,826
Value Added Tax	82,141	77,206
TOTAL EXPENDITURES	16,642,314	17,652,730

Total expenditure declined by \$1,010,416 or 6% in 2012 compared to 2011 due to vacant positions and decline in the issue of scholarships awards compared to year 2011.

5.3 Appropriation Statement

The Ministry of *i-Taukei* Affairs incurred expenditure totalling \$16,642,314 against the revised budget of \$18,548,202 resulting in a savings of \$1,905,888 or 10%.

Details of expenditure against the budget estimates are provided in Table 5.2.

Table 5.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,168,143	---	2,168,143	1,901,642	266,501
2	Government Wage Earners	102,544	---	102,544	67,647	34,897
3	Travel & Communications	70,542	---	70,542	52,676	17,866
4	Maintenance & Operations	267,500	(20,050)	247,450	198,362	49,088
5	Purchase of Goods & Services	50,587	---	50,587	36,972	13,615
6	Operating Grants & Transfers	14,650,700	---	14,650,700	13,393,169	1,257,531
7	Special Expenditure	613,700	20,050	633,750	471,299	162,451
	Total Operating Costs	17,923,716	---	17,923,716	16,121,767	1,801,949
	Capital Expenditure					
10	Capital Grants & Transfers	478,586	---	478,586	438,406	40,180
	Total Capital Expenditure	478,586	---	478,586	438,406	40,180
13	Value Added Tax	145,900	---	145,900	82,141	63,759
	TOTAL EXPENDITURE	18,548,202	---	18,548,202	16,642,314	1,905,888

Ministry Comments

Your comments and comparison of figures as highlighted in Table 1 is duly noted. However, the savings of \$1.9 million has resulted from the much of savings of \$ 1,257,531.34 from the Scholarship Grants alone. In fact the i-Taukei Education Committee decided not to advertise nor enrol any new Awardees in the 2nd Semester, 2012 but to focus on continuing students. Also, with regards to cases of spill-over experienced in the past years, the Unit thought not to encounter the same problems again. As for SEG's 1 & 2, the savings noted is due to the number of vacant posts that are yet to be filled which are under process. The Expenditure and Commitments for 2012 were cleared within the year leaving the balances of funds as such.

PART B: AUDIT FINDINGS**5.4 Un-reconciled and Significant Unpresented Cheques**

The *Drawings Account* will be operated for all payments.¹ The *Accounts Officer* shall prepare bank reconciliation within five days after the general ledger report is received from Ministry of Finance.²

Ministries/departments are required to plan their expenditures well in order to avoid the accumulation of unpresented cheques at year end.³

As at 31/12/12, the Ministry's unpresented cheques in the drawings account totalled \$1.1 million compared to \$347,233 as at 31/12/11, an increase by \$758,074. Refer Table 5.3 for details of unpresented cheques for the last five years.

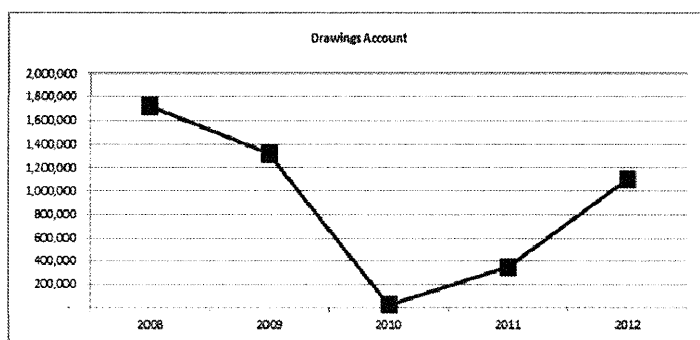
¹ Ministry of i-Taukei Affairs, Finance Manual 2011 – Section 6.3.3

² Ministry of i-Taukei Affairs, Finance Manual 2011 – Section 6.3.7

³ Finance Circular 13/2012 dated 19/10/12, paragraph 5.1.3

Table 5.3: Unpresented Cheques over the 5 Year Period

Year	Amount (\$)	Increase / (Decrease)	%
2008	1,720,901	---	---
2009	1,315,129	(405,772)	(24)
2010	23,875	(1,291,254)	(98)
2011	347,233	323,358	1354
2012	1,105,307	758,074	218



The audit noted the following anomalies:

- An unexplained variance of \$133,052 was noted between the drawings account reconciliation for unpresented cheques performed by the Ministry and the general ledger. Refer Table 5.4 for details.

Table 5.4: Variance between the Ministry Reconciliation and the General Ledger

Particulars	Amount (\$)
Reconciliation of Ministry	1,105,307
General Ledger Balance ⁴	972,255
Variance	133,052

- A total of \$514,550 payments in scholarships were made in December 2012 that relates to year 2013.

Table 5.5: Year 2013 Payments Made in Year 2012

Date	Payment Voucher No.	Amount (\$)	Particulars
24/12/12	26200	37,300	Semester 1 2013, Tuition fees for MTA students at University of Fiji.
24/12/12	26201	462,750	Semester 1 2013, tuition fees for medical students at FSM.
31/12/12	26237	14,500	Tuition fees for Inikaso Vakadrano for Semester 1, 2013 at FSM.
Total		514,550	

- Payments relating to grant were made in December 2012.

Table 5.6: Payment of Grant at Year End

Date	Payment Voucher No.	Amount (\$)	Particulars
28/12/12	26217	131,876	Fourth quarter grant to CATD Nadave
31/12/12	26233	87,500	Fourth quarter Mata-ni-Tikina Allowance
Total		219,376	

The above shows the laxity of the Accounting Head to ensure that expenditure is planned and paid within time.

⁴ Financial Management Information System, General Ledger Account Number 1-05000-00000-530000

Accumulation of unpresented cheques shows that expenditure incurred to utilize savings in expenditure votes and therefore may not have incurred with proper economy and due care.

Recommendation

The Senior Accounts Officer should reconcile the drawings account and ensure that payments for the year are planned well and paid accordingly.

Ministry Comments

Table 5.5 of the MTA's ACP reflects the MOF Deliverables and the preparation of Drawings Accounts Reconciliation is one important Strategy highlighted which we have been complying with.

- *The variances highlighted comprises of the amount of cheques that did not hit the General Ledger even though the processes were done. Bond Repayments were also directly deposited into Drawings Account before the opening of proper Bond Account. Most of the cheques were reflected in AP 470, but somehow missed out when scheduling into GL 350. These cheques will be rectified and Bond repayment cheques to be journalized in the correct Bond Repayment Account.*
- *The Scholarship payments for 2013 had to be made in 2012 upon careful consideration of the balances of funds. The decision was made by the Taukei Education Committee as per extract from the TEC 12/12 meeting held on 27/12/2012 on the payment of the 2013 fees (UOF/FCM & Overseas).*

The Committee endorsed the information paper presented.

- *The delay in submission of 3rd qrt Acquittals from the Taukei Institutions: CATD and TAB had resulted in the delay in our submission to budget, followed by disbursement.*

5.5 Variance in FNPF payments made and General Ledger

Every employer shall pay to the Fiji National Provident Fund (FNPF) in respect of each of his employees, in every month during which such employee is employed by him and in the month following the termination of such employment, a contribution calculated upon the amount of wages payable to such employee by such employer for the preceding month at the appropriate rates.⁵

The current rate of contribution is 16 cents on each dollar earned, with the employer and the employee each contributing 8 cents.

Within four days, the *Senior Accounts Officer* shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement. The ledger reconciliation statement shall be prepared by the *Accounts Officer* and forwarded to the *Senior Accounts Officer* and the *Permanent Secretary*. The *Senior Accounts Officer* must ensure that all balances are accurate and adequately supported and any misallocations or outstanding balances from the previous month have been dealt with.⁶

A variance of \$155,357 was noted between the FNPF payment made and the general ledger record. Refer Table 5.7 for details:

⁵ Chapter 219 – Fiji National Provident Fund – Section 13 (1)

⁶ Ministry of i-Taukei Affairs, Finance Manual 2011 – Section 13.3.3 to 13.3.6

Table 5.7: FNPF Payment for the Year 2012

Description	Amount (\$)	Amount (\$)
FNPF Payments as per Cash book [Employer and Employee Contribution]	377,609	
FNPF Employer Contribution [377,609/2]		188,805
FNPF Payment Recorded in the General Ledger⁷		
1-05000-00000-010200	28,210	
1-05000-00000-020200	5,238	33,448
Variance		155,357

The Ministry attributed the variance to the salary and FNPF payments for project staff recorded in the special expenditures general ledger account. However, reconciliation was not performed by the Ministry to establish the variances.

In the absence of FNPF reconciliations, the payroll expenditure recorded in the general ledger and in the statement of revenue and expenditure may be incorrect.

Recommendation

The Senior Accounts Officer should ensure that FNPF payments made are reconciled to the general ledger on a monthly basis.

Ministry Comments

The comment is duly noted. The Ministry has 2 special projects; Cultural Mapping - 6 Staffs and Survey Project – 11 staffs including one driver and two technical assistant. These 20 personals are paid from SEG 7 and SEG 10 respectively and therefore FNPF had also been from the same allocation. As for the Reconciliation of FNPF, this is one area which the Ministry needs to improve on and the officer responsible should ensure this is done monthly.

5.6 Operating Trust Fund Account

Where charges are for payments to organizations through salary deductions, the relevant creditor account shall be credited. When actual payment is made to the organization, the creditor account shall be debited.⁸

Within four days, the *Senior Accounts Officer* shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement. The ledger reconciliation statement shall be prepared by the *Accounts Officer* and forwarded to the *Senior Accounts Officer* and the *Permanent Secretary*. The *Senior Accounts Officer* must ensure that all balances are accurate and adequately supported and any misallocations or outstanding balances from the previous month have been dealt with.⁹

As at 31/12/12, the operating trust fund account had a balance of \$22,922 compared to \$43,100 in 2011, a decrease by \$20,178 or 47%. These comprise of direct payroll deductions made from employee's salary and wages. Refer Table 5.8 for details of balances over the 5 year period.

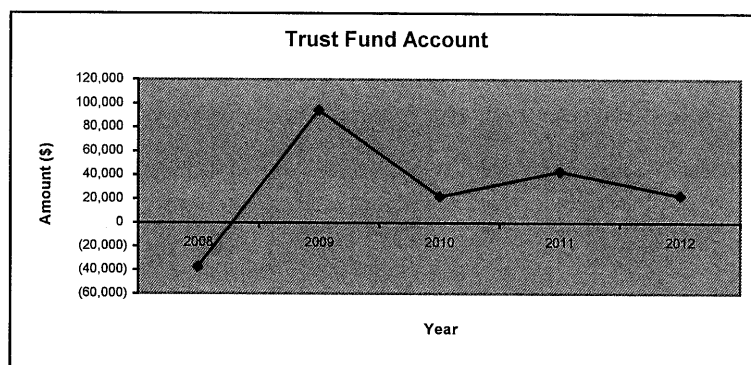
⁷ Financial Management Information System, accessed 30th May 2013

⁸ Ministry of i-Taukei Affairs, Finance Manual 2011 – Section 4.4.3

⁹ Ministry of i-Taukei Affairs, Finance Manual 2011 – Section 13.3.3 to 13.3.6

Table 5.8: Trust Fund Account over the 5 Year Period

Year	Amount (\$)
2008	(37,394)
2009	94,072
2010	22,029
2011	43,100
2012	22,922



The decrease resulted from the overdrawn Fiji National Provident Fund (FNPF) trust fund account - employee contribution account. Refer Table 5.9 for details.

Table 5.9: Receipts and Payments from Overdrawn FNPF Trust Fund Account

Details	Jan (\$)	Feb (\$)	Mar (\$)	Apr (\$)	May (\$)	June (\$)	Jul (\$)	Aug (\$)	Sept (\$)	Oct (\$)	Nov (\$)	Dec (\$)
Opening Balance	7,303	1,418	13,122	(191)	(11,091)	(625)	(84)	(16,696)	(13,534)	(1,269)	(22,909)	(12,456)
Add: Receipt	12,933	11,704	16,265	10,508	10,466	14,790	13,339	17,547	12,296	13,930	13,007	14,053
Less: Payment	18,817	---	29,578	21,408	---	14,249	29,951	14,385	31	35,570	2,554	14,711
Closing balance	1,418	13,122	(191)	(11,091)	(625)	(84)	(16,696)	(13,534)	(1,269)	(22,909)	(12,456)	(13,114)

Overdrawn trust fund accounts indicate that more payments have been made from the trust fund account than authorized. In addition, there could be operating expenditures paid from the trust fund account, understating expenditure reflected in the Statement of Revenue and Expenditure.

Recommendations

- The Senior Accounts Officer should ensure that monthly reconciliations are carried out and any overdrawn trust fund account is investigated and rectified.
- Surcharge action should be instituted against the Senior Accounts Officer for failing to carry out monthly reconciliations and for the trust fund account being overdrawn.

Ministry Comments

The Ministry has been carrying out this very important exercise all along and without this; stringent measure is normally put into place for respective Agencies.

5.7 Dormant Operating Trust Fund Account

Where charges are for payments to organizations through salary deductions, the relevant creditor account shall be credited. When actual payment is made to the organization, the creditor account shall be debited.¹⁰

¹⁰ Ministry of i-Taukei Affairs, Finance Manual 2011 – Section 4.4.3

The audit noted the Ministry has a total of twenty five (25) operating trust fund accounts, of which eleven (11) have not been utilized over the years. Refer Table 5.10 for details.

Table 5.10: Dormant Trust Fund Accounts

Account Number	Description	Dormant From	Amount (\$)
1-05101-05101-861101	OPR Current Year	2009	50
1-05101-05101-861102	OPR Previous Year	2010	107
1-05101-05101-861104	PD Rent	2007	(583)
1-05101-05101-861309	PSC Scholarship Loan	2011	398
1-05101-05101-861310	FAB Loan Receivable	2008	50
1-05101-05101-861522	Viti NTWCU	2010	30
1-05101-05101-861902	PD DEPST / A/C recoverable	2011	173
1-05101-05101-861913	PD RFA IDC Salaries	2011	70
1-05101-05401-861913	PD RFA IDC Salaries	2005	122
1-05101-05501-861920	PD Employee FNPF	2009	9
1-05103-05101-861920	PD Employee FNPF	2009	8
Total			434

In addition, there were six (6) operating trust fund accounts that were overdrawn as outlined in Table 5.11:

Table 5.11: Overdrawn Trust Fund Accounts

Account Number	Description	2012 (\$)	2011 (\$)
1-05101-05101-861104	PD Rent	583	583
1-05101-05101-861105	Public Rental Board	24	---
1-05101-05101-861202	PD CMLA	5	---
1-05101-05101-861511	FPS Credit Union	238	(83)
1-05101-05101-861535	Dominion Finance Ltd	25	---
1-05101-05101-861706	PD Rates Lautoka	7	---
Total		882	500

Transactions recorded of such amounts are likely to be recorded by error.

Recommendations

- The Senior Accounts Officer should ensure that balances in the trust fund account are journalized and any transaction recorded in these trust fund accounts are reviewed on a monthly basis.
- The Senior Accounts Officer in consultation with the Ministry of Finance should de-activate the trust fund accounts that are not used by the Ministry.

Ministry Comments

The Ministry in 2010 has raised journals to rectify these Operating Trusts which were not in use. But somehow FMIS was not advised to close off these trust accounts hence continuing to be reflected in General Ledger. We have highlighted the non-used accounts and will advise FMIS to de-activate them.

5.8 Outstanding Taxes Held in Trust

Where charges are for payments to organizations through salary deductions, the relevant creditor account shall be credited. When actual payment is made to the organization, the creditor account shall be debited.¹¹

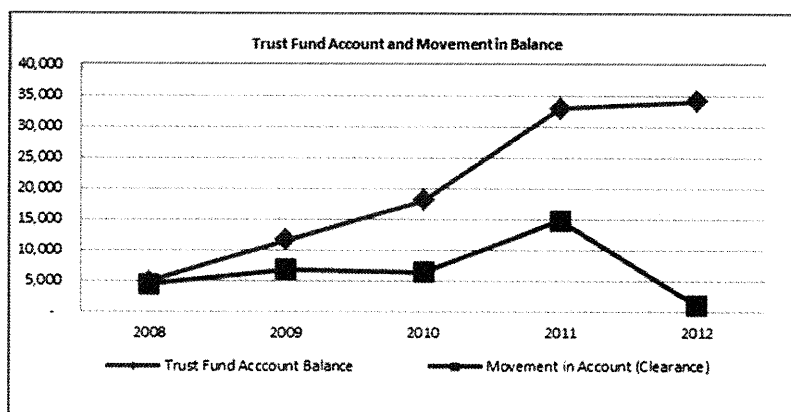
As at 31/12/12, a total of \$34,027 was held in the operating trust fund account as taxes yet to be paid to Fiji Revenue and Customs Authority (FRCA).

The Ministry failed to clear this account balance, and as such the balance has accumulated to \$34,027 in 2012. This is an increase of 3% compared to 2011.

Refer Table 5.12 for details.

Table 5.12: Taxes Trust Fund Accounts

Year	Amount (\$)	Movement (\$)	%
2008	4,845	4,492	---
2009	11,668	6,823	141
2010	18,073	6,405	55
2011	32,929	14,856	82
2012	34,027	1,098	3



The above shows that the Ministry has not made any effort to pay the taxes held in trust.

Balances held in trust for taxes could result in penalties to the Ministry and unplanned expenditure for the Ministry.

Recommendation

The Senior Accounts Officer should ensure that the taxes collected in trust are timely remitted to FRCA.

Ministry Comments

The PAYE tax deducted from GWEs weekly is normally credited into trust account no.105101-05101-861901 and is practicably paid out to FIRCA every end of the week. The Ministry has never been penalized for the late submission of GWE's Taxes. The amount showing at opening balance \$34,014.96 has been a carried forward amount from previous years. The amount of \$34,027.47cr reflected under the Allocation 105101-05101-861901(CODE 201) is not the right amount due for payment to FIRCA. You will note that the Opening Balance of \$34,014.96 is a large amount that has been passed down from previous periods. In 2010 Journals were raised to rectify this anomalies, however the figures continue to throw back and according to FMIS then, this could have been a system problem.

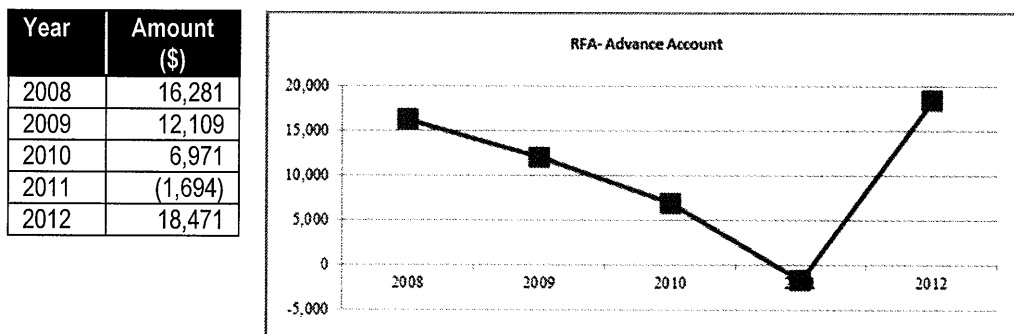
¹¹ Ministry of iTaukei Affairs, Finance Manual 2011 – Section 4.4.3

5.9 Anomalies Noted in the Issue and Clearance of Accountable Advance

The travel advance shall be charged to advances account until cleared through submission of the acquittals.¹² Upon clearance of the advance, the *accounts officer* shall update the advance register, offset the advance account and debit the appropriate expenditure account.¹³

As at 31/12/12, the revolving fund, advance account had a balance of \$18,471 compared to a negative balance of \$1,634 in 2011. Refer Table 5.13 for balance in advance account over the five year period:

Table 5.13: RFA – Advance Account over the 5 Year Period



The following anomalies were noted in the advance account:

- Cancelled cheque totalling \$11,768¹⁴ appear as advances issued;
- A lump sum retirement of \$28,186¹⁵ was recorded in the December 2012 reconciliation for which supporting documents were not provided;
- Advances totalling \$12,680 was not recorded in the RFA – advance account as outlined in Table 5.14;

Table 5.14: RFA – Advance Account Not Recorded When Issued

Date	Cheque Number	Amount (\$)
10/08/12	25248	2,532
18/09/12	25515	2,308
24/05/12	24704	2,340
04/06/12	24808	5,500
Total		12,680

- Lack of documentary evidence on the retirement of advances totalling \$22,712 as outlined in Table 5.15:

¹² Ministry of i-Taukei Affairs, Finance Manual 2011 – Section 7.1.13

¹³ Ministry of i-Taukei Affairs, Finance Manual 2011 – Section 7.1.21

¹⁴ Cheque voided in respect of Ulaisi Davuke in period 06/12

¹⁵ Revolving Fund Account for the month on December, 2012, clearance of accountable advance of the month May – November 2012

Table 5.15: Lack of Supporting Documents for the Retirement of Advances

Date	Cheque Number	Amount (\$)
30/08/12	25368	8,780
02/05/12	24573	3,146
24/07/12	25131	7,688
29/11/12	26036	3,098
Total		22,712

- The accountable advance register was not up-to-date.

The above findings indicate that the Ministry has failed to maintain and record advances adequately. Hence, the balances reflected in the financial statements and the general ledger cannot be relied upon.

Recommendation

The Senior Accounts Officers should ensure that the advance account register is up to date and reconciled with the general ledger for its issue and retirement.

Ministry Comments

Comments are duly noted. The monthly reconciliation has been a continuous process with us and officers with outstanding advances are normally deducted from their salaries. The cancelled cheque totaling \$11,786 had to be voided because it was wrongly raised in the system.

5.10 Board of Survey Report

An annual board of survey must be conducted each year to verify the existence and condition of assets recorded on the asset register.¹⁶ Each agency must include in its annual financial statements a statement of losses.¹⁷

The audit noted that the board of survey report for the year 2012 was not prepared, resulting in the failure to disclose other losses in the Statement of Losses in the Agency Financial Statement.

In addition, the fixed asset and expandable items register is not up-dated by the Ministry. As such, assets and other items held and the losses arising could not be ascertained.

Recommendation

The Senior Accounts Officer and the Administrative Officer must ensure that Section 49 and section 71 (f) of the Finance Instruction 2010 is strictly complied with.

Ministry Comments

The Board of Survey for 2012 was conducted last year; however the report is yet to be received from the BOS Committee. This is one of the biggest challenges faced in terms of alignment to Part 8.4.2 of the Agency Finance Manual on the appointment of the Chair of BOS from outside of the Agency. The delay in producing the BOS for sighting during Audit proper was entirely due to the above. The Fixed Assets and the Expandable Items registers need to be updated as and when purchases are made.

¹⁶ Finance Instructions 2010 – Section 49 (1)

¹⁷ Finance Instructions 2010 – Section 71 (1) (f)

5.11 Non-reconciliation of Cash Collections recorded in the General Ledger

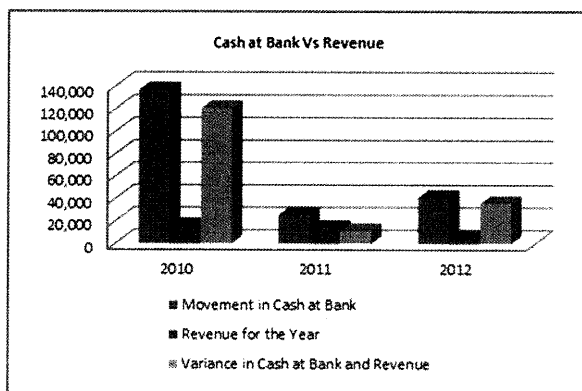
Within four days of receiving the monthly general ledger reports from the Ministry of Finance, the accounts supervisor shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement. A ledger reconciliation statement shall be signed and dated by the accounts supervisor.¹⁸

With the implementation of Financial Management Information System (FMIS), the recording required by the ministry/department for the receipt of revenue is a debit to cash at bank and credit to the revenue allocation.¹⁹ Thus, any increase in revenue should be met by the corresponding increase in cash at bank general ledger.

The audit noted that the Ministry failed to reconcile the increase in cash at bank general ledger, 1-05000-00000-52000, to the revenue collected during the year. Refer Table 5.16 for the variances noted over the three year period:

Table 5.16: Increase in Cash vs the Revenue Collections

Year	Cash (\$)	Movement (\$)	Revenue (\$)	Variance (\$)	Variance (%)
2010	136,721	136,721	16,148	120,573	88
2011	162,134	25,413	14,061	11,352	45
2012	203,333	41,199	5,222	35,977	87
Total	502,188	203,333	35,431	167,902	83



In addition, the Accounting Head failed to adjust the cash at bank general ledger which is accumulating over the years, for which the cash at bank does not exist.

In the absence of reconciliation and the variances noted, the cash at bank balance in the general ledger could not be substantiated. As such, cash and revenue balances reflected in the general ledger at the end of the financial year cannot be relied upon.

Recommendation

The Senior Accounts Officer in consultation with the Ministry of Finance should reconcile the increase in cash at bank general ledger to the revenue collected during the year and adjust the cash at bank general ledger for the actual cash held in the bank account.

¹⁸ Ministry of i-Taukei Affairs, Finance Manual 2011 – Section 13.3.3 and 13.3.5

¹⁹ Guide to Streamlining IDC Accounts 2006, Paragraph 3.4

Ministry Comments

Comments are duly noted. Please note that this is an area where the Ministry will have to buff up in terms of preparing journals to rectify all the cash collections by the Ministry. This is basically Bond Recoveries that are wrongly deposited into our Drawings Account. Now that we have a separate Bank Account for Bond Recoveries these transactions will be journalized and we will ensure that Absconding students are reminded to use correct Bank Accounts.

5.12 Revenue Collected from Recovery of Bonds not reflected in the Agency Financial Statement

A bond is a legal undertaking between the student and the Ministry of *i-Taukei* Affairs specifying the course, time and cost to undertake the programme. It requires the students to sign an undertaking to complete the course within the prescribed period, and to be employed in Fiji at the end of studies. Failure to fulfil the obligations specified in the bond will make the student liable for penalties imposed under the bond.²⁰

The audit noted that a total of \$162,696 was recovered as bond monies from overseas sponsored students who failed to return to Fiji to serve their bond. Refer Table 5.17 for details of recoveries made.

Table 5.17: Summary of Bonds Recovered by Country

Country	Total Recovered (F\$)	
Year	2011	2012
Fiji	72,879	54,070
New Zealand	23,030	54,976
Australia	21,956	53,650
Great Britain	23,000	---
Totals	140,865	162,696

However, the revenue collected has not been recorded in the general ledger and subsequently in the financial statements.

As such, revenue collected by the Ministry is understated in the Statement of Revenue and Expenditure in the agency financial statement.

Recommendation

The Senior Accounts Officer in consultation with the Ministry of Finance should record revenue collected from the recovery of bond to correctly reflect the financial performance of the Ministry.

Ministry Comments

The FMIS unit of the Ministry of Finance has been consulted on the need to implement the Accounts Receivable module with this Ministry due to a rapid increase in the no. of receipts from absconding students which has qualified us as Revenue Collecting Agency. This has not eventuated yet due to the tight schedule of the trainers then.

²⁰ Policies and Management Guidelines of the Ministry of Fijian Affairs Scholarship Scheme 2006 – Part 6.15.1

However, we will continue to follow up and ensure that this module is implemented the soonest, so that proper procedures are in place. Also as for the journalizing of Bond Recoveries, the officer responsible has been complying with the procedure but must ensure this is not to be overlooked again in 2013.

5.13 Overpayment of Salary

Salary advices must be submitted promptly to the Ministry of Finance where there is any change to personnel emoluments or deductions such as appointments, promotions, transfers, acting allowances, dismissals and resignations, income tax allowances, housing deductions, or other authorized charges or deductions.²¹ Where it becomes necessary to hold, cease or reverse an employee's salary, the *Accounts Officer* or *Assistant Accounts Officer* must immediately advise the Ministry of Finance in writing.²²

The salary reconciliation must reconcile the difference between the previous fortnight payroll report and the current report and must be prepared prior to each pay date.²³

The audit noted that \$12,764 was overpaid in salary as discussed below:

(i) Patiliala Waqabaca – Principal Administrative Officer

The audit noted the following anomalies:

- The officer's annual salary is \$36,530 or \$1,405 salary per fortnight.
- The officer was paid \$10,680 in pay 25/2012;
- The authorized change in salary (edit report) for pay 25/12 was only for the payment of arrears of acting allowance totalling \$1,196;
- Thus, the pay of 25/2012 should have been only \$2,601;
- However, the officer was overpaid \$8,079 in pay 25/2012;
- The Senior Accounts Officer could not explain over payment of \$8,029 in pay 25/2012.
- Evidence of reversal of salary was not provided.

(ii) Payment of a Week's Pay Three Times

The audit noted thirteen wage earners were paid three times in pay 20/2012 totalling \$7,843. Refer to the details of the payment:

- The officers were paid twice through the payroll system in pay 20/2012;
- According to Assistant Accounts Office, Loraini Bure, the error was rectified and the whole wages pay was reversed;
- However, audit was not provided with evidence for the reversal of the pay;
- On 17/05/12, the thirteen officers were paid manually through payment voucher number 24657 totalling to \$2,436.

In the absence of evidence of reversal of pay, \$5,267 is deduced to be overpaid in wages in pay 20/2012.

(iii) Other overpayment in salary is outlined in Table 5.18 below:

²¹ Finance Instruction 2010 – Section 17 (1)

²² Finance Manual 2011 – Section 4.10.1

²³ Ministry of i-Taukei Affairs, Finance Manual, Section 4.15.4

Table 5.18: Overpayment Details

EDP No.	Name of Officer	Overpayment (\$)	Comments
47545	Peni Waqa	697	Officer was overpaid from Pay 01/2012-Pay 10/2012 on salary scale prior to re-engagement scale.
60167	Amalaini Kuruvakadua	2,826	Justification for the payment of arrears of salary not provided. Pay 19/2012 edit report does not show the changes.
53738	Emi Bainimarama	1,161	Overpayment in Acting Allowance totaling \$299 in pay 25/11 and 26/11 and overpayment in promotion salary \$862.31 in pay 01/12 – pay 06/12.
		4,684	

Furthermore, in spite of the Ministry performing its salary reconciliation, the overpayments are not detected and recovered.

In addition, the salary reconciliation was prepared after the pay date and therefore, is one of the compounding factors for the overpayments.

Overpayment in salary is extravagant expenditure and without authority for change in salary to be paid could be fraudulent in nature.

Recommendations

- **The Senior Accounts Officer should make available edit reports for the change in salary payments;**
- **The Senior Accounts Officer should re-calculate the overpayment and instigate the recovery of salary accordingly.**
- **The Manager Corporate Services in consultation with the Ministry of Finance should investigate the overpayments where the authority (edit reports) for change in the payment of salary is not available.**

Ministry Comments

The Ministry is mindful of the pertinent recommendations that your good selves have raised, but at the same time, humbly wish to point out the following:

[i] Reversal of salary was done for Pajiliai Waqabaca [PAO] and a Form 'S' was received from the Ministry of Finance for the confirmation of reversal. Also note that a journal was raised to journalize the issue, and the error was rectified by the bank.

There was no salary change input submitted by MTA to create the overpayment.

[ii] Payment details were explained to Auditors and were supported with evidence.

[iii] Table 1-

<u>EDP Number</u>	<u>Name</u>	<u>Amount[\$]</u>	<u>Remarks</u>
47545	Peni Waqa	697.00	The Ministry will initiate the recovery from this year (2013).
60167	Amalaini Kuruvakadua	2826.00	The change was done by Ministry of Foreign Affairs as her leave compensation for she was posted from Head 08 to Head 05.
53738	Emi Bainimarama	1161.00	The officer was transferred into the Ministry in pay 2/2012; acting was done whilst in the Ministry of Education.

Further OAG Comments

Upon further audit verification on 21/08/13, audit noted the following:

[i] The reversal amount for Patilai Waqabaca was \$7,535.78 instead of \$8,079, resulting in short recovery of \$543.22. The Accounts Officer stated that the reversal was initiated by Ministry of Finance, thus, they are not in the position to explain the short recovery. The Ministry should be liaising with Ministry of Finance in order to obtain the reason for the reversal of only \$7,535.78 instead of \$8,079.

[ii] The recovery for three officers out of the thirteen 13 is still pending namely Joseph, Joeli and Kalisito. The recovery done for ten officers was the net amount only and not the gross amount. Thus, the Ministry still has the amount of \$1,715.51 to be recovered from the concerned officers.

[iii] No documents were provided in respect to Amalaini though the amount is reflected in the Ministry's Reconciliation. The Ministry should liaise with Ministry of Education in respect to the overpayment done for the acting allowance.

5.14 Absence of Planned Spending for the Scholarship Funds

The principles of responsible financial management are to ensure value for money in the use of money and resources and to report transparently.²⁴ The Ministry is to administer scholarship awards for *i*-Taukei and Rotuman students, with the objective to facilitate academic development.²⁵ A total of \$10 million was allocated for the provision of scholarships for the year.

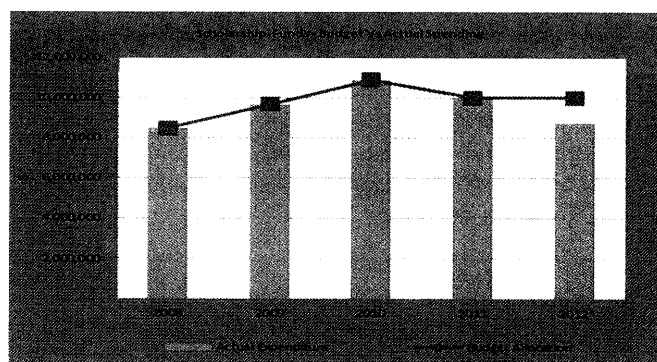
The *i*-Taukei Education Committee (FEC) is responsible for administering the Scholarships scheme, in particular the awarding of Scholarships. The Committee is appointed by the Minister of *i*-Taukei Affairs and consists of the Chairman who is the Permanent Secretary for the Ministry and four other members. The Committee conducts interviews for potential candidates and selects candidates to be awarded scholarships.²⁶

The audit noted the following anomalies in the scholarship funds provided:

- Of the \$10 million allocated; \$8.7 million or 87% of the scholarships funds was utilized in 2012. Refer table 5.19 for scholarship expenditure incurred over the 5 year period:

Table 5.19: Scholarship Provided Over the 5 Year Period

Year	Budgeted Expenditure (\$)	Actual Expenditure (\$)	%age of Expenditure
2008	8,500,000	8,487,843	99.86
2009	9,691,602	9,691,339	100.00
2010	10,899,601	10,897,391	99.98
2011	10,000,000	9,984,236	99.84
2012	10,000,000	8,742,469	87.42
Total	49,091,203	47,803,278	97.38



²⁴ Financial Management Act 2004, Section 5

²⁵ 2012 Budget Estimates, Ministry of *i*-Taukei Affairs, Roles and Responsibilities, Page 43

²⁶ Policies & Management Guidelines of the Ministry of *i*-taukei Affairs Scholarships Schemes – Section 2.1 & 2.2

- The \$10 million allocated did not have a plan for the number students that will be assisted in various categories – number of existing students, new students, and the number of various levels of diplomas and degrees that will be supported locally and overseas;
- According to Manager Scholarship, funds for the scholarship are allocated as it is available;
- Furthermore, a list of students provided with scholarship and their details for 2012 was not provided. Hence, audit was unable to perform analysis on scholarships provided by region, district, age, occupation and gender;
- In addition, the Ministry did not carry out awareness of the scholarships that are available and therefore, is one of the contributing factors for the unspent budget.

In the absence of proper planning, the students to be assisted are open and subject to discretion of the *i-Taukei* Education Committee. As such the students selected for scholarships cannot be deduced to be fair and without favouritism.

Recommendations

- **The Manager Scholarships should ensure that annual plans are prepared for the categories in which the scholarships that will be provided.**
- **The Manager Scholarship and the Information Technology Officer should review the Awards Management System to generate reports to awardees for analysis.**
- **The Manager Scholarship should ensure that public awareness programmes are undertaken for the availability of the scholarships for the *i-Taukei* and the Rotumans.**

Ministry Comments

- *The following control measures has been implemented from year 2013 to ensure that the above is not repeated:*
- *Updated sponsored students Population List including cost is verified with respective Institutions and before it is submitted to the *i-Taukei* Education Committee for approval;*
- *The approved Population List is forwarded to the Accounts Section for reference purposes on the process of bill payments;*
- *Implement and update of Payment Card system in all sponsored student files; and*
- *Institutions are required to provide confirmation on payment of bills for all sponsored students from previous semesters before any new semester payment is made.*

5.15 Non-evaluation and improper selection of CATD Leadership Training Recipients

The *i-Taukei* Education Committee is responsible for administering the scholarships scheme, in particular the awarding of scholarships. The Committee is appointed by the Minister of *i-Taukei* Affairs and consists of the Chairman who is the Permanent Secretary for the Ministry and four other members. The Committee conducts interviews for potential candidates and selects candidates to be awarded scholarships.²⁷

The *i-Taukei* Affairs Board approved the leadership and entrepreneurship training fees of \$238,689 per annum for 4 groups of 40 trainees through the scholarship programme of the Ministry of *i-Taukei* Affairs. The training is to enhance and accelerate participation of Fijians and Rotumans in the business

²⁷ Policies & Management Guidelines of the Ministry of *i-taukei* Affairs Scholarships Schemes – Section 2.1 & 2.2

sector.²⁸ The Centre for Appropriate Technology and Development (CATD) will provide the results of the trainees upon the completion of the training.²⁹

A total of \$10 million was allocated for scholarships for 2012, of which \$8.7 million was utilized resulting in a savings of \$1.3 million or 13%.³⁰

The audit noted fifty-two (52) scholarships totalling \$87,083 was awarded to recipients through CATD as outlined below:

Table 5.20: Payment to CATD For Leadership and Entrepreneurship training in Nadave

Date	Cheque Number	Students Number	Amount (\$)
30/04/12	24800	16	26,840
31/08/12	25382	19	31,104
19/11/12	25931	17	29,139
Total		52	87,083

The following anomalies were noted:

- The fifty – two recipients were not selected by the scholarship committee for their potential and development;
- The results of the training was not provided to the Ministry of *i-Taukei* Affairs;
- Only 32% of the approved trainees (160 trainees) attended the training; and
- The Ministry did not have an agreement with CATD in Nadave for the scholarship funds provided.

The selection of recipients for the training cannot be deduced to be made without favouritism, nepotism and with potential. Also, the forecasted trainees to be trained and the desired result of the programme have not been achieved.

Recommendations

- The Manager scholarships should ensure that CATD recipients are selected through the scholarship committee;
- The Manager scholarship should ensure that the results of the trainees are obtained and evaluated of the desirable outcome of the CATD leadership programme for future improvement to the programme;
- The Manager scholarship should ensure that an agreement is entered with CATD Nadave and the Minsitry for the funds provided and the acquittal of the funds utilized.

Ministry Comments

CATD recipients are selected by a different committee and not the Scholarship committee. Manager Scholarship confirmed on 21/08/13, that there is no agreement due to which monitoring is lacking.

²⁸ Ministry of Provincial Development, Indigenous Affairs and Multi – Ethnic Affairs memorandum dated 01 October, 2008.

²⁹ CATD memorandum attached to the payment voucher number 19974, 20606 and 21202

³⁰ FMIS, accessed 10/06/2013

5.16 Agreement for Payment by Arrangement

A bond is a legal undertaking between the student and the Ministry of *i-Taukei* Affairs specifying the course, time and cost to undertake the programme and to be employed in Fiji at the end of studies. Failure to fulfill the obligations specified in the bond will make the student liable for penalties imposed under the bond. The terms of the bond will be enforced if the student does not return to the country upon completion of studies.³¹

The Awards Management System is the scholarship system that records various details of sponsored students.

The audit noted that the Ministry has entered into various agreements for payment by arrangement with students that have absconded their bonds. However, records were not provided on:

- the total number of payment arrangements entered into;
- who the payment arrangement were with (student or student's employer);
- down payment made; and
- the number of years it will take to fully recover the bond sum owed.

This is because the Ministry has not captured details of the arrangement for payment on the Awards Management System.

In the absence of such records, the effective management and monitoring of the recovery of bond monies is difficult.

Recommendation

The Manager Scholarships and the Information Technology Officer should review the Awards Management System to capture the issues raised above.

Ministry Comments

The Recovery Unit has invoked guarantor's clause and will continue in its effort to recover from guarantors if awardees cannot pay. The Ministry's Scholarship Unit is trying to recover all the data that have been lost and hard copies have been filed in the institutions respective files for back – up. MTA Recovery Unit with its limited resources has been working very hard to collect monies owed to the Government and stringent measures have been put in place to ensure that arrears of revenue are minimized. The recommendations have been noted and the Unit will make sure that we are complying with existing regulations and policies.

5.17 Payment of Outstanding Scholarships Bills

Liabilities represent the amount owed and are expected to be paid at some time in the future. It is important to be fully aware of commitments and the resources that will be required to settle these obligations in future. Funds need to be appropriately managed to enable liabilities to be paid on time.³²

Wherever possible, an agency must process and pay accounts by the due date so that discounts for prompt payment are not lost, interest charges for late payment are not incurred and suppliers do not quote higher prices to Government agencies to compensate for late payments. Agencies must have procedures in place to ensure that invoices or statements are not paid twice and that fraudulent claim are not paid.³³

³¹ Policies and Management, Guidelines of the Ministry of *i-Taukei* Affairs Scholarship Scheme, Paragraph 6.15.1 and 6.15.3

³² Ministry of *i-Taukei* Affairs, Finance Manual 2011 – Part 10 - Liabilities

³³ Finance Instruction 2010 – Section 14 – (5) & (6)

A total of \$80,224 was paid as outstanding invoices for scholarships dating to year 1999 as outlined in Table 5.21:

Table 5.21: Details of Outstanding Scholarship Bills

Date	Cheque No.	Payee	Particulars	Amount (\$)
10/12/12	026124	FNU	Outstanding bills from 1999 to 2010	46,993
28/05/12	025022	USP Fiji Centre	Outstanding fees for 2010 semester 2	18,731
29/12/12	026237	FNU	Outstanding fees for 2010 semester 1	14,500
Total				80,224

Payments dating to year 1999 indicate weak control measures in ensuring that payments are paid within the year.

Failure to settle accounts in the current year could result in further cost incurred such as interest charges or penalty fee and breeds room for fraudulent claims.

Recommendation

The Manager Scholarships and Senior Accounts Officer should ensure that invoices are settled within the current year and controls are in place to detect outstanding bills.

Ministry Comments

The payment of outstanding bill from 1999 was something that previous scholarship management did not settle for past years. The FNU had initially submitted an outstanding bill of \$253,024 in 2010, however, after further verification of payments with Accounts Section of the Ministry and FNU, the Scholarship Unit managed to reduce the outstanding bill and settle only \$46,993.

5.18 Failure to Instigate the Recovery of Bond

A bond is a legal undertaking between the student and the Ministry of *i*-Taukei Affairs specifying the course, time and cost to undertake the programme. It requires the students to sign an undertaking to complete the course within the prescribed period, and to be employed in Fiji at the end of studies. Failure to fulfil the obligations specified in the bond will make the student liable for penalties imposed under the bond.³⁴

The audit noted that a total of \$4.5 million is owed by overseas sponsored students who have absconded their bonds. Refer to Table 5.22 for details:

Table 5.22: Summary of Bonds to be Recovered by Country

Country	Number of Applicants		Bond Amount (F\$)		Total Recovered (F\$)		Bond Amount Owed (F\$)	
Year	2011	2012	2011	2012	2011	2012	2011	2012
Fiji	4	9	303,301	322,982	72,879	54,070	230,422	268,912
New Zealand	13	16	2,169,541	2,320,987	23,030	54,976	2,146,511	2,266,010
Australia	11	13	1,706,703	1,820,781	21,956	53,650	1,684,748	1,767,130
Great Britain	1	1	223,003	200,003	23,000	---	200,003	200,003

³⁴ Policies and Management Guidelines of the Ministry of Fijian Affairs Scholarship Scheme 2006 – Part 6.15.1

Country	Number of Applicants		Bond Amount (F\$)		Total Recovered (F\$)		Bond Amount Owed (F\$)	
Year	2011	2012	2011	2012	2011	2012	2011	2012
Totals	29	39	4,402,549	4,664,752	140,865	162,696	4,261,684	4,502,056

The followings anomalies were noted:

- The bond recovered for the year 2012 was \$162,696 or 3% of the total outstanding;
- The total amount owed in recovery of bonds is not complete and is increasing as reconciliations are not carried out;
- The Ministry does not have staff fully devoted to follow-up on students who have completed their studies, obtained meaningful employment and have not returned to serve their bond;
- Furthermore, the report to instigate the recovery of bond is generated manually;
- The scholarship award management system failed to provide record of students who have absconded their bond; and
- The Ministry has not called for the guarantors to honour payments of students who have absconded their bond and cannot be reached for repayment;

The absence of effective controls, maintenance of proper records and poor recovery of amounts owed by students and guarantors contributed to the increased amounts owed by absconded students.

Recommendations

- **The Manager Scholarship and Information Technology should review the Awards Management System to automate reports on students that have absconded their bonds.**
- **The Manager Scholarship should benchmark scholarship operations with other scholarship providers such as the Public Service Commission to effectively manage its scholarships.**

Ministry Comments

The Management is currently reviewing the establishment in the Ministry. However, in year 2013, we have mobilised the current staffing in the Scholarship unit to establish a Bond Monitoring and Tracer Studies Team. The Bond Recovery and Tracer Studies Team which is headed by a Senior Administrative Officer (who will also supervise the Overseas Sponsored Team) and 4 existing clerical officers (who are also responsible for Data Entry of scholarship application form into the Application Processing system). The above bond recovery process is also factored in the Scholarship Unit Business Plan and also the Bond Recovery and Tracer Studies Team Position Descriptions and Individual Work Plans.

5.19 Non-maintenance of Bank records for the Recovery of Bond Receipts

All bank accounts must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.³⁵ The *Accounts Officer* shall prepare bank reconciliation within five (5) days after the report is received from Ministry of Finance.³⁶

³⁵ Finance Instruction 2010 – Section 32 (6)

³⁶ Ministry of i-Taukei Affairs, Finance Manual – Part 6: Cash Management – Section 6.3.7

The domestic bank account in the general ledger was opened in year 2011 to record the recovery of bond receipts. Refer Table 5.23 for domestic bank balances for the last two years:

Table 5.23: Details of Domestic Bank Balance in the General Ledger System

Details	Particulars
Account Number	1-05101-05101-520415
Description of Account	BSP/CNB- Indigenous Affairs Scholarship
2012 (\$)	(76,074)
2011 (\$)	(38,889)
Variance	(37,185)

The following anomalies were noted in the cash at bank general ledger for the bond recoveries made:

- The negative balance of \$76,074 could not be explained and was not reconciled;
- The bank statement for the recovery of bonds bank account was not provided for audit;
- The direct deposits by the students have been made to the drawings account instead of the scholarship bond recovery bank account; and
- Recipients that paid the bond monies were not provided with receipt of payments made;

As such, some recipients that were forthcoming with their bond payments have stopped making payments.

The above showed lack of co-ordination between the accounts and scholarship personnel to record and reconcile bond recoveries made.

In the absence of proper reconciliations, the recoveries made will not be traceable and will create unnecessary disputes with the recipients that have honoured payments.

Recommendations

- **The Accounts Officer in consultation with the Ministry of Finance should prepare bank reconciliation for the above account on a monthly basis.**
- **The Accounts Officer in consultation with the Ministry of Finance should issue receipts to those that have paid their bonds as direct deposit to the bank.**
- **The Senior Accounts Officer should provide the scholarship bank account number to students to deposit the bond monies paid.**

Ministry Comments

No comments provided.

5.20 Fixed Asset Register not Updated

All assets acquired with a cost in excess of \$2,000, shall be recorded in the assets module of the Financial Management Information System (FMIS) or a fixed assets register for those without the FMIS.³⁷

The *Accounts Officer* shall be responsible for maintaining the fixed asset register. The fixed asset register shall provide the relevant details such as the date of acquisition, cost, description, serial number, model and location and other relevant information pertaining to the fixed assets.³⁸ The Accounts Officer must ensure that the fixed asset register is kept updated.³⁹

The audit noted that laptops purchased totalling \$10,780 was indicated to be recorded in the FMIS asset register. However, the register from the FMIS was not provided for audit verification. Refer to Table 5.24 for details:

Table 5.24: Fixed Asset Purchased During the Year

Date	Vendor	Cheque No.	Item	Serial Number	Cost Price (\$)
31/12/12	Office Products Ltd	26266	Laptops	3VSPBW	2,695
				48HPBW	2,695
				H1HPBW	2,695
				48KPBW	2,695
Total					10,780

In the absence of the asset/expandable item register, the items held by the Ministry over the years could not be verified. Hence the risk of theft and misappropriation of assets is high.

Recommendations

- The Accounts Officer should ensure that fixed assets are recorded in the Fixed Assets Register as and when they are procured to minimize the risk of theft or loss.
- The Account Officer should strictly comply with section 46 of Finance Instruction 2010.

Ministry Comments

The recommendation is duly noted and the Ministry has set up a Unit [Asset Management Unit] to strictly look into this in 2013.

5.21 Failure to Submit Progress Report on Key Result Areas

Within the end of each quarter, *i-Taukei Affairs Board* will provide a comprehensive report to the Minister of *i-Taukei Affairs* of the operation of the *i-Taukei Affairs Board* and the *i-Taukei* institutions of that quarter. Each report must detail the progress report on the programmes undertaken for each of the key results areas.⁴⁰ Similarly, the Centre for Appropriate Technology and Development (CATD) will provide the progress report of the grant utilized.⁴¹

The audit noted that a total of \$4.65 million was paid as grants to *i-Taukei Affairs Board* and Centre for Appropriate Technology and Development (CATD). Refer to Table 5.25 for details:

³⁷ Finance Instruction 2010 – Section 46 (1) & Ministry's Finance Manual 2011 – Section 8.1.3

³⁸ Ministry of *i-Taukei Affairs* Finance Manual 2011 – Section 8.2.1

³⁹ Ministry of *i-Taukei Affairs* Finance Manual 2011 – Section 8.2.2

⁴⁰ Grant Agreement between the Fiji Government & the *i-Taukei Affairs Board* – 6.1(a)

⁴¹ Grant Agreement between Government and CATD, paragraph 6

Table 5.25: CATD & i-Taukei Affairs Board

Grant Recipient	Amount (\$)	
	Sub Total	Total
CATD (Nadave)	527,500	527,500
i-Taukei Affairs Board	2,000,000	
Provincial Council	1,000,000	
Na Mata	50,000	
Turaga-ni-Koro Allowance	723,200	
Mata ni Tikina Allowance	350,000	
i-Taukei Affairs Board		4,123,200
Total		4,650,700

However, the audit was not provided with progress reports of the fund utilized.

The above denotes that controls relating to disbursement of grants is lacking and exacerbated by the lack of follow up for progress reports, prior to the release of the quarterly grant. As a result, audit could not determine whether both organisations have achieved the required key result.

Recommendation

The Senior Accounts Officer should ensure that the statement of acquittals are received and reviewed prior to the release of the quarterly grant to the respective organization.

Ministry Comments

Your comments and recommendation is duly noted.

5.22 Monitoring of Telecommunications Charges through CABB Software

Assets provide a vital resource base that supports the delivery of outputs by the agency. Therefore, it is important to ensure that assets are safeguarded and properly maintained.⁴²

Officers responsible for managing assets shall prepare a loss report whenever a loss is incurred. The loss report shall outline the nature of the loss, circumstances leading to it and the recovery measures taken. A copy of the loss report must be submitted to the *Accounts Officer* who shall record details of each loss in the losses register. The *Manager Corporate Services* shall initiate an internal investigation when any loss over the value of fifty dollars (\$50) occurs.⁴³

The Compact Array Broadband Backend (CABB) software provided the list of outgoing calls from an officer's unique telephone code to monitor personal or extravagant telephone charges per code.

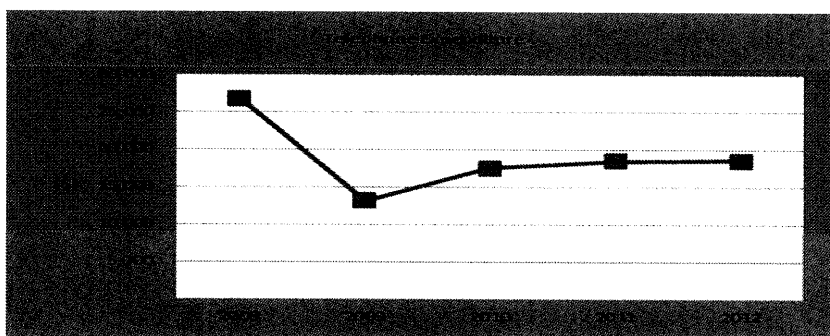
The audit noted that the CABB software is not in use since February 2011. As such, the telecommunications expenditure has not been monitored. Refer Table 5.26 for telecommunication expenditure incurred for the 5 year period:

⁴² Ministry of i-Taukei Affairs, Finance Manual 2011, Part 8

⁴³ Ministry of i-Taukei Affairs, Finance Manual 2011, Section 11.1.1 – 11.1.6

Table 5.26: Telephone Expenditure over The 5 Year Period

Year	Amount (\$)
2008	26,832
2009	13,199
2010	17,516
2011	18,480
2012	18,563



Furthermore, the following audit enquires into the loss of the software was not provided:

- The loss report was not prepared for the loss of CABB;
- According to manager scholarships, the software was lost as a result of repairs performed on the computer that had the software;
- The authority for the repair of the computer with CABB was not provided;
- The value of the CABB software was not provided;
- The loss was not recorded in the loss register;
- The agreement between Telecom Fiji Limited and the Ministry for the CABB software was not provided;
- Back-up was not done for the software.

In addition, the Ministry does not have a policy on the telephone codes issued to officers for measures and responsibility to be taken when their codes are suspected to be misused.

The above shows lack of care and due diligence in safeguarding and managing the assets and losses of the Ministry.

Recommendations

- **The Manager Corporate Services should probe into the loss of the software and record the loss;**
- **Officers should be surcharged for failing to take due care in maintaining the CABB software;**
- **The Manager Corporate Services and Senior Accounts Officer should prepare the loss report for the software;**
- **The Manager Corporate Services should implement internal controls immediately to monitor telephone calls made.**
- **The Manager Corporate Services should ensure that telephone policy on the usage and responsibility of unique codes is prepared.**

Ministry Comments

The recommendations have been noted and the Unit will make sure that we are complying with existing regulations and policies. The loss of the software was noticed after the repair of the computer that had the software.

Section 6 Ministry of Defence, National Security & Immigration

Roles and Responsibilities

The Ministry manages the nation's security (a prerequisite to stability and peace) and delivers this through the formulation and implementation of legislation, policy initiatives, programmes and projects on matters of national security and public order, man-made national crises and emergencies, defence, aerial surveillance, search and rescue operations, national day and other celebrations.

The Ministry is also responsible for immigration matters that include citizenship, detention and deportation, passports, visa, permits, border control, combat trafficking in person, refugee status determination and migration. It also provides a coordinating role through the Defence and Security Forces Liaison Unit on policy matters for the two disciplined services in the Fiji police Force and Republic of Fiji Military Forces.

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PART A: FINANCIAL STATEMENTS

6.1 Audit Opinion

The audit of the financial statements of the Ministry of Defence, National Security & Immigration resulted in the issue of a qualified audit report for the year ended 31 December, 2012. The issues qualified are as follow:

- Variances of \$305,311 and \$27,718 exist for cash receipts and cash payments respectively between the department of Immigration trust fund account cash book and the general ledger balance.
- There is an un-reconciled difference totalling \$1,743,831 between the trust fund cash at bank account in general ledger and the bank statement balance.

Management attention was also drawn to the following matters:

1. The Department of Defence did not provide a board of survey report during the audit.

2. The Department of Immigration boarded items totalling \$63,776. The board of survey report did not include the original cost of each boarded items.

6.2 Statement of Receipts and Expenditure

The Ministry collected revenue amounting to \$9,310,585 and incurred expenditure totalling \$5,350,073 in 2012. Refer Table 6.1 below for details.

Table 6.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
State Revenue	9,308,045	8,782,539
Agency Revenue	2,540	29,786
TOTAL REVENUE	9,310,585	8,812,325
EXPENDITURE		
Operating		
Established Staff	2,685,122	2,365,274
Government Wage Earners	188,364	211,591
Travel and Communications	233,231	155,290
Maintenance and Operations	392,357	309,121
Purchase of Goods and Services	777,235	596,825
Operating Grants and Transfers	27,976	19,989
Special Expenditures	248,787	215,973
Total Operating Expenditure	4,553,072	3,874,063
Capital Expenditure		
Capital Construction	113,800	---
Capital Purchases	425,177	---
Total Capital Expenditure	538,977	---
Value Added Tax	258,024	138,354
TOTAL EXPENDITURE	5,350,073	4,012,417

Total revenue increased by \$498,260 or 6% in 2012 compared to 2011. The increase is attributed to the increase in demand for Fiji passports.

Total expenditure increased by \$1,337,656 or 33% in 2012 compared to 2011. This was mainly due to capital expenditure for the national war memorial museum and the implementation of the Integrated Boarder Management System.

6.3 Appropriation Statement

The Ministry incurred expenditure totalling \$5,350,073 against the revised budget of \$5,702,847 resulting in a savings of \$352,774 or 6%. Details of expenditure against the budget estimates are provided in Table 6.2.

Table 6.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,946,563	(155,887)	2,790,676	2,685,122	105,554
2	Government Wage Earners	172,635	21,498	194,133	188,364	5,769
3	Travel & Communications	167,800	66,402	234,202	233,231	971
4	Maintenance & Operations	384,137	29,193	413,330	392,357	20,973

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
5	Purchase of Goods & Services	743,762	60,264	804,026	777,235	26,791
6	Operating Grants & Transfers	29,200	(1,220)	27,980	27,976	4
7	Special Expenditures	313,650	(20,250)	293,400	248,787	44,613
	Total Operating Costs	4,757,747	---	4,757,747	4,553,072	204,675
	Capital Expenditure					
8	Construction	365,000	(250,000)	115,000	113,800	1,200
9	Purchase	500,000	---	500,000	425,177	74,823
	Total Capital Expenditure	865,000	(250,000)	615,000	538,977	76,023
13	Value Added Tax	367,600	(37,500)	330,100	258,024	72,076
	TOTAL EXPENDITURE	5,990,347	(287,500)	5,702,847	5,350,073	352,774

6.4 Trust Fund Account Statement of Receipts & Payments

The Immigration Trust Fund Account records immigration bond received from permit holders. Refer Table 6.3 for receipts and payments for the year ended 31/12/12.

Table 6.3: Trust Account Statement of Receipts & Payments for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
Immigration Bond Received	3,670,459	3,219,929
TOTAL Receipts	3,670,459	3,219,929
PAYMENTS		
Immigration Bond Payment	1,723,869	1,425,839
TOTAL PAYMENTS	1,723,869	1,425,839
Net Surplus	1,946,590	1,794,090
Opening Balance as at 1 January	6,046,512	4,252,422
Closing Balance as at 31 December	7,993,012	6,046,512

Net surplus increased by \$152,500 or 9% in 2012 compared to 2011 as a result of increase in bond receipts during the year.

PART B: AUDIT FINDINGS

DEPARTMENT OF IMMIGRATION

6.5 Failure to Reconcile Bank Accounts

Each month, the trust fund account must be balanced and reconciled with the trust bank account. Unreconciled items must be investigated and resolved promptly.¹ All operating bank accounts shall be reconciled monthly. The bank reconciliations shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.² The Accounting Head must verify balances in the bank reconciliation to the cashbook, bank statements, unpresented cheques list and the previous month's reconciliations before certifying it.³

¹ Finance Instruction 2010 – Section 58 (3)

² Finance Instruction 2010 – Section 32 (6)

³ Department's Finance Manual 2011 Section 7.4.11

The audit noted that the department of immigration failed to perform bank reconciliations for the main trust fund and drawings accounts during the year:

- Monthly bank reconciliation for the immigration bonds trust fund account was not performed resulting in an un-reconciled variance of \$1,743,831 between the cash at bank in the general ledger and bank statement balance;
- Variances in the immigration bonds trust fund receipts (\$305,311) and payments (\$27,718) between the general ledger and the department cash book reconciliation were noted as outlined in Table 6.4:

Table 6.4: Variance in Trust Fund Account Balances

Description	Total Receipts (\$)	Total Payments (\$)
Departments Cash Book Reconciliation Statement	3,975,770	1,696,151
General Ledger balances ⁴	3,670,459	1,723,869
Variance	305,311	27,718

- An un-reconciled variance totalling \$135,377 was noted in the drawings account general ledger balance, annual board of survey report of un-presented cheques and the reconciliation performed by the department.

Table 6.5: Variance between FMIS and Department Reconciliation

Description	Amount (\$)
Balance as per General Ledger ⁵	194,673
Balance as per Department Reconciliation	330,050
Variance	135,377

Lack of supervisory checks in the accounts section has resulted in the above variances.

Un-reconciled balances indicate unaccounted transactions that could be in error or fraudulent.

Recommendations

- **The Accounting Head should reconcile its monthly trust fund and drawing account reconciliations with the general ledger and variances noted should be investigated and rectified;**
- **Supervisory checks in the performance of bank reconciliations should be strengthened to avoid un-explained and non-rectified variances.**
- **Section 32 (6) and 58 (3) of Finance Instructions 2010 should be strictly adhered with.**

Department Comments

Below is the breakdown of the variance.

Month	GL	Cash Book	Variance	Remarks
January	\$127,500.00	\$171,340.00	\$43,840.00	Total \$47,658 did not hit GL and \$3818 void cheque

⁴ Financial Management Information System, General Ledger Account Number, 9-06201-70002-895001, accessed on 27/03/13

⁵ Financial Management Information System, General Ledger Account Number, 1-06201-70999-530401, accessed on 27/03/13

Month	GL	Cash Book	Variance	Remarks
February	\$47,488.00	\$47488		Balance
March	\$200,464.00	\$198743	\$(1,721.00)	Air Pacific-PO issued, cash book now updated
April	\$160,174.00	\$130349	\$(29,825.00)	Cancel cheques-Chq no 1559-1565
May	\$223,827.00	\$228846	\$5,019	\$4,965 voided on cash book and \$54 amended on cash book
June	\$182,268.00	\$154098	\$(28,170.00)	\$19369 January payment appeared in June \$8801 voided
July	138,804.00	137308	\$(1,496.00)	Cheque 1693 voided on cash book but not on GL
August	\$97,213.00	\$100655	\$3,442.00	Cheque 1401 for Toby Bruce voided
September	\$164,233.00	\$156561	\$(7,672.00)	Cheque for Boutique-voided
October	\$44,878.00	\$107588	\$62,710.00	Total cheques amounting to \$62,665 not hitting GL
November	\$225,166.00	\$161728	\$(63,438.00)	Blue Ocean and Pan Pacific Cheque now included in Cashbook
December	\$111,854.00	\$101447	\$(10,407.00)	Cheque 1878-1883 voided
TOTAL	\$1,723,869.00	\$1,696,151.00		
	VARIANCE		\$(27,718.00)	

Your recommendation is noted. Arrangement is currently underway in clearing the drawings account variance which was there from 2009.

Further OAG Comments

The Department failed to provide the comments for the un-reconciled variance of \$1,743,831 between the cash at bank in the general ledger and bank statement balance for the Immigration trust fund account. A variance of \$27,718 remained for the explanation provided in the immigration trust fund account.

6.6 Breach in the Permit Condition

The holder of a short term permit is not permitted to be employed in another capacity other than for which the permit is issued.⁶ It shall be unlawful for any person to remain in Fiji after the expiration of any permit issued to or in respect of him/her under the provisions of the Immigration Act.⁷

The Permanent Secretary may cancel the permit, if the Permanent Secretary is satisfied that there is a breach of the condition subject to which it was issued.⁸

Chengying Liu, a Chinese national was granted a short term work permit on 02/02/11 to work as a Chinese Sales Representative for Marcao Investments Limited which was valid from 31/01/12 - 31/07/12.

An investigation was carried out by the Departments Compliance and Investigation Unit on 02/08/12 which found that the permit holder was working at the Noraton Motel Beauty and Spa.

The following anomalies were noted:

- The permit holder, *Chenying Liu* was working at the Noraton Motel Beauty and Spa contrary to the condition of the short term work permit issued on 02/02/11;

⁶ Policies & Management guidelines on Processing and Issuance of Non- Citizen permits, visas & exemptions – Section 3.2 (d)

⁷ Immigration Act 2003, Cap 88 – Section 14

⁸ Immigration Act 2003, Part 3 – Section 11 (b)

- At the time of the investigation dated 02/08/12, the permit holder's permit has expired and she has become an illegal immigrant in Fiji;
- In spite of being illegally working after the expiry of the permit, *Chenying Liu* was not detained to be repatriated;
- Further, on 30/08/2012, *Chenying Liu* departed Fiji and re-entered with another short term work permit for the period 17/01/13 – 17/07/13 to work as Manager at Noraton Motel Beauty and Spa.

The above is a blatant disregard in screening applications before issuing short term permits in accordance with immigration policies. Non-application of standard policies and procedures breed favouritism and indicates a culture of malpractice and fraudulent processing of permits.

Recommendations

- **The Manager Permits should immediately watch list and repatriate permit holders who violate the conditions of their work permit.**
- **Application for work permit should be carefully scrutinized and verified to deter unscrupulous people from exploiting the system to gain entry into the country.**

Department's Comment

Director of Immigration agrees with the recommendations and as a control measure, new policies will be developed for the processing of Short Term Permits (STP). All foreigners who have breached the conditions of their permits will have their names entered into the Controversial List. Director of Immigration records confirm that Ms Liu has left the country on 15/6/2013.

DEPARTMENT OF DEFENCE

6.7 Unverified Construction of the National War Memorial and War Museum Project

The need to improve record management in all agencies is vital for promoting Good Governance, Transparency and Accountability in the public sector. It is the responsibility of all staff hierarchy levels in each agency to integrate proper record management upkeep.⁹

The proper management of expenditure is fundamental to ensuring value for money in delivering services. As well, having cost effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over expenditures and corruption do not occur.¹⁰

The contract agreement between the Ministry and Public Works Department (PWD) on the National War Memorial and War Museum project was not provided to audit. Therefore, audit was unable to substantiate the following:

- Total cost of the project;
- Scope of work;
- Duration of work;

⁹ PSC Circular 10/2011

¹⁰ Ministry of Defence Finance Manual 2012 – Part 2: Expenditure: Introductory Statement

- Terms of Payment;
- Terms and conditions for termination of the project;
- Terms and conditions on variations; and
- Reporting requirement of contractor.

The contract agreement is a legal document which acts as a guide without which it will be very challenging for the Ministry to successfully undertake the project.

In addition, the audit noted that the Ministry paid \$115,000 to PWD for the construction of perimeter fence and railings. However, as at the date of audit¹¹, the Ministry only received the acquittals for \$62,829 and the balance of \$52,171 is yet to be acquitted by PWD.

The non-timely provision of acquittals indicates lack of coordination in monitoring the construction between the Ministry and PWD.

As a result of the above finding, the accuracy and completeness of the project cannot be verified.

Recommendations

- **The Principal Administration Officer must ensure that the contract agreement with the Public Works Department is properly maintained.**
- **The Permanent Secretary should ensure that monitoring role is strengthened to ensure timely completion of the projects in accordance with the contract agreement.**

Ministry's Comments

The Ministry had based its project implementation on the Public Sector Investment Programme which was used as the guiding document. The regular meeting that was held between the two agencies, fiscal check and reports provided to the central agency, exchange of emails together with continuous verbal conversation though not written was platform used by the Ministry to monitor progress and implementation.

It should be noted that funding provided through the Ministry's annual budget did not reflect totally the full implementation of the said phase and these actually spills over into the next financial year. Currently, we have two spill overs which are from phase 2 and 3 which we have done concurrently between the two phases and will again happen this year because full funding is not again provided for under the budget.

This inadequate budget provided is a contributing factor in not formulating a contract agreement document, but the Ministry is grateful that through such finding will warrant us to formalize one and address the gaps identified.

¹¹ 11/01/13

Section 7 Ministry of Labour, Industrial Relations and Employment

Role and Responsibilities

The Ministry's core responsibility is to pursue the attainment of decent work standards through; fair working conditions; stable and constructive labour relations; and an environment that encourages productivity, human resource development and employment growth. These responsibilities are achieved by focusing on developing an enabling environment supported by sound labour laws, policies and practices.

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PART A: FINANCIAL STATEMENT

7.1 Audit Opinion

The audit of the 2012 accounts of the Ministry of Labour, Industrial Relations and Employment resulted in the issue of a qualified audit report. The qualifications are as follows:

- A variance of \$464,628 exists between the trust fund cash at bank account balance and the trust fund liability account balance contrary to section 58 (3) of Finance Instruction 2010. The Trust Fund Account Statement of Receipts and Expenditure therefore cannot be ascertained to be fairly stated.
- A variance of \$657,782 exists between the trust fund cash at bank recorded in the general ledger and the bank statement balance, contrary to section 32 (6) of the Finance Instruction 2010. As such I was not able to ascertain that all receipts and payments have been actually accounted and disclosed in the Main Trust Fund Accounts.

7.2 Statement of Receipts and Expenditure

The Ministry of Labour, Industrial Relations and Employment collected revenue totalling \$130,233 and incurred expenditure totalling \$8,025,044 in 2012.

Table 7.1: Statement of Receipts and Expenditure for 2012

Descriptions	2012 (\$)	2011 (\$)
RECEIPTS		
State Revenue		

Descriptions	2012 (\$)	2011 (\$)
Commission	343	442
Total State Revenue	343	442
Agency Revenue		
Miscellaneous	129,890	76,701
Total Agency Revenue	129,890	76,701
Total Revenue	130,233	77,143
EXPENDITURE		
Operating Expenditure		
Established Staff	2,687,442	2,532,393
Government Wage Earners	145,559	207,582
Travel & Communications	243,803	193,165
Maintenance & Operations	363,502	309,993
Purchase of Goods & Services	781,570	192,174
Operating Grants & Transfers	39,618	34,361
Special Expenditures	3,071,328	4,580,112
Total Operating Expenditure	7,332,822	8,049,780
Capital Expenditure		
Capital Purchase	50,000	---
Total Capital Expenditure	50,000	---
Value Added Tax	642,222	860,977
TOTAL EXPENDITURE	8,025,044	8,910,757

The total expenditure declined by \$885,713 or 10% in 2012 compared to 2011 due to the decrease in expenditure related to Fiji Military Forces Middle East cases and the payment of compensations.

7.3 Appropriation Statement

The Ministry of Labour, Industrial Relations and Employment incurred expenditure totalling \$8,025,044 in 2012 against the revised budget of \$8,033,521 resulting in a savings of \$8,477.

Details of expenditures against the budget estimates are provided in Table 7.2.

Table 7.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,902,527	(214,970)	2,687,557	2,687,442	115
2	Government Wage Earners	155,164	(9,560)	145,604	145,559	45
3	Travel & Communications	215,000	29,075	244,075	243,803	272
4	Maintenance & Operations	200,800	163,229	364,029	363,502	527
5	Purchase of Goods & Services	938,479	(156,899)	781,580	781,570	10
6	Operating Grants & Transfers	35,000	4,619	39,619	39,618	1
7	Special Expenditures	3,142,151	(65,494)	3,076,657	3,071,328	5,329
	Total Operating Expenditure	7,589,121	(250,000)	7,339,121	7,332,822	6,299
	Capital Purchase	50,000	---	50,000	50,000	---
	Total Capital Expenditure	50,000	---	50,000	50,000	---
13	Value Added Tax	681,900	(37,500)	644,400	642,222	2,178
	TOTAL EXPENDITURE	8,321,021	(287,500)	8,033,521	8,025,044	8,477

PART B: AUDIT FINDINGS

7.4 Variance in the Main Trust Fund Bank Account Balance

Each month, the trust fund account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the responsible officer shall sign the reconciliation. Un-reconciled items must be investigated and resolved promptly.¹

The Ministry has five main trust fund bank accounts, namely, the *Workmen's Compensation, Occupational Health and Safety (OHS) account, National Employment Centre, Employment Relations Agency, and Child Labour*.

The audit noted an unexplained variance in the trust fund liability account totaling \$464,628 and the trust fund cash at bank account totaling \$657,782 to the bank statement balance of the trust fund account. Refer Table 7.3 for details.

Table 7.3: Unreconciled Trust Fund Account Balances

Trust Fund	Cash at Bank General Ledger (\$) ²	Trust Fund Liability Account (\$) ³	Bank Reconciliation and Bank Statement (\$) ⁴
Workmen's Compensation, Wages Dispute & Consultancy Services	733,428	286,407	1,324,071
Occupational Health & Safety	4,334,373	4,360,893	4,334,698
National Employment Centre	524,651	499,881	591,409
Employment Relations Tribunal	40,753	41,561	40,753
Child Labour	68,547	48,382	68,603
Total	5,701,752	5,237,124	6,359,534

The above indicates that the Ministry has failed to carry out reconciliations for the trust fund account. As such, the trust fund account, statement of receipts and expenditure for the financial year cannot be relied upon.

Recommendation

The Accounting Head should ensure that bank statement balance, trust fund liability account and the trust fund cash at bank general ledger account balances are reconciled on a monthly basis and any errors or variances are investigated and rectified accordingly.

Ministry's Comments

The audit memorandum was sent to the Ministry on 20/04/13 for which the management comments were not provided.

7.5 Anomalies in National Employment Centre Trust Fund Payments

All payments from the trust account shall be adequately supported.⁵ All payment above thirty thousand dollars should be approved by the Ministry of Finance.⁶

¹ Finance Instructions 2010 – Section 58 (3)

² Financial Management Information System, General Ledger Allocation, 9-07101-00000-520000 accessed on 02/04/13

³ Financial Management Information System, General Ledger Allocation, 9-07000-00000-890000 accessed on 28/03/13

⁴ Bank Account Numbers: Westpac 9801916389; BSP 323 4580; BSP 7788265; BSP 7828357; BSP 7915716.

⁵ Ministry of Labour, Industrial Relations and Employment - Finance Manual 2011 – Section 13.2.3

The audit of trust fund payment records noted the following anomalies:

- The payments above \$30,000 was made without the approval of the Ministry of Finance and the tender process contrary to procurement regulations 2010;
- Payment vouchers were not stamped for payment made;
- Delivery of goods was not verified before making payments; and
- Payments were made in excess of the invoice amount.

Table 7.4: Anomalies in National Employment Centre Trust Fund Payments

Cheque No.	Date	Payee	Amount (\$)	Anomalies
360	13/01/12	ServicePro Training Centre	39,375.00	- MOF approval not obtained for payment above \$30,000. - Failure to call for a tender.
425	22/03/12	Fiji National University	66,600.00	- MOF approval not obtained for payment above \$30,000.
461	04/06/12	Fiji National University	108,000.00	- MOF approval not obtained for payment above \$30,000.
490	14/09/12	Quality Print Ltd	5,250.00	- No "PAID" stamp.
499	17/10/12	Fiji National University	38,030.00	- Invoices amounted to \$32,030.00. However actual payment made was \$38,030.00. Over-paid by \$6,000.00.
507	20/11/12	Niranjans Autoparts	5,437.00	- Payment was made for repair and servicing of GM 818 however, as at the date of audit (05/04/13), the vehicle is not with the Ministry.

Failure to comply with proper accounting procedures for procuring goods and services has resulted in the above anomalies.

Recommendations

- **The Senior Accountant should ensure that section 13.2.3 of the Finance Manual 2011 is strictly complied with.**
- **The Accounting Head must investigate the over-payment of expenditure to FNU (\$6,000) and request for refund where warranted.**
- **All paid vouchers should be stamped "PAID" to avoid double payment.**

Ministry's Comments

The audit memorandum was sent to the Ministry on 20/04/13 for which the management comments were not provided.

7.6 Compensation of Leave Contrary to Public Service Regulations

Annual leave shall be taken when due. The Permanent Secretary or Head of Department shall ensure scheduling of leave to avoid bulging of leave entitlements at any time of the year.⁷ Officers may be allowed to carry over up to a maximum of ten working days entitlement from one leave year to the next.⁸

Due to Government's stringent control of funds, the compensation of accumulated leave will NOT be entertained and officers are encouraged to utilize their accumulated leave on a piece meal basis. Only in exceptional circumstances, with the approval of the Permanent Secretary for the Public Service,

⁶ Finance Circular 04/2010 dated 20/05/2010

⁷ General Orders 2011 – Section 705 (b)

⁸ General Orders 2011 – Section 705 (c)

compensations will be made.⁹ The Public Service Commission delegated its power for the compensation of leave to Head of Department on 29/10/12.¹⁰

The audit noted a total of \$19,166 paid in leave compensation to officers without the approval of the Public Service Commission. Refer Table 7.5 for details.

Table 7.5: Excessive Leave Dues Compensated

Name	EDP No.	Excessive Leave Days	Leave Compensated (\$)	Date Paid
Filimone Lutunaika	62731	56	4,950	19/01/12
Salote Nasedra	92450	51	2,220	13/09/12; 27/09/12; 11/10/12; 25/10/12
Vani Varea	59724	85	11,996	10/05/12
Total			19,166	

In addition, the following anomalies were noted for the compensation paid:

- Leave carried forward was more than 10 working days, contrary to General Orders, section 705(c);
- Scheduling of leave was not evident contrary to General Orders section 705 (b). Refer Table 7.6 below for outstanding leaves.

Table 7.6: Excessive Leave Dues

Name	Position	EDP No.	Excessive Leave Days	Annual Salary (\$)	Leave Liability (\$)
Taito Waqa	Permanent Secretary	41878	78.0	85,421	25,626
Yogesh Prakash	Manager Corporate Services	48329	38.5	36,530	5,409
Vilimone Baledrokadroka	Director Labour Compliance	57060	58.5	49,740	11,192
Suman Kumar	Accounts Officer	53356	33.5	23,483	3,026
Michelle Solvalu	Labour Officer	62415	34.5	20,945	2,779
Sainivalati Kuruduadua	Chief Tribunal Officer	40436	58.0	72,094	16,083
Vimlesh Maharaj	Chief Mediator	16449	31.0	60,557	7,220
Harbans Narayan	Mediator	15054	30.5	46,554	5,461
Sahid Ali	Mediator	53294	49.0	46,554	8,774
Tomasi Keni	Labour Officer – Central Eastern	59649	40.5	37,796	5,887
Joeli Pulu	Labour Officer – Central Eastern	60319	34.0	20,945	2,739
Eferemo Ratucoko	Labour Officer - Sigatoka	61473	57.0	20,945	4,592
Apenisa Naceba	Assistant Labour Officer - Savusavu	62270	74.0	16,160	4,599
Total Sample					103,387

- Documentary evidence was lacking on the officers inability to utilize leave.

In the absence of PSC approval, the leave compensated is unauthorized. Also, accumulation of leave balances exposes Government to leave expenses at higher rates of pay.

⁹ Public Service Commission Circular No. 53/2009, paragraph 5.0 and 6.0

¹⁰ Public Service Commission Circular No. 70/12 dated 29/10/12, paragraph 3.1

Recommendations

- The Administrative Officer should ensure that leave roster is prepared for staff to take leave at the end of the year without hindering the continuity of the Ministry's functions.
- The Accounts Officer and the Administrative Officer should ensure that compensation of leave is made in accordance to PSC regulations.
- The Accounts Officer should ensure that the reason for the non-utilization of leave is documented where compensation is made.

Ministry's Comments

- | | |
|---------------------------|--|
| <i>Filimoni Lutunaika</i> | <i>The officer resigned from the service and the Ministry has to pay all his outstanding dues. His outstanding dues cannot be taken by the officer during his term with the Ministry due to the post he was holding as Manager IT and plays a vital role in the reform process during the reform period.</i> |
| <i>Salote Nasedra</i> | <i>She has resigned from the service and likewise she has to be paid all her dues. Her outstanding leave could not be utilised by her during her tenure since her position as the Resister of the Employment Relations Tribunal has tight schedule with many backlog cases which they have to clear.</i> |
| <i>Vani Varea</i> | <i>The officer was promoted as Director Labour Policy and Productivity and chooses to be compensated in accordance with clause 10 of the contract stating that she can either be compensated or utilised. She could not utilise her leave due to the tight schedule on the reform process.</i> |
-
- *Officers will be formally informed to utilize excessive leave due by submitting their leave schedule and will be reminded of the General Orders, section 705(c)Leave to carry over up to maximum of 10 working days from one leave to the next.*
 - *Any future compensation of leave will be made with the approval of the PS LIRE and in line with the PSC regulation.*
 - *The Ministry is undergoing aggressive reforms thus the capacity to deliver its service is being limited. As such it is different for officers to take leave without affecting the overall reform agenda, therefore, the provision for taking leave to endure that not less than 10 days is carried forward to the following year, may not be practicable for Labour Ministry at this point in time.*

Section 8

Ministry of Foreign Affairs and International Co-operation

Role and Responsibilities

The role of the Ministry of Foreign Affairs and International Co-operation is to lead the formulation and conduct of Fiji's Foreign Policy. Major outputs are still being delivered in the conventional foreign relations activities of global intelligence gathering, especially through Fiji Missions abroad and the conduct of attendant analysis and guidance in such policy options that would maximize Fiji's national gains from strategic future directions.

Emerging dimensions in international relations have resulted in newer outputs through Summit Diplomacy, Group Diplomacy and the Information Technology media. In recent years, there has been an increasing range of outputs, including the communication of government policy choice and rationale to the international and domestic stakeholders for a stronger partnership in policy implementation. These stakeholders include other government departments, international agencies, business sector, media, the academia, and civil societies. This output class is expected to increase as greater civic responsibility generates interest and awareness in government's policy processes and implementation.

The climate change unit is obligated to meet its Rio Conventions Obligations namely the United Nations Framework Conventions on Climate Change (UNFCCC).

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PART A: FINANCIAL STATEMENT

8.1 Audit Opinion

The audit of the 2012 accounts of the Ministry of Foreign Affairs and International Co-operation resulted in the issue of a qualified audit report. The overseas missions' cash at bank balances totalling

\$4.6 million in the general ledger was not reconciled as at 31/12/12. As such the audit could not ascertain the completeness and correctness of the expenditure and revenue recorded in the Statement of Receipts and Expenditure.

Management attention was also drawn to board of surveys that were not carried out for Fiji Missions overseas contrary to section 49 (1) of the Finance Instructions 2010.

8.2 Statement of Receipts and Expenditure

The Ministry collected revenue totalling \$23,759 and incurred expenditure totalling \$27,145,443 in 2012.

Table 8.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
State Revenue		
Operating Revenue	23,759	13,420
Total State Revenue	23,759	13,420
Agency Revenue		
Miscellaneous Revenue	---	42,548
Total Agency Revenue	---	42,548
TOTAL REVENUE	23,759	55,968
EXPENDITURE		
Operating Expenditure		
Established Staff	7,657,735	6,391,234
Government Wage Earners	2,310,936	2,182,202
Travel & Communications	2,285,754	1,897,752
Maintenance & Operations	6,513,892	5,544,642
Purchase of Goods & Services	373,266	522,697
Operating Grants & Transfers	2,428,804	2,285,413
Special Expenditures	3,623,152	2,260,058
Total Operating Expenditure	25,193,539	21,083,998
Capital Expenditure		
Construction	226,544	59,335
Purchases	165,625	65,205
Total Capital Expenditure	392,169	124,540
Value Added Tax	1,559,735	1,324,665
TOTAL EXPENDITURE	27,145,443	22,533,203

The Ministry's total revenue decreased by \$32,209 or 58% in 2012 compared to 2011 as a result of the transfer of the Department of Civil Aviation to the Ministry of Public Enterprise.

Total expenditure increased by \$4,612,240 or 20% in 2012 compared to 2011 due to the establishment of two new missions in South Korea and Abu-Dhabi in the United Arab Emirates in 2012 and the hosting of the Melanesian Spearhead Group (MSG) meeting.

8.3 Appropriation Statement

The Ministry incurred expenditure totalling \$27,145,443 in 2012 against the revised budget of \$28,807,029 resulting in a savings of \$1,661,586 or 6%. Details of expenditure against the budget estimates are provided in Table 8.2.

Table 8.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	7,677,672	205,578	7,883,250	7,657,735	225,515
2	Government Wage Earners	2,673,718	(184,861)	2,488,857	2,310,936	177,921
3	Travel & Communications	1,788,368	641,764	2,430,132	2,285,754	144,378
4	Maintenance & Operations	6,842,331	(261,000)	6,581,331	6,513,892	67,439
5	Purchase of Goods & Services	512,418	12,000	524,418	373,266	151,152
6	Operating Grants & Transfers	3,682,153	(1,257,901)	2,424,252	2,428,804	(4,552)
7	Special Expenditures	3,141,369	808,280	3,949,649	3,623,152	326,497
	Total Operating Expenditure	26,318,029	(36,140)	26,281,889	25,193,539	1,088,350
	Capital Expenditure					
8	Capital Constructions	400,000	(100,000)	300,000	226,544	73,456
9	Capital Purchases	270,000	36,140	306,140	165,625	140,515
	Total Capital Expenditure	670,000	(63,860)	606,140	392,169	213,971
13	Value Added Tax	1,934,000	(15,000)	1,919,000	1,559,735	359,265
	TOTAL EXPENDITURE	28,922,029	(115,000)	28,807,029	27,145,443	1,661,586

PART B: AUDIT FINDINGS

8.4 Non-Reconciliation of Overseas Mission Bank Accounts

The *Senior Accounts Officer* shall prepare bank reconciliation within five days from the end of the month.¹ All bank accounts must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and date by the responsible officer.² The *Principal Accounts Officer* must verify the balances in the bank reconciliation to the cash book, bank statements, unpresented cheque list and the previous month's bank reconciliation before certifying it.³

The overseas missions' expenditure totalled 76% of the Ministry's yearly appropriation. The overseas missions' bank accounts facilitate the payment for mission expenditure and the transfer of monies from the consolidated fund account. At the end of the month, expenditure is journalized to respective budgetary expenditure.

The cash held in overseas mission bank accounts totalled \$4,565,692 compared to \$3,312,732 in 2011, an increase by \$1,252,959 or 38%. Refer Table 8.3 for details of bank balances with overseas missions.

Table 8.3: Overseas Missions Bank Balances

Account Number	Mission	2012 (\$)	2011 (\$)	Movement (\$)
1-08101-08101-510106	Fiji Trade Commission Sydney	(2,027)	(2,027)	---
1-08101-80102-510106	Fiji Consulate General Sydney	121,140	54,567	66,572
1-08103-80101-510107	Fiji High Commission – Canberra	53,060	6,611	46,449
1-08101-81001-510202	London	67,278	228,062	(160,785)
1-08103-80501-510401	Tokyo	238,405	77,705	160,700
1-08103-80701-510502	Wellington	8,400	40,255	(31,855)
1-08103-80201-510504	Beijing	579,608	605,542	(25,934)

¹ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2011 - Section 5.3.7

² Finance Instruction 2010 – Section 32 (6)

³ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2011 – Section 5.3.10

Account Number	Mission	2012 (\$)	2011 (\$)	Movement (\$)
1-08103-80301-510601	Brussels	684,885	268,487	416,398
1-08103-81101-510801	UN	270,689	214,331	56,357
1-08103-81102-510802	Washington	378,770	442,233	(63,463)
1-08103-80301-510901	Kular Lumpur	11,544	11,544	---
1-08103-80402-510901	Kular Lumpur	(33,539)	---	(33,539)
1-08103-80601-510901	Kular Lumpur	595,424	489,942	105,482
1-08103-80801-510902	PNG	99,570	92,044	7,525
1-08101-80101-510903	New Delhi	2,023	26,023	---
1-08103-80301-510903	New Delhi	395,773	105,089	290,685
1-08103-80401-510903	New Delhi	406,479	369,928	36,552
1-08103-80401-510905	Fiji Embassy Indonesia	(170,337)	(170,337)	---
1-08103-80402-510905	Fiji Embassy Indonesia	303,874	170,634	133,240
1-08103-80403-510905	Fiji Embassy Indonesia	79,740	32,220	47,521
1-08103-80404-510905	Fiji Embassy Indonesia	230,649	249,879	(19,231)
1-08103-80405-510905	Fiji Embassy Indonesia	349,090	---	349,090
1-08103-80406-510905	Fiji Embassy Indonesia	(128,806)	---	(128,806)
	Total	4,565,692	3,312,732	1,252,959

The audit noted the following anomalies:

- The cash at bank balances reflected in the general ledger were not reconciled to the actual cash held in the overseas missions bank accounts; as such the missions expenditure recorded in the *Statement of Receipts and Expenditure* cannot be deduced to be fairly stated;
- The audit was not provided journal vouchers to ensure that year end foreign exchange adjustments have been made for the balances recorded in the general ledger; as such, gain or loss realized from change in exchange rate cannot be deduced to be fairly recorded in the *Statement of Receipts and Expenditure*, understating receipts and expenditures;
- Explanation was not provided for missions with more than one bank account in the general ledger, namely, Fiji Embassies in New Delhi, Indonesia, and Kuala Lumpur;
- General ledger cash at bank accounts for newly established embassies, namely, Fiji Embassies in South Korea, Brazil and Abu - Dhabi have not been created.
- The Finance Manual of the Ministry failed to document the procedures and processes involved in recording transactions and reconciling overseas missions expenditure and bank accounts.

Thus, the receipts and expenditure recorded in respect of missions in the *Statement of Receipts and Expenditure* of the Ministry's financial statements cannot be relied upon to be fairly stated.

Recommendations

- The Principal Accounts Officer should ensure that overseas missions bank account balances are reconciled with the balances reflected in the general ledger.
- The Principal Accounts Officer should ensure that change in foreign exchange rate is journalized monthly and gains and losses recorded as revenue and expenditure accordingly.
- The Ministry should ensure that missions' expenditure is reconciled to the cash at bank and then recorded in the respective general ledger expenditure account.

Ministry Comments

- *Firstly a template has to be balanced and adopted first before we can smartly comment that it has to be reconciled.*
- *Reconcile general ledger to the actual cash held, a balanced template to be adopted first.*
- *JV# 181/12/12- \$72,426.49 was raised to clear loss realized from change in exchange rates.*
- *For missions that had two bank accounts, this were to facilitate remittance transfer that are usually TT in US dollars and the host currency accounts are to facilitate mission's normal day to day operational financial transactions.*
- *General ledger accounts for the three named missions FE South Korea, Brazil & Abu Dhabi not opened, this is misleading.*
- *Evidence of GL print outs-general accounts opened and utilized is also attached to substantiate accounts were opened.*
- *FE South Korea – 10810380406070101*
- *Fe Abu Dhabi – 10810380405070101*
- *FE Brazil – Various*
- *Admit that we are yet to documents procedures and process involved in recording transactions. This has been drafted in the amendments that are to be effected this year on our Ministry Finance Manual.*

Further OAG Comments

The general ledger account numbers stated by the Ministry are expenditure allocations and not the account numbers for cash at bank for the newly established missions.

8.5 Incomplete Board of Survey Report

An annual board of survey must be conducted each year to verify the existence and condition of assets recorded on the asset register.⁴ Within one week of the end of each month, the *Principal Accounts Officer* shall submit to the *Permanent Secretary* the internal control report.⁵

The Ministry was allocated a revised budget of \$239,812⁶ for the purchase of stores and other assets items for the year.

The audit noted that the Ministry failed to carry out the board of survey for the fourteen⁷ missions and embassies. Refer Table 8.4 for purchase of assets and expandable items over the 5 year period:

⁴ Finance Instructions 2010 – Section 49 (1)

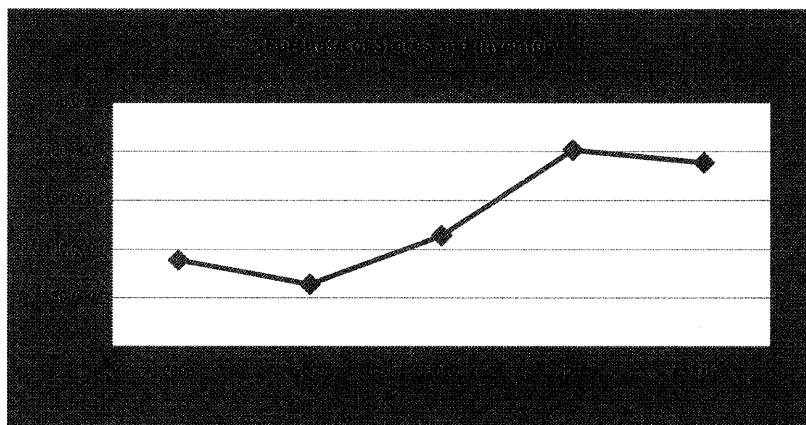
⁵ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2011 - Section 13.1.9

⁶ Financial Management Information System, Natural account number 050142, 050301 and 050501, fiscal set 2, accessed on 30/05/2013

⁷ Altogether there are fifteen missions and embassies. The Sydney mission carried out its board of survey for the year.

Table 8.4: Purchase of Stores and Other Asset Items over the Five Year Period

Year	Amount (\$)
2008	88,587
2009	63,925
2010	113,980
2011	201,353
2012	188,508
Total	656,353



In spite of substantial expenditures and investment in assets, the Ministry has failed to implement internal controls to safeguard its assets.

In the absence of board of surveys, the risk of misappropriation of assets is high and the statement of losses report reflected in the agency financial statement is not exhaustive.

Recommendation

The Principal Accounts Officer must ensure that Section 49 of the Finance Instruction 2010 and section 13.1.9 of the Ministry's Finance Manual 2011 is strictly complied with.

Ministry Comments

As earlier highlighted missions do carry out their BOS and some copies of BOS carried out is attached. The credibility of audit is questionable and most of the issues raised on BOS were properly filed at the registry and the questions to ask is that had they ever asked for BOS file from the registry to substantiate claim made that no Board of Survey were conducted at the 14 missions.

Further OAG Comments

The Ministry failed to provide the board of survey report of the fourteen missions when further audit verification was carried out on 04/09/2013 following the receipt of the management comments.

8.6 Loss Report not provided

Each agency must include in its annual financial statements a statement of losses.⁸ Any loss arising from theft or fraud shall be reported immediately to the Police. A copy of the report should also be provided to the Public Service Commission, Ministry of Finance & Auditor General. A copy of the loss report must be submitted to the *Asset Recorder* who shall record details of each loss in the losses register.⁹

The audit noted that a laptop and a camera were lost during the year. However, the Ministry failed to provide the loss report.

⁸ Finance Instructions 2010 – Section 71 (1) (f)

⁹ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2011 – Section 10.1.3 and 10.1.5

Furthermore, lost and damaged items recorded through the headquarters board of survey report have not been investigated and recorded as losses in the financial statement.

In addition, the losses register is not maintained by the Ministry.

In the absence of the loss report, the loss disclosed in the agency financial statement is unsubstantiated. Also, in the absence of loss register, the losses listed for the year cannot be deduced to be complete.

Recommendations

- **The Principal Accounts Officer should ensure that loss reports are made available and are strictly in compliance with section 10.1.3 and 10.1.5 of the Finance Manual 2011.**
- **The Principal Accounts Officer should review the board of survey report and ensure that assets missing or damaged are investigated and appropriately written off.**

Ministry Comments

Comments have been noted as we are yet to provide loss report on this as after many follow ups with our asset recorder, the report is yet to be produced.

8.7 Erroneous Trust Fund Account Balance

The *Principal Accounts Officer* is responsible for the safekeeping and proper maintenance of all accounting records or documents of the agency.¹⁰ Natural account in Standard Liability Group (SLG) 89 relates to trust fund account balances that are held in trust for a specific purpose and usually kept under fund 9. Balances under fund 1 relate to balances for Governments daily operation referred as operating fund account.¹¹

The trust fund account had a balance of \$42,252¹² is the general ledger as outlined in Table 8.5

Table 8.5: Dormant Consolidated Trust Fund Accounts

Account Number	Description	Dormant From	Amount (\$)
1-08101-08101-890111	Aus Aid Assistance Acas	2004	462
1-08101-08101-899988	Miscellaneous Fund Open	2007	35,046
1-08103-80101-899988	Miscellaneous Fund v Open	2007	(5,338)
1-08103-80701-899988	Miscellaneous Fund v Open	2007	12,082
Total			42,252

The audit noted the following anomalies:

- The trust fund balance in the general ledger is not in accordance with the structure of chart of accounts adopted for the Government;
- Thus, the balance has been recorded erroneously;
- The Ministry failed to provide supporting documents relating to the balances recorded;

¹⁰ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2011 - Section 14.1.3

¹¹ Chart of Accounts – Account Number Structure for Fiji Government

¹² Financial Management Information System, Account Number 1-08000-00000-890000, accessed on 30/05/13

- The Ministry on 17th January, 2011 advised the Ministry of Finance for the dormant trust fund account and requested assistance to resolve the account balance. However, supporting documents were not provided to rectify the error.

The above indicates lack of care and due diligence with which the accounts of the Ministry are maintained and recorded.

Hence, the account balance remained to be explained and reconciled.

Recommendations

- **The Principal Accounts Officer should ensure that transactions recorded in the general ledger are supported with documentary evidences and should be produced during audit.**
- **The Principal Accounts Officer should ensure that balances in the trust fund account are reviewed on a monthly basis.**

Ministry Comments

Trust in accordance with structure

Most of this trust accounts existed even before we join the Ministry and we had continued as it was.

Failure to provide supporting documents

It was continuously from previous years and attempt is on going to have absorbed by Ministry of Finance.

Request to MOF to clear – no supporting documents

When request was made supporting documents was provided with it to MOF.

Further OAG Comments

The supporting documents with the memorandum to the Ministry of Finance addressing dormant trust funds accounts was not provided during further audit verification carried out on 04/09/12 following the management comments.

8.8 Un-reconciled Operating Trust Fund Account

Where charges are for payments to organizations through salary deductions, the relevant creditor account shall be credited. When actual payment is made to the organization, the creditor account shall be debited.¹³

Within three days of receiving the monthly general ledger reports from the Ministry of Finance, the *Assistant Account Officer, ledgers* shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement. The *Senior Account Officer & Principal Accounts Officer* shall certify and date the reconciliation.¹⁴

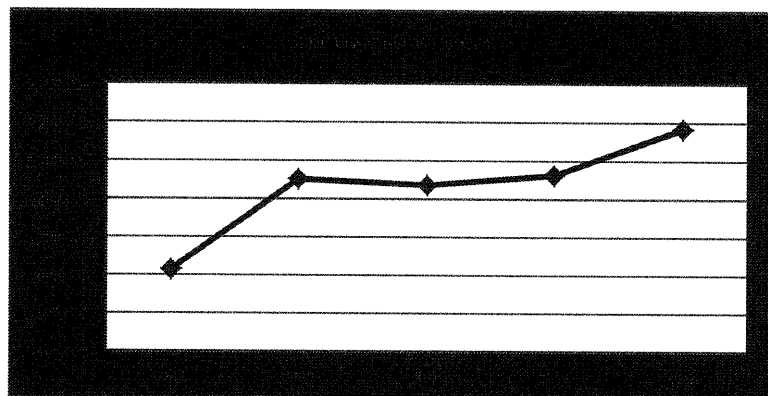
The operating trust fund account had a balance of \$2,986,290 compared to a balance of \$2,860,693, an increase of \$125,597 or 4.4%. These comprise of direct payroll deductions made from employee salary and wages, sundries and administration contributions from Missions. Refer Table 8.6 for details of balances over the five year period.

¹³ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2011 - Section 3.5.3

¹⁴ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2011 - Section 12.3.3 and 12.3.7

Table 8.6: Trust Fund Account over the 5 Year Period¹⁵

Year	Amount (\$)	Percent Change
2008	2,617,235	---
2009	2,850,640	8.9
2010	2,838,550	(0.4)
2011	2,860,693	0.8
2012	2,986,290	4.4



The audit noted the following anomalies:

- An unexplained variance of \$35,424 was noted between the reconciliation performed by the Ministry and the general ledger. Refer Table 8.7 below for details:

Table 8.7: Variance between the Ministry's reconciliation and the General Ledger

Particulars	Amount (\$)
Reconciliation of Ministry	2,950,866
General Ledger Balance	2,986,290
Variance	(35,424)

- Of the twenty five (25) trust fund accounts, nine (9) accounts totalling \$2.2 million or 74% of the total operating trust fund account have been dormant over the years. Refer Table 8.8 for details.

Table 8.8: Dormant Trust Fund Accounts

Account Number	Description	Dormant From	Amount (\$)
1-08103-81001-861299	XXX PD OTHERS	2009	(222)
1-08101-08101-861306	263 PD HOUSING AUTHORITY	2008	(1,326)
1-08101-08101-861910	383 PD SUNDRIES	2008	(2,049,050)
1-08101-08101-861914	389 PD-COURT BANKRUPTCY ORD	2009	559
1-08103-80201-861920	501 P D EMPLOYEES FNPF	2008	204
1-08103-80301-861920	501 P D EMPLOYEES FNPF	2008	197
1-08103-80801-861920	501 P D EMPLOYEES FNPF	2008	90
1-08103-81001-861920	501 P D EMPLOYEES FNPF	2008	171
1-08101-08101-863101	ADMIN CONTRIBTNS FOREIGN MISSN	2008	(159,580)
Total			(2,208,957)

- Eight of the operating trust fund account was overdrawn as outlined below:

¹⁵ Financial Management Information System, General Ledger Account Number, 1-08000-00000-860000, accessed on 30/05/2013

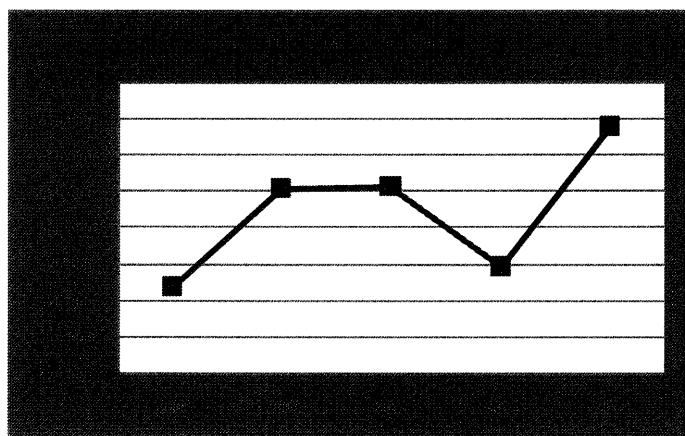
Table 8.9: Overdrawn Trust Fund Accounts

Account Number	Description	2012 (\$)	2011 (\$)
1-08101-08101-861525	316 PD SERVICE WORKER CU	59	---
1-08101-08101-861599	XXX PD OTHERS	8,322	8,266
1-08101-08101-861914	389 PD-COURT BANKRUPTCY ORD	559	559
1-08101-08101-861915	400 PD FINES & TREASURY	30	15
1-08103-80201-861920	501 P D EMPLOYEES FNPF	204	204
1-08103-80801-861920	501 P D EMPLOYEES FNPF	90	90
1-08103-80301-861920	501 P D EMPLOYEES FNPF	197	197
1-08103-81001-861920	501 P D EMPLOYEES FNPF	171	171
Total		9,632	9,502

- Fiji National Provident Fund (FNPF) trust fund account had a balance of \$443,876. Refer Table 8.10 for balances brought forward over the years:

Table 8.10: FNPF Trust Fund

Year	Amount (\$)	Percentage Change
2008	421,868	(5.28)
2009	435,429	3.21
2010	435,602	0.04
2011	424,642	(2.52)
2012	443,876	4.53



In addition, the reconciliation performed by the Ministry is only a documentation of balances brought forward without any genuine effort to explain and reconcile the balances.

The above shows the laxity of the Ministry to ensure that the balances held in trust are paid in a timely manner. As such, large balances remained outstanding in the operating trust fund account.

Recommendations

The Principal Accounts Officer should ensure that:

- Monthly reconciliations are carried out to explain and rectify outstanding balances accordingly.
- Supervisory controls in the accounts section are strengthened to ensure timely clearance of balances held in the trust fund account.

Ministry Comments

All the above were all previous years balance of which we are currently pursuing with MOF to have them absorbed, but through meeting with them they advised to journalized them to miscellaneous revenue, but were all verbal which we cannot act on.

8.9 Anomalies Noted in the Issue and Clearance of Accountable Advance

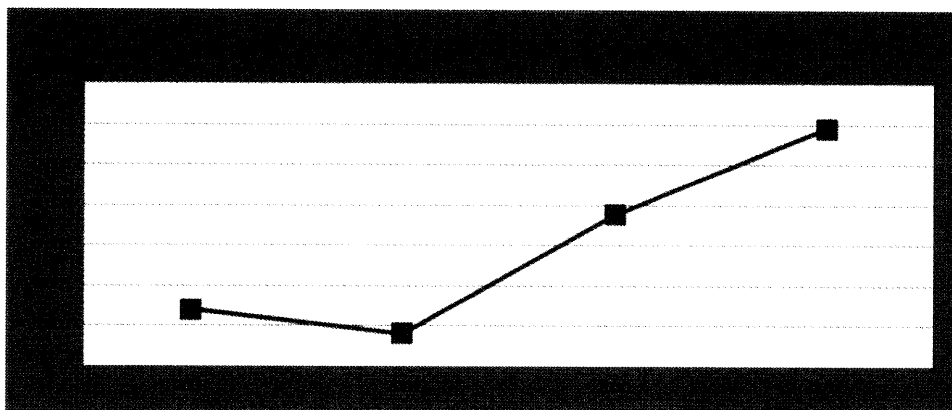
The *Principal Accounts Officer* is responsible for the safekeeping and proper maintenance of all accounting records or documents of the agency.¹⁶ Accountable Advances may be provided to staff to assist in carrying out their official duties or as part of their approved remuneration. The repayment of these advances must be actively pursued to reduce the risk of losses from irrecoverable debts.¹⁷

The travel advance shall be charged to advances account until cleared through submission of the acquittals.¹⁸ Upon clearance of the advance, the *clerical officer payments* shall update the advance register, offset the advance account and debit the appropriate expenditure account.¹⁹

The Revolving Fund Advance (RFA) account totalled \$59,079 in year 2012 compared to \$37,642 in year 2011, an increase by \$21,437 or 57%. A total of \$256,132 and \$277,571 was issued and retired in advances respectively during the year. Refer Table 8.11 for balances in advance account over the five year period.

Table 8.11: RFA – Advance Account over the 5 Year Period²⁰

Year	Amount (\$)
2008	523,514
2009	14,031
2010	8,187
2011	37,642
2012	59,079



The following anomalies were noted in the issue and retirement of advances:

- A total of \$54,906 in advance issued to officers was not recorded in the RFA – advance register. Refer Table 8.12 for advances not recorded.

Table 8.12: RFA – Advance Account Not Recorded When Issued

Date	Payment Voucher No.	Amount (\$)
30/04/2012	24001	8,459
02/04/2012	24032	5,000
31/07/2012	24547	8,000
31/10/2012	25160	11,544
19/10/2012	25183	11,285
31/12/2012	25722	10,618
Total		54,906

¹⁶ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2011 - Section 14.1.3

¹⁷ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2011 – Part 6 Introduction

¹⁸ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2011 – Section 6.1.7

¹⁹ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2011 – Section 6.1.14

²⁰ Financial Management Information System, General Ledger Account Number, 1-08000-00000-560000, accessed on 30/05/2013

- A total of \$43,362 advance payments made to officers lack supporting documents of the retirement of advances. Refer Table 8.13 for details.

Table 8.13: Lack of Supporting Documents for the Retirement of Advances

Date	Payment Voucher No.	Amount (\$)
31/05/2012	24032	5,000
30/04/2012	24001	8,459
31/07/2012	24547	8,000
19/10/2012	25183	11,285
31/12/2012	25722	10,618
Total		43,362

- The accountable advance register was not updated indicating that officers were issued advances despite prior outstanding advances.

In the absence of updated advance register, advances issued during the year cannot be deduced to be accurately recorded and complete.

Failure to up-to-date the recording and retirement of advances on a timely basis could result in irrecoverable advances and understate expenditures recorded in the Statement of Receipts and Expenditure for the year.

Recommendations

- **The Principal Accounts Officer should ensure that the advance account register is up to date and reconciled with the general ledger for issue and retirement of advances.**
- **The Principal Accounts Officer should ensure that due care is maintained for supporting documents for the retirement of advances.**

Ministry Comments

Comments have been noted as we need to improve on issues raised herein, currently all those outstanding Accountable advances are being recovered through salary deduction.

8.10 Payment of Damages for Hired Vehicle

The vehicle accident report shall be submitted to the *Transport Officer* who shall scrutinize the report, interview the driver and contact the other driver or witness(es) if necessary before recommending a course of action to *Permanent Secretary* through *Director Corporate Services* or the *Head of Mission*.²¹ A surcharge must be imposed on an officer who is directly or indirectly responsible for destruction, damage, theft or other loss of property.²²

The audit noted a total of \$8,207 (2,915 pounds) was paid to Signature Car Hire in London for damages to the hired vehicle.²³ Refer Table 8.14 for the damages paid for.

²¹ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2011 - Section 8.6.5

²² Finance Instructions 2010 – Section 63 (1) (b)

²³ Range Rover Vogue 4.4 TDV8 (2012)

Table 8.14: Damages to Hired Vehicle²⁴

Damage	Amount (Pounds)
4 x damaged alloy wheels	380
2 x New Tyres for tyre cuts	410
Shortage of Fuel	60
Rear Bumper Scuff	225
Front Bumper	225
Stone Guard	300
Freckles in the windscreen caused by over-speeding	95
Driver door panel damaged	639
Labour for fitting door panel	95
Vat	486
Total	2,915

However, documentations were lacking on the damages such as:

- How the damages occurred;
- Whether the damages was lack of due care;
- Interview of the driver and the record of damages assessed by the Transport Officer;
- Report of recommendation to the Permanent Secretary and the Head of Mission; and
- The need to recover costs which may be the result of negligence.

The above indicates lack of monitoring of the mission transactions in spite of its remoteness.

Recommendations

- **The Transport Officer should strictly adhere to section 8.6.5 of the Finance Manual and section 63 (1) (b) of the Finance Instructions 2010;**
- **The Director Corporate Services and the Head of Mission, London should strengthen supervisory controls to ensure damages to property are dealt with accordingly, and**
- **The Director Corporate Services should instigate measures to regularly monitor mission transactions due to its remoteness.**

Ministry Comments

The ministry is awaiting submission from the Fiji Mission to London on the issue before an answer to the question.

8.11 Substantial Payments in Overtime

Overtime work shall be approved only on special circumstances and on the specific approval of the *Permanent Secretary*. Clear undertaking shall be in place on why the required work could not be accomplished during normal working hours.²⁵

Officers occupying posts, the maximum salary of which does not exceed \$20,295 are eligible for the payment of overtime or time-off in lieu of an hour-for-hour basis of any work performed in excess of their normal daily working hours.²⁶ An officer, who would have otherwise qualified to claim overtime,

²⁴ E-mail correspondence from Signature Car Hire to London High Commission dated 07/08/12, Payment Voucher number 39/08 dated 21/08/12

²⁵ Public Service Commission Circular 52/2011, Policy on Overtime of Civil Servants - section 6.1.1 and 6.1.2

²⁶ General Orders 2011 – Section 418(b)

will not be eligible for overtime pay or time-off when acting in a higher position, the maximum salary of which is \$20,295 or above.²⁷

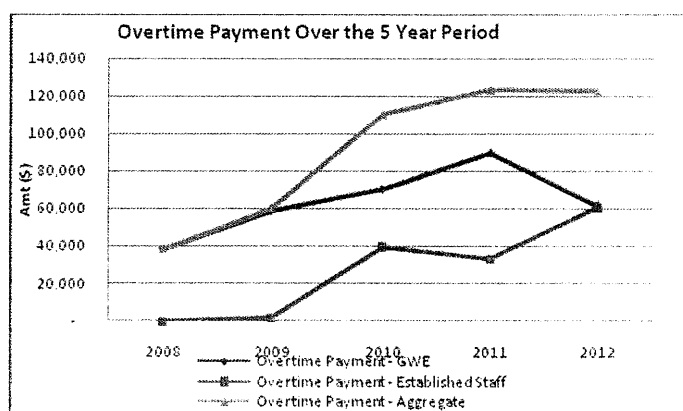
The *Principal Accounts Officer*, *Senior Accounts Officer* and *Accounts Officer* must not certify payments as correct unless they are satisfied that it is in accordance with Local Purchase Order or other authorisations.²⁸ All official payments are to be made by cheque and all payments must be processed through payment vouchers for separate payees.²⁹

The budget for the payment of overtime was revised upwards from \$40,000 to \$123,788, an increase of \$83,788.³⁰

The audit noted that payment for overtime has increased substantially for the Ministry over the five year period. Refer Table 8.15 for details.

Table 8.15: Overtime Payment over the Five Year Period³¹

Year	Government Wage Earners (\$)	Established Staff (\$)	Total (\$)	Change (%)
2008	38,658	---	38,658	---
2009	58,917	1,910	60,826	57
2010	70,551	40,084	110,635	82
2011	90,039	33,654	123,693	12
2012	61,984	61,022	123,006	(1)



Furthermore, the following anomalies were noted in the payment of overtime:

- The overtime forms failed to provide details of work done;
- The justification was not provided for non-completion of work during normal work hours;
- The overtime forms on which payments were facilitated were incomplete;
- Retrospective approval for the overtime was done;
- Supervisory documentation was not performed for work done during the overtime period to be complete.
- A total of \$43,387³² was taken out in cash and distributed to employees as overtime payment rather than paid by cheque to the employees.
- This manual payment was not updated in the Government payroll system.

In addition, two instances were noted where officers were paid overtime whose maximum salary exceeded \$20,295. Refer Table 8.16 for details.

²⁷ General Orders 2011 – Section 418 (f) (i)

²⁸ Ministry of Foreign Affairs and International Co-operation, Finance Manual - Section 2.8.4 (i)

²⁹ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2011 - Section 2.8.1 and 2.8.2

³⁰ Financial Management Information System, Natural Account Number 1-08000-00000-010400 and 1-08000-00000-020400, accessed on 09/07/13

³¹ Financial Management Information System General Ledger, Account Number 1-08000-00000-010400 and 1-08000-00000-020400, accessed on 08/07/2013

³² Payment Voucher Number 25641 and 25462 dated 21st December, 2012

Table 8.16: Officers not Eligible for Overtime Payment

Name	EDP No.	Position	Maximum Salary (\$)	Overtime Payment (\$)
Jokapeti Kevu	91389	Assistant Accounts Officer	23,406	873
Yvonne Osbourne	91390	Acting Assistant Accounts Officer	23,406	1,238

The above indicates lack of care and controls exercised in the management of overtime paid.

In the absence of controls, the overtime payments are unauthorised and have escalated which is susceptible to extravagant spending.

Recommendations

- The Principal Accounts Officer, Senior Accounts Officer and Accounts Officer should not certify payments without the proper authorizations in order.
- The Director Corporate Services and the Principal Accounts Officer should ensure that PSC Circular 52/2011 is strictly complied with.
- The Director Corporate Services should instigate recovery of overtime paid contrary to section 418 of the General Orders 2011.
- The Director Corporate Services should strengthen supervisory controls to ensure that all payments are made through cheques.

Ministry Comments

The increase in the number of Fiji Missions by 5 and countries accredited to Fiji Missions abroad had led increase in the workload that include meetings, facilitation of overseas delegations to 2012 last year even this year gone past 1,500 in the first 2 quarters.

8.12 Diplomatic Appointment Contrary to Diplomatic Consular Regulations

The Heads of Missions and officers posted overseas are entitled to post allowances.³³ The Fiji Embassy in China – Beijing has an authorized establishment of an Ambassador, a counsellor, two second secretaries³⁴ and a third secretary.³⁵

The audit noted that Josefa Tuima was posted to the Beijing Mission as first secretary contrary to authorised establishment in the diplomatic consular regulations.

Furthermore, the mission is paying Josefa Tuima, the post allowance authorised for the counsellor, a rate higher than that authorised for secretaries. According to the Principal Accounts Officer, the counsellor allowance is paid since the mission does not have a first secretary. In addition, the contract for appointment of Mr. Tuima was not provided.

The above is a blatant disregard of appointment in accordance with the diplomatic consular regulations.

As such, the diplomatic posting and payment of post allowances is unauthorised.

³³ Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 50 (1)

³⁴ Salary grade applicable is SSO2 and SS03

³⁵ Public Service (Diplomatic and Consular Services) Regulations 2005 – Page 43

Recommendations

- **The Director Corporate Services in consultation with the Public Service Commission should immediately review the posting and rectify the error.**
- **Salary recovery should be instigated immediately for the overpaid post allowances.**
- **Disciplinary action should be instigated against officers responsible for the posting of officers contrary to the mission diplomatic consular regulations.**

Ministry Comments

The Permanent Secretary, according to State Services Decree 6, had to shift the First Secretary position from other missions. Fiji Government's emphasis on "Look North Policy" warranted the decision to shift not only manpower but other resources to appropriate missions to facilitate Fiji's Foreign Policy to countries in the North including China. Thus, the establishment of the FS position in Beijing.

Samu Kanakatakata's appointment as third secretary was also created based on Government's emphasis on "Look North Policy". The Vice Consul General Sydney's position was used to create that position.

8.13 Non-compliance with Instruction to Return from Diplomatic Posting

An employee must comply with all lawful and reasonable directions given by persons in authority in the employee's Ministry, department or parliamentary body.³⁶ The duration of service of a Head of Mission or an officer in an overseas mission unless otherwise stated in his or her letter of appointment or contract of service is four years. The Permanent Secretary may on his or her own volition or in consultation with the appointing authority, extend the duration of service of an officer.³⁷

The Fiji Embassy in Beijing has an authorized establishment of an Ambassador, a counsellor in US04 salary grade, two second secretaries in salary grade SS02 & SS03 and a third secretary.³⁸

The audit noted that Samuela Kanakatakata was held against the position of second secretary in Beijing for his diplomatic appointment from 03/12/08 – 31/12/12.

The officer's diplomatic assignment has ended but he has failed to return despite the instruction of the Permanent Secretary.³⁹ The officer continues to work at the Fiji Embassy in Beijing.

In addition, the position of Second Secretary in Beijing against which Samuela was held against has been filled by promotion of Atama Nawaciono who departed for Beijing on 25/01/13 to commence his diplomatic assignment as Second Secretary.

The above shows unauthorized appointment of staffs, laxity in filling vacant positions and violation of lawful instruction given by the Permanent Secretary.

Hence, the continuation of diplomatic assignment is unauthorized.

³⁶ General Orders 2011, Annexure II, Public Service Code of Conduct No. 5

³⁷ Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 7 (1) (2)

³⁸ Public Service (Diplomatic and Consular Services) Regulations 2005 – Page 43

³⁹ Ministry of Foreign Affairs memorandum dated 29th November 2012, referenced PF 466

Recommendations

- **The Director Corporate Services should ensure that disciplinary action is instigated against the officer for not complying with the decision of the Permanent Secretary contrary to PSC Code of Conduct and Public Service (Diplomatic and Consular) regulations.**
- **The Director Corporate Services should ensure that positions against which officers are held are advertised and filled at the earliest.**
- **The Director Corporate services should justify the reason for filling the position of Second Secretary to Beijing after 4 years.**

Ministry Comments

PS directive to extend Samu Kanakatakata's extension was the basis for the officer's furthering his appointment.

Further OAG Comments

The Ministry failed to provide the copy of the directive of the Permanent Secretary during further audit verification on 04/09/2013 following the receipt of the management comments.

8.14 Absence of Checks for Mission Expenditure Recorded in the Ledger

Financial transactions shall be recorded into the automated information system using journal entry input forms or directly from source documents such as journal vouchers and payment vouchers. Only *Assistant Accounts Officer Payments* and *Assistant Accounts Officer Ledgers* authorised by the *Senior Accounts Officer* and *Principal Accounts Officer* shall input transactions into the general ledger system.⁴⁰ Within one week of the end of the month, the *Principal Accounts Officer* shall submit to the Permanent Secretary the internal control report.⁴¹ Mission expenditure totalled to 76% of the Ministry's total budget.⁴²

The missions on a monthly basis send acquittals to headquarters for recording of transactions in the general ledger. The acquittal for expenditure incurred is converted into Fiji dollars and recorded in the general ledger.

A total of \$19.3 million was incurred in missions expenditure in 2012 compared to a total of \$15.6 million in 2011, an increase in expenditure by 24%. Refer Table 8.17 for details of missions expenditure incurred over the five year period:

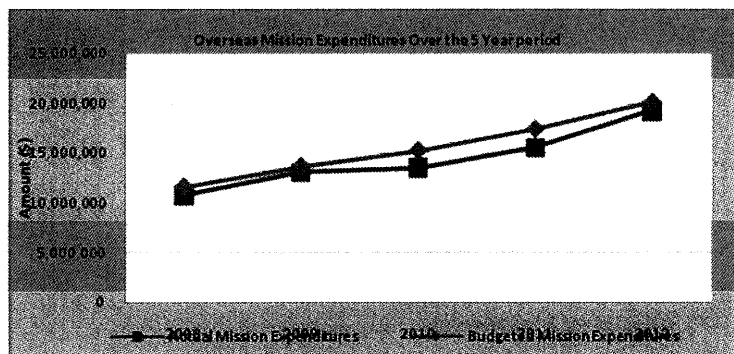
⁴⁰ Ministry of Foreign Affairs and International Co-operation Finance Manual 2011 - Section 12.2.1 and 12.2.2

⁴¹ Ministry of Foreign Affairs and International Co-operation Finance Manual 2011 - Section 13.1.9

⁴² 2012 Fiji Budget Estimates, Page 62

Table 8.17: Total Overseas Missions and Embassy Expenditure over the 5 Year Period⁴³

Year	Budgeted Expenditure (\$)	Actual Expenditure (\$)	Percent Change
2008	11,670,387	10,797,521	---
2009	13,726,672	13,102,508	21
2010	15,309,876	13,541,576	3
2011	17,479,625	15,588,390	15
2012	20,211,716	19,315,175	24



The audit noted the following anomalies in the recording of missions' transactions in the general ledger:

- The Ministry does not have an authorised format for the conversion of expenditure incurred by the missions from the foreign dollar to the Fiji dollar;
- Unauthorised and unsigned spread sheets prepared for the conversions lacked clarity, were not organized and differed to the conversions recorded in the general ledger;
- The conversion schedules were not authorised by the Senior and Principal Accounts Officers before recording in the general ledger; and
- Control checks were not available to ensure accuracy and completeness with which missions transactions are recorded in the general ledger.

As such, unexplained variances were noted in the missions transactions recorded in the general ledger.

Satisfactory explanation was not provided. Principal Accounts Officer had to discuss the variances noted with the Acting Assistant Accounts Officer who was away on maternity leave.

Hence, the missions expenditure recorded in the general ledger cannot be relied upon to be recorded completely and accurately.

Recommendations

- **The Principal Accounts Officer should ensure that a template for the conversion of missions expenditure into Fiji dollars is prepared;**
- **The Senior Accounts Officer and Principal Accounts Officer should check and authorize conversion prepared before it is recorded in the general ledger;**
- **The Director Corporate Services should ensure that supervisory checks are carried out in the Accounts sections.**

⁴³ Financial Management Information System, Account Number 1-08103-00000-SDTA00, Accessed on 11/07/2013

Ministry Comments

In 2012 Fiji Missions to United Arab Emirates and Fiji Missions to South Korea were established with establishment funds which have led to increase in overseas missions' expenditure. The establishment of these missions involves series of meetings between Fiji and host country officials and the presentation of credentials to countries accredited to these missions. For example, Fiji Missions to UAE is accredited to 19 countries and 3 international and regional organizations. Prepared Excel format for missions' postings are prepared and balanced up before posted to the General Ledger.

8.15 Overpaid Allowances

Representation allowance refers to the cost to cover direct and necessary expenditures on official entertainment. Officers other than Head of mission must account for two third of their representative allowance.⁴⁴ A married officer is entitled to location and representations allowances only for periods during his or her spouse is residing with him or her overseas.⁴⁵

The audit noted that Counsellor Julia Korovou in Tokyo was overpaid \$7,071 in representation allowance and post allowance due to the following:

- Officer was paid full representational allowance contrary to section 49 of the diplomatic and consular regulations and
- The officer was paid post allowance despite not being in residence with spouse. Refer Table 8.18 for details:

Table 8.18: Over Paid Allowances – Counsellor Julia Korovou

Allowance	Amount (\$)
Representational Allowance	2,639
Location Allowance	4,432
Total	7,071

Non-timely recovery of overpayments made could result in irrecoverable debt.

Recommendation

The Principal Accounts Officer should verify the overpayments made and instigate recovery immediately.

Ministry Comment

The Officer is paid married allowance only when her husband is in the country. The same is done for all other diplomats serving in Fiji Missions.

8.16 Payment of Hardship Allowance without the Approval of the Public Service Commission

The Public Service Commission may, on the recommendation of the *Permanent Secretary*, for the Ministry of Foreign Affairs and International Co-operation declare an overseas country to be at risk

⁴⁴ Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 49

⁴⁵ Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 51

and as such its Head of Mission and officers are entitled for hardship allowance and such hardship condition must be reviewed annually so as to determine the need for the continued payment of hardship allowance.⁴⁶ The *Principal Accounts Officer*, *Senior Accounts Officer* and *Accounts Officer* must not certify payments as correct unless they are satisfied that it is in accordance with the authorisations.⁴⁷

The audit noted that hardship allowance totalling \$26,074 was paid to the Fiji High Commissioner in Papua New Guinea. However, the approval of the Public Service Commission was not provided contrary to section 61 of the Public Service (Diplomatic and Consular) regulation 2005.

In the absence of the approval of the Public Service Commission, the payment of hardship allowance is unauthorized.

Recommendations

- **The Director Corporate Services in consultation with the Public Service Commission should ensure that payment of hardship allowance is reviewed annually.**
- **The Principal Accounts Officer and Senior Accounts Officer should thoroughly review payments to be in order before certifying for payments.**

Ministry Comments

The request for payment of Hardship Allowance has been submitted to PSC in June and awaiting a decision.

Further OAG Comments

The Ministry failed to provide the copy of the letter sent to PSC when further audit verification was carried out on 04/09/2013.

8.17 Payment of Education Allowance Contrary to Public Service Regulations

Cost of education means the cost to a Head of mission or an officer of basic tuition of his/her dependent child in subjects forming an essential part of the Fiji school curriculum or the normal school curriculum in the state system of education of the country concerned.⁴⁸

If the dependent child or children of a Head of Mission or an officer are placed in a boarding school in Fiji, the officer is entitled to boarding school allowance equal to the fees for board and lodging other than tuition for each child at a Government boarding school designated by the Permanent Secretary responsible for the Public Service.⁴⁹

The *Principal Accounts Officer*, *Senior Accounts Officer* and *Accounts Officer* must not certify a payments as correct unless they are satisfied that it is in accordance with the authorisations.⁵⁰

The audit noted that \$8,086 was reimbursed to Ambassador Vocea for the payment of school fees as “additional help” for his son contrary to the Public Service (Diplomatic and Consular) regulation.

⁴⁶ Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 61

⁴⁷ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2011 -, Section 2.8.4 (i)

⁴⁸ Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 67

⁴⁹ Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 69 (1)

⁵⁰ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2011 - Section 2.8.4 (i)

In addition, it was noted that boarding fees for the son of second secretary for Fiji High Commission in London, totalling \$885 was paid which is not a Government school.

Payments contrary to the Public Service Commission (Diplomatic and Consular) regulation are unauthorized payments.

Recommendations

- **The Head of Mission and Officers are to strictly adhere to the payment procedures outlined in the Public Service (Diplomatic and Consular) regulations.**
- **The Director Corporate Services should strengthen supervisory checks carried out in the missions and accounts division.**
- **Recovery should be instigated for payment of education assistance contrary to the Public Service (Diplomatic and Consular) regulations.**

Ministry Comments

The ministry is awaiting explanations from Ambassador Vocea on the issue before an answer to the question.

8.18 Trend for Reimbursement of Education Allowance

The *Permanent Secretary* of the Ministry of Foreign Affairs and International Co-operation may authorize the payment of an allowance on the basis of either receipted or un-receipted accounts.⁵¹ All cheques must be signed by at least two officers appointed for that purpose.⁵²

The audit noted the following tuition fees paid by Ambassador Vocea for his children that were reimbursed to him. Refer Table 8.19 for details:

Table 8.19: Reimbursed Payments – Ambassador Vocea

Date	Payment Voucher No.	Amount (EUR)
08/03/12	05	4,575
09/10/12	06	11,678
07/11/12	02	59,051
20/12/12	43	5,292
Total		80,596

The reimbursements were certified by the Ambassador and not done independently

Payments of reimbursements without independent certification indicate weak internal controls.

Recommendations

- **The Director Corporate Services in consultation with the Brussels mission should ensure that payments are made directly to schools and reimbursements are minimal.**
- **The Ambassador should ensure that reimbursements payable to him are approved by the Permanent Secretary for independent verifications.**

⁵¹ Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 70 (2)

⁵² Finance Instructions 2010, Section 14 (10)

Ministry Comments

The ministry is awaiting explanations from Ambassador Vocea on the issue before an answer to the question.

8.19 Failure to Maintain an Updated Accountable Advance Register

A travelling officer shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents. If an advance has not been fully expended, the travelling officer must repay the balance within seven days of completing travel. Where the advance has not been acquitted within seven days of travel, the *Senior Accounts Officer* shall effect recovery from the officers pay within six fortnights with an inclusion of 12% per annum interest.⁵³

The audit noted the following anomalies in the issue and clearance of accountable advances:

- There were outstanding advances in the register despite the travelling officers' return from duty;
- The audit trail for the clearance of advance was not recorded in the register, such as payment voucher reference and the date of clearance;
- Supervisory checks were not evidential for the register being reviewed and to be up-to-date;

As such, advances were given to officers who had previous outstanding advances. Refer Table 8.20 for details of outstanding accountable advances:

Table 8.20: Accountable Advance issued to Officers

Officers Name	No. of Advances Taken	Amount (\$)
Alisi Vosalevu	3	13,128
Asila Turangavou	1	200
Atama Nawacionu	2	3,500
Elia Savuta	1	70
Emosi Rakai	2	10,841
Joeli Tanoa	2	650
Lomaloma	1	200
Mere Tawake	1	1,400
Meredani Cakau	4	606
Niumaia Waqabaca	1	327
Ratu Inoke K.	5	14,410
Rusila Ranadi	6	3,433
Sakiusa Dakai	4	5,539
Shantunu Gopalan	1	100
Tale Vuiyasewa	4	2,434
Total	38	56,838

The above indicates a blatant disregard of financial regulations for the clearance of advances and record keeping.

Non-timely retirement of advances accumulates accounts receivable and results in unrecorded expenditure for the period.

⁵³ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2011 - Section 6.1.10 – 6.1.13

Recommendations

- The Senior Accounts Officer should ensure that accountable advance register is updated and maintained adequately.
- The Principal Accounts Officer should strengthen supervisory checks for the clearance of advances in accordance with section 6.1.13 of the Finance Manual.

Ministry Comments

The recommendations are noted and improvements are progressing.

Section 9

Elections Office

Roles and Responsibilities

The Supervisor of Elections administers the registration of voters and conducts election of members of the House of Representatives and Municipalities Councils or any such other elections as prescribed by law. The supervisor is also responsible with providing its administrative support for both the electoral commission and the constituency boundaries commission in the discharge of its duties.

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PART A: FINANCIAL STATEMENT

9.1 Audit Opinion

The audit of the 2012 accounts of the Elections Office resulted in the issue of an unqualified audit report.

9.2 Statement of Receipts and Expenditure

The office incurred a total expenditure of \$6,538,546 in 2012 compared to \$650,361 in year 2011.

Table 9.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
Agency Revenue	30	21,091
TOTAL REVENUE	30	21,091
EXPENDITURE		
Operating Expenditure		
Established Staff	199,746	233,619
Unestablished Staff	77,450	57,593
Travel & Communications	19,977	11,202
Maintenance & Operations	81,131	60,659
Purchase of Goods & Services	25,087	1,980

Description	2012 (\$)	2011 (\$)
Special Expenditures	5,895,983	247,117
Total Operating Expenditure	6,299,374	612,170
Value Added Tax	239,172	38,191
TOTAL EXPENDITURE	6,538,546	650,361

Total expenditure increased by \$5,888,185 or 905% in 2012 compared to 2011. The increase was attributed to the purchase of electronic voter registration kits and expenditures incurred for the registration of voters.

9.3 Appropriation Statement

The Office incurred expenditure totalling \$6,538,546 in 2012 against a revised budget of \$7,405,221 resulting in a savings of \$866,675 or 12%.

Details of expenditure against the budget estimates are provided in the appropriation statement in Table 9.2.

Table 9.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	396,900	(132,204)	264,696	199,746	64,950
2	Government Wage Earners	64,321	32,204	96,525	77,450	19,075
3	Travel & Communications	20,000	---	20,000	19,977	23
4	Maintenance & Operations	81,200	---	81,200	81,131	69
5	Purchase of Goods & Services	25,300	---	25,300	25,087	213
6	Special Expenditures	5,911,800	100,000	6,011,800	5,895,983	115,817
	Total Operating Expenditure	6,499,521	---	6,499,521	6,299,374	200,147
13	Value Added Tax	905,700	---	905,700	239,172	666,528
	TOTAL EXPENDITURE	7,405,221	---	7,405,221	6,538,546	866,675

PART B: AUDIT FINDINGS

9.4 Overdrawn Operating Trust Fund Accounts

A trust fund account comprises monies, which are not the property of the state and not utilized for the purpose of government. In addition, trust money is to be accounted for separately from public money and other money,¹ and by convention should always have credit balance. Thus, the trust fund accounts should not at any time be overdrawn.²

The operating trust fund accounts had overdrawn balances totalling \$502,625 as at 31/12/12 as outlined in Table 9.3:

¹ Sections 25 (1) of the Financial Management Act 2004

² Finance Circular No 4/98 of 30/03/98

Table 9.3: Overdrawn Trust Fund Accounts

Allocation	Description	Amount (\$)
1-10101-10999-861101	OPR Current Year	10
1-10101-10999-861105	Public Rental Board	69
1-10101-10999-861204	LICI	162
1-10101-10999-861901	Tax Arrears/PAYE	398,078
1-10101-10999-861920	Employees FNPF	98,887
1-10101-10999-861921	Employers FNPF	5,419
Total Overdrawn		502,625

Most of the overdrawn balances were brought forward from previous years and may have resulted from incorrect journal entries passed to these accounts.

The finding indicates lack of internal controls, supervision and disregard of procedures in the Finance Instructions.

Recommendations

- The Accounting Head should ensure that the trust fund account is not overdrawn at any point in time in accordance with Finance Circular 4/98.
- The Accounting Head must investigate the overdrawn (debit) trust fund accounts and take appropriate action.
- The internal control procedures in the accounts sections, specifically supervisory checks should be strengthened to avoid such discrepancies.

Office Comments

The summary of opening and closing balances for the list of Trust Fund Accounts as at December 2012 is below:

Trust Fund	Allocation No.	Opening Balance from 2006-8	Closing Balance Dec 2012	Difference
Withholding Tax Payable	11010110999840602	-84.00	-84.00	-
202 PD OPR Current Year	11010110999861101	10.00	10.00	-
267 Rent Public Rental Board	11010110999861105	69.00	69.00	-
390PD GOV Water Rates Charges	11010110999861106	-	70.00	70.00
240PD Fiji Care Insurance	11010110999861201	-789.83	-789.83	-
241 PD CMLA	11010110999861202	-29.56	-29.56	-
240PD LICI	11010110999861204	165.25	165.25	-
PD FPS Credit Union	11010110999861511	-	-	-
Wesram Finance	11010110999861533	-	-	-
341 PD Maint Suva	11010110999861601	-12.50	-12.50	-
355 PD Maint-Suva Domestic	11010110999861614	-	-	-
201 PD Tax Arrears	11010110999861901	400,484.24	398,078.23	2,406.01
204 PD Depst A/C Recoverable	11010110999861902	-6,373.56	-6,373.56	-
387 PD RFA IDC Salaries	11010110999861913	-	-	-
501 PD Employees FNPF	11010110999861920	123,107.90	98,886.91	24,220.99
502 PD Employers FNPF	11010110999861921	5,419.20	5,419.20	-
M Paisa	11010110999861924	-	-252.00	252.00
Total		\$521,966.14	\$495,017.14	\$26,949.00

As shown above the total overdrawn balance of \$495,017.14 in 2012 was a result of balance of \$521,966.14 carried forward from 2005 to 2008 and \$26,949.00 in 2012 comprises of differences of \$24,220.99 December 2012 FNPF paid in January 2013 and mis-posting of \$2,728.01 which will be processed by the Auditor General after finalization of the Agency Financial Statement (AFS) audit in April 2013.

Various correspondences from year 2009 had been submitted to Ministry of Finance for their Budget department and Treasury department to clear this. Currently, it is confirmed by FMIS department director, Mrs. Asinate Taukeinikoro that all submission will be sent to Minister of Finance to write this off. Currently, the trust fund accounts are being reconciled on a monthly basis to ensure that no overdrawn of these trust fund accounts in future.

9.5 Long Outstanding Revolving Fund Accounts

The Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.³

The audit of revolving fund account records noted that \$65,358 had been carried forward from previous years. Refer Table 9.4 for details.

Table 9.4: Revolving Fund Account Balances

Allocation	Description	Amount (\$)	Remarks
1-10101-10999-560302	Employee Advances Open Item	50,754	Owed from 2006
1-10101-10999-570101	Prepaid Expenses	1,730	Owed from 2006
1-10101-10999-570301	Advances	12,875	Owed from 2006
	Total	65,359	

Most of these balances had been carried forward since 2006 and that proper records were not maintained by the previous accounts officer. These account balances are unnecessarily overstating the revolving fund account balances.

This issue was highlighted in the previous audit reports; however, corrective action has not been taken by the office.

Recommendation

The Accounting Head must investigate these long outstanding balances and take appropriate action.

Office Comments

The summary of opening and closing balances for the list of revolving fund accounts as to December 2012 is below.

Revolving Fund	Allocation No.	Opening Balance from 2006-8	Closing Balance December 2012	Difference
GL Employee Advances Open Item	11010110999560302	50,294.78	51,683.35	(1,388.57)
AP Prepaid Expenses	11010110999570101	1,730.00	1,730.00	-
Advances	11010110999560302	12,874.50	7,874.50	5,000.00
Total		\$64,899.28	\$61,287.85	3,611.43

As shown above the total balance of \$61,287.85 in 2012 was a result of balance of \$64,899.28 carried forward from 2005 to 2008 and \$3,611.43 in 2012 comprises of differences of misposting of \$5,000 for double entry will be processed by the Auditor General after finalisation of the Agency Financial Statement (AFS) audit in April 2013. In addition, a total amount of \$1,089.57 is to be paid for staff uniform deduction which has been implemented. As the amounts are deducted through OPR from salary/wages a credit journal is passed to

³ Elections Office Finance Manual 2011 – Section 18.1.3

reconcile the balance. Also, there is a balance of \$299.40 for resigned staff Viliame Vuiyanuca which has to be recovered.

As mentioned above various correspondences from year 2009 had been submitted to Ministry of Finance for their Budget department and Treasury department to clear this. Currently, it is confirmed by FMIS department director Mrs Asinate Taukeinikoro that all submission will be sent to Ministry of Finance to write this off.

Currently, the Revolving Fund Accounts are being reconciled on a monthly basis to ensure that no overdrawn of these Revolving Fund accounts in future.

9.6 Funds not Refunded by Unique Events

The proper management of expenditure is fundamental to ensuring value for money in delivering services. As well, having cost effective internal control within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditure and corruption do not occur.⁴

On 19/12/11 the office paid \$3,002 to Unique Events to cater for the cost of travel, accommodation and meals of officials from the Elections Office attending the Lau Trade Show. However, it was noted that the Lau Trade Show did not eventuate.

As of the date of audit⁵, Unique Events did not refund the money to the Office. In addition, it was noted that the accounting head failed to take necessary action to recover the amount from Unique Events.

Such finding indicates laxity by the Accounting Head for not taking necessary action in recovering the money. Such action is tantamount to fraud.

Recommendation

The Accounting Head should ensure to recover the money from Unique Events and be more vigilant in performing her duties.

Office Comments

Documents were sent to the FICAC representative Mr Isimeli Rabuku to follow up with the company for the reimbursement of the amount paid.

9.7 Poor Record Keeping for EVR Clerks

The Auditor General is authorised to have access to all records, books, vouchers or returns relating to accounts which he/she may require in the exercise of his/her duties. All officers are required to give him/her every facility for inspecting such documents or carrying out such surveys.⁶

The audit noted that the office failed to produce the master list for the Electronic Voter Registration clerks. In addition, the Office failed to keep proper records of the movement of EVR clerks in terms of resignation, termination and movement within divisions.

As such audit was unable to ascertain the accuracy and completeness of the allowances paid to the EVR clerks. Absence of such lists increases the risk of fraud and misappropriation of funds.

⁴ Elections Office Finance Manual – Part 2 Expenditure

⁵ 10/01/13

⁶ Audit Act

Recommendations

- The Permanent Secretary should ensure that a master list of the EVR clerks is compiled and properly maintained.
- The Accounting Head must ensure to reconcile the EVR clerks list for each division with the master list before processing the allowance.

Office Comments

Letter of appointments of EVR clerks are updated in the individual Personnel Files and record is kept by the Human Resource Section. Signed letter of appointments with copies of TIN, FNPF and bank authority forms are submitted to Accounts to add names on GWE payroll. Certified timesheets are forward to accounts to process payment of allowances and wages.

Further OAG Comment

The Electronic voter registration exercise was massive and a master list of the EVR clerks employed is an internal control to gauge the number of clerks engaged that allows authentication for allowances paid.

9.8 Unethical Behaviour of the Electronic Voter Registration Clerk

An employee must at all times behave in a way that upholds the Public Service Values and the integrity and good reputation of the Public Service.⁷

During the Electronic Voter Registration exercise in the Nadi district areas, the clerks were accommodated at Hotel Sun Bruno located in Nadi Town. The audit noted that the owner of the Hotel lodged a written complaint to the office in relation to the unethical behaviour of the EVR clerks. In addition, the written complaints were supported by the other guests of the Hotel. The following complaints were received.

- The EVR clerks were noisy, drunk, swearing and fighting amongst themselves;
- Bottles were thrown, kicked and broken on the playground;
- The EVR clerks were disturbing and swearing at other guest during breakfast; and
- The EVR clerks were found to be getting alcohol from outside the hotel premises and drinking till the morning.

Furthermore, the owner of the hotel is seeking compensation for the following:

Table 9.5: Compensation Claim from Hotel Owner

Item	Cost (\$)	Comments
21 Bathing Towels	420	21 bathing towels were missing
Table	50	Top part tile of the bed side stand table is damage
Wooden Railing	250	Wooden railing broken from the wall
Room keys	30	Room keys for room 15, 2 not returned
Door	350	Damage to Villa 3 door
Playground	150	Broken glass bottles left on playground
Total Cost	1,250	

⁷ Public Service Code of Conduct

In addition, the owner of Navua Hotel invoiced the Office seeking compensation for the missing items from the Hotel. It is alleged that while the EVR clerks were accommodated at the hotel, \$251 worth of items were stolen.

According to the Acting Principal Administration Officer, the Office has not responded to the claims made by the owners of the hotels.

Such finding indicates that the EVR clerks failed to uphold the Public Service values and code of conducts. This could result in owners not willing to accommodate the Government officials in their hotels. Moreover, the reputation of government is tarnished due to such behaviours.

Recommendation

The Permanent Secretary should conduct an internal investigation and ensure appropriate action is taken on those EVR clerks found guilty.

Office Comments

The recommendation is noted. The concerned clerks were employed on Project basis during the EVR phase 1 from the 3rd of July to the 1st of August, 2012. Action could not be taken as they are no longer in the service; however the Elections Office has taken some measures as outlined below:

- a. All EVR clerks that were complained regarding such issues were not given any chance to work in EVR phase 2*
- b. Clerks that were engaged in phase 2 and the current phase 3 are reminded of their code of conduct and we have obtained strong monitoring measures.*
- c. Action was taken to recruit clerks from their respective Districts to avoid accommodating clerks in the hotels.*
- d. All current engaged clerks for phase 3 went through the Police vetting system.*

9.9 Cash Payment for Incidental Expenses

The proper management of expenditure is fundamental to ensuring value for money in delivering services. As well, having cost effective internal control within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditure and corruption do not occur.⁸

Loans or Advances may be provided to staff to assist in carrying out their official duties or as part of their approved remuneration. The repayment of these advances must be actively pursued to reduce the risk of losses from irrecoverable debts.⁹

The payment voucher shall include a signed statement from the Assistant Accounts Officer (AAO) requesting the travelling officer to submit an acquittal together with supporting documents within seven days after returning from travel.¹⁰

The audit of payment records noted that substantial amount of cash advances was taken by the AAO during the EVR exercise. It was noted that cheques were written under the name of “Supervisor of Elections” hence the AAO was able to cash the cheque and keep the funds under her custody.

It was also noted that the cash advances were kept as standby funds for the weekends during the EVR exercise and the funds were under the control of the AAO. A total sum of \$46,500 was taken as cash advance during the EVR exercise.

⁸ Elections Office Finance Manual – Part 2 Expenditure

⁹ Elections Office Finance Manual – Part 10 Loans & Advances

¹⁰ Elections Office Finance Manual 2011 – Section 10.1.8

In addition, the audit noted that on numerous occasions, the AAO failed to retire the advances within 7 days before taking the subsequent advances. Refer Table 9.6 for details.

Table 9.6: Cash Payment of Incidental Expenses

Date Advanced	Cheque No	Amount Advanced (\$)	Amount Refunded (\$)	Expenses Incurred (\$)	Date Retired
02/07/12	61066	1,500.00	12.15	1,487.85	07/07/12
05/07/12	61055	3,000.00	1.10	2,998.90	19/07/12
06/07/12	61185	3,000.00	3.44	2,996.56	19/07/12
13/07/12	61410	3,000.00	17.20	2,982.80	17/12/12
20/07/12	61583	3,000.00	47.00	2,953.00	17/12/12
27/07/12	61768	3,000.00	12.95	2,987.05	17/12/12
03/08/12	61925	3,000.00	17.70	2,982.30	17/12/12
10/08/12	62142	3,000.00	37.45	2,962.55	17/12/12
17/08/12	62303	2,000.00	25.00	1,975.00	17/12/12
23/08/12	62454	3,000.02	26.20	2,973.82	17/12/12
28/08/12	62597	3,000.00	6.20	2,993.80	17/12/12
03/09/12	62695	3,000.00	35.00	2,965.00	17/12/12
14/09/12	62953	3,000.00	13.24	2,986.76	17/12/12
25/10/12	63809	2,000.00	17.20	1,982.80	17/12/12
12/11/12	64157	3,000.00	---	3,000.00	28/12/12
27/11/12	64573	5,000.00	---	5,000.00	28/12/12
Total		46,500.02	271.83	46,228.19	

In addition, the AAO retired the sum of \$271.83¹¹ on 12/12/12 however she could not provide adequate explanation for the late retirement of cash advances.

Lack of internal control on cash advances is a catalyst for abuse by the staff which will lead to extravagant and unnecessary expenditure incurred by the Office.

Recommendation

The Accounting Head should ensure that officers retire advances within the stipulated timeframe and all the advances must be retired before taking any new advances.

Office Comments

The Incidentals was requested by Management for urgent logistics. Some receipts were not produced in time so other retirements were retired late. The records for cash distribution were kept separately awaiting for the coordinators to submit receipts.

In future, the Management will ensure that proper procedures will be followed and controls put in place to avoid wastage and extravagance of public funds.

Currently, we have strengthened our internal controls on retiring of advances. The Officers on field visits will retire with proper documentation/ receipts and the complete standard form to record necessary details of payments. In the absence of receipts, Imprest Receipt with a declaration from Justice of Peace will be required with the records in the standard form.

¹¹ Revenue Receipts Number 68271

9.10 Anomalies in Retirement of Cash Advances

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost effective internal control within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditure and corruption do not occur.¹²

The audit noted that of the \$46,500 cash advance issued, \$31,000 or 67% was retired on 17/12/12. It was noted that the Assistant Accounts Officer was holding on to the acquittals for long period of time. Refer Table 9.7 for details.

Table 9.7: Retirement of Cash Advances

Date Advanced	Cheque No	Amount Advanced (\$)	Amount Refunded (\$)	Expenses Incurred (\$)	Date Retired
13/07/12	61410	3,000.00	17.20	2,982.80	17/12/12
20/07/12	61583	3,000.00	47.00	2,953.00	17/12/12
27/07/12	61768	3,000.00	12.95	2,987.05	17/12/12
03/08/12	61925	3,000.00	17.70	2,982.30	17/12/12
10/08/12	62142	3,000.00	37.45	2,962.55	17/12/12
17/08/12	62303	2,000.00	25.00	1,975.00	17/12/12
23/08/12	62454	3,000.02	26.20	2,973.82	17/12/12
28/08/12	62597	3,000.00	6.20	2,993.80	17/12/12
03/09/12	62695	3,000.00	35.00	2,965.00	17/12/12
14/09/12	62953	3,000.00	13.24	2,986.76	17/12/12
25/10/12	63809	2,000.00	17.20	1,982.80	17/12/12
Total		31,000.02		30,744.88	

In addition, the audit of sample of advance retirement noted the following anomalies:

- On 18/07/12, the Office purchased \$150.00 worth of fuel from Two Way Service Station. However, the receipt does not mention the vehicle that was fuelled, hence audit was unable to substantiate whether Government Vehicle or the Hired Vehicle was fuelled.
- On 13/07/12, the Office paid \$20.00 to Mr. Manjeet Singh for hire of taxi. The Officer used an Imprest Receipts Form to claim the reimbursement. It was noted that taxi registration number "LT52100" was quoted on the Imprest Form. This is clearly an invalid registration number as the normal taxi registration number has only four 4 numeric.
- The audit noted that the Assistant Accounts Officer obtained a statutory declaration to support her claim that she had given \$1,000 to cater for fuel expenses during the Savusavu Voter Registration exercise. It was noted that the statutory declaration does not mention the name of the Officer receiving the \$1,000. Furthermore, according to the statutory declaration, the money was given in July 2012 however; the declaration was obtained in December 2012. The audit is of the view that purchase of fuel will always generate receipts hence obtaining statutory declaration appears suspicious.
- On 20/07/12 a van was hired from Suva to Nausori to Lami and to Serua for which the Office paid \$450.00. The Office could not provide the reason for hiring the van. The vehicle registration number and drivers signature was not stated in the invoice.

¹² Elections Office Finance Manual – Part 2 Expenditure

- There was a general lack of control over the purchase and issue of recharge cards and as a result substantial amount was spent on purchasing recharge cards. It was noted that the Assistant Accounts Officer failed to keep any record of the distribution of the recharge cards. Furthermore, it was noted that one recharge card reimbursed was yet to be used.

From the above observations, the manner in which the cash advances were retired appears suspicious. Thus, the accuracy and completeness of the retirements could not be verified.

Recommendations

- **The Permanent Secretary should instigate an investigation into these matters.**
- **The Accounting Head should ensure that all the advances are adequately supported.**
- **The Permanent Secretary should review the current arrangement of keeping large sum of cash as standby fund. Should the need arise for keep standby funds, proper internal control and monitoring mechanism must be implemented.**

Office Comments

Management would like to acknowledge the discrepancies raised by your Draft Audit Memorandum, Year 2012.

All the advances were adequately supported with receipts or declaration. As Incidentals were drawn all money was kept in the safe. The daily records were maintained with proper receipts.

The sample noted with reasons:

- Mr. Manjeet Singh was given approval by A/PSJ and A/PAO to use his own vehicle and fuel to the trip to the Western Division to dispatch ID cards to the EVR clerks. There was a shortage of transport, due to the urgency of the EVR clerks to have ID cards Mr. Singh was permitted to fill his own vehicle.*
- In addition, he used taxi to dispatch ID cards to EVR Clerks to certain areas. Due to shortage of vehicles and the demand extra means of transport was used. The taxi number is noted in error which should be LT 5210.*
- The Office had paid \$500 each for fuel for Savusavu and Rakiraki. The cash was picked by A/SAO Nete Tavo and dispatched to driver for Savusavu and Coordinator for Rakiraki, Mr Peni Natau. Due to the Officers not producing receipts later a statutory declaration to allow retirement was done where the receipts were not produced.*
- The Logistics team of Elections Office was hiring Vans/Carriers to pick Clerks from registration Centers at night and drop them home. There was shortage of transport and clerks needed to be picked up and dropped off home safely.*
- Recharge Cards and Other Expenses.*

The purchase and issue of recharge cards was incurred by EVR clerks and Office Staff for the first and second phase of the EVR exercise.

For the Electronic Voter Registration Exercise Communication was one main component of the exercise. In these exercise the clerks were being deployed for the EVR exercise without any Incidentals away from home. Requests for recharge cards were purchased and text to Coordinators and Team Leaders through their mobile. Recharge cards were the main source of document for the reimbursement. Since mobiles are the main source of communication. The Coordinators and Team Leaders were also reimbursed funds which they used for printing, photocopying/laminating, hire of vehicles, hire of halls, hire of transport, hire of boat etc.

Currently, we have strengthened our internal controls and devise monitoring mechanism and have approval done by A/PSJ before any reimbursements are processed.

9.11 Catering at EVR Training Programmes

The proper management of expenditure is fundamental to ensuring value for money in delivering services. As well, having cost effective internal control within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditure and corruption do not occur.¹³

A local purchase order shall be issued when procuring any goods, services or work from an organisation within Fiji, unless a contract or agreement has been entered into.¹⁴

The Office provided training to the EVR clerks before commencement of the Voter Registration exercise. The training was provided on various venues around the Country. During the training, all the EVR clerks were provided with meals. Consequently, the following caterers were engaged.

Table 9.8: Catering Service Providers

Date	Cheque No	Caterer	Amount (\$)
02/07/12	061086	Jone Driu Drugunalevu	2,700.00
02/07/12	061089	Pacifika Institute of Tourism	4,050.00
02/07/12	061076	Bombay Khana Khazana	4,050.00
02/07/12	061081	Kelepi Kubunameca	3,213.00
02/07/12	061087	Maraia Radravu	2,700.00

Our review of the catering expenses noted poor management and internal control weaknesses within the payments system. The following anomalies were noted:

- Mr. Jone Driu Drugunalevu used Nasole Methodist Youth Fellowship letter head to provide the quotation for catering services. The Nasole Methodist Youth Fellowship had also provided a Certificate of exemption of tax. However, it was noted that cheque was directly paid to Jone Driu Drugunalevu and not to Nasole Methodist Youth Fellowship.
- The sequence of the invoice number indicated that the invoice was sourced from one invoice book and the hand writing appeared to be similar.
- Local purchase order was not issued by the Office for procuring the catering services.
- The Office failed to provide the actual number of participants that attended the training.

Lack of internal control is catalyst for abuse by the staff which will lead to extravagant and unnecessary expenditure incurred by the Office.

Recommendations

- **The Accounting Head should ensure that payment is only initiated on the original invoices provided by the service providers.**
- **The Accounting Head should ensure that a local purchase order is issued when procuring any goods, services or work from an organisation within Fiji, unless a contract or agreement has been entered into.**

¹³ Elections Office Finance Manual – Part 2 Expenditure

¹⁴ Elections Office Finance Manual – Section 2.5.1

Office Comments

Your recommendation is noted and we will ensure that payment is made on original invoice provided by the service provider. Cheques will be directly paid to the service provider.

Attached are summary and voucher copies of catering expenditure for June/July, and response from accounts on findings

- i. Cheque no 061051 – Vika Taka is the license holder of Kafivis Catering Service and Finau Bogitini is the personnel running the business.*
- ii. Cheque No 06184 – Jone Driu Drugunalevu is the president of the Club.*

The Office has implemented a system that purchase orders will be raised for any service provided and managers are informed that all requests for purchase orders must be approved by Acting PSJ.

9.12 Accident to Hired Vehicle

A driver involved in an accident may be surcharged if the surcharging authority believes the driver was at fault.¹⁵

The accident report, police report (if available), Solicitor General's advice and the Senior Administration Officer recommendations will all be taken into consideration by the surcharging authority before any surcharge is imposed.¹⁶

If a surcharge is imposed, the driver shall be informed in writing. The Solicitor General shall also be notified of the surcharge action.¹⁷

During the Voter Registration Exercise, the office hired vehicles from the Rental Car Companies.

The following two hired vehicles were involved in accident:

- (1) On 18/07/12, Mr. Josevata Tagicakibau, whilst driving LR760 was involved in an accident. The police report stated that the driver was at fault which resulted in the accident. The audit noted that the office paid \$3,708 to Budget Car Rentals for the repair of the hired vehicle.
- (2) On 16/11/12, Mr. Ratudina, whilst driving LR285 was involved in an accident. According to the Police report, the driver of the vehicle lost control which caused the accident. It was noted that the Office paid \$12,008 to Avis Rental as cost for damages to the vehicle.

In addition, the Office failed to submit the accident reports to Ministry of Finance and Solicitor General's Office to instigate appropriate action on the drivers as the Police report states that the drivers were at fault on both occasions.

The delay in submitting the accident report to Ministry of Finance and Solicitor General's Office could result in incorrect or no action taken against the drivers.

¹⁵ Elections Office Finance Manual 2011 – Section 12.6.7

¹⁶ Elections Office Finance Manual 2011 – Section 12.6.8

¹⁷ Elections Office Finance Manual 2011 – Section 12.6.9

Recommendations

- The Acting Principal Administration Officer should immediately submit the accident report to Ministry of Finance and Solicitor General's Office.
- The Acting Principal Administration Officer should be more vigilant in performing the administration duties of the Office

Office Comments

Accident report was submitted to Ministry of Finance and Solicitor General's Office.

Secondly the officer involved in the accident was appointed for the 2nd Phase Voter Registration that had completed and not re-engaged by Election Office.

Recommendation is noted and we will ensure that procedures are followed.

Further OAG Comments

The accident report has not been submitted for audit verification.

Section 10 Judiciary

Role and Responsibilities

The Judiciary Department is responsible for enhancing the quality of justice in the community by ensuring an effective and accessible court system and as the cornerstone of justice; the court system will uphold the principles of equality, fairness and access while protecting the dignity and rights of all members of the community.

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PART A: FINANCIAL STATEMENT

10.1 Audit Opinion

The audit of the 2012 accounts of the Judiciary Department resulted in the issue of a qualified audit report. The trust fund account for suitors, maintenance and sundries had a variance \$786,148 between the reconciliation performed by the department and its bank statement balance. As such, the accuracy of the receipts and payments recorded in the main trust fund account could not be ascertained.

10.2 Statement of Receipts and Expenditure

The department collected revenue totalling \$3,730,577 and incurred expenditure totalling \$17,623,418 in 2012.

Table 10.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
State Revenue		
Court Fines	2,284,711	2,208,743
Court Fees	1,261,619	1,272,820
Others	15,525	4,716
Total State Revenue	3,561,855	3,486,279
Agency Revenue		
Miscellaneous	143,183	138,595

Description	2012 (\$)	2011 (\$)
Revenue from Surveys	25,539	4,178
Total Agency Revenue	168,722	142,773
Total Revenue	3,730,577	3,629,052
EXPENDITURE		
Operating Expenditure		
Established Staff	11,937,920	9,605,909
Unestablished Staff	556,931	418,043
Travel & Communication	846,652	659,393
Maintenance & Operations	704,097	603,498
Purchase of Goods & Services	464,387	338,920
Special Expenditure	957,871	556,700
Total Operating Expenditure	15,467,858	12,182,463
Capital Expenditure		
Construction	492,801	931,190
Purchases	1,105,015	105,535
Total Capital Expenditure	1,597,816	1,036,725
Value Added Tax	557,744	416,334
TOTAL EXPENDITURE	17,623,418	13,635,522

The department's total revenue increased by \$101,525 or 3% in 2012 compared to 2011 due to the increase in revenue from court fines.

The total expenditure increased by \$3,987,896 or 29% in 2012 compared to 2011. The major increases in expenditures were for established staff, capital purchases and special expenditures.

10.3 Appropriation Statement

The department incurred expenditure totalling \$17,623,418 in 2012 against the revised budget of \$21,200,272, resulting in a savings of \$3,576,854 or 17%. Details of expenditures against the budget estimates are provided in Table 10.2.

Table 10.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	15,542,564	(906,539)	14,636,025	11,937,920	2,698,105
2	Unestablished Staff	694,393	12,000	706,393	556,931	149,462
3	Travel & Communication	808,350	70,360	878,710	846,652	32,058
4	Maintenance & Operations	577,300	146,000	723,300	704,097	19,203
5	Purchase of Goods & Services	499,235	29,432	528,667	464,387	64,280
6	Operating Grants & Transfers	3,400	---	3,400	---	3,400
7	Special Expenditure	1,730,430	(407,670)	1,322,760	957,871	364,889
	Total Operating Costs	19,855,672	(1,056,417)	18,799,255	15,467,858	3,331,397
	Capital Expenditure					
8	Construction	2,550,000	(1,898,962)	651,038	492,801	158,237
9	Purchases	150,000	955,379	1,105,379	1,105,015	364
	Total Capital Expenditure	2,700,000	(943,583)	1,756,417	1,597,816	158,601
13	Value Added Tax	944,600	(300,000)	644,600	557,744	86,856
	TOTAL EXPENDITURE	23,500,272	(2,300,000)	21,200,272	17,623,418	3,576,854

10.4 Trust Fund Account Statement of Receipts & Payments

Judiciary fund and legal practitioners' trust fund accounts are used to record the interest received from the trust fund kept by the individual legal practitioners. Suitors, maintenance and sundries trust fund accounts are used to deposit and make payments pursuant to the orders made by the courts. Table 10.3 outlines the trust fund account receipts and payments for the year.

Table 10.3: Trust Fund Account Statement of Receipts & Payments for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
Judiciary Trust Fund Account	257,792	421,710
Legal Practitioners Unit Fund	124,944	117,866
Suitors Fund	10,804,080	7,275,732
Maintenance Fund	3,718,465	3,831,699
Sundries Fund	2,527,898	3,725,176
TOTAL REVENUE	17,433,179	15,372,183
PAYMENTS		
Judiciary Trust Fund Account	250,110	518,214
Legal Practitioners Unit Fund	50	15
Suitors Fund	8,505,520	10,661,676
Maintenance Fund	3,676,351	3,832,498
Sundries Fund	2,633,080	2,346,780
TOTAL PAYMENTS	15,065,111	17,359,183
Net Surplus/(Deficits)	2,368,068	(1,987,000)
Opening Balance as at 1 January	13,234,090	15,221,090
Closing Balance as at 31 December	15,602,158	13,234,090

The trust fund account balance increased to \$15.6 million in 2012 compared to \$13.2 million in 2011, an increase by \$2.4 million or 18% due to increase in collections from suitors fund.

PART B: AUDIT FINDINGS

10.5 Arrears of Revenue

The *credit officer* must promptly follow up accounts that fall due. If the recovery is unsuccessful after one month, the following actions shall be taken:

- a demand notice for payment shall be sent to the debtor after his/her debt has been overdue for more than a month and
- If the account still remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within fourteen days.¹

If a final notice had been issued to one of the debtors listed, the *Principal Accounts Officer* may approve the case to be referred to the *Solicitor General* or the *Small Claims Tribunal*, after considering the cost implication and the probability of recovery.²

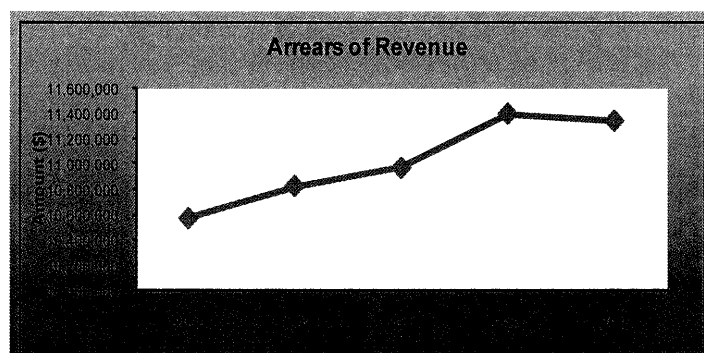
As at 31/12/12, the department's revenue in arrears totalled \$11,341,730. Refer Table 10.4 for details of arrears of revenue over the five year period:

¹ Judicial Department, Finance Manual 2011 – Section 9.2.1

² Judicial Department, Finance Manual 2011 – Section 9.2.4

Table 10.4: Arrears of Revenue over the 5 Year Period

Year	Balance (\$)
2008	10,574,640
2009	10,828,342
2010	10,970,177
2011	11,397,061
2012	11,341,730



The arrears of revenue comprise of court fees, fines and costs owed to the state. The department has established a fine enforcement unit to manage the revenue in arrears. Despite this exercise, the arrears of revenue for the department remained substantial. Refer Table 10.5 for aging of debtors.

Table 10.5: Aging of Debtors

Age of Debtors	Amount (\$)	Percentage (%)
Less than 1 Year	528,491	5
1-2 years	435,434	4
2-5 years	1,649,375	15
More than 5 years	8,728,430	77
Total Debtors	11,341,730	100

Out of the \$11.3 million owed, 77% were more than five years old. Delayed collection of revenue could become irrecoverable and may require write offs.

Recommendations

- A thorough review of the arrears of revenue should be undertaken;
- The Chief Registrar should take appropriate action to collect the arrears over five years old.

Department Comments

The arrears of revenue for the Department arise due to the non-payment of fines and court costs. Fines are imposed by the court are generally to be paid within fourteen (14) to twenty one (21) days. Warrants are issued if these fines are not paid within the specified time frame. The execution of warrants is undertaken by the Fiji Police Force. It is pertinent to note that Judicial Department has neither authority nor control over the execution process; this is mainly vested with the Police Department. If only Police is able to execute the warrant, the arrears of Revenue will decrease. Otherwise it will keep increasing. The debtors of Judicial Department are the accused who appear in court. They are fined. If a fine is not paid a committal warrant is issued and handed over to Police. There is no procedure to issue demand notice or take them to Solicitor General or SCT as they are apprehended only, they either pay the fine or are sent to prison.

The Department had to hire Rental cars since Ministry of Finance do not allocate vehicles for us to assist Police to go and execute warrants. Some arrears have been cleared but when current ones are added, the figure comes to square one. A team has been set up whereby all arrears are entered in the database. Massive checks of files are being carried out and the actual dollar value entered in the system. Once this exercise is completed, recommendation will be made to Ministry of Finance for write off of irrecoverable arrears. The department has allocated two vehicles to the Fine Enforcement unit to assist Police in arresting defaulters.

The Department has collaborated with the Land Transport Authority by entering into a Memorandum of Understanding to allow the department access to the LTA's database. This 'Read-only' access allows the Department to track fine defaulters and execute committal warrant. The Department fully utilizes the support from Ministry of Information by publishing the names of 100 fine defaulters in every edition of the Fiji Focus in the Fiji Sun. This has increased awareness of existence of fines and hence greater payments.

The Department has also subscribed to Mpaia and electronic banking to facilitate the payments for the fine defaulters. A directive has been given by the Hon Chief Justice to all courts for mandatory review dates to be ordered on all fines imposed. Convicted persons are in fact bailed to appear on the next date. Breach of bail is dealt with accordingly in the event of non-appearance.

10.6 Un-reconciled Main Trust Fund Account

Each month, the trust fund account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.³

The audit noted that trust fund account for suitors, maintenance and sundries had a variance of \$786,148 between the reconciliation performed by the department and its bank statement balance. Refer Table 10.6 below for details.

Table 10.6: Variance in Trust Fund Account Balances

Description	Amount (\$)
Balance as per department bank reconciliation	13,506,752
Balance as per the General Ledger	14,292,900
Variance	786,148

The variance could not be explained by the department. As such, the accuracy with which the receipts and payments are recorded in the main trust fund account could not be ascertained.

Recommendations

- **The Accounting Head must ensure that the trust fund balance with the bank is reconciled with the general ledger balance at the end of each month.**
- **The Accounting Head must investigate and rectify the variances noted.**

Department Comments

The variance of \$786,148.30 in the Main Trust Fund Account is a result of Ministry of Finance not giving the entire funds from the allocations to the Department when the separate Trust Fund Bank Account was opened in 2009.

Ministry of Finance had issued a cheque on 08/05/09 but the department actually started operating the separate Bank Account from 01/06/09, thus the monies from the month of May 2009 hasn't been given to the department. It is rather unfortunate that the department never requested Ministry of Finance for the Balance of the funds as there were more than enough monies in the bank account which operated without any hindrance.

We have written to the Ministry of Finance requesting them to give a balance of \$734,677.41 leaving a balance of \$51,470.89 which needs to be reconciled.

³ Finance Instruction 2010 – Section 58 (3)

10.7 Pending Court Cases

The Judicial department is responsible for enhancing the quality of justice in the community by ensuring an effective and accessible court system and as the cornerstone of Justice.⁴

The audit noted a substantial number of cases that was pending under each category of the court with the highest number of pending cases with the magistrate's court (89,559) followed by family court (50,932) and the high Court (4,043). Refer Table 10.7 for details.

Table 10.7: Pending Court Cases

Court	Cases Initiated ⁵	Percent (%)	Cases Disposed ⁶	Percent (%)	Pending Cases	Percent (%)
Supreme Court	18	0.02	29	0.03	31	0.03
Court of Appeal	183	0.17	107	0.10	490	0.44
High Court	4,266	3.86	3,790	3.43	4,043	3.66
Magistrates Court	88,473	80.11	73,476	66.53	89,559	81.10
Family Court	8,841	8.01	8,413	7.62	50,932	46.12
Small Claims Tribunal	8,233	7.46	8,215	7.44	960	0.87
Tax Court	20	0.02	55	0.05	41	0.04
Other Tribunals	93	0.08	446	0.40	267	0.24
Legal Practitioners Unit	307	0.28	120	0.11	282	0.26
Total	110,434	100	94,651	100	146,605	100

According to the department, lack of resources is one of the factors for the substantial pending cases. Delayed cases weaken evidences and create a vicious cycle where offences can compound since punishment is delayed.

Recommendations

The Chief Registrar must ensure that:

- Cases are appropriately scheduled so that cases are dealt in a timely manner.
- An analysis of all the outstanding cases is carried out and strategies developed to clear the backlogs.
- All Courts are well resourced to allow the cases to be heard on schedule.

Department Comments

We agree with this query in that there is a high number of pending cases before the court. However, we assert that there is an insufficient number of Resident Magistrates to hear and decide on cases. More Magistrates are needed in Suva to clear the backlog in our Suva Court. In other Districts, there are Resident Magistrates from the main centers (Labasa and Lautoka) who travel to the outer stations such as Nabouwalu, Ba, Tavua, Rakiraki and Korovou to conduct court sittings there.

In our Nasiru Court which has the highest number of cases, there should be three (3) Resident Magistrates based there to assist with the workload however due to space constraints, we are still awaiting the Housing Authority's court extension and renovation work to be completed before we can send an additional Resident Magistrate. In the meantime, the Department is working tirelessly to provide an adequate number of staffing and resources required to allow the courts to function efficiently. This can be seen from our purchasing and recruitment exercises.

⁴ 2012 Fiji Budget Estimates, Roles and Responsibilities of the Judiciary, Page 69

⁵ These refer to cases opened in year 2012

⁶ These refer to cases that have been resolved or closed

10.8 Exhibits not maintained properly

The officer in charge is responsible for the custody, care, control and security of all exhibits, and in particular monies and jewelleries.⁷ An exhibit is an item held with the office as evidence in cases pursued.

The audit noted the following anomalies during the physical verification of the exhibits at the Nausori court:

- The office failed to maintain its exhibits in accordance with exhibits procedure and processes for disposal, retention and distributions of exhibits;
- Upon review of the case file 261/08, it was noted that \$20.00 (serial number 387386) was missing from the exhibit;
- Exhibits were found to be kept on the floor and not in proper order. This increases the risk of exhibits being damaged and stolen. Refer Figure 10.1 and 10.2 below for illustrations:



Figure 10.1: Exhibits Lying on the Floor



Figure 10.2: Entrance to the Exhibit Room

Failure to store exhibits properly can result in undetected theft and misappropriation of items.

Recommendation

The Chief Registrar must ensure that an Internal Exhibit Maintenance Procedure is developed to avoid damages or theft to the trust property under its custody.

Department Comments

We thank you for your timely advice and would like to inform that the Officers in charge have been tasked to come up with a draft Internal Exhibit Maintenance Procedure manual which is due next month.

In the meantime, due to the shortage of space and room for these items, the Nausori Magistrate's Court staff have cleaned up the exhibit room and have sorted and stacked up the exhibits appropriately.

We will also work on getting the shelves done to allow for the proper safekeeping of all exhibits.

10.9 Accounting Records not securely kept

The proper management of expenditure is fundamental to ensuring value-for-money.⁸ The need to improve record management in all agencies is vital for promoting good governance, transparency and

⁷ Procedures for seizure, management and disposal of Exhibits – Section 5.2.6

accountability in the public sector. It is the responsibility of all staff levels in each agency to integrate proper record management upkeep.⁹

The audit noted that the departments accounting records were kept in cabinets which were placed along the walkway at the second floor and close to the entry and exit points which is accessible to the general public at Government Buildings. In addition it was noted that the cabinets did not have proper locks. Refer Figure 10.3 below for illustrations.



Figure 10.3: Insecure safekeeping of accounting records

Inadequate security over the accounting records increases the risk of records being stolen or used for unintended purpose by unauthorized people.

Recommendation

The Accounting Head should ensure that accounting records are kept in a secured place and only accessible to authorized officers.

Department Comments

Comments of the Auditors are noted. Due to the lack of office space the cabinets were placed outside. We have purchased new cabinets last year which will be placed outside as these have locks for safekeeping of our records however the old ones without the locks will be moved inside the office. This problem will be solved once we move to Kelton House i.e. before the end of this year.

10.10 Leakage from the Existing Structure

The principles of responsible financial management are to ensure value for money in the use of money and resources.¹⁰

The audit noted through its site inspection¹¹ that the roof of the existing structure was leaking and as a result the renovated and newly painted wall has been damaged. Refer Figure 10.4 for illustration.

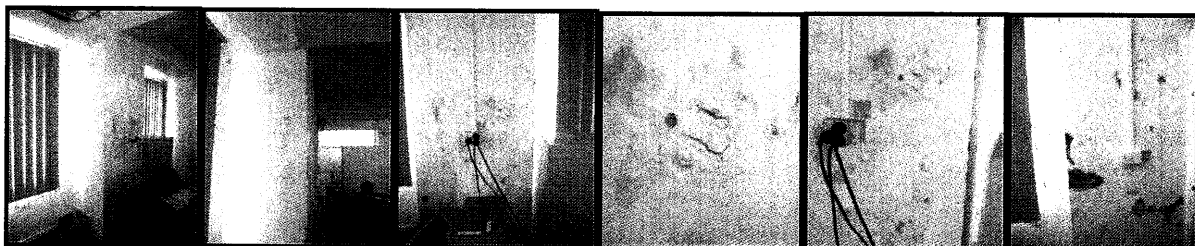


Figure 10.4: Visible Leakages from the On-site Inspections

⁸ Judicial Department, Finance Manual 2011 – Part 2 Introduction - Expenditure

⁹ PSC Circular 10/2011

¹⁰ Financial Management Act 2004, Section 5 (c)

¹¹ Site Inspection, dated 28/02/13 and 01/03/13

Such finding indicates poor planning and monitoring by the project officer.

This will result in the department meeting the additional costs to repair the damaged structures that were newly renovated.

Recommendations

The project officer should ensure that planned renovations are thorough and complete and do not cause further damage to renovated areas.

Department Comments

We note the content of the Audit's query with regards to the above captioned issue. The leakage experienced from the existing structure had been identified to the Project Architect during the site inspections. The scope of works prepared by the Project Architect, did not take into account the need to apply water- proofing to the structure. As the Project Architect, failed to include this essential component in the contract, no funds were allocated for these works. The instructions issued under the contract, only allowed for: make good to walls & apply undercoat & Finishing Paint. Following further discussions in respect of this matter between Judicial Department and PWD, it was agreed that since the contract did not allow for water- proofing, a separate contract had to be entered into for water- proofing, as the amount involved was significant. There was already a shortage in the funds available in this contract. Thus, the leakage from the structures was not attended to.

Remedial Action

The Family Court Complex is to be renovated this year [2013]. When the renovations commence these leakages have been taken into account for water- proofing and remedial works internally to the structures. This has been included in the scope of works. Please note that the Building was built in 1936, leakage of this nature is all over in the Building and is an essential component of the renovation works undertaken. The cost of water- proofing is likewise significant. All other projects within Government Buildings have a similar situation.

10.11 Accident to Hired Vehicle

A driver involved in an accident may be surcharged if the surcharging authority believes the driver is at fault. The accident report, police report, Solicitor General's advice and the Chief Registrar's recommendations will all be taken into consideration by the surcharging authority before any surcharge is imposed. If a surcharge is imposed, the driver shall be informed in writing.¹²

On 29/11/11, Ritnesh Reddy whilst driving a hired vehicle registration number, LR 493 got involved in an accident. The Transport Officers report states that the driver was negligent and that speeding was the cause of the accident.

The department paid \$5,000¹³ as excess fees to Central Rentals Limited and terminated the driver without recovering the cost from him.

The above indicates the failure of the department to follow disciplinary procedures for the recovery of damages in accordance with section 12 of the Finance Manual.

Non-recovery of damages through surcharge is extravagant spending.

¹² Judicial Department Finance Manual 2011 – Section 12.6.7 – 12.6.9

¹³ Cheque No. 5860, date paid 02/03/12

Recommendations

- **The Accounting Head should make a concerted effort in recovering the excess cost from the driver concerned.**
- **The Accounting Head should ensure that recovery of losses and damages are dealt with in accordance with the section 12 of the Finance Manual 2011 and section 63 (1) (b) of the Finance Instructions 2010.**

Department Comments

The Department had written to the Solicitor General for their legal opinion on this case. The Solicitor General's office has advised the Department to file a claim in the Small Claim Tribunal to recover the accident repair costs against the driver. This matter is handled by our Senior Administrative Officer (Discipline) and she is in the process of writing a letter to Officer in Charge Small Claim Tribunal seeking his assistance and advice so that the case can be filed at the Small Claim Tribunal.

Our request for Write Off for the amount of \$5,000 has been sent to Ministry of Finance as this amount is appearing in our Revolving Account. Recovery for this amount from the officer will take a long time (from case initialization to case being finalized) If he is ordered to pay this sum, then it will be receipted into Revenue. However, the chance of recovery is very slim as the officer is unemployed. This is the sole reason we are requesting for the write off but the case is still open.

Section 11 Legislature Department

Role and Responsibilities

The Legislature Department ensures provision of a well maintained, secured environment and facilities to be used as offices and venues for meetings, workshops and dialogues, etc, by ministries & departments and other government agencies as well as accommodating visits by students, public at large and visiting dignitaries from abroad.

It provides the secretariat which consists of administrative and support staff that service the daily meetings of the Public Accounts Committee.

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PART A: FINANCIAL STATEMENT

11.1 Audit Opinion

The audit of the 2012 accounts of the Legislature Department resulted in the issue of a qualified audit report as the operating trust account for payroll deductions totalling \$164,754 was written off and recorded as revenue for the year. The write-off was contrary to section 57 of the Finance Instructions 2010 and overstated revenue recorded in the *Statement of Receipts and Expenditure*.

Management attention was also drawn to *Other Losses* in the *Statement of Losses* which could not be substantiated as the Department failed to provide a Board of Survey Report during the audit.

11.2 Statement of Receipts and Expenditure

The Legislature Department recorded revenue totalling \$168,010 and incurred expenditure totalling \$1,195,605 in 2012.

Table 11.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
State Revenue	136	124
Agency Revenue	167,874	1,198
TOTAL REVENUE	168,010	1,322
EXPENDITURE		
Operating Expenditure		

Description	2012 (\$)	2011 (\$)
Established Staff	98,352	125,458
Government Wage Earners	175,722	166,917
Travel & Communications	38,030	41,987
Maintenance & Operations	97,249	142,630
Purchase of Goods & Services	25,922	21,718
Special Expenditures	291,585	272,833
Total Operating Expenditure	726,860	771,543
Capital Expenditure		
Capital Construction	371,035	---
Total Capital Expenditure	371,035	---
Value Added Tax	97,710	79,859
TOTAL EXPENDITURE	1,195,605	851,402

Total expenditure increased by \$344,203 or 40% in 2012 compared to 2011. The increase was due to the capital project undertaken for the renovation of the parliamentary complex.

11.3 Appropriation Statement

The Department incurred expenditure totalling \$1,195,605 in 2012 against the revised budget of \$1,454,378 resulting in a savings of \$258,773 or 18%. Details of expenditures against the budget estimates are provided in Table 11.2.

Table 11.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	132,128	(25,000)	107,128	98,352	8,776
2	Government Wage Earners	151,667	25,000	176,667	175,722	945
3	Travel & Communications	67,000	---	67,000	38,030	28,970
4	Maintenance & Operations	165,100	---	165,100	97,249	67,851
5	Purchase of Goods & Services	33,500	---	33,500	25,922	7,578
7	Special Expenditures	340,000	---	340,000	291,585	48,415
	Total Operating Expenditure	889,395	---	889,395	726,860	162,535
	Capital Expenditure					
8	Capital Construction	474,100	(61,840)	412,260	371,035	41,225
	Total Capital Expenditure	474,100	(61,840)	412,260	371,035	41,225
13	Value Added Tax	162,000	(9,277)	152,723	97,710	55,013
	TOTAL EXPENDITURE	1,525,495	(71,117)	1,454,378	1,195,605	258,773

In 2012, Cabinet approved the redeployment of \$71,117 to the budget of other ministries and departments. Lack of procurement planning may have contributed to the non-utilisation of department's budget.

Recommendation

The Accounting Head and the Principal Administration Officer should prepare an Annual Procurement Plan to assist them utilise the appropriation provided to achieve annual organisational objectives.

Department Comments

The department admits it did not compile an Annual Procurement Plan in 2012. However, savings were due to the following:

- *Travel & Communications – savings from telephone allocation*
- *Maintenance & Operations – savings from fuel & oil, vehicle maintenance and electricity allocations*
- *Purchase of Goods & Services – savings from training and publication allocations*
- *Special Expenditures – savings from Public Accounts Committee allocation*

The department will ensure to prepare an Annual Procurement Plan and utilise budgetary provisions to the maximum for the purpose it was provided for.

PART B: AUDIT FINDINGS

11.4 Substantial Payment Made for Incomplete Renovation Work

The guiding principles of procurement requires that any procurement of goods, services or works shall be issued so as to promote value for money and maximise economy and efficiency and the ethical use of government resources.¹

Performance bond is a form of security that must be paid or submitted to the procuring department by the supplier or contractor as a means of security for the due and faithful performance of the contract. The performance bond may be in the form of a guarantee arranged by a bank, insurance company or the parent company of the supplier or contractor.²

The tender process was waived by the Prime Minister at the request of the Department for renovation work totalling \$474,100 at the Parliamentary Complex and Pacific Construction and Building Design was engaged as such.³

The audit noted the following anomalies in the execution of renovation work carried out:

- The department failed to carry out the tender process but requested for the waiver of the tender process early in the year on 19/01/12;
- The contractor was quoted to be recommended by the Public Service Commission⁴, however, formal confirmation from the Public Service Commission was not provided;
- Quotation for work was provided by the Public Works Department (PWD) totalling \$346,616 while the Pacific Construction and Building Design quoted \$474,100 with project completion timeline of 10.75 months and 12 months respectively. A total of \$127,484 or 27% variance in price quoted was noted between the two contractors;
- The Ministry of Works estimated that renovation totalling \$104,300 or 22%⁵ of the work as per the contractual agreement was completed by the contractor as at 31/12/12;

¹ Fiji Procurement Regulations 2012, section 3 (1)

² Fiji Procurement Regulations 2010, section 2 (1)

³ Ministry of Finance Memorandum dated 27/02/2012, file 21/2/8 (21)

⁴ Memorandum to the Prime Minister for the approval for the waiver of tender process dated 19/01/12, paragraph 3.0

⁵ Status of renovation work assessed by the Public Works Department and provided to audit by Principal Administration Officer, Ms. Kalo Galuvakadua on 08/04/2013

- Despite this, total payment of \$426,690 or 90% of the payment has been made; Refer Table 11.3 below for payments made:

Table 11.3: Payments to Contractor – Pacific Construction and Building Design

Date	Cheque No.	Description	Amount (\$)
04/04/12	19961	50% payment for the commencement of work	240,000
08/08/12	20447	Supply and installation of boards and roof shingles and roof maintenance	186,690
		Total	426,690

- The first payment of fifty percent (50%) totalling \$240,000 was paid for the commencement of work as per the contract;⁶
- The vetting of the contract by the Solicitor General's Office and the Public Works Department was not evident;
- Performance bond was not taken as a security contrary to section 2 (1) of Procurement Regulations 2010;
- The department failed to assess the completion of work for the first stage totalling \$240,000 before making the second (final) payment of \$186,690;
- The payment of the \$186,690 was paid contrary to the contractual agreement which was supposed to be paid on the "full completion of the renovation work";
- The final payment was made on the request of the contractor to assist him to buy materials from overseas;
- The contractor in the final payment claimed that additional work has been carried out by him contrary to the contractual agreement;
- However, the authority and assessment of the additional work was not carried out prior to the final payment;
- From the date of the final payment, 08/08/12, the contractor failed to carry out any further renovation work;
- The application for the waiver of duty by the contractor on the imported shingles was declined and thus, is in the customs bonded warehouse;
- On 14th January 2013, the contractual agreement was revoked; Refer Table 11.4 for the correspondences made by the Department to the contractor:

Table 11.4: Correspondences - Department of Legislature and Pacific Construction and Building Design

Date	Corresponding Officer	Action Taken
12/12/12	Deputy Secretary – SFCCO / Legislature	Request to complete work within seven days and the damages that may be charged for the delay in the work.
14/01/13	Deputy Secretary – SFCCO / Legislature	Contractor advised of termination of contract for failing to respond

⁶ Contract Agreement for Maintenance of the Parliament Complex 2012 – Appendix D

Date	Corresponding Officer	Action Taken
		to memorandum dated 12/12/12. The contractor failed to deliver shingles to parliament from the bonded warehouse despite the several assurances.
26/02/13	Deputy Secretary – SFCCO / Legislature	Department seeks Solicitor General's advice for the non-performance of work by the contractor.
04/03/13	Acting Principal Legal Officer	Solicitor General's advice on the non-performance of work by the contractor.

- As of the date of audit⁷, the contractor has not performed any further work and the shingles are held in the customs bonded warehouse;
- Further, the contract agreement was signed on 28/03/2012 between the Department and Pacific Construction and Building Designs, Managing Director, Eddie Seru. The name of the business was registered to an individual, Laisani Merylin, Seru dated 15/11/10;
- The contracted individual was de-registered on 05/07/12 from Pacific Construction Works and Building Design to Pacific Constructions Works & Building Design Company Limited and ceased the business, Pacific Construction and Building Designs on 25/05/12;
- The background check and the ability of the contractor to carry out the renovation work were not assessed and the contract deliverables were too general compared to the substantial payments made;
- To date, the contract remains terminated and not remedied.

The above indicates gross mismanagement and lacked capability of the department in the implementation and monitoring of the renovation works carried out. Public fund was wasted as a result.

Recommendations

- **The Deputy Secretary should closely liaise with the Solicitor General's Office to remedy the substantial payments made for the incomplete work and the recovery of damages.**
- **Disciplinary action should be instituted on officers for:**
 - **failing to comply with section 2 (1) for the non-payment of performance bond in accordance with the Fiji Procurement Regulations 2010 and the non-assessment of work carried out prior to the payments.**
 - **Instructing the contractor to carry out additional work contrary to the contractual agreement.**

Department Comments

A Parliament Renovations Project Committee has been established to oversee renovations to the Complex and they have written to the Solicitor General's Office with regards to recoverability of payments made in 2012. A response was received and a Legal Officer was requested to explain the response to the Committee, but the response created more confusion. The Committee will ensure that the funds are recovered from the Contractor.

⁷ 20/08/13

11.5 Non-cash Transactions recorded in the Statement of Receipts and Expenditure

The need to improve record management in all agencies is vital for promoting good governance, transparency and accountability in the public sector. All accounting staffs are responsible for proper maintenance and safekeeping of accounting records and documents, giving the Accounting Head the responsibility in implementing a sound internal control system to oversee this matter.⁸

The *Senior Accountant* is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁹ In accordance with government accounting policies, the financial statements of the department of legislature is prepared on cash basis of accounting.¹⁰

Write off losses in excess of this limits but less than \$50,000 must be referred to the Permanent Secretary for Finance.¹¹ Write off losses in excess of \$50,000 must be referred to the Minister for Finance.¹²

The audit noted that accountable advance owed to government totalling \$41,828¹³ was written off to expenditure allocation.

Similarly, operating trust fund account, payroll deductions, owed by government, totalling \$164,754¹⁴ respectively was written off to the revenue allocation during the year accordingly.

According to the department, records are not available to identify these balances and thus, the action by the department.

In addition, the authority to write off balances was not obtained.

As such, the statement of receipts and expenditure is overstated by \$122,936 which is a non-cash transaction for the year contrary to the cash basis of accounting.

Also, debt owed to and by the state is understated.

Recommendation

The Accounting Head in consultation with the Ministry of Finance should ensure that account balances written off are in accordance with the Finance Instructions 2010 and the cash basis of accounting on which the financial statements are prepared and presented.

Department Comments

- The amount \$164,754.22 was lying in the trust allocation since 2006. We could not ascertain who's PAYE deduction it was as records were not in order to enable us to identify employees of the said amount thus we decided to raise the Journal Voucher in 2012 and credit revenue account.*
- The amount \$41,827.72 has been outstanding since 2005 and 2006. We could not detect proper records to determine if the amount has been cleared by respective officers as claimed. The two officers who*

⁸ Finance Instruction 2010 – Section 59

⁹ Department of Legislature, Finance Manual 2011 – Section 17.1.3

¹⁰ Agency Financial Statement, Department of Legislature, Note 2 (b), Page 9

¹¹ Finance Instructions 2010, section 57 (2)

¹² Finance Instructions 2010, section 57 (3)

¹³ Journal Voucher number 23/12/12 –Debit to expenditure allocation 1-12101-12101-070301and credit to 1-12101-12999-570301

¹⁴ Journal Voucher number 25/12/12 – Debit to trust fund allocation 1-12101-12101-861901 and credit to 1-12101-12101-279999

were handling RFA then has passed on and migrated. The department was advised by Ministry of Finance to identify savings within and clear the outstanding amount by 31/12/12.

11.6 Failure to Account for Assets Held

An annual board of survey must be conducted each year to verify the existence and condition of assets recorded on the asset register. A written record must be kept of each board of survey and must be signed and dated by the officers undertaking it.¹⁵ All property, plant or equipment with a value in excess of \$2,000 or more must be recorded in the asset module of the financial management information system and assets register for those without the financial management information system.¹⁶

The audit noted that the board of survey report prepared was limited making it difficult for the department to compile the statement of losses.

In addition, the fixed assets register was not maintained by the department.

As such, the completeness of losses disclosed in the statement of losses, other than money could not be ascertained.

Recommendation

The Administration Officer should ensure that a Fixed Assets Register and the Board of Survey report are compiled in accordance with Section 46 and 49 of the Finance Instructions 2010.

Department Comments

The Board of Survey was conducted and the team was headed by an officer from the Poverty Unit of the Prime Minister's Office. Their report was submitted to HODs but not to Ministry of Finance. The report they submitted to the HODs was not detailed and questions were raised in regards to the way the report was written. The Department will undertake another BOS and ensure that the survey report reaches Ministry of Finance for write-off of unserviceable items.

The department admits it has not adhered to standard procedures in maintaining a Fixed Asset register. We now have an officer who is in charge of recording all fixed assets purchased.

¹⁵ Finance Instructions 2010 – Section 49 (1) (2)

¹⁶ Finance Instructions 2010 – Section 46 (1)

Section 12**Office of Accountability and Transparency****Role and Responsibilities**

The Office of Accountability and Transparency is a multi-faceted Office that will deal with freedom of information, code of conduct issues for public officials and other areas of law concerned with accountability, transparency and responsibility for public officials and institutions.

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PART A: FINANCIAL STATEMENTS**12.1 Audit Opinion**

The audit of the 2012 financial statement of the Office of Accountability and Transparency resulted in the issue of an unqualified audit report.

The attention of the Office was however drawn to the absence of an agreement for the grant provided to Fiji Human Rights Commission and the failure of the office to carry out the board of survey.

12.2 Statement of Receipts and Expenditure

The Office incurred a total expenditure of \$513,255 in 2012. Refer Table 12.1 for details.

Table 12.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
EXPENDITURE		
Operating Expenditure		
Established Staff	40,020	101,378
Government Wage Earners	---	9,930
Travel & Communication	2,050	6,666
Maintenance & Operations	4,504	38,975
Purchase of Goods & Services	(698)	28,612
Operating Grants & Transfers	465,309	361,999
Total Operating Expenditure	511,185	547,560
Value Added Tax	2,070	8,767
TOTAL EXPENDITURE	513,255	556,327

Total expenditure declined by \$43,072 or 8% in 2012 compared to 2011 due to the redeployment of the function of the office and its staff to other Ministries and Departments.

12.3 Appropriation Statement

The Office incurred expenditure totalling \$513,255 against the revised budget of \$1,166,857 resulting in a saving of \$653,602 or 56%. Details of expenditures against the budget estimates are provided in Table 12.2.

Table 12.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	Operating Expenditure					
1	Established Staff	123,801	---	123,801	40,020	83,781
2	Government Wage Earners	12,854	---	12,854	---	12,854
3	Travel & Communication	21,800	---	21,800	2,050	19,750
4	Maintenance & Operations	44,600	---	44,600	4,504	40,096
5	Purchase of Goods & Services	34,793	---	34,793	(698)	35,491
6	Operating Grants & Transfers	730,000	(264,691)	465,309	465,309	---
7	Special Expenditure	390,000	---	390,000	---	390,000
	Total Operating Costs	1,357,848	(264,691)	1,093,157	511,185	581,972
13	Value Added Tax	73,700	---	73,700	2,070	71,630
	TOTAL EXPENDITURE	1,431,548	(264,691)	1,166,857	513,255	653,602

In 2012, Cabinet approved the re-deployment of \$264,691 from Office of Accountability and Transparency's budget to other Ministries and Departments.

PART B: AUDIT FINDINGS

12.4 Absence of Grant Agreement provided to Fiji Human Rights Commission

The Commission must, within three months after the end of each financial year, furnish to the President a report on the exercise of its functions under this Decree during the year, and must submit a copy to the Prime Minister.¹

Following submission of the Annual Report to the President and Prime Minister, the Commission must hold a public meeting at a time and place it fixes to discuss the contents of the Annual Report and the carrying out of its functions during the year.²

The agency administering a grant must enter into a grant agreement with any organisation or person who either receives a one-off grant or on-going grant assistance in excess of \$5,000. The Permanent Secretary of the administering agency must ensure that each grant agreement is adequate and legally binding. Grants must only be paid in accordance with the terms and conditions in the grant agreement.³

The Office of Accountability and Transparency (OAT) provided a grant totalling \$465,309 to Fiji Human Rights Commission (FHRC). Refer Table 12.3 for details of payments made.

¹ Human Rights Commission Decree 2009 sec 44 (1)

² Human Rights Commission Decree 2009 – Section 44 (2)

³ Finance Instruction 2010 – Section 16 (1) (2)

Table 12.3: Payment Made To Fiji Human Rights Commission for the Year 2012

Date	Cheque No.	Description	Amount (\$)
07/03/12	58924	Payment of 1 st Quarter Grant	133,542
21/07/12	60812	Payment of 2 nd Quarter Grant	174,267
30/10/12	63867	Payment of 3 rd Quarter Grant	157,500
Total			465,309

Audit noted that grant agreement between the Office of Accountability and Transparency and Fiji Human Rights Commission was not entered into as such, audited report on the use of the grant provided was not available.

Lack of grant agreement and audit of grants exposes the grant monies to abuse, misappropriations and unauthorized use of funds.

Recommendations

- The Permanent Secretary at the Prime Minister's Office should ensure that a grant agreement is drawn up for the grants provided to Fiji Human Rights Commission by the Office of Accountability and Transparency.
- The agreement to include strict condition for an independent audit on the grant provided.

Office Comments

Management has taken note of audit recommendation.

12.5 Non-Preparation of Annual Procurement Plan

The Annual Procurement Plan for each year must be prepared by the *Permanent Secretary* of each Ministry or Department and submitted to the Fiji Procurement Office after the announcement of the budget and in accordance with Finance Circulars issued by the Permanent Secretary for Finance.⁴

The audit noted that the Annual Procurement Plan for 2012 was not prepared. This resulted in the utilisation of OAT budget by the Office of the Prime Minister for their purpose.

Annual Procurement Plans assist purchases to be timely, cost-effective and obtain value for money for purchase made.

Recommendation

The Principal Accounts Officer must ensure that the Annual Procurement Plan is prepared following the announcement of the budget.

Office Comments

Management has taken note of audit recommendations.

⁴ Procurement Regulations 2010 – Section 26 (1)
Office of Accountability & Transparency

Section 13 Office of the Director of Public Prosecutions

Role and Responsibilities

The Office of the Director of Public Prosecutions is responsible for prosecuting appeals before the Fiji Court of Appeal and the Supreme Court. In addition, all High Court trials are prosecuted by State Counsels who also handle appeals to the High Courts at Suva, Lautoka and Labasa.

Cases of special difficulty or of public interest in the Magistrates Court are handled by the Director of Public Prosecutions Office. Other significant works of the department includes the determination of complaints against police and prison officers, the provision of written advice to the Commissioner of Police, the Director of Criminal Investigation Department and to other government departments and statutory organisations, the delivery of lectures at the Police academy and handling of complaints from members of public operating their cases.

The Director also considers written representations concerning criminal cases from aggrieved persons, defendants or from their counsels.

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PART A: FINANCIAL STATEMENT

13.1 Audit Opinion

The audit of the 2012 financial statements of the Office of the Director of Public Prosecutions resulted in the issue of an unqualified audit report.

13.2 Statement of Receipts and Expenditure

The Office of the Director of Public Prosecutions collected revenue totalling \$18,630 and incurred a total expenditure of \$3,648,063 in 2012.

Table 13.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
State Revenue		
Commission	18,630	12,730
Agency Revenue	---	45

Description	2012 (\$)	2011 (\$)
TOTAL REVENUE	18,630	12,775
EXPENDITURE		
Operating		
Established Staff	1,765,931	1,891,046
Government Wage Earners	177,786	127,083
Travel & Communications	217,955	175,969
Maintenance & Operations	313,585	248,758
Purchase of Goods & Services	878,113	487,553
Special Expenditures	89,539	99,996
Total Operating Expenditure	3,442,909	3,030,405
Value Added Tax	205,154	157,179
TOTAL EXPENDITURE	3,648,063	3,187,584

Total expenditure increased by \$460,479 or 14% in 2012 compared to 2011. The increased expenditure was attributed to purchases of computer equipment, payment of witnesses' allowances and various trainings held with the Queens Counsels.

13.3 Appropriation Statement

The Office incurred expenditure totalling \$3,648,063 in 2012 against the budget of \$4,654,003 resulting in savings of \$1,005,940 or 22%.

Details of expenditure against the budget estimates are provided in Table 13.2.

Table 13.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,601,725	(20,259)	2,581,466	1,765,931	815,535
2	Government Wage Earners	162,914	20,259	183,173	177,786	5,387
3	Travel & Communication	239,400	-	239,400	217,955	21,445
4	Maintenance & Operations	317,200	32,490	349,690	313,585	36,105
5	Purchase of Goods & Services	1,237,596	(298,079)	939,517	878,113	61,404
7	Special Expenditure	140,320	(24,630)	115,690	89,539	26,151
	Total Operating Expenditure	4,699,155	(290,219)	4,408,936	3,442,909	966,027
13	Value Added Tax	288,600	(43,533)	245,067	205,154	39,913
	TOTAL EXPENDITURE	4,987,755	(333,752)	4,654,003	3,648,063	1,005,940

13.4 Statement of Losses

The Office of the Director of Public Prosecutions did not report any loss of money or assets during the financial year ending 31/12/12.

13.5 Trust Fund Account Statement of Receipts and Payments

Description	2012 (\$)	2011 (\$)
RECEIPTS		
Forfeited Assets Fund	31,451	100,373
DPP Trust Account	11,532	8,488
Total Receipts	42,983	108,861

Description	2012 (\$)	2011 (\$)
PAYMENTS		
Forfeited Assets Fund	44,821	59,452
DPP Trust Account	87	9,205
Total Payments	44,908	68,657
Net (Deficit)/Surplus	(1,925)	40,204
Opening Balance as at 1 January	179,783	139,579
Closing Balance as at 31 December	177,858	179,783

The Trust fund account consists of balances held for forfeited assets and Director of Public Prosecutions trust account.

PART B: AUDIT FINDINGS

13.6 Budget Savings

The budget estimates and budget statements are to be prepared as far as practicable.¹

The Office was appropriated a revised budget of \$4,654,003 out of which \$4,408,936 or 95% was allocated for the operating expenditure. Refer Table 13.3 for details

Table 13.3: Revised Expenditure vs. Actual Expenditure

Expenditure	Revised Expenditure (\$)	Actual Expenditure (\$)	Savings (\$)	Percent (%)
Operating Expenditure				
Established Staff	2,581,466	1,765,931	815,535	32
Government Wage Earners	183,173	177,786	5,387	3
Travel and Communications	239,400	217,955	21,445	9
Maintenance and Operations	349,690	313,585	36,105	10
Purchase of Goods and Services	939,517	878,113	61,404	7
Operating Grants and Transfers	-	-	-	-
Special Expenditures	115,690	89,539	26,151	23
Capital Expenditure				
Capital Grants and Transfers	-	-	-	-
VAT	245,067	205,154	39,913	16
Total	4,654,003	3,648,063	1,005,940	22

The Office incurred a total expenditure of \$3,648,063 in 2012 against a revised budget of \$4,654,003 resulting in a saving of \$1,055,940 or 22%. Further analysis shows that the Office had the largest saving under SEG 1 – *Established Staff* vote which consists of 81% of the total saving.

Such finding indicates that the Office failed to reach its required staff establishment resulting in substantial saving under SEG 1 – *Established Staff* vote.

¹ Financial Management Act 2004 – Section 13 (3)

Absence of required staff establishment is a compounding factor for the inability of the office to operate in an effective and efficient manner as discussed below.

Recommendation

The DPP should ensure that proper planning is done for utilizing the funds as appropriated by Government.

Office Comments

Recommendation has been noted and the Office of the Director of the Public Prosecutions will have to make proper planning for the utilization of funds by having the full staff in accordance with our Person to post. Also our Acting Allowance vote was not even used that also a contributing factor to the largest saving in SEG1. We will make sure that more improvement will be made for the future years to reduce the issue raised.

13.7 Exhibit Procedures

The officer in charge is responsible for the custody, care, control and security of all exhibits, and in particularly monies and jewelleries.² An exhibit is an item held with the office as evidence in cases pursued.

The audit noted the following anomalies upon physical verification of the exhibits at the office:

- The Office failed to monitor and maintain its exhibit's in accordance with exhibit's maintenance procedure for disposal, retention and distribution of exhibits.
- Exhibits were kept on the floor, on top of cabinets and around the staff work stations. This increases the risk of exhibits being damaged or stolen. Refer figure 13.1 below for illustrations:

Figure 13.1: Improper Storage of Exhibit Items



Failure to store exhibits properly can result in undetected theft and misappropriation of items.

² Procedures for seizure, Management and Disposal of Exhibits – Section 5.2.6

Recommendations

- The office must ensure that exhibits are maintained in accordance with exhibit maintenance procedure to avoid damages or theft to the trust property under its custody.
- The administrative officer should ensure that adequate space to store exhibits is identified.

Office Comments

Due to lack of office space, appropriate storage of exhibits could not be ascertained. Currently the closed and disposed case files are being processed to be transferred to achieves. This will create more space and storage for exhibits accordingly.

13.8 Exhibits not Returned

The Officer in charge is responsible for the custody, care, control and security of all exhibits, and in particularly monies and jewelleries.³

The audit noted that exhibits were not returned despite the conclusion of cases that dated to year 2002. Refer Table 13.4 for a sample of exhibits in the registry room.

Table 13.4: Unclaimed Items in Exhibit - headquarters

Date	Case Reference	Exhibit Descriptions
12/08/02	State v Kesaravi Tinairatu	1 Red Bucket, White T-Shirt and Sulu
02/09/02	State v Tomasi Stephens	20 Medals and 1 camera Stand
10/10/02	State v Leone Lautabui	Plastic bag with parcels
09/12/02	State v Aparama Matakagi	1 Cane Knife, 1 large white envelope, match stick, receipt and a small plastic bag containing decaying materials in a carton, 1 sealed envelope with green shorts and 1 pink t-shirt, 1 big and 1 large brown envelope
14/04/03	State v Lagiloa Delana & Ors	Original caution Interview of Accident 3 & translations, Original Charge of Accident 1 & translations, 1 pinch bar, 9 cheques, ANZ money bag, Photocopies of cash recovered, original caution interview of Accident 2
08/07/03	State v Timoci Kauyaca	1 iron Rod
24/05/05	State v Sudesh Jeet	1 Mac Computer Screen, 1 keyboard, 2 Phillips Speaker, 1 Goldstar radio
16/03/06	State v John Pillay	1 Passport belonging to John Pillay (No. 570976)
21/07/08	State V Leone Nayavu	1 Chainsaw (Serial No. 044500249)
22/12/08	State v joji Ravuwai & Ors	Cell Book

Failure to safeguard and comply with disposal order could result in theft or misuse of trust property.

Recommendation

The Office should further investigate this matter and take appropriate action.

³ Procedures for seizure, Management and Disposal of Exhibits – Section 5.2.6

Office Comments

The recommendation is duly noted. The Registry and Litigation section will notify the Police about the unclaimed exhibits. Due to lack of staff and also new appointments in this section, this task was delayed. The officers are now working on it.

The former Senior Administration Officer Litigation, before his resignation, was in the process of identifying exhibits with appropriate records and despatching them to relevant police stations. Some of these exhibits were previously stored in cabinets but were removed to enable the litigation staff to make proper identification.

The closed files need to be accompanied with the judgements and police dockets. Some of the files indicated in this audit are still active hence we are unable to remove it. The registry staff are still trying to put together the proper records, these included exhibit number, police dockets numbers and the court file numbers before despatching to relevant Police Stations for their further action.

Section 14 Ministry of Justice and Anti - Corruption

Roles and Responsibilities

Department of Justice

The Department of Justice is responsible for the efficient and effective delivery of services relating to all the Registries. The Justice Department will be the point of contact for all requiring registrations of properties, stamp duty, birth, death, marriage and company.

Prisons and Corrections Department

The Fiji Corrections Service is responsible for the safe, secure and humane treatment of persons in custody by providing opportunities to correct offending behavior, develop work and life skills and perform community service. Under the framework of the Fiji Prisons Act and Public Service Administration Guidelines, the Fiji Corrections Service works enhancing the quality of custodial responsibilities, improve inmate rehabilitation programmes, developing human resources, effective use of resources and modernizing the service.

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DEPARTMENT OF JUSTICE**PART A: FINANCIAL STATEMENTS****14.1 Audit Opinion**

The audit of the 2012 financial statements for the Department of Justice resulted in the issue of an unqualified audit report.

14.2 Statement of Receipts and Expenditure

The department collected revenue totaling \$1,307,880 and incurred expenditure totaling \$2,127,540 in 2012. Refer Table 14.1 for details.

Table 14.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
Stamp Duty	---	4,277,178
Miscellaneous Fees	732,255	771,031
Registration Fees	529,512	532,853
Licenses Fees	41,801	33,843
Other State Revenue	4,086	1,146
Total State Revenue	1,307,654	5,616,051
Agency revenue		
Other Agency Revenue	226	752
TOTAL REVENUE	1,307,880	5,616,803
EXPENDITURE		
Operating		
Established Staff	1,132,968	1,226,130
Government Wage Earners	86,644	79,132
Travel and Communications	75,611	71,131
Maintenance and Operations	443,511	538,012
Purchase of Goods and Services	57,156	30,571
Operating Grants and Transfers	11,500	11,500
Special Expenditure	68,718	49,537
Total Operating Expenditure	1,876,108	2,006,013
Capital Expenditure		
Construction	7,277	63,485
Purchase	127,471	617,193
Total Capital Expenditure	134,748	680,678
Value Added Tax	116,684	236,793
TOTAL EXPENDITURE	2,127,540	2,923,484

Total revenue declined by \$4,308,923 or 77% in 2012 due to the transfer of the stamp duty office to the Fiji Revenue and Customs Authority with effective from 01/04/11. Total expenditure decreased by \$795,944 or 27% in 2012 compared to 2011 due to vacant positions with the department and the reduction in capital expenditure.

14.3 Appropriation Statement

The department incurred expenditure totaling \$2,127,540 in 2012 against the revised budget of \$2,431,657 resulting in a savings of \$304,117 or 13%. Details of expenditure against the budget estimates are provided in Table 14.2.

Table 14.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,216,738	(15,688)	1,201,050	1,132,968	68,082
2	Government Wage Earners	72,300	15,688	87,988	86,644	1,344
3	Travel & Communications	93,000	---	93,000	75,611	17,389
4	Maintenance & Operations	424,500	35,345	459,845	443,511	16,334
5	Purchase of Goods & Services	56,119	21,034	77,153	57,156	19,997
6	Operating Grants & Transfers	11,500	---	11,500	11,500	---
7	Special Expenditures	310,000	(156,379)	153,621	68,718	84,903
	Total Operating Expenditure	2,184,157	(100,000)	2,084,157	1,876,108	208,049
	Capital Expenditure					
8	Construction	---	7,278	7,278	7,277	1
9	Purchase	300,000	(107,278)	192,722	127,471	65,251
	Total Capital Expenditure	300,000	(100,000)	200,000	134,748	65,252
13	Value Added Tax	177,500	(30,000)	147,500	116,684	30,816
	TOTAL EXPENDITURE	2,661,657	(230,000)	2,431,657	2,127,540	304,117

In 2012, Cabinet approved the redeployment of \$230,000 to other Ministries and Departments budget.

PART B: AUDIT FINDINGS

14.4 Operation of the Titles Office

The *Registrar* shall keep books, to be called the “Register of Titles”, and shall bind up there in the originals of all instruments of titles to be issued as hereinafter provided, and each instrument of title shall constitute a separate folium of the book in which such instrument is entered and the Registrar shall record, by entering a memorial thereof on the folium constituted by each such instrument of title, the particulars of every other instrument, dealing or matter affecting the same and which is required by the provisions of this Act or entered in the register.¹

There shall be provided and maintained in proper repair at the public expense substantial and fireproof premises to serve as the place of deposit and preservation of the registers and all other documents connected with the registration of titles, and such premises shall be equipped with fireproof safes, strong-rooms and other secure places as may be necessary.²

The audit noted that back up of records and documents for the titles office was not done.

Despite the issue being raised previously, corrective action has not been taken by the department.

Absence of backup of records and documents can be catastrophic in the event of the natural disaster or where documents and records are lost.

¹ Land Transfer Act (Cap. 131) 1978 – Section 19

² Land Transfer Act (Cap. 131) 1978 – Section 9

Recommendation

The Registrar of Titles should ensure that back up of records and documents are done and filed securely at an off-site location.

Management Comment

The Department notes the audits concern in relation to the operation of the Registrar of Titles Office. In terms of back up of records and documents, the Department submits that ITC has the Registrar of Titles Office Data form 2005 up until to date. The Department notes that it does not have back up of all documents kept at Titles Office. This is why Pacific Technology Limited, a local company in partnership with Yalmanchilli an Indian based company was engaged to carry out the digitization and computerization project of all Registries (including Registrar of Titles Office) within the Department of Justice.

14.5 Anomalies Noted in Companies Office

There shall be kept by the registrar of companies a report called the Register of Companies.³ Where an un-discharged bankrupt engages in any trade or business under a name other than that under which he was adjudicated bankrupt without disclosing to all persons with whom he enters into any business transaction the name under which he was adjudicated bankrupt, he shall be guilty of an offence.⁴

The annual return shall be completed within 42 days after the annual general meeting for the year, whether or not that meeting is the first or only ordinary general meeting, or the first or only general meeting, of the company in the year, and the company shall, within such period, deliver to the registrar a copy signed both by the director and by a secretary of the company.⁵

The audit of the Registrar of Companies Office records noted the following anomalies:

- The office does not have the system to monitor the non-submission of the annual returns by the companies;
- The files are selected manually at random to verify the submission of annual returns;
- The application for the registration of companies is not verified for any prior bankruptcy with the official receiver;
- The register for files issued for review and the photocopy register are not filled properly and lack important details, such as, the name of the person to whom file is issued to, number of pages photocopied, receipt numbers and the receipt amount;
- The review of files on a company by the public lack supervision of the registrar of companies;
- Disaster recovery plans and the backup for records and documents have not been done.

The above indicate weak internal controls at the company's office to effectively and efficiently monitor compliance with the companies act.

³ Companies Act [Cap. 247] – Section 3

⁴ Bankruptcy Act [Cap 48] – Section 134 (b)

⁵ Companies Act [Cap. 247] – Section 129 (1)

Recommendations

The Registrar of Companies should ensure that:

- **Feasibility studies and benchmarking is carried out to automate the system and processes of the companies' office to enhance monitoring with the companies act;**
- **Registration of companies are verified with section 134 (b) of the bankruptcy act;**
- **The register of files issued to the public are adequately completed and supervision undertaken during public review of company files;**
- **The photocopy register is properly maintained and reconciled with the cashier's daily taking report.**
- **Adequate disaster recovery plan is documented in consultation with important stakeholders (ITC and National Archives).**

Management Comment

The Department notes the audit concern and respectfully submits that it will now ensure that measures are put in place to monitor the submission of annual returns by companies. The Registrar of Companies will now send notices to those limited liability companies registered from 2011 backwards as a short term measure in ensuring that annual returns are filed within the 42 days period prescribed under the Companies Act.

The Department further submits that it will now ensure the computerization of the various registries under its portfolio is completed by Yalmanchilli. This will allow for provision to monitor submissions of annual reports by Companies. The system will automatically generate reminders/ notices for companies to file their returns, failure of which will result in the companies paying penalties after the prescribed period of time of filing the returns.

In terms of the status of bankruptcy of a person intending to register a business at the Registrar of Companies Office, the Department notes the current practice at the Registrar of Companies and respectfully submits that as part of its short term measure, it will now ensure manual search are conducted at Official Receivers Office for those individuals or businessmen intending to set up a business. In the long run, work is now underway by Yalmanchilli/ ITC to carry out the computerization project of the Registrar of Titles Office and other Registries within the Department. Furthermore, the Department notes the audits concern in search and photocopy and respectfully submit that it will now ensure that Section Heads & supervisors adhered to the procedure of maintaining proper records of search and photocopy done at the Registrar of Title Office.

Photocopy Register

The Department confirms that the Registrar of Companies has a register for photocopying done and will ensure that the supervisors and Heads of Section properly maintained the register and reconcile the daily revenue received from this source of revenue.

Disaster Recovery Plan.

The Department notes that the audits concern in relation to the issue of having a disaster recovery plan and respectfully submit that the Registrar of Companies record is stored as a backup with ITC. The Computerization of this registry which is a project carried out by Yalmanchilli will be a solid source of backup of the Companies record.

14.6 Anomalies noted in the Official Receivers Office

The management of trust for bankruptcy, winding up and liquidation through the official receivers office is one of the core outputs of the Ministry of Justice.⁶

The audit of the official receivers office noted the following anomalies:

⁶ Fiji Budget Estimates, 2012 - Page 85

- An offsite backup was not maintained for the office records and documents;
- Database for pending bankruptcy and insolvent cases with its current status was not readily available;
- Individual files had to be reviewed to ascertain the status of each case;
- There were cases dating as far back to 1986;
- Identification such as a photograph is not maintained in the files to identify people and publish their identification in the newspaper;
- The bankruptcy act has not been revised since 1978;
- This issue was raised in previous audit reports; however; corrective action is yet to be taken by the Department.

In the absence of an automated official receivers system, bankruptcy and insolvent cases will continue to be delayed.

Recommendations

- **The Official Receiver should consider strengthening the resources of the Office of Official Receiver;**
- **The Permanent Secretary should automate the system and processes for timely decisions through readily available records;**
- **The Official Receivers Act (1978) should be revised for the Official Receiver to carry out his/her function more effectively.**
- **Proper records of the individuals/directors (including the photograph) should be maintained.**
- **The names should be forwarded to the immigration department for the inclusion in the watch list for those cases that are difficult to locate or resolve.**
- **The Permanent Secretary should also seek police assistance or publish names in the newspapers for cases that are difficult to locate.**

Management Comment

The Department notes the audit concerns and recommendation and respectfully submits as follows:

- *The Official receiver had carried out all necessary steps to upgrade its system by obtaining quotes from Viti Solutions for an upgrade of their current computer system. However, the project was ceased on the understanding that Pacific Technologies limited in partnership with Yallamanchilli (ITC) will, based on the Cabinet's decision, carry out the project of computerising Official Receivers Office.*
- *We agree with the Audit that the Official Receivers Act (1978) should be revised and action will be taken to advance the issue with the Permanent Secretary for Justice.*
- *Once the records are computerised, it will take care of this item. The project will now be handled by Yallamanchilli who are contracted by the Government for the computerization of some key Government Departments including Official Receivers Office.*
- *Once the records are computerised, we will have a network with other key stakeholders such as immigration, FRCA and Companies.*
- *Suggestions and recommendations will be further discussed with PSJ for implementation.*

PRISONS AND CORRECTIONS DEPARTMENT**PART A: FINANCIAL STATEMENTS****14.7 Audit Opinion**

The audit of the 2012 financial statements of the Prisons and Corrections Department resulted in the issue of a qualified audit report. The qualifications are as follows:

- Adequate records were not maintained for the Trade and Manufacturing Account (TMA). Unexplained variances in sales (\$142,778), expenditure (\$14,975), closing stock (\$712) and cash at bank (\$75,638) remained at year end;
- The equity balance totaling \$326,723 was not supported as reflected in the TMA Balance Sheet at year end;
- A variance of \$5,575 was noted between the prisoner's trust fund cash at bank account in the general ledger and the department reconciliation;
- Journal vouchers and supporting documents for adjustments totaling \$78,863 made to state revenue were not provided during the audit.

14.8 Statement of Receipts and Expenditure

The department collected revenue totaling \$121,129 and incurred expenditure totaling \$27,208,484 in 2012. Refer to Table 14.3 for details.

Table 14.3: Statement of Receipts and Expenditures for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
State Revenue	119,945	41,858
Agency Revenue	1,184	28,091
TOTAL REVENUE	121,129	69,949
EXPENDITURE		
Operating		
Established Staff	10,378,973	10,324,517
Government Wage Earners	18,448	30,223
Travel and Communications	348,415	373,576
Maintenance and Operations	1,239,614	1,544,306
Purchase of Goods and Services	2,236,914	2,255,963
Operating Grants and Transfers	12,380	13,299
Special Expenditures	361,171	295,409
Total Operating Expenditure	14,595,915	14,837,293
Capital Expenditure		
Construction	10,510,370	1,057,406
Total Capital Expenditure	10,510,370	1,057,406
Value Added Tax	2,102,199	794,521
TOTAL EXPENDITURE	27,208,484	16,689,220

The department's total revenue increased by \$51,180 or 73% in 2012 compared to 2011 due to the clearance of stale cheques from prior years and the recovery of surcharge made from officers. Total

expenditure increased by \$10,519,264 or 63% in 2012 compared to 2011 due to the construction of Suva Remand Centre.

14.9 Appropriation Statement

The department incurred expenditure totaling \$27,208,484 against the revised budget of \$27,633,702 resulting in a savings of \$425,218 or 1.5%. Details of expenditure against the budget estimates are provided in Table 14.4.

Table 14.4: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Change (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	10,619,039	(226,000)	10,393,039	10,378,973	14,066
2	Government Wage Earners	29,169	---	29,169	18,448	10,721
3	Travel & Communications	382,370	24,047	406,417	348,415	58,002
4	Maintenance & Operations	1,300,504	15,196	1,315,700	1,239,614	76,086
5	Purchase of Goods & Services	2,066,678	265,430	2,332,108	2,236,914	95,194
6	Operating Grants & Transfers	13,400	---	13,400	12,380	1,020
7	Special Expenditures	594,714	(185,312)	409,402	361,171	48,231
	Total Operating Expenditure	15,005,874	(106,639)	14,899,235	14,595,915	303,320
	Capital Expenditure					
8	Construction	4,500,000	6,020,663	10,520,663	10,510,370	10,293
	Total Capital Expenditure	4,500,000	6,020,663	10,520,663	10,510,370	10,293
13	Value Added Tax	1,326,700	887,104	2,213,804	2,102,199	111,605
	TOTAL EXPENDITURE	20,832,574	6,801,128	27,633,702	27,208,484	425,218

In 2012, Cabinet redeployed an additional \$6,801,128 to the budget of Prison and Corrections Department.

PART B: AUDIT FINDINGS

14.10 Missing Journal Vouchers

All accounting staffs are responsible for proper maintenance and safekeeping of accounting records and documents, giving the Accounting Head the responsibility in implementing a sound internal control system to oversee this matter.⁷

Only the *Accounts Officer* or *Assistant Accounts Officer* shall approve journal adjustments.⁸ Supporting documents shall be attached to the journal voucher.⁹ Once the journal voucher has been approved, it shall be recorded into the appropriate general ledger system.¹⁰

The audit was not provided journal vouchers, numbered 01/09 to 18/09 totalling \$137,607 indicating, either to be lost or misplaced.

⁷ Finance Instruction 2010 – Section 59

⁸ Prisons and Corrections Department - Finance Manual 2011 – Section 16.1.2

⁹ Prisons and Corrections Department - Finance Manual 2011 – Section 16.1.3

¹⁰ Prisons and Corrections Department - Finance Manual 2011 – Section 16.1.5

Furthermore, the missing journal voucher number, JV 05/09/12, totalling \$62,776 was raised to record stale cheques for the year 2011 as revenue for the year 2012. However, the journal remained to be verified and constituted to 52% of total revenue.

The above denotes lacked internal control for the verification and processing of journal vouchers by the Accounting Head prior to recording in the general ledger.

In the absence of proper verification the Journals recorded in the accounts could be incorrect or used to cover up fraudulent transactions.

Recommendations

- **The Accounting Head should ensure that transactions recorded in the general ledger are supported with documentary evidences and should be produced during audit;**
- **The Manager Finance should ensure that proper internal control such as checking, verification and authorization of journal vouchers are in place;**
- **Disciplinary action should be instituted on the Accounting Head for failing to provide the journal vouchers recorded in the general ledger and**
- **The Director Corporate Services should investigate the journal vouchers raised for its correctness and ensure that accounting entries have not been made to conceal fraudulent activities.**

Management Comment

JVs from 01/09 to 18/09 were misplaced by the clerks during rotation of staffs. However , Audit recommendation are noted for proper internal controls such as checking, verifications and authorizations of journal vouchers is in place to avoid any error or misposting. With the completion of Accounts Standard Operation Procedures and training to Accounts Staffs such anomalies will be sorted out effectively now.

14.11 Non-Maintenance of Asset Register

All property, plant or equipment with a value in excess of \$2,000 or more must be recorded in the asset module of the financial management information system and assets register for those without the financial management information system.¹¹ Assets whose value is between \$200 and \$2,000 must be recorded in an expendable items register.¹²

The audit noted that the department failed to maintain a fixed asset register.

The above indicates inadequate controls over the custody of fixed assets. This could result in inability to identify items, which are unservicable, missing or in need for auction. Moreover, it would be difficult to identify officers responsible for discrepancies in the fixed assets records.

The risk of misappropriation of fixed assets is high.

Recommendation

The Administration Officer must ensure that a Fixed Asset Register is prepared immediately and maintained to safeguard its assets.

¹¹ Finance Instructions 2010 – Section 46 (1)

¹² Finance Instructions 2010 – 46 (3)

Management Comment

We acknowledge the audit find that the department did not have adequate Fixed Assets Register as the department has not been using Fixed Assets Module. However, our Logistic unit has been directed by Commissioner of Corrections to be responsible for maintaining fixed assets register for all Institutions and National headquarters. Also, once the data on Assets has been updated we will introduce Fixed Assets Module to record Assets when it's purchased. We look forward for introducing FMIS Fixed Assets Module in 3rd Quarter 2013. This will gradually increase the level of internal controls over the custody of Fixed Assets maintained by FCS.

14.12 Failure to Reconcile Cash at Bank Main Trust Fund Account

Each month, the trust fund account must be balanced and reconciled with the trust bank account.¹³

The prisoners trust fund account records wages earned by the prisoners for work performed while in prison and is payable upon their release.

The audit noted that the prisoner's trust fund cash at bank general ledger totaling \$113,595¹⁴ was not reconciled on monthly basis.

In the absence of reconciliations, timely detection of errors or omissions is limited.

Recommendation

The Accounts Officer should ensure Section 59 of Finance Instruction 2010 is strictly complied with.

Management Comment

We acknowledge the audit finding and fortunate to provide responses for the issues highlighted. We agreed that no reconciliation was prepared for Fund 9, SEG 52. The department was not able to complete the Reconciliation for Fund 9, SEG 52 due to lack of Accounts Staffs who had sufficient Knowledge to undertake reconciliation and due to limited access. However, bank reconciliations on trust funds were also not submitted for 2012 to Ministry of Finance due to no track records found to ascertain correct balance from the inception of Trust Fund Account. SEG 52 reconciliation for Fund 9 is being done for 2013 and the department is continuously liaising with Ministry of Finance and the bank to submit timely Trust Fund bank reconciliations. All the reconciliation are now verified by Accounts Officer prior to being endorsed by Commissioner or Deputy Commissioner for Corrections service and timely submitted to Ministry of Finance.

14.13 Non-reconciliation of Department Records and the General Ledger

The *Accounts Officer* is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.¹⁵ Agencies are required to prepare monthly reconciliations to address the differences between the department records and the general ledger.¹⁶ Drawings account records the cheques that are raised for payments during the year.

The audit noted that the department records were not reconciled with the general ledger for the following accounts:

¹³ Finance Instruction 2010 – Section 59

¹⁴ Financial Management Information System, General Ledger Allocation 9-15200-00000-520000, accessed on 30/05/13

¹⁵ Prisons and Corrections Department - Finance Manual 2011 – Section 16

¹⁶ Finance Circular 20/2007

- Drawings account reconciliations for the month January and February had a variance totalling \$48,829 that subsequently affected the balance at the end of the year;
- A variance of \$75,638 was noted between the Trading and Manufacturing Account (TMA) cash at bank in the general ledger (\$125,271)¹⁷ and the cashbook reconciliation performed by the Department (\$200,909);
- Reconciling items in the TMA bank reconciliation totalling \$18,331 brought forward from year 2011 has not been rectified; and
- TMA equity accounts, that is, TMA surplus capital returned to consolidated fund and TMA Accumulated surplus/deficit, totaling \$326,723 was not reconciled.

In the absence of reconciliation and variances in the department record and the general ledger, the pertaining account balances may be inherently fraudulent or incorrect.

Recommendations

- **The Accounting Head must ensure that reconciliations are prepared monthly, reconciled with the general ledger and variances are investigated and rectified accordingly.**
- **Supervisory checks should be strengthened to genuinely review and rectify errors and un-reconciled balances.**

Management Comment

We acknowledge the audit finding on calculation error in Drawing Account reconciliations for January and February 2012. However, this reconciliation for the Drawings for January and February was done by Acting Accounts Officer (Ms Lusiana Lului) due to no reconciliation officer in particular. However, reconciliation from March to October was updated completed and submitted by Actg Accounts Officer in November, 2012. The variance was not reconciled due to Change in Officers.

We concur with audit findings that variance exists between Cash book and FMIS balance due to the unadjusted balance that has being brought forward from previous years. As confirmed by discussion by AMU on various occasions that sufficient evidence was not obtained to ascertain the unjustified figures, which highly contributed to variances in the Cashbook maintained by the department and FMIS Records. Request has been made to AMU for suggestion on necessary adjustment to be made but through discussions with our desk officers (Mr Semesa and Viliame) we were advised that write-off will be possible after 7 years on the unjustified amounts.

We concur with the finding with Officer of Auditor General on carried forward balance in monthly TMA Bank reconciliations from 2011. This balance has accumulated due to inconsistency in reconciliation by Account Officers' appointed with FCS and remains unjustified with the facts that there were no track records to further identify and justify this balances either to audit or ministry of finance. Further assistance was seeked from Ministry of Finance (AMU) via letter dated 07/01/2013 by Current Accounts Officer (Abdul Rasheed) on suggestion and was advised on occasions in discussions with AMU that we have to wait for Seven (7) years to write-off the unjustified carried forward balance as noted by Audit.

We acknowledge the findings by audit that TMA accumulated surplus/deficit totaling to \$326,723.09. However the posting of Equity Account is only within the FMIS perimeter of Ministry of Finance. The posting for TMA Equity into General ledger for 2012 was done by Ministry of Finance (Asset Management Unit). The Department was also not able to further reconcile the Equity posting due to lack of Accounts staffs in TMA.

¹⁷ Financial Management Information System, General Ledger Allocation, 4-15251-71999-540101, accessed on 30/05/2013

14.14 Lacked TMA Planning and Monitoring Reports

Before the end of October each year, the *Business Development Manager* shall prepare a Trading and Manufacturing Activities (TMA) business plan documenting the planned performance and profit target for the following year.¹⁸ A quarterly performance report shall be prepared and signed by the Business Development Manager and submitted to the *Accounts Officer* for inclusion into the quarterly management report to the *Commissioner of Corrections*. A copy of the report shall also be forwarded to the Ministry of Finance.¹⁹

A net loss of \$10,632 was noted in 2012 from the operation of six (6) TMA's with the Department.

The audit noted that the Department failed to prepare the 2012 TMA business plan and its quarterly performance reports.

Absence of planning and monitoring indicate lacked direction for TMA operations and is one of the compounding factors of losses made over the years.

Recommendation

The Business Development Manager should ensure that the TMA business plan and its quarterly performance report are prepared and monitored accordingly.

Management Comment

We acknowledge the find of audit and agree that TMA business plan for 2013 was not submitted to Ministry Of Finance by end of October 2012. Due to inadequate staffs in TMA unit the business Plan was noted completed until mid – January 2013. However, a comprehensive business Plan was submitted to Ministry of Finance before 31st January 2013 based on agreed grace time granted by Asset Management Unit (MOF). Copies can be ascertained from FCS TMA Accounts office at NHQ for review.

We would like to highly acknowledge on the audit findings that No TMA Quarterly performance report was prepared for financial year 2012. Due to inadequate staffs in TMA unit No Quarterly report was compiled for year 2012, however due to boost in staffs and consultations with AMU (MOF), TMA Quarterly Performance Report for Qtr1/2013 has been prepared by (TMA Clerks / AO) and endorsed by Commissioner of Corrections and successfully submitted to Assets Management Unit (MOF). Copy of Qtr. 1/2013 performance report can be ascertained from the TMA Accounts section at NHQ for review.

14.15 Excessive Annual Leave

Officers may be allowed to carry over up to a maximum of ten working days leave entitlement from one leave year to the following year.²⁰

The audit noted that more than ten working days annual leave were carried forward contrary to the General Orders. Refer Table 14.5 below for details.

¹⁸ Prisons and Correction Department - Finance Manual 2011 – Section 6.1.1

¹⁹ Prisons and Corrections Department - Finance Manual 2011 – Section 6.5.1

²⁰ General Orders 2011 – Section 705 (c)

Table 14.5: Excessive Leave Due

EDP No.	Name of Officer	Leave Year	Accumulated Leave Carried Forward
18613	Peniasi Kunatuba	10/01/12 – 09/01/13	40.0 days
70694	Akuila B. Namakadre	08/11/11 – 07/11/12	71.5 days
70792	W. Matakibau	01/08/12 – 31/07/13	48 days
71342	J. Nawaqavou	27/03/12 – 26/03/13	60 days
70808	I.Dausiga	10/10/12 – 09/10/13	30 days
70757	S. Veiwili	13/07/12 – 12/07/13	44 days
71157	V. Koco	11/11/12 – 10/11/13	43 days
70863	I.Nataqa	15/07/12 – 14/07/13	60.5 days
70522	M. Rakabikabi	01/07/12 – 02/07/13	32 days
71447	T. Vakameau	04/05/12 – 03/05/13	43 days
71344	S. Vakacabeqoli	18/04/12 – 17/04/13	62 days
70975	R. Dalikula	24/01/12 – 23/01/13	49 days
71076	K. Tuapati	18/07/12 – 17/07/13	85 days
70942	W. Soqonakalou	19/04/12 – 18/04/13	40.5 days
70804	J. Vosadrau	10/10/12 – 09/10/13	42 days
70680	S. Baleiwai	18/01/12 – 17/01/13	40 days
70821	J. Vosanibola	14/11/12 – 13/11/13	40 days
70875	E. Ranacika	07/05/12 – 06/05/13	30 days
70943	J. Qereqeretabua	19/04/12 – 18/04/13	36 days
71149	E. Ratuveitamani	11/11/12 – 10/11/13	54 days
70796	B. Sadrugu	01/08/12 – 31/07/13	36 days
71038	S. Matakiloto	13/10/12 – 12/10/13	36 days
71437	P. Loco	03/06/12 – 02/06/13	36 days
70974	V. Dulacegu	24/01/12 – 23/01/13	36 days
71501	A. Tamani	02/08/12 – 01/08/13	30 days
70498	S. Chand	19/04/12 – 18/04/13	81 days
53479	P. Vuto	01/11/12 – 31/10/13	36 days
91183	R. Sauwea	22/08/12 – 21/08/13	49 days

Non-utilization of leave mean an exhausted staff and therefore could impact the health of the officers. Also, accumulation of leave balances exposes government to leave expenses at higher rates of pay.

Recommendations

- **The Director Corporate Services and the Principal Administrative Officer should schedule leaves of staff without hindering the continuity of the department's functions.**
- **General Order section 705 should be strictly complied with.**

Management Comment

We fully concur with audit query highlighted by Office of Auditor General; however FCS Operational situation is such that leads to accumulation of Annual Leave by responsible offices. This is one area we cannot really control because of the shortage of manpower experienced over the years together with the continuous increase in the number of inmates, particularly Remand personnel. Effectively Government approved 315 new recruits to be spread over 3 years to cushion the burden on FCS.

It goes without saying that the FCS cannot allow National security to be compromised. However, your comments: "tendencies for Officers to accumulate leave entitlements for compensatory purposes during retirementis high" is quite right, but then again such compensation should not be entertained. Our policy is clear on that matter but due to the dangerously conspicuous manpower shortage these officers have had to put

security before their own welfare. Personnel were encouraged to take leave when due but because of the increase in activities in line with the change in our mode of operations - snap checks on inmates for contrabands etc, continuity in leave plans diminished to a 'liability' level.

14.16 Incomplete Prisons Database

Database implementation procedures include defining the scope, organizing the database project, selecting the database system, developing plans, designing database, training, installing & testing database, developing data conversion plan, converting existing applications, and periodically reviewing the database performance.²¹

Tender number CTN 16/2011 totaling \$118,000 was awarded to Datec Fiji Limited for the implementation of Prisons database - Employee, Prisons, Asset Management System (EPAMS).

The audit noted the following anomalies in the implementation of EPAMS database:

- The implementation of the database is not complete;
- The migration of manual records is under progress and is expected to be completed in a year's time;
- The audit was not provided with the contract between Datec Fiji Limited and the Department to ascertain:
 - The expected project deliverables, the timeline for the deliverables and the contractual payments for the implementation of the various phases of the database project;
 - Ownership of the database source code;
 - Responsibility of each party in ensuring that the database is successfully implemented; and
 - The terms and conditions for the support during the warranty period.
- The Department's annual corporate plan failed to reflect the completion of the database project as one of the departments' output;
- Test reports were not available to determine that the partly complete database has been implemented in accordance with its expected performance;
- Migration procedures from manual records to the database were not available, such as mandatory keys in the database and the action to take should there be problems identified with the migration;
- The backup of the database is lacking; and
- The system and user database manual was not provided for retention of knowledge.

In addition, the 15% retention payment was made on 30/12/12 in spite of the incomplete database. Refer Table 14.6 for details of payments made:

²¹ <http://www.cl500.net/implementing.html>

Table 14.6: Total Payment to Datec for Database Project

Date	Project Phase	Cheque No.	% of Total Cost	Costs (VIP)
30.08.2011	Project Signing	627733	10%	11,800
05.10.2011	Requirements & Specs discussed	628259	40%	47,200
30.12.2011	Systems Developed	629745	15%	17,700
29.06.2012	Systems Implemented	631791	20%	23,600
30.12.2012	Retainer at the end of the Warranty	634851	15%	17,700
	Total Cost of Project		100%	118,000

The above indicates lacked management support to ensure that the database and its functionalities are assessed within the contractual warranty period.

Recommendations

The Director Corporate Services should review the contractual agreement with Datec Fiji Limited to ensure that:

- **the database is completed;**
- **project deliverables have been honored by Datec Fiji Limited;**
- **the responsibility assigned to the Department for the completeness of the database is actioned;**
- **Annual Corporate Plan effectively include the implementation of the database as one of the core outputs; and**
- **database project documentations are prepared and filed accordingly.**

Management Comment

- A. *The development contract does not cover data entry, as this is an internal task to be undertaken by the department. The delay or incompleteness of the task of entering records is an internal issue that the department is working on.*
- B. *The 2012 ACP captured the STAFF module of the application but not the other two, PRISONER and ASSET. This is due to miscommunications and disjointed efforts during the compilation of the ACP.*
- C. *Database backup was not included in the contract because the Server was to be hosted at the Govt Data Center and utilize the existing Backup services. ITC did not respond to queries in regards to HOSTING Services. The department is currently working on acquiring either;*
 - a. *a cost-effective Backup solution OR*
 - b. *a Rack space in the Govt Data Center*
- D. *Test reports and progress reports were written but unfiled. Progress reports were presented every Friday morning at the Weekly Brief in the Conference room.*
- E. *In response to the Audit Report the Fiji Corrections Service will now put in place a Project Management SOP or Methodology to be followed by those running projects to ensure that;*
 - a. *Projects are endorsed if they appear in the ACP.*
 - b. *Contract terms are complied with*

- c. *Deliverables and milestones are correctly recorded*
- d. *Project reports, test reports, documents and correspondences are filed*
- e. *A project assistant is engaged internally or externally to run project administration tasks.*
- f. *A project manager is engaged internally or externally and dedicated to his/her assigned projects.*
- g. *Overall at the end of the project, Govt investment is managed properly and responsibly.*

14.17 Absence of Authority and Purpose for the Construction of Coffee Shop

The “*Guiding Principles of Procurement*” requires that any procurement of goods, services or works shall be issued so as to promote value for money, maximise economy and efficiency and the ethical use of government resources, and promote the integrity of, fairness and public confidence in the procurement process.²² Expenditure of money appropriated by an appropriation act from the consolidated fund or any other fund may be incurred only in accordance with the authorisation effected by the appropriation act.²³

The need to improve record management in all agencies is vital for promoting good governance, transparency and accountability in the public sector. All accounting staffs are responsible for proper maintenance and safekeeping of accounting records and documents, giving the Accounting Head the responsibility in implementing a sound internal control system to oversee this matter.²⁴

The capital construction budgetary allocation for the department was provided for the upgrading of prisons quarters and institutions (\$400,000), telecommunication and CCTV camera network (\$100,000) and the construction of the remand centre (\$4 million).²⁵

The audit noted that \$34,233 in items relating to the coffee shop at Korovou prison compound was purchased during the year. Refer Table 14.7 below for details of these expenditures.

Table 14.7: Items Purchased for the Coffee Shop

Date	Cheque No.	Particulars	Amount (\$)
03.09.2012	632597	Double Espresso Group Coffee	13,405
		Coffee Grinder Electric	1,300
		Coffee Brewer	900
		Contact Single Grill Toaster	995
		Under Counter 2 Glass Door	6,000
		Hamilton Beach Blender	650
		Cold Display Showcase	7,000
		Ice Blender - Milk Shake	1,100
		Microwave – Sharp	403
		Chest Freezer	1,330
		Cutlery/Plates/Cups And Saucer	1,150
		Total	34,233

²² Procurement Regulations 2012 section 3 (1)

²³ Financial Management Act 2004 – Section 14 (1)

²⁴ Finance Instruction 2010 – Section 59

²⁵ Fiji Budget Estimates 2012, Capital Construction Allocation, Standard Expenditure Group 8, Page 89

The following anomalies were noted:

- The items were purchased from expenditure allocated for capital construction contrary to the purpose for which the funds was allocated;
- The audit was not provided the following information in regard to the construction of the coffee shop:
 - The authority for the construction of the coffee shop;
 - The total costs incurred for constructing the coffee shop;
 - The contractor who was engaged for the construction of the coffee shop;
 - The method of the procurement for the construction; and
 - The purpose of the coffee shop. Refer to *Appendix 14.1* of the coffee shop at Korovou prison compound.
- The coffee shop has all the basic items (espresso, coffee maker, milk shake machine, fridge, cooler and other professional equipment) however, is not operational;
- The coffee shop is currently used for trainings and meetings of staffs.

The above indicates the Department's blatant disregard of finance, record-keeping and procurement regulations. Hence, the coffee shop is extravagant public expenditure and is unauthorised.

Recommendations

- **The Director Corporate Services and the Accounts Officer should make available the records and authority for the construction of the coffee shop.**
- **The Director Corporate Services and Accounts Officer should ensure that funds allocated are used for the purpose authorized in the budget.**
- **Supervisory checks should be strengthened in financial, record-keeping and procurement of goods and services accordingly.**

Management Comment

We concur with the Audit Finding as the Purchase was approved by Commissioner of Corrections. Funds were taken from capital construction as savings were realised for this purchase. During the audit period the coffee shop was not in-use due to road Access, which was under construction as being part for the remand centre road access.

14.18 Expenditure Incurred Contrary to the Budget Appropriation

Each year the appropriation act and the budget estimates set out details of the appropriations that Cabinet approves for spending by each agency.²⁶ The Accounts Officer or Assistant Accounts Officer must not certify a payment as correct unless they are satisfied that the expenditure account charged is correct.²⁷ The Permanent Secretaries of agencies may authorize the transfer of budgeted funds.²⁸

The capital construction budgetary allocation was provided for the upgrading of prisons quarters and institutions (\$400,000), telecommunication and CCTV camera network (\$100,000) and the construction of the remand centre (\$4 million).²⁹

²⁶ Finance Instruction 2010 – Section 7

²⁷ Prisons and Corrections Department - Finance Manual 2011 - Section 2.8.4 (v)

²⁸ Finance Instructions 2010, Section 10 (1)

²⁹ Fiji Budget Estimates 2012, Capital Construction Allocation, Standard Expenditure Group 8, Page 89

The audit noted that expenditure totalling \$69,556 was paid from the capital construction allocation which was contrary to the budget appropriation provided. Refer Table 14.8 for details:

Table 14.8: Misallocation of Funds

Date	Chq No.	Vendor	Particulars	Amount (\$)	Correct Allocation
31.12.2012	634925	Sisters Reefer Services	Body Work for GM909	2,850	Vehicle Maintenance Vote (SEG 4)
14.12.2012	634549	Osaka Trading	Maintenance Parts for GM909	4,946	Vehicle Maintenance Vote (SEG 4)
24.07.2012	632103	Maps Pacific (Fiji)	Maintenance Parts for GM909	140	Vehicle Maintenance Vote (SEG 4)
02.07.2012	631807	Nivis Motors	Maintenance for GM909	1,042	Vehicle Maintenance Vote (SEG 4)
03.07.2012	631836	Industrial Engineering	Labor Cost For Dowel GM909	25	Vehicle Maintenance Vote (SEG 4)
02.08.2012	632217	Copyer Marketing	Toner Cartridge	1,808	Purchases Vote (SEG 5)
12.07.2012	631938	Western Wreckers	Maintenance Parts for GM909	80	Vehicle Maintenance Vote (SEG 4)
08.08.2012	632285	Hussain's Auto Spares	Service Parts For GN490	210	Vehicle Maintenance Vote (SEG 4)
08.08.2012	632290	Ricoh Business Centre	Toner Cartridge	4,708	Purchases Vote (SEG 5)
09.08.2012	632307	Classic Printers Ltd	Round Stamp	93	Purchases Vote (SEG 5)
09.08.2012	632314	Ricoh Business Centre	1 Tb External Hard Drive	350	Purchases Vote (SEG 5)
09.08.2012	632328	Multiline Distributors	Carpet For GM 909	136	Vehicle Maintenance Vote (SEG 4)
10.08.2012	632345	Eagle Auto Spares	4l Paint For GM909	140	Vehicle Maintenance Vote (SEG 4)
29.08.2012	632547	Fumiko Windscreens	Payment Of Windscreen	290	Vehicle Maintenance Vote (SEG 4)
03.09.2012	632596	Hussain's Auto Spares	Maintenance Parts for GM909	306	Vehicle Maintenance Vote (SEG 4)
03.09.2012	632597	International Hotel Supplies	Equipments for Coffee Shop	34,232	Special Expenditure Vote (SEG 5)
03.10.2012	633556	Maja Upholstery Works	Upholstery Works For GM909	360	Vehicle Maintenance Vote (SEG 4)
08.10.2012	633628	Osaka Trading	Maintenance Parts for GM909	100	Vehicle Maintenance Vote (SEG 4)
09.10.2012	633664	Osaka Trading	Maintenance Parts for GM909	90	Vehicle Maintenance Vote (SEG 4)
30.11.2012	634337	Abacus Graphics Ltd	Toner Cartridge	5,300	Purchases Vote (SEG 5)
26.12.2012	634743	Paras Auto Repair	Body Work & Painting for GM 806	11,000	Vehicle Maintenance Vote (SEG 4)
27.12.2012	634772	Unique Rubber Stamp	Gate Keepers Diary Hard Cover	1,350	Purchases Vote (SEG 5)
Total Misallocations Noted				69,556	

This indicates deliberate authorization of payments contrary to allocated expenditure vote.

This can become catalyst to extravagant expenditure and tactic to utilize surplus funds from expenditure allocations, contrary to the budget appropriation provided.

Recommendations

- The Accounts Officer should ensure that funds are used for the purpose it is approved for in the budget.
- The Accounts Officer should ensure that monthly reconciliations are carried out to rectify incorrect expenditure recorded in the general ledger.
- The Director Corporate Services and Accounts Officer should ensure that funds are re-allocated in accordance with section 10 of the Finance Instructions 2010.

Management Comment

All charges being posted to FMIS is correct and in-line with the Purpose of the items being purchases or servicing of vehicle. Payment has being effected from allocations as noted by audit for the units the vehicle was used for. Eg: GM909 was assigned for use by the Remand Centre Project Team and therefore the Payment was effected from the Project Funds. i.e. SEG 8. Funds were used from respective allocations that supports project Implementations. These Purchases were in line with the fact that respective budgetary allocations could not cater for the repair / Purchase cost that would directly affect timely deliveries of the project outcomes or achievements; therefore it was viable to facilitate payments from the respective project allocations to ensure smooth flow of projects through timely needs of support logistics for the projects.

14.19 Mismanagement of Motor Vehicles

An employee must use government resources and assets in a proper way.³⁰ The *Commissioner of Fiji Corrections Service* or *Deputy Commissioner* shall authorize an officer to drive government vehicles registered under Prisons and Corrections department by issuing them a letter of authority. The *Commissioner* or *Deputy Commissioner* shall notify the *Supervisor of Transport* of the names and designations of all such drivers. The *Supervisor of Transport* shall keep these authorizations in a file.³¹ It shall be the responsibility of the *Supervisor of Transport* to oversee all matters relating to vehicle usage.³²

All *drivers* must ensure that their running sheets are properly filled in before signing and submitting them to the *Supervisor of Transport* at the end of the day.³³ The *Supervisor of Transport* must ensure that vehicle records are properly maintained and up to date.³⁴

The audit noted that motor vehicle expenditure totaled \$357,789 during 2012 compared to \$381,653 in 2011. Refer Table 14.9 for details of expenditure over the five year period.

³⁰ General Orders 2011 – Annexure II – Paragraph 8

³¹ Prisons and Corrections Department - Finance Manual 2011 – Section 12.2.1

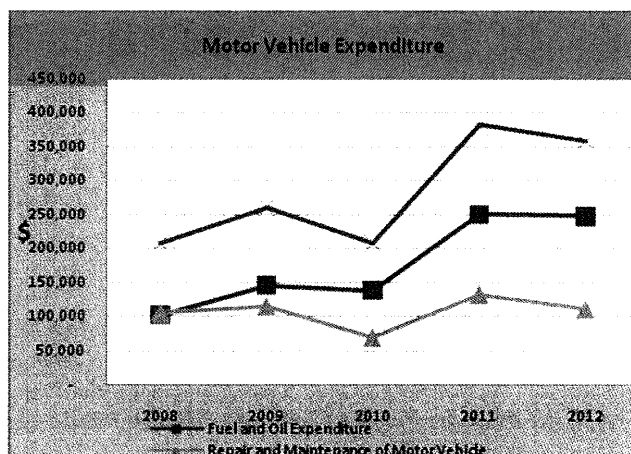
³² Prisons and Correction Department - Finance Manual 2011 – Section 12.1.1

³³ Prisons and Correction Department - Finance Manual 2011 – Section 12.3.9

³⁴ Prisons and Correction Department - Finance Manual 2011 – Section 12.1.2

Table 14.9: Motor Vehicle Expenditure for the Five Year Period

Year	Fuel & Oil ³⁵ (\$)	Repair & Maintenance ³⁶ (\$)	Total (\$)
2008	102,079	104,460	206,539
2009	145,730	113,980	259,710
2010	137,946	68,606	206,552
2011	249,833	131,820	381,653
2012	247,618	110,172	357,790
Total	883,206	529,038	1,412,244
Average	176,641	105,808	282,449



The audit noted the following anomalies from the review of motor vehicle records:

- Some motor vehicle running sheets and log books were not provided for audit;
- There were instances of unaccounted mileage for the trips during the day;
- The mileages at the end of the day were not correctly brought forward the following day;
- The drivers failed to sign the running sheets;
- Evidence through initials by the officer-in-charge for monitoring daily motor vehicle running sheets and log books on a monthly basis was lacking. Refer Table 14.10 below for details.

Table 14.10: Incomplete Motor Vehicle Records

Vehicle Registration Number	Discrepancies
GM160	<ul style="list-style-type: none"> • Running sheets for 2012 not maintained at the transport office; • Log book for 2012 not maintained at the transport office.
GM865	<ul style="list-style-type: none"> • Running sheets were not kept up to date for year 2012; • Log book up till November 2012 not maintained at the transport office. • Un-reconciled opening meter reading for month of March 2012, September 2012 (521 km), October 2012 (203km); • Unaccounted used mileages for month of February (22km), August (248km); • Drivers not signing running sheets and officer in charge not monitoring and signing off the running sheets. (01/11/12, 03/11, 06/11, 07/11, 09/11, 10/11, 15/11, 19/11, 20/11, 21/11, 24/11 to 28/11/2012).
GM 927	Log book for 2012 was not located
GN748	Log book for 2012 was not located

(This is not an exhaustive list of all log books and running sheets for the year)

- Our review of the running sheets for motor vehicle registration GM 865 noted unofficial use of vehicle for which the authorization was not provided. Refer to [Appendix 14.2](#) for details.

The above shows the laxity of the Supervisor of Transport to manage and monitor motor vehicles in accordance with the transport rules and regulations.

³⁵ Financial Management Information System, General Ledger Account Number, 1-15200-00000-040101

³⁶ Financial Management Information System, General Ledger Account Number, 1-15200-00000-040361 and 1-15200-00000-040362

Non-monitoring of vehicle use is one of the compounding factors for increased motor vehicle costs and its unauthorized use.

Recommendations

The Supervisor of Transport should:

- **Scrutinize running sheets and ensure that running sheets and logbooks are updated on a timely basis;**
- **Ensure that the Transport Officer maintains proper records for each vehicle;**
- **Ensure that Drivers properly complete running sheets and ensure correct mileage is documented;**
- **Review and rectify un-recorded description of trip for the mileage recorded; and**
- **Institute Disciplinary actions on officers for unauthorized use of motor vehicles.**

Management Comment

We concur with the audit finding and the anomalies noted from the review of motor vehicle records:

- *Instances were noted where vehicle running sheets and log books was not provided for audit;*
- *There were instances of unaccounted mileages for the trips during the day;*
- *The mileage at the start of the day were not correctly brought forward;*
- *The drivers failed to sign the running sheets;*
- *Evidence through initials by the officer-in-charge for monitoring daily motor vehicle running sheets and log books on a monthly basis was lacking.*

The discrepancies have resulted due to no established driver assigned to the vehicles noted by audits. Hence these are all operational vehicles for which drivers rotate on daily basis. Therefore it becomes a factor which leads to running sheets not filled accordingly and also due to lack of Administrative staffs within transport pool logs updates delays or lacks. Vehicle GM160 was not a department owned vehicle but belonged to the Ministry of Information and was boarded as a write off as they could not repair it. The vehicle was towed in on Fri -7 Sep 12 to the Mechanical Garage Suva. The vehicle underwent repairs and not until 26 January 2013 that it was operational. Log Book for GM927 was at Ba and was not returned when the vehicle came in for repairs to the Mechanical Garage. The vehicle was used for the transportation of inmates from and to the Sugar Cane fields.

The driver for GN748 COC Rusiate Semate did not retrieve the Log Book for the vehicle when it was involved in the accident at Tau road in Sigatoka on 05 October 2012. The vehicle was allocated to the Rehabilitation Unit and they had maintained the Log Book.

Considering the Audit concerns and issues Officer-In-charge of Transport has been advised to ensure that Transport Rules and regulations are considerably followed by drivers and In-house training or inductions are conducted to all drivers to ensure that running sheets and logbooks are updated on a timely basis. Also to ensure that drivers properly complete running sheets and ensure correct mileage is documented and proper records maintained by transport officer.

14.20 Failure to Instigate Surcharge for Motor Vehicle Accidents

In the event of an accident involving a government vehicle, the *driver* must immediately report the accident to Police and inform the *Supervisor - Headquarters* through the *Supervisor of Transport*.³⁷ A driver involved in an accident may be surcharged if the surcharging authority believes the driver was at fault.³⁸ The accident report, police report, solicitor general's advice and the supervisor's

³⁷ Prisons and Corrections Department - Finance Manual 2011- Section 12.6.1

³⁸ Prisons and Corrections Department - Finance Manual 2011 - Section 12.6.7

recommendations will be taken into consideration by the surcharge authority before any surcharge is imposed.³⁹ An employee must use Government resources and assets in a proper way.⁴⁰

The audit noted that officers were not surcharged for motor vehicle accidents caused negligently as outlined below:

- Driver fell asleep while driving;
- Parked vehicle was damaged by flood;
- Driver was driving at high speed, lost control and the vehicle flipped upside down;
- Driver hit the vehicle from the back as a result of driving too closely;
- Vehicle was parked without the hand-break on and rolled and collided with the quarters building;
- Failure to use right-hand rule causing accident; and
- Driver was driving without a valid license resulting in loss of control of the vehicle. Refer to Appendix 14.3 for details.

In addition, it was noted that the transport section failed to properly maintain records relating to accidents, such as, motor vehicle accident report, the Police report and the record that surcharge has been imposed.

The above is a blatant disregard for use and monitoring government resources in a proper way.

Improper and negligent use of resources results in unnecessary use of public funds in repair and maintenance and if not reprimanded could be catalyst to abuse and careless use of motor vehicles.

Recommendations

- **The Director Corporate Services should strengthen supervisory checks in accordance with section 12 – accident of motor vehicles of the Finance Manual 2011.**
- **Appropriate disciplinary actions should be taken against Officers found negligent during accidents whilst driving the official vehicles.**
- **The Transport Officer should maintain all proper records including accident reports and surcharge actions.**

Management Comment

We concur with the audit finding on the anomalies noted that officers were not surcharged for motor vehicle accidents caused negligently as outlined below:

- *Driver fell asleep while driving;*
- *Parked vehicle was damaged by flood;*
- *Driver was driving at high speed, lost control and the vehicle flipped upside down;*
- *Driver hit the vehicle from the back as a result of driving too closely;*
- *Vehicle was parked without the hand-break on and rolled and collided with the quarters building;*
- *Failure to use right-hand rule causing accident;*
- *Driver was driving without a valid license resulting in loss of control of the vehicle.*

However, all the vehicle accidents are investigated by FCS Board inquiry accordingly based on the police report and drivers/passengers statement. Thereafter submissions are made to solicitor General's office and forwarded to Ministry of Finance for incorporating deductions for respective officers contributing to accident or damages caused to Government vehicles.

³⁹ Prisons and Corrections Department - Finance Manual 2011 - Section 12.6.8

⁴⁰ General Order 2011, Annexure II – Public Service Code of Conduct No. 8

APPENDICES

PRISONS AND CORRECTIONS DEPARTMENT

Appendix 14.1: Coffee Shop



Appendix 14.2: Unofficial Use of Vehicle GM 865

Date	Mileage (km)	Description Of Vehicle Run
9/3/12	18	Picking and dropping rugby team
9/3/12	5	Picking and dropping rugby team
9/3/12	5	Picking and dropping rugby team
9/3/12	6	Picking and dropping rugby team
9/3/12	5	Picking and dropping rugby team
9/3/12	18	Picking and dropping rugby team
9/3/12	5	Picking and dropping rugby team
9/3/12	5	Picking and dropping rugby team
9/3/12	4	Picking and dropping rugby team
9/3/12	4	Picking and dropping rugby team
9/3/12	12	Picking and dropping rugby team
10/3/12	6	Picking and dropping rugby team
10/3/12	6	Picking and dropping rugby team
10/3/12	6	Picking and dropping rugby team
10/3/12	6	Picking and dropping rugby team
10/3/12	4	Picking and dropping rugby team
10/3/12	5	Picking and dropping rugby team
10/3/12	5	Picking and dropping rugby team
10/3/12	6	Picking and dropping rugby team
10/3/12	11	Picking and dropping rugby team
10/3/12	9	Picking and dropping rugby team
10/3/12	24	Picking and dropping rugby team
02/8/12	7	Drop rugby team
02/8/12	7	Pick rugby team
03/8/12	26	Drop Rugby team
03/8/12	19	Back to Base after dropping rugby team
16/8/12	15	Pick Team
16/8/12	14	Unknown
21/8/12	18	Leave base to pick rugby players from Naboro
21/8/12	17	Pick rugby players from Naboro then to base
21/8/12	6	Drop rugby players form base to Suva Grammar
21/8/12	5	Return to base after dropping rugby players
04/10/12	11	Pick 7's team
06/10/12	86	Picking and dropping Rugby team from base to Navua, Navua to base.
01/10/12	14	Drop 7's Team
01/11/12	129	Picking and dropping rugby team
02/11/12	11	Picking and dropping rugby team
03/11/12	173	Picking and dropping rugby team
09/11/12	92	Picking and dropping rugby team
10/11/12	47	Picking and dropping rugby team

Date	Mileage (km)	Description Of Vehicle Run
17/11/12	75	Picking and dropping rugby team
21/11/12	42	Picking and dropping rugby team
25/10/12	61	Pick officers wives after meeting
27/10/12	43	Drop volleyball team and return to base
Total	1,093 km	

Appendix 14.3: Surcharge yet to be instigated for Motor Vehicle Accidents

Date	Vehicle number	Place of accident	Driver/ rank no	Cause of Accident	Cost of Damage ⁴¹ (\$)
16/7/10	GM 927	Naimataga Veisari, Lami	POC Mosese Bolatolu	Driver of the Corrections vehicle fell off to sleep; passenger pulled steering to avoid collusion, flipping vehicle to its side.	2,800.00
30/01/12	GN748	Votua Road Ba	TRPOC Ramateni	Vehicle was damaged by recent flood where the driver had parked.	19,000
05/10/12	GN748	Tau Village, Nadroga	COC R.Semate	Vehicle flipped to its left side and sustained damages to passenger side, roof and windscreen.	Not known
15/10/11	GN512	Urata Hill, Savusavu	COC Asif Mohammed	Driver was driving too fast and failed to negotiate the hill and lost control causing vehicle to flip upside down at the Urata Hill, Savusavu.	8,063.00
29/9/10	FM 927	Tawayawa Ba	POC Lino Naicoi	A private car was trying to park on the left side of the road at Tawayawa, Ba which was followed by a Police vehicle, then a private car, and then vehicle FM927. Since the driver of Corrections vehicle was following too close, he was at fault for hitting the left side of rear of the private car. Damage to the right side of bumper of vehicle FM 927.	8,694.53
23/11/10	FM 927	Kings Road, Yaralevu, Ba	POC Lino Naicoi	Fault of the driver who was driving too fast and failed to stop resulting in colliding with a locomotive crossing the road.	47,109.03
17/11/08	GN 513	Bus stop, Naboro	POC Filipe Tuilawalawa	The driver was at fault as it hit the bus from the rear.	11,000.00
04/05/09	GN 513	Wainigasau Bridge	TRO Poasa Nacevalia	Driver of the Corrections vehicle fell off to sleep while driving; vehicle veered off the road ramming onto the Wainigasau Bridge and tumbled into the creek.	54,000.00
Not Provided	GN751	Court House, Nausori	TRO Lalakomacoi Manasa	Carelessness of driver	12,000.00
17/8/09	GN791	Wash Bay at Transport Office(Suva Prison)	TRPOC Radovibau	Driver of the Corrections vehicle parked the vehicle without applying hand brakes; rear of vehicle slammed into Quarter Master's Building, damaging boot lid and glass.	3,614.97

⁴¹ Critical Analysis of Fiji Corrections Service, Motor Vehicle Accident Report

Date	Vehicle number	Place of accident	Driver/ rank no	Cause of Accident	Cost of Damage ⁴¹ (\$)
03/6/09	GN 743	Dog Unit	POC Martha Ranamu	Driver failed to negotiate wet surface and the face of the vehicle hit a coconut tree. Officer was surcharged \$2,500 as per payroll auditing; however, sum of \$2,250 was not recovered upon resignation by officer.	4,944.17
17/9/09	GN645	Kennedy Avenue, Nadi	POC Esala Nadruku	Fault of the Driver as he was following too close to the car in front damaging the right face panel, lights.	2,623.00
13/9/10	GN 751	James Madivan Junction, Labasa	POC Isoa Rawaico	Driver failed to use right hand rule resulting in accident; damages to right fender, bumper, and grill.	1,730.00
17/01/11	GN757	Marine Drive, Lami	POC Kitone Cavalevu	Driver was following too close to the vehicle in the front and collided causing 4 other vehicles in the front to bump into each other.	Not known
16/2/11	GN752	Farm Road at Field 25	POC Suliasi Suguloco	Driver had no driving licence and while driving up field 25, he lost control and the vehicle flipped to its side	15,918.93

Section 15 Ministry of Information, National Archives and Library Services

Roles and Responsibilities

The Ministry is government's primary information agency providing the link between Government, the media and the public. The Ministry's role is to better inform the public about government's policies, programmes and plans. It also has the responsibility of improving knowledge generation and distribution through the archives and libraries.

To undertake these responsibilities, the Ministry provides administrative support and policy advice, as well as collates, generates and disseminates government information through its film and television services/production facilities, its news and publication facilities, its depository for public records and the network of library services that it manages.

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PART A: FINANCIAL STATEMENT

15.1 Audit Opinion

The audit of the 2012 accounts of the Ministry of Information, National Archives and Library Services resulted in the issue of an unqualified audit report.

15.2 Statement of Receipts and Expenditure

The Ministry of Information, National Archives & Library Services in 2012 collected revenue totalling \$28,809 and incurred a total expenditure of \$3,841,923 in 2012.

Table 15.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
State Revenue		
Library fines	3,219	2,958
Total State Revenue	3,219	2,958
Agency Revenue		
Revenue from Sale of Production Film	4,822	2,640
Miscellaneous	20,768	7,864

Description	2012 (\$)	2011 (\$)
Total Agency Revenue	25,590	10,504
TOTAL REVENUE	28,809	13,462
EXPENDITURE		
Operating Expenditure		
Established Staff	1,564,611	1,585,667
Government Wage Earners	255,413	232,670
Travel & Communications	169,589	173,077
Maintenance & Operations	269,704	265,537
Purchase of Goods & Services	983,334	879,220
Operating Grants & Transfers	15,798	16,293
Special Expenditures	59,951	173,463
Total Operating Expenditure	3,318,400	3,325,927
Capital Expenditure		
Capital Purchase	281,334	---
Total Capital Expenditure	281,334	---
Value Added Tax	242,189	221,928
TOTAL EXPENDITURE	3,841,923	3,547,855

Total expenditure increased by \$294,068 or 8% in 2012 compared to 2011. The increase was a result of capital purchases undertaken for digitizing the film and television unit.

15.3 Appropriation Statement

The Ministry incurred expenditure totalling \$3,841,923 in 2012 against the revised budget of \$4,585,203 resulting in a savings of \$743,280 or 16%.

Details of expenditure against the budget estimates are provided in Table 15.2.

Table 15.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,760,340	7,630	1,752,710	1,564,611	188,098
2	Government Wage Earners	267,155	---	267,155	255,413	11,742
3	Travel & Communications	169,700	(40,327)	210,027	169,589	40,438
4	Maintenance & Operations	243,304	(82,453)	325,757	269,704	56,053
5	Purchase of Goods & Services	1,421,800	146,485	1,275,315	983,334	291,981
6	Operating Grants & Transfers	18,695	---	18,695	15,798	2,897
7	Special Expenditures	123,000	---	123,000	59,951	63,049
	Total Operating Costs	4,003,994	31,335	3,972,659	3,318,400	654,259
	Capital Expenditure					
9	Capital Purchase	350,000	68,665	281,335	281,334	1
	Total Capital Expenditure	350,000	68,665	281,335	281,334	1
13	Value Added Tax	346,209	15,000	331,209	242,189	89,020
	Total Expenditure	4,700,203	115,000	4,585,203	3,841,923	743,280

PART B: AUDIT FINDINGS

15.4 Anomalies in Procurement of Computers

The Annual Procurement Plan (APP) contains all procurement of goods, services or works required to be carried out during the budget year, the proposed methods of procurement and the estimate quantity, budget and timing of each purchase or group of purchases and authorised by the Permanent Secretary for Finance.¹

A tender must be called for the procurement of goods, services or works valued at \$50,001 and more.² For procurement of goods, services or works valued at \$1000 and more but \$50,000 and less, a minimum of three written quotes must be obtained.³

When requesting quotations, government agencies should provide a description of the goods or services and seek assistance of the respective agencies that can provide assistance in the preparation of technical specification documents such as the ITCS. A request for a quotation should also show a request number and the closing date, to must allow a reasonable time for potential service providers to respond.⁴

The audit noted that the Ministry purchased computers during year through quotations totalling \$71,016. Refer Table 15.3 for details.

Table 15.3: Purchase of Computers without the Approval of ITCS

Date	Cheque No.	Vendor	Particulars	Quantity	Amount (\$)
30/05/12	212232	Office Products	Purchase of Dell Computers	4	8,780
20/08/12	212522	Logical Systems	Purchase of i-Mac Computer with 21" LCD	2	10,030
20/08/12	212524	Office Products	Purchase of Dell Computers	3	6,585
09/11/12	212838	Ritzz Network	Purchase of Laptops	2	4,025
23/11/12	212873	Office Products	Purchase of Dell Computers	5	10,000
14/12/12	212979	Office Products	Purchase of Dell Computers	12	24,000
19/12/12	213008	Ritzz Network	Purchase of Laptops	2	7,596
Total				30	71,016

However, the following anomalies were noted:

- The request for quotations was not prepared;
- The purchase of the computers were undertaken contrary to the annual procurement plan that identified tender as the method for purchase of computers;
- The Ministry does not have computer replacement plan in spite of the substantial purchases being made;
- Board of survey report and the fixed asset registers was not prepared and updated to identify the equipment replaced through the new purchases.

As such, the computers purchased cannot be deduced to have been purchased at a competitive price that is usually available through tenders for such large purchases.

¹ Procurement Regulations 2010 – Section 26 (1) (2)

² Procurement (Amendment) Regulations 2012, Paragraph 27 (1)

³ Fiji Procurement Office, Guide to Procurement Process for purchases within \$50,000 – Section 4.0, Paragraph 4.0

⁴ Fiji Procurement Office, Guide to Procurement Process for purchases within \$50,000 – Section 4.0

Recommendations

- **The Accounting Head should ensure that the Fiji Procurement Regulation, Guide for Purchases below \$50,000 is strictly complied with.**
- **The Accounting Head should ensure that procurements are made in accordance to the Annual Procurement Plan.**

Ministry Comments

- *Management acknowledges the findings in the Audit*
- *Management notes the following reason for purchase:*
 - *The ministry does not have a computer replacement plan, however, brand new ones were bought in as the existing PC's were becoming obsolete and in dire need of full replacement rather than part replacement as per ITC recommendation. Secondly, some of these PC's were very urgently required since new staffs were appointed and there was an increase in staff numbers.*
 - *Despite having substantial purchasing, these were not tendered, as most of the computers were purchased from Office Products, which was the Government Contractor last year and still is for Dell computers. Where required, three competitive quotes were requested. Most of these quotes were requested verbally; hence no quotation request was prepared.*
- *Ministry has put in place inventory register for the computers and Instrument purchase. This will record all electronic products and replacement according to Annual procurement plan and compliance with Procurement Regulation.*
- *Ministry will develop computer replacement plan as recommended in the report.*
- *Annual Board of Survey exercise for 2013 will start in May; records will be updated with physical inspection.*

Further OAG Comments

Office Products was approved as the supplier of laptop and desktop computers on 07/08/12 valid for a year.

15.5 Absence of Documentation for Engagement of Consultant

All Permanent Secretaries and Heads of Departments will be held accountable for all budgetary spend with respect to the engagement of consultants in the civil service. All Permanent Secretaries and Heads of Departments must obtain approval of their line Ministers and abide by the competitive selection and tender process. In the engagement of any consultant, a comprehensive cost-benefit and needs analysis must be carried out. All proposed consultancies must have a comprehensive term of reference or project specification.⁵

A consultant, Wendy Lee Wenau, was engaged by the Ministry for writing and producing an independent documentary film for the period of three months, 01/12/2011 to 29/02/2012. The contract was further extended for another three months with effect from 01/03/12.

The Ministry paid a total of \$10,226 to Wendy Lee Wenus in 2012. However, documentary evidence was not provided for the competitive selection of the consultant, the need analysis for the engagement and the approval of the Minister.

In the absence of the competitive engagement of the consultant, the expenditure cannot be deduced to be incurred with economy and through fair and open competition.

⁵ Public Service Commission, Circular No. 30/2011 dated 06/06/11.

Recommendations

- **The Accounting Head must ensure that PSC Circular 30/2011 is strictly complied with.**
- **The Accounting Head must ensure that all records are made available to audit for verification purposes.**

Ministry Comments

Audit findings are noted. Our consultant, Wendy Lee Wenaus was engaged for a period of 3 months with effect from 1st December 2011. A further extension was given for 3 months from 1st March 2012. She was employed for a total of 6 months i.e. until 31/05/12.

15.6 Promotion Documentations not provided

Employment decisions in the public service are made without patronage, favouritism or political influence, and appointments and promotions are made on the basis of merit after an open, competitive selection process.⁶

The following officers were promoted as outlined in Table 15.4:

Table 15.4: Promotions

EDP No.	Name	Post	Salary (\$)	Promotion Date
92191	Isaac Lal	Assistant Information Officer	8,335	23/07/2012
92509	Loata Vasu	Clerical Officer	10,724	17/02/2012
92843	Nanise Neimila	Senior Information Assistant	8,335	29/06/2012
92575	Anaseini Jese	Senior Librarian	26,845	20/03/2012
92038	Ashneel Shankar	Executive Officer	16,160	30/07/2012
48510	Gulab Chand	Principal Administrative Assistant	36,530	27/07/2012
92183	Inoke Livanasiga	Senior Information Officer	26,845	11/01/2012
91026	Tui Marseu	Senior Information Officer	26,845	11/01/2012

However, the promotion of the above mentioned officers could not be verified as the following documents were not provided during the audit:

- Advertisement of the position;
- Number of applications received for the position;
- Number of applicants selected and the criteria for the selection;
- Interview panel and interview scores of the applicants; and
- The staff board decision for the appointment.

In the absence of documentations, promotion made cannot be deduced to fair, open and without favoritism.

Recommendation

The Director Corporate should ensure that all documents are made available upon request.

⁶ Public Service Act 1999, Part 2 – Section 4 (2)

Ministry Comments

The Personal files are available for audit sight. Ministry has staff salary files and this is with Account section and available for sight. Ministry will continue to improve its processes and record keeping as recommended by audit.

Further OAG Comments

The personnel and salary files of respective officers made available were further verified, however, did not have the records as needed above.

15.7 Failure to Instigate Surcharge on Lost Assets

The Deputy Secretary of the Ministry of Finance has the authority to surcharge officers, other than the Permanent Secretary of an agency. A surcharge must be imposed on an officer who is directly or indirectly responsible for the destruction, damage, theft or other loss of property.⁷

Any loss arising from theft or fraud shall be reported immediately to the Police. A copy of the report should also be provided to the Public Service Commission, Ministry of Finance & Auditor General.⁸

A laptop valued \$2,399 was lost on 20/10/11 during the Ministry's corporate planning workshop. On 13/03/12, the Permanent Secretary of Information agreed on the recommendation to surcharge officers from the Policy Research and Development Unit.

However, the audit noted the following anomalies:

- The loss of the laptop was not reported to Police, Public Service Commission, the Ministry of Finance and the Auditor General;
- The Ministry failed to instigate surcharge on the officer responsible for the laptop.

In addition, the Ministry failed to follow-up with the Ministry of Finance to instigate surcharge for the missing camera valued at \$1,105 that was reported in the 2011 audit report.

Failure to report the matter to the relevant authorities could result in Ministry not able to instigate surcharges and recover the cost of assets from the responsible Officer. As such, public funds invested in assets that were lost are not recovered in a timely manner.

Recommendations

- **The Administration Officer should ensure that all appropriate loss reports are submitted to the relevant authorities to instigate surcharge and recovery action against the responsible Officer.**
- **The Administration Officer should ensure that Finance Instruction 2010 and Finance Manual 2011 are strictly complied with.**

Ministry Comments

Ministry noted audit recommendation and will carry out investigation and submit loss report to Ministry of Finance.

⁷ Finance Instructions 2010 – Section 62 and 63

⁸ Ministry of Information, Finance Manual 2011 – Section 13.1.3

15.8 Vehicle Quarterly Return

The *Supervisor of Transport* shall prepare motor vehicle quarterly report on all agency vehicles. The vehicle report must be prepared no later than one week after the end of the quarter. The vehicle report shall provide the vehicle registration and model, location of vehicle, age of vehicle, mileage at the beginning and end of the quarter, road worthiness certificate number and date, accident dates and cost of repairs, fuel and general maintenance costs, and recommendations to improve cost-effectiveness.

The *Assistant Secretary* must sign and date the vehicle report before forwarding it to the *Senior Accountant* for inclusion into the quarterly management report. A copy of the report shall be forwarded to the Ministry of Finance no later than two weeks after the end of the quarter.⁹

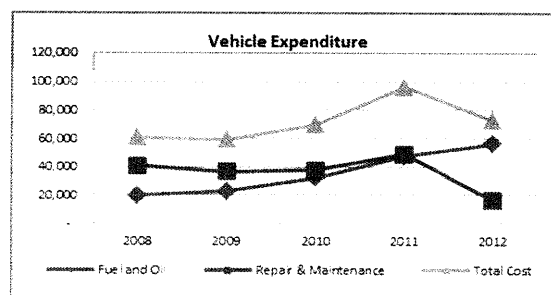
Within 24 hours after the accident, the driver shall prepare an accident report and submit to the *Supervisor of Transport*. A driver involved in an accident may be surcharged if the surcharging authority believes the driver was at fault. A copy of the accident report shall be submitted to the *Senior Accountant* who shall forward copies to the Permanent Secretary, Ministry of Finance and the Solicitor General.¹⁰

The audit of the vehicle records noted the following anomalies:

- The Ministry's fuel expenditure was revised upwards from \$37,500 to \$64,500, an increase by \$27,000 or 72%;
- The Ministry has 15 vehicles on its fleet. Of the 15 vehicles, the vehicle quarterly returns failed to identify leased vehicles;
- The fuel expenditure has increased over the 5 year period as outlined below:

Table 15.5: Vehicle Expenditure over the 5 Year Period¹¹

Year	Fuel (\$)	Repair & Maintenance (\$)	Total (\$)
2008	19,614	40,806	60,420
2009	22,592	36,604	59,196
2010	31,955	37,656	69,610
2011	47,387	48,936	96,323
2012	56,154	16,481	72,635
Total	177,702	180,483	358,184



- The vehicle first and second quarter returns were not provided during the audit;
- The third and fourth quarter returns were not prepared in accordance to the authorized format;
- The returns were not checked and signed by the Supervisor of Transport for its correctness;
- The vehicle logbooks and running sheets were not provided during the audit for verification;

⁹ Ministry of Information, Finance Manual 2011 – Section 11.7

¹⁰ Ministry of Information, Finance Manual 2011 – Section 12.6.4 to 12.6.6

¹¹ Financial Management Information System, General Ledger Allocation, 1-16000-00000-040100 and 1-16000-00000-040300, accessed on 19/08/2013

- The Ministry vehicles GP110 and GN670 involved in accidents on 07/12/11 and 25/12/11 sustained damages of \$950 and \$180 respectively. However, the Ministry failed to advise Ministry of Finance about these accidents.

The above findings indicate lack of monitoring by the Administration Officer in ensuring that motor vehicle quarterly reports are prepared as required. This may lead to unauthorised use or abuse of motor vehicles which may not be detected in a timely manner.

Recommendations

- **The Administration Officer must ensure that vehicle records are up to date and that quarterly returns are prepared and submitted to Ministry of Finance on a timely basis.**
- **The Administration Officer should immediately advise the Ministry of Finance of the vehicle accidents to GP 110 and GN 670 for their necessary actions.**

Ministry Comments

- *The vehicle returns for 2012 is available for audit sight.*
- *Ministry had taken action and recovering the repair cost from the drivers.*
- *Ministry will improve on timely submission of vehicle returns to Ministry of Finance.*
- *Management acknowledges the audit recommendations.*

Further OAG Comments

The Ministry's Administration section was unable to provide the Vehicle Returns for 2012 upon further request for audit verification on 19/08/13.

Section 16

Ministry of Strategic Planning, National Development and Statistics

Programme Statement

The Ministry comprises of National Planning Office (NPO) and the Fiji Bureau of Statistics (FBOS). The National Planning Office co-ordinates and monitors all development efforts and formulates and monitors the implementation of the National Development Plan and Strategies. It provides policy advice on macroeconomic, sectoral and human resource issues, undertakes economic aggregate forecasting, formulates the Public Sector Investment Programmes, coordinates Government reform agenda, coordinates manpower planning particularly in the identification of priority areas, chairs and provides secretariat service to the Development Sub Committee and other government committees.

The major roles of FBOS are to collect, compile, abstract and publish statistical information relating to the commercial, industrial, agricultural, social, economic and general activities and conditions of the people of Fiji in a timely and coherent manner. The Department organises a coordinated scheme of the social and economic statistics relating to Fiji, and conduct a Census of the population of Fiji and Household surveys as required. FBOS collaborates with government departments and other agencies in the collection, abstraction, analysis and publication of statistical records.

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PART A: FINANCIAL STATEMENTS

16.1 Audit Opinion

The audit of the 2012 accounts of the Ministry of Strategic Planning, National Development and Statistics resulted in the issue of a qualified audit report as the reconciliation statement for Drawings Accounts for National Planning Office was not provided for audit and as such the expenditure amounts in the accounts could either be under or overstated.

Management attention was also drawn to that the Revolving Fund Accounts (RFA) that are appropriated from operating fund account under Head 17. As at balance date, a sum of \$145,849 has not been cleared from the RFA and expenditure amounts in the accounts may be understated. In addition, the supporting documents and RFA reconciliations as at 31 December 2012 for National Planning Office were lacking.

16.2 Statement of Receipts and Expenditure

The Ministry incurred a total expenditure of \$5,839,584 during 2012 compared to \$6,138,430 during 2011.

Table 16.1: Statement of Receipts and Expenditure in 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
Board Member	25,020	24,300
Miscellaneous Revenue	67,819	1,659
Sales of Publications	2,995	10,126
TOTAL REVENUE	95,834	36,085
EXPENDITURE		
Operating		
Established staff	2,283,428	2,421,645
Government Wage Earners	104,105	106,192
Travel & communication	192,643	182,455
Maintenance & Operations	264,061	314,688
Purchase of goods & services	109,585	71,584
Operating grants & transfers	20,000	8,856
Special expenditures	1,562,215	1,657,175
Total Operating Costs	4,536,037	4,762,595
Capital Expenditure		
Capital Purchase	34,103	---
Capital Grants & Transfers	1,000,000	1,000,000
Total Capital Expenditure	1,034,103	1,000,000
Value Added Tax	269,444	375,835
TOTAL EXPENDITURE	5,839,584	6,138,430

Revenue increased by \$59,749 (166%) in 2012 compared to 2011 due to increases in miscellaneous revenue by 398%. Total expenditure decline by \$298,846 (5%) in 2012 due to decreases in staff establishment by 6% and maintenance and operations by 16% respectively.

16.3 Appropriation Statement

The Ministry incurred expenditure totalling \$5,839,584 during the year 2012 against the revised budget of \$6,559,755 resulting in a savings of \$720,171 or 10.9%. The details of expenditure against the budget estimates are provided in Table 16.2 below.

Table 16.2: Appropriation Statement for 2012 – Head 17

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,710,449	---	2,710,449	2,283,428	427,021
2	Unestablished Staff	109,097	4,000	113,097	104,105	8,992
3	Travel & Communication	221,800	---	221,800	192,643	29,157
4	Maintenance & Operations	310,400	---	310,400	264,061	46,339
5	Purchase of Goods & Services	120,781	(4,000)	116,781	109,585	7,196
6	Operating Grants & Transfers	20,000	---	20,000	20,000	---
7	Special Expenditure	2,189,719	(490,687)	1,699,032	1,562,215	136,817
	Total Operating Costs	5,682,246	(490,687)	5,191,559	4,536,037	655,522
	Capital Expenditure					
9	Capital Purchase	150,000	(124,000)	26,000	34,103	(8,103)
10	Capital Grants and Transfers	1,000,000	---	1,000,000	1,000,000	---
	Total Capital Expenditure	1,150,000	(124,000)	1,026,000	1,034,103	(8,103)
13	Value Added Tax	434,400	(92,204)	342,196	269,444	72,752
	TOTAL EXPENDITURE	7,266,646	(706,891)	6,559,755	5,839,584	720,171

A total of \$706,891 was redeployed to other Ministries and Departments during 2012. The redeployment of funds was provided from SEG 7 Special Expenditures of \$490,687; \$124,000, SEG 9 Capital Purchase and \$92,204 from SEG 13 VAT.

PART B: AUDIT FINDINGS

NATIONAL PLANNING OFFICE (NPO)

16.4 Payroll Expenditure

16.4.1 Unauthorized Absence from Work

An Officer, who is absent without leave, is liable for disciplinary action.¹ Application for leave of absence must be made to the respective Permanent Secretaries.² All unauthorized absences due to any reason except sickness must be deducted from the Officer's salary, provided the accumulated absence in one month equals or exceeds one month.³

The audit noted that Officers took leave without seeking approval of their supervisors contrary to the provisions in the General Order. Refer Table 16.3 for examples.

¹ General Order 2011 Edition, section 304 (a) (1)

² General Order 2011 Edition, section 304 (b)

³ General Order 2011 Edition, section 303 (b)

Table 16.3: Examples of Absences from Work without approval of Supervising Officers

EDP Number	Post Held	Leave Days not applied for
91087	Typist	20/07/12, 28/08/12, 12/09/12, 19/09/12, 31/10/12
92581	Economic Planning Officer	21/5/12 & 13/09/12
49144	Senior Clerical Officer/AAAO	21/11/12
92337	Senior Economic Planning Officer	18/05/12 & 08/08/12
92338	Economic Planning Officer	23/01/12, 25/01/12, 08/02/12, 24/02/12, 27/07/12, 06/08/12, 05/11/12 & 07/11/12
63053	Principal Economic Planning Officer	07/02/12, 03/05/12, 04/05/12, 07/05/12, 13/08/12 & 09/10/12

Despite numerous reminders from the Administrative Officer that annual leave forms are to be filled in advanced, staffs continued to take unauthorized leave. As a result, the Administrative Officer deducts these unauthorized leave days from officers leave entitlements.

In addition, the National Planning Office does not prepare monthly annual leave returns and late arrival returns to monitor staffs absences which are recorded from the register of absences.

This finding indicate the laxity of the section supervisors and the administration section in monitoring the movements of staff and is exacerbated by the shortage of corporate service staff to prepare monthly returns to provide information to management about staff movement and the absence of officers.

Unauthorized absence disrupts the Office's annual work plan and output of the various sections and the Office as a whole.

Recommendations

- The Ministry should ensure that staff members must obtain the approval from their supervisors prior to going on leave.
- The Ministry should prepare a return which would entail details of absence of staff which is contained in the register of absence and deduct all unauthorized absence and obtain explanations from the concerned officers for not complying with the general order requirement.

Management Comment

No comments received from the National Planning Office

16.4.2 Officers Acting on Posts for more than two years

The Civil Service will not have acting appointments beyond 3 months after 30 April, 2012.⁴ In the event that there is a delay in the finalizing of a vacant post beyond 3 months and if their statutory responsibilities involved, the responsibilities will need to be executed and/or supervised by the respective Permanent Secretary or the immediate supervisor without payment of any acting or extra duties allowances.⁵

All substantive vacant posts that are funded in the Budget shall be advertised and processed.⁶

⁴PSC Circular No; 14/2012 dated 27/02/12

⁵PSC Circular No: 08/2012 dated 30/01/12

⁶Policy on staff establishment of the public service –s6.3.4

The audit noted that two officers in the Office have been holding continuous acting positions for more than two years contrary to PSC circular 14/2012 of 27/2/2012. It was revealed that the posts were advertised on 30 April 2012 but no successful candidate was selected. Refer to Appendix 16.1 for details of acting period and allowance paid to the two officers.

This delay will affect the work and output of the corporate section and the Office as a whole.

Recommendations:

The Office should ensure that vacant posts are filled immediately and comply with the Public Service Commission circular requirement.

Management Comment

No comments received from the National Planning Office

16.4.3 Manual payment of payroll related payments without approval

No manual payment of salary is permitted except on first appointment or upon written approval from the Permanent Secretary Finance.⁷

The salary officer shall record the manual payment on the appropriate input form. The form shall be used to update the payroll records in the automated payroll system to ensure that an employee's true earnings are reflected at the end of the year.⁸

The following anomalies were noted:

- Numerous manual salary payments were paid without the approval of the Permanent Secretary of Finance as required under the Finance Manual. Refer below for examples:
 - Leave compensation for EDP: 55679 amounting to \$4,437 was paid by cheque referenced 20347 on 15/06/12.
 - An Officer (ITC 92486) was paid manual salary for Pay 10 and Pay 11 of 2012 totaling \$1,466.52.
 - The acting allowances for certain officers were paid manually on the strength of the approval of the Senior Administration Officer contrary to the requirements of the Finance Manual. Refer Appendix 16.2 for details.
- The then Acting Assistant Accounts Officer failed to record these payments in the appropriate input form to update the payroll records in the automated payroll system. The impact of this is that employees' total income for tax purposes would not be correctly reflected and would result in incorrect PAYE payments to government.

In addition, these payments are captured in Standard Expenditure Group (SEG) 1 – established staff but not reflected in the monthly salary reconciliations.

The non-adherence to the Finance Manual is a blatant disregard to the rules and regulation pertaining to accounting of salary payment and could result in fraudulent or unauthorised payments.

⁷ Pro forma Finance Manual 2011 Section 4.5.14

⁸ Pro forma Finance Manual 2010 Section 4.5.16

Recommendations:

- The Ministry should ensure that all manual payment of salaries and acting allowance are approved by the Permanent Secretary for Finance as required by the Finance Manual.
- The Ministry should ensure that manual payments by cheques are included in the monthly salary reconciliation.

Management comment:

Your recommendations have been noted and steps have been taken to avoid manual payments. With effect from May 2013, all payments related to salary have been fed into the payroll and all salary reconciliations now reflect all automated salary payments from Payroll.

16.4.4 Non deduction of PAYE for acting allowances paid manually

Emoluments means all salary, wages, bonus, remuneration including any other allowance granted in respect of employment whether in money or otherwise derived from or received in Fiji which are assessable to tax.⁹

On the making of any payment of any emoluments, tax shall be deducted by the person making the payment¹⁰

The audit noted that PAYE was not deducted from numerous acting allowances that were paid through cheques contrary to the Income Tax Act. Refer to examples in Appendix 16.3.

This issue has been reported to the Fiji Revenue Customs Authority PAYE Inspection section that will further investigate and confirm the possibility of tax evasion and lay charges accordingly.

Recommendation:

- The responsible officers should be surcharged from any penalties levied by the tax authority for failing to deduct the PAYE tax as required by Income Tax Act.
- The Ministry should ensure that PSC Code of conduct and values are adhered to and non-adherence to rules and regulations to be disciplined accordingly.

Management Comment

Your recommendations have been noted and recovery measures have been taken to have PAYE deducted from Pay 11/2013 for the officers listed in your Appendix 3. The deducted PAYE will be paid to FRCA. We will ensure that these anomalies will not be repeated again.

16.5 Revenue Issues

16.5.1 Inadequate segregation of duties on handling cash

Wherever practical, officers who are independent of each other must be assigned duties of –

- (a) receiving money (over the counter or by mail);

⁹ Section 79, 2011 Revised Income Tax Act

¹⁰ Section 80, 2011 Revised Income Tax Act

- (b) banking money;
- (c) posting of entries into the cashbook;
- (d) assessing fees and charges;
- (e) writing-off losses of revenue.¹¹

The following anomalies were noted:

- The audit noted that the Acting Assistant Accounts Officer (A/AAO) was solely handling the receipting, banking, raising journal vouchers, printing of cheques and full access to the FMIS general ledger for any inputs, changes and printing reports. In addition, a Typist with the Ministry assists in preparing local purchase orders and reconciliations.
- The Ministry has not implement effective internal control measures in handling of cash as required under the Finance Instructions 2010. Refer to Appendix 16.4 for examples. In addition, there was no evidence that the Ministry has evaluated the risks and having to design, operate and monitor an appropriate system of internal control.
- Reconciliations are not checked by the Principal Administrative Officer prior to being submitted to Ministry of Finance.

It is noted that there are difficulties in terms of staff resources but audit is of the view that the internal control measures should be in place and not to be compromised.

Failure to segregate duties in the accounting function encourages collusions, exposes the Office to misappropriation of funds and fraud as there are no checks and balances enforced to ensure that regulations and directives are complied with.

Recommendations

The Ministry should put in place measures to ensure that there is segregation of duties and officers assigned duties to receive, banking and postings of entries are independent of each other.

The Ministry should review its staff establishment in consultation with Public Service Commission to ensure that appropriate staffs are recruited for the accounts section.

Management Comments

No comments received from the National Planning Office

16.5.2 Delays in issuing receipt for revenue receipted over the counter

When cash or bank cheques are received, the *revenue collector* shall immediately issue an official receipt.¹²

Our review of the journal vouchers for the year 2012 noted official revenue receipts were not immediately issued upon receiving the cash refund from officers when refunding the unutilized accountable advances. In addition, the revenue receipts are issued to the officers after a considerable number of days from 21 to 173 days which indicates there are risks of misappropriation of funds.

The audit was advised by officers of the Ministry during the audit that this practice of not issuing receipt immediately to officers retiring the advances was due to daily workload. In addition, audit

¹¹Part 4 Division 4 - 28 (1) Finance Instruction 2010

¹²Part 5.3.1 Proforma Finance Manual 2011

noted that the revenue receipts were only issued when the Assistant Accounts Officer was queried about the revenue receipts for the clearance of accountable advances at the time of audit during December 2012.

Table 16.4: Examples of the number of days taken to issue receipt for retiring accountable advances

JV No.	Date Advanced retired	Officer EDP	Amount refunded (\$)	RR Date	RR No.	Remarks
151/12	22/11/12	44505	951.00	20/12/12	45009	Lapse of 21 working days
SPO 21	04/04/12	64909	99.00	03/12/12	45001	Lapse of 173 working days
144/11	12/10/12	44505	132.00	20/12/12	45007	Lapse of 49 working days
142/11	09/11/12	92337	16.71	20/12/12	45015	Lapse of 28 working days
123/11	31/10/12	92489	56.70	20/12/12	45014	Lapse of 35 working days
114/10	02/11/12	81649	69.45	20/12/12	45012	Lapse of 34 working days
110/10	03/10/12	64909	262.07	20/12/12	45011	Lapse of 56 working days

The work load should not be taken as an excuse as this is an indication that stringent control on cash management are not being adhered to which increases the risk of fraudulent activities and theft. This also reflects on the absence of checks by the supervisors and not complying with the Finance Manual.

Recommendations:

- An official receipt should be issued immediately on receiving money over the counter.
- The Ministry should request the assistance of Ministry of Finance Internal Audit to carry out an audit of the clearance of accountable advances records to provide assurance to the guidelines on accountable advances have been adhered to.
- The officer responsible should be counseled and disciplinary action is warranted if there are serious blatant ignorance to Finance Manual requirements.

Management Comment

No comment received from the National Planning Office

16.5.3 Delays in banking of receipts

The banking officer shall bank money received on a daily basis at least. The lodgement form shall be prepared in triplicate detailing the deposits to be made.¹³

The lodgement forms shall be checked and signed by the *accounts supervisor (who must not also be responsible for collecting revenue)*. Cash to be deposited shall be counted before the *accounts supervisor* signs the lodgement forms.¹⁴

The audit noted that banking of receipts is not done on a daily basis or within reasonable time frame. In addition, the same person who collects revenue prepares and signs lodgement forms and does banking as well contrary to the Ministry's Finance Manual. There are no checks done before and after the banking trip. Refer to Appendix 16.4 for details.

Discussion with the Acting Assistant Accounts Officer during the audit noted that the revenues received were not banked on time due to the daily workload. This blatant disregard of the Finance Manual also increases the risk of theft and fraud.

¹³ Part 5.4.2 Proforma Finance Manual 2011

¹⁴ Part 5.4.3 Proforma Finance Manual 2011

Recommendations

The Ministry should ensure that cash received are banked on a daily basis;

The Ministry should request Ministry of Finance Internal Audit Team to carry out a review of the cash receipt system and to provide an assurance that there is an adequate control system over the cash receipt system with the National Planning Office.

Management Comment

No comments received from the National Planning Office

16.6 Anomalies in Drawings Account

The accounts supervisor shall prepare bank reconciliation within 5 days of the end of the month.

Details of un-presented cheques and other reconciling items should be attached to the reconciliation statement. Once the bank reconciliation is prepared, it should be signed and dated by the accounts supervisor and submitted to the Accounting Head. The Accounting Head must verify balances in the bank reconciliation to the cashbook, bank statements, un-presented cheque list and the previous month's bank reconciliation before certifying it.¹⁵

All payments, including VAT, must be immediately recorded in the financial management information system and an Expenditure Ledger.¹⁶

The following anomalies were noted from the audit of the Drawings account [1-17101-63999-530301] of the National Planning Office:

- Monthly bank reconciliation statements for 2012 and a list of un-presented cheques as at 31/12/12 were not provided during the audit;
- No cash book was maintained in 2012 by the National Planning Office. The electronic cash book copy was accidentally deleted by Taina Radrokai (former Acting Assistant Account Officer) which could not be retrieved by the IT Officer as files in her computer were corrupted.
- In addition, the Account Payable (AP) Module showed cheques totalling \$75,722 being presented to the bank even though these did not appear in the cash payment register. Refer to **Appendix 16.5** for details.
- Moreover cheque number 20619 was issued twice to two different payees processed under AP Module. Refer to cheque number 20619 dated 03/09/12 of \$400 paid to EDP 91989 and on 17/12/12 of an amount of \$63 paid to EDP 49498.

Failure to keep proper documentation for reconciliation and verification of the drawings balances increases the risk of losses of public funds through theft and fraud.

Recommendations:

The Office should review the drawings accounts and the variances highlighted in the account payables module and the cash payment register from the system to be identified and rectified to

¹⁵ Proforma Finance Manual 2011 – s7.4.8 – 7.4.11

¹⁶ 2010 Finance Instruction Division 3 Part 15

ensure that monthly drawings reconciliations, system records and cash and bank records does reconcile.

Management Comment

Your recommendations are noted and we will ensure in 2013 this sort of anomalies and variances do not arise. Also for 2013, we have opened a cash book and we have started working towards reconciling 2012 Drawings account.

16.7 Receipting of 1/3 Community Contribution into the Service Worker Credit Union Trust Account.

Trust Fund Accounts comprise monies, which are not the property of the State and are not utilized for the purposes of government.¹⁷

The audit noted that the operating trust fund account for the National Planning Office had a credit balance of \$65,125 as at 31/12/12. The trust fund account increased by \$14,250 or 28% compared to 2011. The Table below shows the trust fund account balances for the Office over the last three years.

Table 16.5: Trust Fund Account Balance

Year	Balance (\$)
2010	39,701
2011	50,875
2012	65,125

Majority of the trust fund account balance is made up of the outstanding FNPF deductions, PSC scholarship loan and Service Worker Credit Union which have credit balances of \$19,765, \$11,327 and \$24,946 respectively. Tabulated below is the trust fund account balances for the Office from 2011 – 2012.

Table 16.6: Trust Fund Account: 2011 – 2012

Description	2011 (\$)	2012 (\$)
Rent Public Rental Board	239.66	378.66
Fiji Care Insurance Group	474.18	488.55
CMLA	0	(162.02)
LICI	70.94	70.94
Marsh & McLennan	661.12	1,074.72
Marsh & McLennan	-	(3,501.08)
Housing Authority	459.71	459.71
PSC Scholarship Loan	12,501.96	11,326.66
Fiji Public Service Association	300.95	60.95
FPS Credit Union	129.89	289.89
Service Worker Credit Union	685.00	24,945.75
Wesram Finance	0.90	0.90
Handy Finance Limited	297.76	1,153.86
Tax Arrears / PAYE	3,418.53	4,996.48
Deposit /AC Recoverable	2,325.52	2,325.52
CAMV	62.34	62.34

¹⁷ Finance Instructions 194

Description	2011 (\$)	2012 (\$)
Court Bankruptcy Order	1,340.00	1,340
Employees FNPF	27,906.91	19,765.40
Fiji Paradental Association	-	37.22
Rent Grade V		10.56
Total	50,875.37	65,125.01

The audit noted that the one third community contributions towards the Integrated Human Resource Development Program (IHRDP) projects were receipted into the Service Worker Credit Union Trust Account.

These community contributions are released back to the communities when they meet the one third contribution criteria together with the Government assistance to fund the projects.

During the audit, the National Planning Office was advised to liaise with the Treasury Section of the Ministry of Finance to open a Main Trust Account to facilitate these contributions. To date, some of the contributions are reflected under the Operating Trust, miscellaneous revenue but the monies have been deposited to the Consolidated Fund Account (CFA) of Government.

It was also noted that monthly reconciliation of the Operating Trust Fund accounts failed to identify the particulars of the outstanding balance but instead lists only the debits and the credits to these accounts.

In addition new trust accounts used in 2012 are Fiji Para-dental Association, Rent Grade V and another March & McLennan account which had a debit balance of \$3,501 at year end.

The increase in the trust fund account balances indicates that the monies held as trust have accumulated in 2012 and are not being cleared to respective entities on time.

Failure to clear trust monies reflects very poorly on the Accounts Officer in ensuring that all the trust fund accounts balances are cleared on a monthly basis.

Recommendation

- The Office should ensure that the all the monies kept in the trust are cleared and paid to the respective payees accordingly on a monthly basis.
- The Office should fast-track the process of opening the Main Trust account for the one third communities' contribution and transfer all related funds.
- The Ministry should review all overdrawn trust balances and new trust account in 2012 and thoroughly investigated and rectify any mispostings.

Management Comment

The operating trust account reconciliation has been updated and the clearances of these are in process. The main trust account for one third community contributions has been opened and adjustments will be undertaken accordingly. We have noted the comments regarding debit balances and we working towards clearing it.

FIJI BUREAU OF STATISTICS

16.8 Overtime Payments contradicting PSC Circular 52/2011 – Policy on Overtime

Overtime shall be provided for in the Approved Budget. In instances where there is no budget provision or strict control on its payments, then time off shall be taken in lieu on hour-to-hour basis¹⁸

The Chief Accountant, Ministry of Finance should approve the manual payment for arrears relating to the previous financial year. The Government Statistician shall approve payments for arrears relating to the current year.¹⁹

The audit noted that a total of \$23,633.94 was paid out from the personal emoluments vote on separate occasions as overtime payments to various staffs of the Bureau. Refer Table 16.7 below for details.

Table 16.7: Details of Overtime Payment

Cheque no.	Date	Allocation	Payee EDP	Amount (\$)
21551	31/12/11	1-17201-64101-010101	90795	1,141.24
21535	31/12/11	1-17201-64101-010101	53816	1,512.85
21531	31/12/11	1-17201-64101-010101	92857	75.24
21530	31/12/11	1-17201-64101-010101	90908	2,494.58
21536	31/12/11	1-17201-64101-010101	91912	847.35
21534	31/12/11	1-17201-64101-010101	60645	3,066.00
21533	31/12/11	1-17201-64101-010101	90790	204.51
21532	31/12/11	1-17201-64101-010101	53321	480.90
21537	31/12/11	1-17201-64101-010101	90789	1,251.36
21538	31/12/11	1-17201-64101-010101	62626	25.20
21539	31/12/11	1-17201-64101-010101	90796	1,057.54
21540	31/12/11	1-17201-64101-010101	91913	476.52
21552	31/12/11	1-17201-64101-010101	93087	229.25
21541	31/12/11	1-17201-64101-010101	90787	466.82
21542	31/12/11	1-17201-64101-010101	92690	348.96
21543	31/12/11	1-17201-64101-010101	90788	696.73
21544	31/12/11	1-17201-64101-010101	90793	2,401.18
21545	31/12/11	1-17201-64101-010101	63513	2,925.30
21546	31/12/11	1-17201-64101-010101	91378	1,832.63
21547	31/12/11	1-17201-64101-010101	90798	850.04
21548	31/12/11	1-17201-64101-010101	92691	93.35
21549	31/12/11	1-17201-64101-010101	64773	438.19
21550	31/12/11	1-17201-64101-010101	91907	718.20
Total				23,633.94

Even though officers were entitled to be compensated with overtime payments or time off, these overtime payments was not provided for in the Bureaus approved budget for 2012 and contradicted part 6.3 of the overtime policy²⁰ issued by Public Service Commission on 6/9/2011.

Moreover, the audit noted that the Bureau did not sought the Chief Accountants approval for the payment of \$4,618 to EDP 47592 being for overtime hours worked from 1999 to 2009 through cheque

¹⁸PSC Circular 52/2011 - Section 6.3.1 and 6.3.2, Policy on Overtime of the Civil Service.

¹⁹Section 3.6.3, Finance Manual 2011 Bureau of Statistics.

²⁰PSC Circular 52/2011 is relevant

no. 21555²¹ of 31/12/12. This was contrary to Section 3.6.3, Finance Manual 2011 Bureau of Statistics. Refer to Appendix 16.6 for details of hours worked.

The above findings indicate that funds allocated for personal emoluments and International Comparison Programme project were not used for intended purposes. The failure to obtain the Chief Accountants approval for the payment of previous year's arrears of overtime sets a bad precedence for compensation of overtime claim in the future.

Recommendations

- **The Department should ensure that the policy on the overtime approved by Public Service Commission is adhered to. PSC Circular 32/2012 dated 26/9/2011 is relevant;**
- **Surcharge action should be taken against officer responsible for the payment which was contrary to PSC Circular requirement.**
- **The Department should ensure that there is proper alternate planning and approval of the Commission should be obtained for any confirmation of compensation modes either through payment or time off.**
- **The Chief Accountant's approval must be sought for payments of any arrears of allowance from previous years in accordance with the Department's Finance Manual.**

Management Comment

The comments raised by audit on this matter are seriously noted and the concerns raised duly acknowledged. As the accounts officer and officer responsible for facilitating the request and the payment of overtime I acknowledge my failure in not exercising due care in ensuring the proper written approvals was sought in the cases noted.

The overtime payment for the 2012 overtime claims was made based on the approvals given when the work was undertaken and advice was sought on the approval for the payment of previous year's overtime for EDP 47592. This was not put in writing to the Chief Accountant as rightly pointed out by audit but was discussed with the PAO Treasury with decision on the payment to be made when the request for FBOS manual payment was sought as was done.

A lot of time was consumed in compiling the value of the overtime paid to EDP 47592 which was completed at the very last week of December where it became a race against time for this payment to be made with the approval yet to be sought from Chief Accountant and PAYE assessment to be sought from FIRCA. This was when I thought to consult with Treasury on how best to deal with this payment in the time that I had to attain the Chief Accountant's approval, FIRCA assessment and process payment by 31/12/13. The PAYE assessment and the manual approval were both received on 31/12/12 and after my initial discussion with PAO Treasury I proceeded with the payment confidently assuming that the approval received for the manual request endorsed the overtime payment for EDP 47592 as well.

Your audit recommendations denotes the seriousness of the issues raised and as a first time case in point for me in my role as the accounts officer I beg your reconsideration of your recommendation for surcharge for the reasons given. I acknowledge naivety in dealing with the matter and assure audit that the lessons of this case has been well learnt, will never be forgotten and you can be assured that this will be the first and last where such an issue will occur during my term with FBOS.

²¹ This payment was made from the International Comparison Programme project vote (1-17201-64101-071120).

APPENDICES

Appendix 16.1: Acting For More Than 2 Years

EDP:(41075) Acting Principal Accounts Officer		EDP: (49144) Acting Assistant Accounts Officer	
Extension Period	Acting Allowance (\$)	Extension Period	Acting Allowance (\$)
29/06/10 – 28/09/10	343.57 * 6 Pay = 2,061.42	01/05/09 – 31/07/09	211.78 * 6 = 1270.68
29/09/10 – 28/12/10	343.57 * 6 pay = 2,061.42	01/08/09 – 31/10/09	211.78 * 6 = 1270.68
29/01/11 – 28/04/11	343.57 * 6 pay = 2,061.42	01/02/10 – 30/04/10	211.78 * 6 = 1270.68
28/04/11 – 27/07/11	343.57 * 6 pay = 2,061.42	01/05/10 – 31/07/10	211.78 * 6 = 1270.68
28/07/11 – 28/10/11	343.57 * 6 pay = 2,061.42	01/08/10 – 30/10/10	211.78 * 6 = 1270.68
29/10/11 – 28/01/12	2,155.74	01/11/10 – 30/01/11	211.78 * 6 = 1270.68
29/01/12 – 28/04/12	353.88 * 6 pay = 2,123.28	01/02/11 – 30/04/11	211.78 * 6 = 1270.68
28/04/12 – 28/07/12	353.88 * 6 pay = 2,123.28	01/05/11 – 31/07/11	211.78 * 6 = 1270.68
29/07/12 – 28/10/12	353.88 * 6 pay= 2,123.28	01/08/11 – 31/10/11	211.78 * 6 = 1270.68
28/10/12 – 27/01/13	353.88 * 6 pay= 2,123.28	01/11/11 – 30/01/12	1283.32
Total Acting Allowance Paid: \$20,955.96		01/02/12 – 30/04/12	218.10 * 6 = 1308.60
		01/05/12 – 31/07/12	218.10 * 6 = 1308.60
		01/08/12 – 30/10/12	218.10 * 6 = 1308.60
		01/11/12 – 30/01/13	872.40
		Total Acting Allowance Paid	\$17,517.64

Appendix 16.2: Examples of Manual Payroll Related Cheque Payment

Officer EDP	Cheque Number	Cheque Issue Date	Amount (\$)	Explanation
41944	19915	10/2/2012	157.68	Acting Allowance for 31/01/12
41944	19936	16/02/2012	200.66	Acting Allowance for 12/02 - 25/02/12
41944	20198	3/5/2012	71.73	Acting Allowance for 01/05-05/05/12
41944	20221	10/5/2012	200.66	Acting Allowance for 06/05 - 19/05/12
41944	20274	24/05/2012	200.66	Acting Allowance for 20/05 - 02/06/12
41944	20328	7/6/2012	200.66	Acting Allowance for 03/06 - 06/06/12
41944	20369	20/06/2012	200.66	Acting Allowance for 17/06 - 20/06/12
41944	20421	12/12/2012	200.66	Acting Allowance for 01/07 - 14/07/12
41944	20466	19/07/2012	200.66	Acting Allowance for 15/07/12 - 28/07/12
41944	20510	2/8/2012	200.66	Acting Allowance for 29/07/12 - 11/08/12
41944	20542	15/08/2012	531.10	Acting Allowance for 12/08/12 - 25/08/12
41944	20603	13/12/2012	286.03	Acting Allowance for 26/08/12 - 09/09/12
41944	20657	13/09/2012	286.03	Acting Allowance for 09/09/12 - 22/09/12
41705	19940	16/02/2012	643.65	Acting Allowance for 29/01/12 - 25/02/12
41705	20220	10/5/2012	465.13	Acting Allowance for 06/05/12 - 19/05/12
41705	20272	24/05/2012	325.63	Acting Allowance for 20/05/12 - 02/06/12
41705	20325	7/6/2012	325.63	Acting Allowance for 03/06/12 - 06/06/12
41705	20366	20/06/2012	325.63	Acting Allowance for 17/06/12 - 20/06/12
41705	20419	12/12/2012	325.63	Acting Allowance for 01/07/12 - 14/07/12
41705	20465	19/07/2012	325.63	Acting Allowance for 15/07/12 - 28/07/12
93440		26/04/2012	726.79	Fortnightly Salary
93440	19797	5/1/2012	726.79	Fortnightly Salary
93440	19841	19/01/2012	726.81	Fortnightly Salary
93440	19887	2/2/2012	726.81	Fortnightly Salary
93440	19929	16/02/2012	726.81	Fortnightly Salary
93440	19981	1/3/2012	726.81	Fortnightly Salary
93440	20025	15/03/2012	726.81	Fortnightly Salary
93440	20069	29/03/2012	726.79	Fortnightly Salary
93440	20114	12/4/2012	726.79	Fortnightly Salary
93440	20211	10/5/2012	726.79	Fortnightly Salary
93440	20266	24/05/2012	726.81	Fortnightly Salary
93440	20322	7/6/2012	726.81	Fortnightly Salary
93440	20363	20/06/2012	726.81	Fortnightly Salary
93440	20417	12/12/2012	726.81	Fortnightly Salary
93440	20462	19/07/2012	726.81	Fortnightly Salary
93440	20503	2/8/2012	726.81	Fortnightly Salary
93440	20536	15/08/2012	726.81	Fortnightly Salary
93440	20600	13/12/2012	726.81	Fortnightly Salary
93440	20655	13/09/2012	726.79	Fortnightly Salary
93440	20696	25/09/2012	726.81	Fortnightly Salary
93440	20744	11/10/2012	726.81	Fortnightly Salary
93440	20791	25/10/2012	726.78	Fortnightly Salary
93440	20843	8/11/2012	726.81	Fortnightly Salary
93440	20873	22/11/2012	726.81	Fortnightly Salary
93440	20919	5/12/2012	726.81	Fortnightly Salary
93440	20946	20/12/2012	726.81	Fortnightly Salary
83443		26/04/2012	330.14	Fortnightly Salary
83443	19800	5/1/2012	330.14	Fortnightly Salary
83443	19845	19/01/2012	330.18	Fortnightly Salary
83443	19891	2/2/2012	330.14	Fortnightly Salary
83443	19941	16/02/2012	330.14	Fortnightly Salary
83443	19987	1/3/2012	330.14	Fortnightly Salary
83443	20028	15/03/2012	330.14	Fortnightly Salary

Officer EDP	Cheque Number	Cheque Issue Date	Amount (\$)	Explanation
83443	20077	29/03/2012	330.14	Fortnightly Salary
83443	20120	12/4/2012	330.14	Fortnightly Salary
83443	20213	10/5/2012	330.14	Fortnightly Salary
83443	20270	24/05/2012	428.25	Fortnightly Salary
55679	20347	15/06/12	4,436.71	Leave compensation for 59 working days
55679	20242	17/05/12	793.34	Acting allowance 16/04/12-19/05/12
93412	19805	3/1/2012	294.98	Fortnightly Salary
93412	19844	5/1/2012	294.98	Fortnightly Salary
93412	19934	19/01/2012	294.98	Fortnightly Salary
93412	19986	16/02/2012	294.98	Fortnightly Salary
93412	20027	1/3/2012	294.98	Fortnightly Salary
93412	20075	15/03/2012	294.98	Fortnightly Salary
93412	20118	29/03/2012	294.98	Fortnightly Salary
93412	20218	12/4/2012	294.98	Fortnightly Salary
93412	20268	10/5/2012	294.98	Fortnightly Salary
93412	20326	24/05/2012	294.98	Fortnightly Salary
93412	20367	7/6/2012	294.98	Fortnightly Salary
93412	20420	29/06/2012	294.98	Fortnightly Salary
93412	20464	12/12/2012	294.98	Fortnightly Salary
93412	20508	19/07/2012	294.98	Fortnightly Salary
93412	20538	2/8/2012	294.98	Fortnightly Salary
93412	20602	15/08/2012	294.98	Fortnightly Salary
93412	20656	13/12/2012	294.98	Fortnightly Salary
93412	20698	13/09/2012	294.98	Fortnightly Salary
93412	20746	25/09/2012	294.98	Fortnightly Salary
93412	20794	11/10/2012	294.98	Fortnightly Salary
93412	20845	25/10/2012	294.98	Fortnightly Salary
93412	20875	8/11/2012	294.98	Fortnightly Salary
93412	20922	22/11/2012	294.98	Fortnightly Salary
93412	20947	5/12/2012	294.98	Fortnightly Salary
93412		20/12/2012	294.98	Fortnightly Salary
91568	19935	16/02/12	1,094.05	Acting allowance 02/12/11 – 25/02/12
90154	19932	16/02/12	1,098.76	Acting allowance 01/01/12-25/02/12
90154	20229	15/05/12	1,139.53	Acting allowance 01/04/12-10/05/12
92582	19939	16/02/12	726.81	Acting allowance 12/02/12-25/02/12
63613	19937	16/02/12	325.64	Acting allowance 29/01/12-11/02/12
57924	20286	29/05/12	409.22	Acting allowance 17/05/12-19/05/12

Appendix 16.3: PAYE Not Deducted For Acting Allowances Paid Through Cheques

Cheque #	Issue Date	Payee EDP	Amount	Pay No	Pay Period	MANUAL PAYMENT			
						Gross (\$)	FNPF (\$)	PAYE (\$)	NET Paid Per Cheque (\$)
20286	29/05/12	57924	409.22	10 & 11	17-19/05	444.74	35.52		409.22
20327	7/6/2012	57924	336.98	12	3/06-16/06	336.98	-	-	336.98
19937	16/02/12	63163	325.64	3	29/01-11/02	353.88	28.24	-	325.64
20229	15/05/12	90154	1,139.53	11	20/05-02/06	1,238.57	99.04	-	1,139.53
19915	10/2/2012	49144	157.68	3	31/01/12	171.36	13.71	-	157.65
19936	16/02/12	49144	200.66	4	12/02 - 25/02	218.10	17.44	-	200.66
20198	3/5/2012	49144	71.73	9	01/05-05/05	77.89	6.16	-	71.73
20221	10/5/2012	49144	200.66	10	06/05 - 19/05	218.10	17.44	-	200.66
20274	24/05/12	49144	200.66	11	20/05-02/06	218.10	17.44	-	200.66
20328	7/6/2012	49144	200.66	12	03/06 - 16/06	218.10	17.44	-	200.66
20369	20/06/12	49144	200.66	13	17/06 - 30/06	218.10	17.44	-	200.66
20421	12/12/2012	49144	200.66	14	01/07 - 14/07	218.10	17.44	-	200.66
20466	19/07/12	49144	200.66	15	15/07 - 28/07	218.10	17.44	-	200.66
20510	2/8/2012	49144	200.66	16	29/07 - 11/08	218.10	17.44	-	200.66
20542	15/08/12	49144	531.10	17	12/08 - 25/08	577.26	46.16	-	531.10
20603	13/12/12	49144	286.03	18	26/08 -09/09	310.83	24.80	-	286.03
20657	13/09/12	49144	286.03	19	09/09 - 22/09	310.83	24.80	-	286.03
19940	16/02/2012	41705	643.65	3 & 4	29/01-25/02	707.76	56.62	7.55	643.59
20220	10/5/2012	41705	465.13	10	06-19/05/13	505.53	40.4	-	465.13
20272	24/05/2012	41705	325.63	11	20/05-02/06	353.87	28.24	-	325.63
20325	7/6/2012	41705	325.63	12	03/06 - 16/06	353.87	28.24	-	325.63
20366	20/06/2012	41705	325.63	13	17/06 - 30/06	353.87	28.24	-	325.63
20419	12/12/2012	41705	325.63	14	01/07 - 14/07	353.87	28.24	-	325.63
20465	19/07/2012	41705	325.63	15	15/07 - 28/07	353.87	28.24	-	325.63

Appendix 16.4: Non Separation of Duty in Receipting Process and Delays in Banking of Receipts

RR Dates	RR No	Receipted & Signed by	Amount (\$)	Lodgement Form signed by	Banking Date	Banked By	Remarks
14/02/12	585017	A/AAO	4,174.59	A/AAO	28/05/12	A/AAO	Banked after a lapse of 74 working days
24/02/12	585018	A/AAO	224.78	A/AAO	28/05/12	A/AAO	Banked after a lapse of 64 working days
01/03/12	585019	A/AAO	139.20	A/AAO	28/05/12	A/AAO	Banked after a lapse of 62 working days
25/04/12	585020	A/AAO	10,196.20	A/AAO	28/05/12	A/AAO	Banked after a lapse of 22 working days
30/05/12	585021	A/AAO	189.80	A/AAO	08/10/12	A/AAO	Banked after a lapse of 95 working days
24/07/12	585022	A/AAO	4,500.80	A/AAO	24/08/12	A/AAO	Banked after a lapse of 23 working days
2/8/2012	585023	A/AAO	4,950.00	A/AAO	08/10/12	A/AAO	Banked after a lapse of 48 working days
16/08/12	585024	A/AAO	2,850.00	A/AAO	08/10/12	A/AAO	Banked after a lapse of 38 working days
20/08/12	585025	A/AAO	1,234.00	A/AAO	24/08/12	A/AAO	Banked after a lapse of 5 working days
01/10/12	585026	A/AAO	300.00	A/AAO	02/10/12	A/AAO	Banked after a lapse of 1 working day
02/10/12	585027	A/AAO	2,000.00	A/AAO	02/10/12	A/AAO	Banked on the same day
02/10/12	585028	A/AAO	13,398.33	A/AAO	02/10/12	A/AAO	Banked on the same day
02/10/12	585029	A/AAO	1,418.26	A/AAO	02/10/12	A/AAO	Banked on the same day
02/10/12	585030	A/AAO	8,430.88	A/AAO	02/10/12	A/AAO	Banked on the same day
02/10/12	585031	A/AAO	2,280.00	A/AAO	02/10/12	A/AAO	Banked on same day
03/10/12	585032	A/AAO	18.00	A/AAO	08/10/12	A/AAO	Banked after a lapse of 6 working days
09/10/12	585033	A/AAO	4,441.01	A/AAO	24/10/12	A/AAO	Banked after a lapse of 12 working days
25/10/12	585034	A/AAO	8,942.25	A/AAO	31/12/12	A/AAO	Banked after a lapse of 46 working days
06/11/12	585035	A/AAO	3,580.00	A/AAO	31/12/12	A/AAO	Banked after a lapse of 38 working days
09/11/12	585036	A/AAO	26,531.00	A/AAO	06/12/12	A/AAO	Banked after a lapse of 20 working days
03/12/12	45001	A/AAO	99.00	A/AAO	06/12/12	A/AAO	Banked after a lapse of 3 working days
03/12/12	45002	A/AAO	179.00	A/AAO	06/12/12	A/AAO	Banked after a lapse of 3 working days
03/12/12	45003	A/AAO	122.00	A/AAO	06/12/12	A/AAO	Banked after a lapse of 3 working days
03/12/12	45004	A/AAO	145.00	A/AAO	06/12/12	A/AAO	Banked after a lapse of 3 working days
06/12/12	45005	A/AAO	37.00	A/AAO	21/12/12	A/AAO	Banked after a lapse of 12 working days

Appendix 16.5: Cheques Not Appearing In Ap470 – Incomplete AP Process

Cheque No#	Cheque Amount (\$)	Date Cheque presented to the Bank	Cheque No#	Cheque Amount (\$)	Date Cheque presented to the Bank
19898	1,716.77	21/02/12	20182	351	30/04/12
20080	18,705.36	3/4/2012	20222	396	16/05/12
20081	108.76	3/4/2012	20223	500	14/05/12
20089	253.54	10/4/2012	20241	780	23/05/12
20090	227.9	4/4/2012	20243	49.37	18/05/12
20091	45.00	4/4/2012	20244	20	18/05/12
20092	310.00	4/4/2012	20343	59.3	21/06/12
20093	36	4/4/2012	20344	882.75	21/06/12
20094	335.87	4/4/2012	20345	106	19/06/12
20151	849	26/04/12	20346	78	15/06/12
20159	1,082.57	30/04/12	20347	4,436.71	15/06/12
20160	135	27/04/12	20348	113.75	15/06/12
20161	726.79	26/04/12	20380	1,106.75	2/7/2012
20162	379.58	1/5/2012	20381	69	1/8/2012
20163	726.79	26/04/12	20382	239	28/06/12
20164	609	26/04/12	20383	207	26/06/12
20165	294.98	26/04/12	20433	-	Cancelled
20166	330.14	26/04/12	20432	-	Cancelled
20174	2,817.62	30/04/12	20580	1,836.47	31/08/12
20175	351	1/5/2012	20583	-	Cancelled
20176	351	1/5/2012	20594	-	Cancelled
20177	225	27/04/12	20719	63	5/10/2012
20178	234	27/04/12	20943	50	31/12/12
20179	78	30/04/12	20944	763.93	19/12/12
20181	251.5	2/5/2012	20933	32,432.25	24/12/12
Total	31,181.17		Total	44,540.28	
Total No of Cheques: 50			Total SUM: \$75,721.45		

Appendix 16.6: Details of Overtime Payment to EDP 47592

Year	Annual Salary	Hours	Minutes	Hourly Rate	Minute Rate	Hours Due	Minutes Due	Total
1999	\$ 14,152.00	17	50	\$ 7.88	\$ 0.13	133.96	6.5	\$ 140.46
2000	\$ 14,435.00	10	40	\$ 7.50	\$ 0.13	75.00	5.2	\$ 80.20
	\$ 12,631.00	25	35	\$ 6.57	\$ 0.44	164.25	15.4	\$ 179.65
	\$ 14,806.00	9	25	\$ 7.70	\$ 0.13	69.26	3.21	\$ 72.47
2004	\$ 17,186.00	73	0	\$ 8.93	\$ 0.15	652.07	0	\$ 652.07
2005	\$ 17,186.00	50	45	\$ 8.93	\$ 0.15	446.62	6.7	\$ 453.32
2006	\$ 17,186.00	14	30	\$ 8.93	\$ 0.15	125.05	4.47	\$ 129.52
	\$ 17,702.00	28	45	\$ 9.20	\$ 0.15	257.62	6.9	\$ 264.52
	\$ 17,914.00	21	15	\$ 9.31	\$ 0.16	195.53	2.33	\$ 197.86
	\$ 18,272.00	8	30	\$ 9.50	\$ 0.16	75.98	4.75	\$ 80.73
	\$ 18,637.00	14	10	\$ 9.69	\$ 0.16	135.61	1.61	\$ 137.22
2007	\$ 19,003.00	18	20	\$ 9.88	\$ 0.16	177.78	3.29	\$ 181.07
	\$ 18,053.00	60	35	\$ 9.38	\$ 0.16	562.98	5.47	\$ 568.45
2008	\$ 18,243.00	48	50	\$ 9.48	\$ 0.16	455.13	7.9	\$ 463.03
	\$ 18,623.00	35	30	\$ 9.68	\$ 0.16	338.78	4.84	\$ 343.62
2009	\$ 19,003.00	68	15	\$ 9.88	\$ 0.16	671.62	2.47	\$ 674.09
	Total	498	475			4537.24	81.04	\$ 4,618.28

Section 17 Ministry of Provincial Development and Disaster Management

Role and Responsibilities

The Ministry of Provincial Development and Disaster Management is mandated to establish an integrated development structure at divisional level to effectively manage the coordination and implementation of development in the rural sector in line with government's national direction for rural and outer islands development.

Further, the Ministry is responsible for the establishing of divisional and provincial development boards which is the consultative and planning forums for development in the rural areas. The Ministry is also responsible for the administration of school building grants, housing program, reduction of risks of disaster and its management in accordance with the Disaster Management Act.

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PART A: FINANCIAL STATEMENTS

17.1 Audit Opinion

The audit of the 2012 accounts of the Ministry of Provincial Development and Disaster Management resulted in the issue of a qualified audit report. The issues qualified are as follow:

- A variance of \$3.76 million existed between the trust fund cash at bank account balance and the trust fund liability account balance contrary to section 58 (3) of the Finance Instructions 2010. As such the Trust Fund Account Statement of Receipts and Expenditure cannot be ascertained to be fairly stated.
- A variance of \$2.8 million existed between the trust fund cash at bank recorded in the general ledger (\$6.2 million) and the bank statement balance (\$3.4 million) contrary to section 32 (6) of the Finance Instructions 2010. As such our audit was not able to ascertain that all receipts and payments have been accurately accounted and disclosed in the Main Trust Fund Accounts.

- Supporting documents for an adjustment of \$504,457 made to Other State Revenue were not provided during audit. As such, the audit was unable to verify the completeness and accuracy of the revenue recorded in the Statement of Receipts and Expenditure.

Management attention was also drawn to funds held in Standard Liability Group (SLG) 84 totalling \$6 million that related to outstanding project funds. The approval to carry-over the funds through SLG 84 were not provided contrary to Section 19 of the Financial Management Act 2004.

17.2 Statement of Receipts and Expenditure

The Ministry of Provincial Development, Disaster and Disaster Management collected revenue totalling \$630,965 and incurred a total expenditure of \$30,687,310 in 2012.

Table 17.1: Statement of Receipts and Expenditures for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
State Revenue		
License Arms	355	645
License Liquor	658,304	458,437
License Trading	292,131	276,789
Other State Revenue	(357,830)	420,763
Total State Revenue	592,960	1,156,634
Agency Revenue		
Miscellaneous	38,005	6,933
TOTAL REVENUE	630,965	1,163,567
EXPENDITURES		
Operating		
Established staff	3,960,233	3,926,819
Unestablished staff	977,053	980,211
Travel & communication	287,063	251,092
Maintenance & Operations	678,673	549,243
Purchase of goods & services	377,290	422,228
Operating grants & transfers	40,000	1,446,600
Special expenditures	663,650	427,766
Total Operating Expenditure	6,983,962	8,003,959
Capital Expenditures		
Capital Construction	4,102,159	4,634,117
Capital Purchases	199,382	196,793
Capital Grants & Transfers	18,531,121	15,877,273
Total Capital Expenditure	22,832,662	20,708,183
Value Added Tax	870,686	976,124
TOTAL EXPENDITURES	30,687,310	29,688,266

The significant decrease in revenue by \$532,602 or 46% was mainly due to the uncorroborated adjustment recorded in the general ledger by the Ministry of Finance.

The total expenditure increased by \$999,044 or 3% in 2012 compared to 2011 as result of the inclusion of the grant for Committee on Better Utilisation of Land (CBUL).

17.3 Appropriation Statement

The Ministry incurred expenditure totalling \$30,687,310 against the revised budget of \$32,369,165 resulting in a savings of \$1,681,855 or 5%.

Details of expenditure against the budget estimates are provided in Table 17.2.

Table 17.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	4,162,522	---	4,162,522	3,960,233	202,289
2	Government Wage Earners	1,136,745	---	1,136,745	977,053	159,692
3	Travel & Communication	303,980	---	303,980	287,063	16,917
4	Maintenance & Operations	727,176	---	727,176	678,673	48,503
5	Purchase of Goods & Services	534,118	---	534,118	377,290	156,828
6	Operating Grants & Transfers	40,000	---	40,000	40,000	---
7	Special Expenditure	915,400	(43,447)	871,953	663,650	208,303
	Total Operating Costs	7,819,941	(43,447)	7,776,494	6,983,962	792,532
	Capital Expenditure					
8	Capital Construction	4,100,000	345,361	4,445,361	4,102,159	343,202
9	Capital Purchases	200,000	---	200,000	199,382	618
10	Capital Grants & Transfers	24,071,390	(5,049,900)	19,021,490	18,531,121	490,369
	Total Capital Expenditure	28,371,390	(4,704,539)	23,666,851	22,832,662	834,189
13	Value Added Tax	1,017,125	(91,305)	925,820	870,686	55,134
	TOTAL EXPENDITURE	37,208,456	(4,839,291)	32,369,165	30,687,310	1,681,855

A total of \$4,839,291 was redeployed by Cabinet from the budget of the Ministry of Provincial Development and Disaster Management to other ministries and departments.

PART B - AUDIT FINDINGS

17.4 Unsubstantiated Adjustment recorded in Revenue

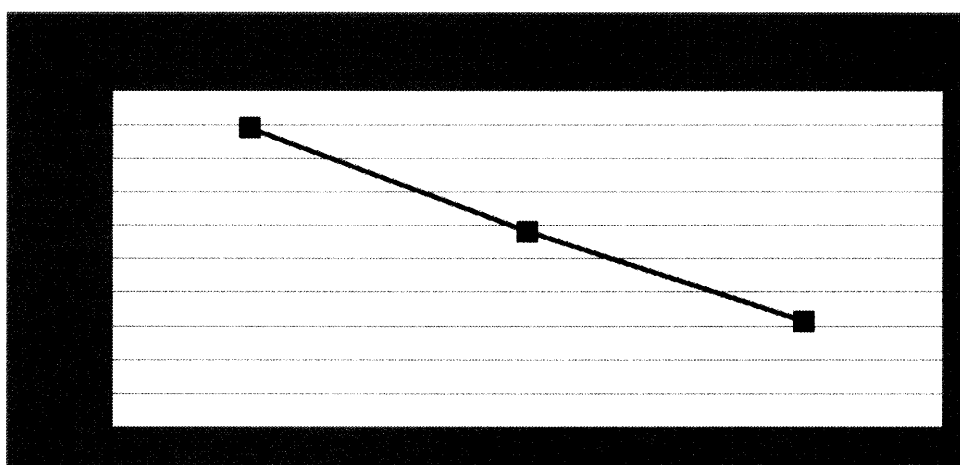
The *Manager Finance* or *Senior Accounts Officer* must check that all relevant details are included on the voucher, balances are adequately supported and the correct accounts have been debited or credited. Only the *Manager Finance* shall approve journal adjustments and supporting documents shall be attached to the journal voucher which should be filed.¹

The audit noted that revenue collected had decreased significantly by \$532,602 or 46% from \$1.2 million in 2011 to \$630,965 in 2012. Refer Table 17.3 for details of revenue collected over the three year period.

¹ Ministry of Provincial Development and Disaster Management, Finance Manual 2011 – Section 14.1.1 to 14.1.7

Table 17.3: Revenue collected Over the Three Year Period

Year	Amount (\$)
2010	1,779,034
2011	1,163,567
2012	630,965
Total	3,573,566



The decrease was due to an adjustment totalling \$504,457 made to miscellaneous revenue general ledger account for which the supporting documents was not provided. Refer Table 17.4 for the adjustment made:

Table 17.4: Unverified Revenue Adjustment²

Allocation	Description	Amount (\$)	
		Debit	Credit
1-18101-68999-230399	Miscellaneous Revenue	504,457	
1-18101-68999-520401	Domestic Bank Balance		504,457
Total		504,457	504,457

In addition, evidence to indicate that the journal voucher was authorized by the Manager Finance was lacking.

These shows lacked internal controls relating to the processing of journal vouchers by the Manager Finance prior to being recorded in the general ledger system.

As such, revenue is not fairly stated in the Statement of Receipts and Expenditure.

Uncorroborated journals raised could be acts to conceal fraudulent activities.

Recommendations

- The Manager Finance should ensure that transactions recorded in the general ledger are supported with documentary evidences and should be produced during audit.
- The Deputy Secretary should investigate the journal to ensure that the journal raised is not an act for the concealment of any fraudulent activities.

Management Comment

Management has noted the recommendations and we will ensure that all recommendations are adhered to.

² Financial Management Information System, Journal Identification Number PRO01

17.5 Unreconciled Main Trust Fund Account Balance

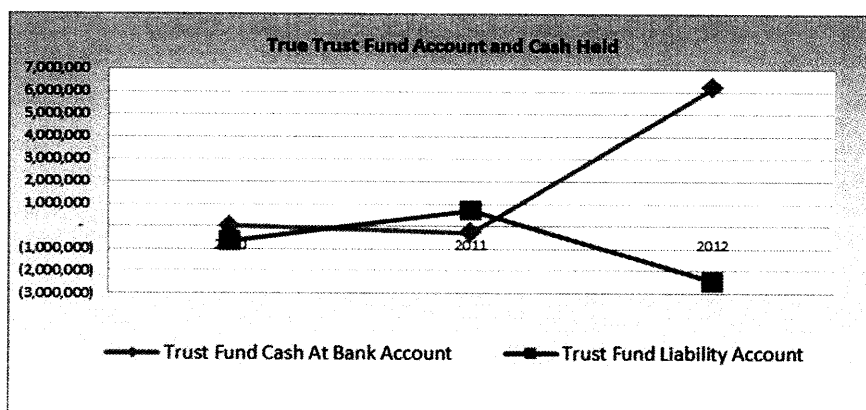
Each month, the trust fund account must be balanced and reconciled with the trust bank account. Unreconciled items must be investigated and resolved promptly.³ All bank accounts must be reconciled monthly.⁴ The Permanent Secretary must appoint a Board of Survey to conduct a physical stock take of all cash on hand and other stocks held in safes at least once a year.⁵

The Ministry has two trust fund bank accounts, namely, the *Provincial Development* and the *National Disaster Management* trust bank account.

The audit noted a variance of \$3,763,719 between the trust fund liability account and the trust fund bank account balance. Refer Table 17.5 for balances recorded in the general ledger over the three year period.

Table 17.5: Trust Fund Account Balance over the Three Year Period

Year	Cash At Bank ⁶ (\$)	Trust Fund Account ⁷ (\$)
2010	1,948	666,638
2011	(287,153)	(692,218)
2012	6,198,769	2,435,050



In addition, the audit noted the following anomalies in the main trust fund cash at bank account held by the Ministry:

- The Ministry failed to reconcile the cash at bank in general ledger to the bank statement balance.
- The cash book to record receipts and payments was not maintained for national disaster management trust fund account.
- Board of Survey was not conducted for the cash balances held at the end of the year.
- The cash at bank in the general ledger had a variance of \$2.84 million compared to the monies held in the trust fund bank account. Refer Table 17.6 for details.

³ Finance Instructions 2010, Section 58 (3)

⁴ Finance Instructions 2010, Section 32 (6)

⁵ Finance Instructions 2010, Section 31 (5)

⁶ Financial Management Information System, General Ledger Allocation 9-18000-00000-520000, accessed on 06/04/2013

⁷ Financial Management Information System, General Ledger Allocation 9-18000-00000-890000, accessed on 06/04/2013

Table 17.6: Cash at Bank Balance in General Ledger vs the Bank Statement Balance

Trust Account	Bank Statement Balance (\$)	General Ledger Balance (\$)	Variance (\$)	Remarks
Provincial Development	1,954,187 ⁸	5,060,231 ⁹	(3,106,044)	Overstated General Ledger
National Disaster Management	1,408,640 ¹⁰	1,138,538 ¹¹	270,102	Understated General Ledger
Total	3,362,827	6,198,769	(2,835,942)	Overstated General Ledger

In the absence of reconciliations, non-maintenance of records and the variances noted, the cash at bank balance and the trust fund account balance in the general ledger could not be substantiated. As such, the trust fund statement of Receipt and Expenditure for the financial year cannot be relied upon.

Failure to carry out proper bank reconciliations could result in the non-detection of misappropriations and fraudulent activities.

Recommendations

The Manager Finance should ensure that:

- **The cash at bank balance in the general ledger, the trust fund liability account and the bank statement of the trust fund account are reconciled in accordance with section 32 (6) and 58 (3) of the Finance Instruction 2010.**
- **Proper monthly reconciliations between bank balance and department cash book records are accurately carried out. Any variance noted should be investigated and adjusted accordingly.**
- **Proper records of Trust such as cash book are maintained and updated.**
- **Board of survey are conducted at the end of each year and any error noted is investigated and adjusted accordingly.**

Ministry's Comments

The Ministry's Accounts Section is now working with FMIS Section of the Ministry of Finance on the reconciliations of the True Trust Accounts.

These differences were a result of the changing of the Ministry's Head from 05 to 18 wherein some of the balances were not transferred to Head 18 and remained with Ministry of i-Taukei Affairs. This is however, been rectified and reconciliations as earlier stated are now being carried out to balance with the Bank Statements.

Further OAG Comment

The reconciliation was not prepared when further audit verification was carried out on 04/09/13 following the management comments.

⁸ Ministry of Provincial Development Trust Account Bank Balance as at 31/12/2012 – Westpac Bank Account 9802029299

⁹ Financial Management Information System, General Ledger Allocation 9-18101-68999-520301, accessed on 06/04/2013

¹⁰ Prime Minister's National Disaster Relief & Rehabilitation Bank Balance as at 31/12/2012 – BSP Bank Account 4706578

¹¹ Financial Management Information System, General Ledger Allocation 9-18501-18001-520401, accessed on 06/04/2013

17.6 Unspent Funds Held

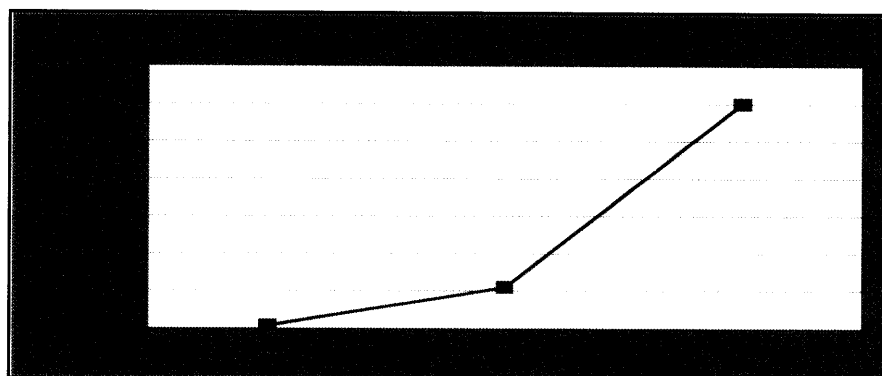
If an amount appropriated by an annual appropriation act for a financial year has not been used in that financial year or is unlikely to be used in that financial year, the Minister of Finance may authorise the carry-over to the following year.¹² Within three days of receiving the monthly general ledger reports from the Ministry of Finance, the *Accountant* shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.¹³

Unspent balances in Standard Liability Group (SLG) natural account number 84 are to be returned to the originating Ministry / Department.¹⁴ Balances held in SLG 84 are funds received from the various Ministries/Departments for various projects.

The audit noted that the reconciliation for the Standard Liability Group (SLG) account number 84¹⁵ totalling \$6 million was not performed. Table 17.7 outlines the balances held in the account over the 3 year period:

Table 17.7: SLG 84 Balances Over the Three Year Period

Year	SLG 84 Balance (\$)
2010	86,384
2011	1,122,485
2012	6,008,874



In addition, refer Table 17.8 for details of balance held:

Table 17.8: SLG 84 Compositions of Balances

Account Number	Account Description	2012 (\$)	2011 (\$)	Increase / (Decrease) (\$)
1-18201-68999-840101	State of Natural Disaster – 2012	141,094	1,050,013	(908,919)
1-18201-99011-840101	DISMAC Cyclone Evan – 2012	3,858,233	---	3,858,233
1-18201-99012-840101	TC Evan rehabilitation	1,000,000	---	1,000,000
1-18201-99013-840101	TC Evan ration	1,000,000	---	1,000,000
1-18000-00000-840602	Withholding Tax	9,547	72,472	(62,925)
Total		6,008,874	1,122,485	4,886,389

Accumulated balances indicate lack of control and supervision to implement projects and have been held contrary to section 19 (1) of the Financial Management Act 2004 and Finance Circular 13/2012.

¹² Financial Management Act 2004 – Section 19 (1)

¹³ Ministry of Provincial Development and Disaster Management, Finance Manual 2011 – Section 14.3.3

¹⁴ Finance Circular 13/2012, paragraph 3.2

¹⁵ Financial Management Information System, Account Number 1-18000-00000-840000, accessed on 14/08/13

Recommendations

- The Manager Finance should ensure that the Revolving Fund Account is reconciled on a monthly basis and any variance noted is adjusted accordingly.
- The Manager Finance should prepare a statement of acquittal of the funds utilized and seek approval of the Minister of Finance for the carry-over of funds.
- The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.

Ministry's Comment

The SLG 84 account had been reconciled monthly for 2012. However, the balance of funds in the SLG 84 account at the end of the year was a result of the funding from Ministry of Finance for the TC Evans Operations in December 2012.

Further OAG's Comment

The Ministry was not able to provide the 2012 reconciliations report when further audit verification was carried out on 04/09/13 following the management comments.

17.7 Charges Not Transferred to the New Appropriation Head

The Manager Finance is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.¹⁶ The chart of accounts of the Whole of Government is structured according to the budget sector agency as approved annually in the appropriation decree.

The Department of Multi Ethnic Affairs and the Ministry of Provincial Development were under Head 18 in the 2010 appropriation act. The 2011 appropriation act moved the Department of Multi Ethnic Affairs to Head two (under Public Service Commission), programme three.

However, the general ledger balances for the Department of Multi Ethnic Affairs remained in Head 18, program 6. Refer Table 17.9 for details.

Table 17.9: Charges Appearing in Program 6 of Head 18

Allocation	Amount (\$)		
	2012	2011	2010
1-18601-87999-530301	(2,911)	(2,933)	(129,210)
1-18601-87999-520401	81,822	81,822	81,822
1-18601-87101-560203	13,900	13,900	13,900
1-18601-87101-570203	7,740	7,740	7,740
1-18601-87999-570203	(3,323)	(3,323)	(3,323)
1-18601-87999-910101	264,144	264,144	264,144
Total	361,372	361,350	235,073

Balances contrary to the appropriation act distort the financial performance and position of the Ministry.

¹⁶ Ministry of Provincial Development and Disaster Management, Finance Manual 2011 - Part 14

Recommendation

The Manager Finance of the Ministry of Provincial Development in consultation with the Public Service Commission and the Ministry of Finance should ensure that balances in the general ledger are in accordance with the respective Ministry/Department appropriation head as assigned in the budget.

Ministry's Comment

The Ministry will endeavor to consult with Ministry of Finance and Public Service Commission in regards to the balances for Department of Multi-Ethnic Affairs.

17.8 Inadequate Planning, Implementation, Monitoring and Record Keeping of Projects

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community.¹⁷ Monitoring of projects is to be conducted by the *Provincial Administrators* and the respective *District Officers/Assistant District Officers* on a regular basis and provide progressive reports to the *Divisional Commissioners* on a monthly basis.¹⁸

A tender must be called for the procurement of goods, services or works valued at \$50,001 and more.¹⁹ The Board may approve that tenders procedures be waived in writing.²⁰ The *Manager Finance* is responsible for the safekeeping and proper maintenance of all accounting records or documents.²¹ A total of \$28.14 million was allocated in capital works to the Ministry²² of which \$13.8 million was utilized in year 2012 into various types of assistance and projects as outlined below:

Table 17.10: Capital Projects by Type

Year	Divisional Development Project (\$) ²³		Non – Government Schools ²⁴		Rural Housing ²⁵		Roads and Boarding Schools ²⁶	
	Actual (\$)	Budget (\$)	Actual (\$)	Budget (\$)	Actual (\$)	Budget (\$)	Actual (\$)	Budget (\$)
2010	2,997,623	3,000,000	4,165,519	4,150,000	999,357	2,500,000	3,597,231	4,354,057
2011	10,227,882	11,583,000	2,641,653	2,650,000	957,724	1,000,000	3,850,961	4,000,000
2012	6,105,820	6,413,695	2,593,517	2,734,895	939,685	980,800	4,124,810	4,354,057
Total	19,331,325	20,996,695	9,400,689	9,534,895	2,896,766	4,480,800	11,573,002	12,708,114

¹⁷ Ministry of Provincial Development and Disaster Management, Finance Manual 2011 – Part 2

¹⁸ Ministry of Provincial Development Standard Operating Procedures – Section 8.1

¹⁹ Procurement (Amendment) Regulation 2012 Paragraph 27 (1)

²⁰ Fiji Procurement Regulation 2010, Section 48

²¹ Ministry of Provincial Development and Disaster Management, Finance Manual 2011 – Section 16.1.3

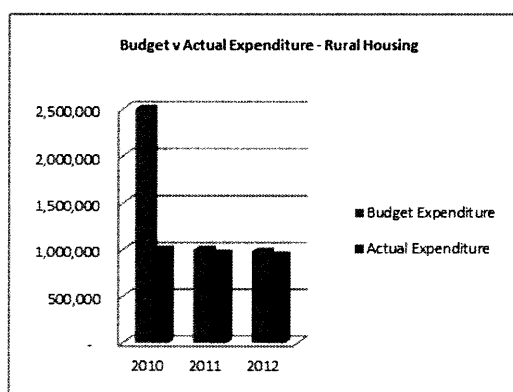
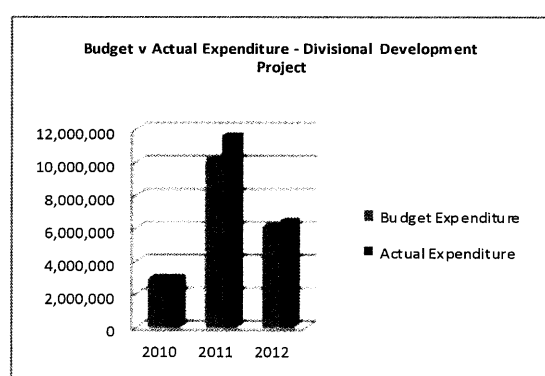
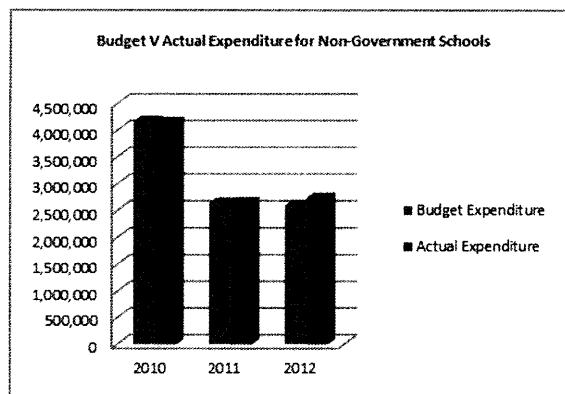
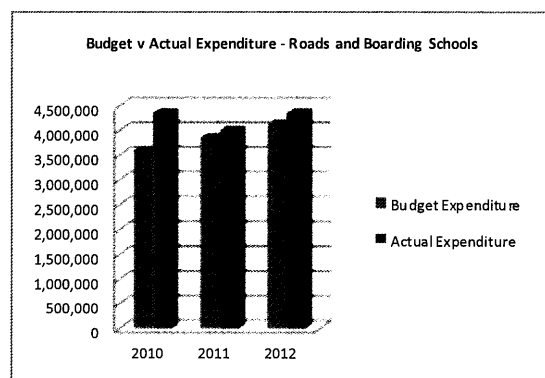
²² 2012 Fiji Budget Estimates, Page 108, dated 25 November 2011

²³ Financial Management Information System, Account Number 1-182000-00000-100000, accessed on 14/08/13

²⁴ Financial Management Information System, Account Number 1-183000-00000-100000, accessed on 14/08/13

²⁵ Financial Management Information System, Account Number 1-184000-00000-100000, accessed on 14/08/13

²⁶ Financial Management Information System, Account Number 1-183000-00000-080000, accessed on 14/08/13



The audit noted the following anomalies in the planning, implementation, monitoring, evaluation and record keeping of capital projects undertaken:

- Non – maintenance of individual project files to determine:
 - Expected project profiling and costing by the contractor;
 - Scope of work to be done;
 - Modifications made to the projects from the initial design;
 - Memorandum of Understanding between the Ministry and other Government Department performing works such as the Fiji Military Forces or the Fiji Road Authority;
 - Monthly project status and monitoring report;
 - Responsible officers for monitoring projects;
 - Defect period;
 - Certification on quality of project constructed; and
 - Divisional Commissioners report on the successful deliverable of projects. Refer Table 17.11 below of projects reviewed:

Table 17.11: Capital Projects for Eastern Division

Projects	Provision (\$)	Amount (\$)	Payee	Percentage Complete
Eastern Division Projects				
Rukuruku/ Cawatara Grid Extension	200,000	238,000	Fiji Electricity Authority	Cannot be ascertained
Vunisea/ Richmond /Yawe Rd	500,000	537,085	Fiji Roads Authority	Cannot be ascertained
Batiki Nursing Station	190,000	174,508	Public Works Department	Cannot be ascertained
Lamiti Foot Crossing	---	\$31,040	Royal Fiji Military Force	Cannot be ascertained
Nairai Jetty	700,000	---	Funds redeployed	Not Applicable
Nalotu/Gasele & Uciwai Village Footcrossing	100,000	---	Funds redeployed	Not Applicable

Projects	Provision (\$)	Amount (\$)	Payee	Percentage Complete
Moala Work Boat	250,000	---	Funds redeployed	Not Applicable
Lakeba Nursing Station	590,000	--	Funds redeployed	Not Applicable
Vuniseito, Daku, Soso & Dravuwalu Road	300,000	---	Funds redeployed	Not Applicable
Headquarters				
Ulivalili Secondary School (Cakaudrove)	2.65 million	510,770	RFMF Engineers	30%
Beqa/Yanuca Secondary School (Serua)		537,085	RFMF Engineers	40%
Nuku Secondary School (Namosi)		241,655	RFMF Engineers	17%
Central Division				
Waidewara/Wainadoi Grid Extension	644,686	325,819	Fiji Electricity Authority	Cannot be ascertained
Naikasakasa/ Lokuya Grid Extension		318,867	Fiji Electricity Authority	Cannot be ascertained
Renovation of Viria District School	208,243	27,809	RFMF Engineers	Cannot be ascertained
Renovation of Viria Public School		17,058	RFMF Engineers	Cannot be ascertained
Renovation of Naqali District School		50,157	RFMF Engineers	Cannot be ascertained
Construction of Namata Access Roads	---	22,000	Jamuna Prasad	Cannot be ascertained
Construction of Robin Adhi Narayan Roads	---	45,000	Department of Roads	Cannot be ascertained

- Project funds were redeployed as a result of non-implementation of projects at year end;
- Project contractors engaged in year 2012 from previous projects were not assessed for quality and expected delivery of performance;
- Projects following suit from year 2011 into year 2012 lacked project completion report and scope of work to be done in 2012 by the Public Works Department / Fiji Roads Authority hindering the implementation of projects in year 2012;
- The evidence to show the efforts to implement the projects was lacking;
- Project funds for Vuniseito, Daku, Soso and Dravuwalu road were applied to outstanding projects that needed additional funds and was not appropriated in the budget as outlined below. Documentation were lacking on the justification for the additional funds needed.

Table 17.12: Additional Funds Needed for the Completion of Projects

Projects	Budgeted Expenditure (\$)	Actual Expenditure (\$)	Excess Funds (\$)	Virements Made (\$)	Contractor
Vunisea Hospital Quarters	400,000	515,783	115,783	68,345	Public Works Department
Vunisea/Richmond /Yawe Rd	500,000	537,085	37,085	37,085	Fiji Roads Authority
Nauouo/Cawatara Grid Extension	200,000	238,458	38,458	38,458	Fiji Electricity Authority
Lamiti footcrossing	---	31,040	31,040	81,078	Royal Fiji Military Force
Total	1,100,000	1,322,366	222,366	224,966	

- Tenders for projects were not called for and waiver was not sought in accordance with section 48 of the procurement regulation.

The above shows the lacked capacity and capability of the divisions in implementing routine projects that have been with the division for the last three years.

Non-implementation and monitoring of projects denies the infrastructure development for the community and the people for improved standard of living. Also, it cannot be deduced that public funds have not been utilized efficiently, effectively and with economy.

Recommendations

- **The Commissioners should ensure that monthly project planning, implementation monitoring and evaluation reports are prepared by the Provincial Administrators and the District Officers.**
- **The Commissioners should ensure that meetings are held with the Fiji Roads Authority and the Fiji Military Forces for concerted efforts to implement projects or otherwise tender projects.**
- **The Manager Finance in consultation with the Commissioners should ensure that projects files are opened and documents filed accordingly.**
- **The Director Corporate Services should ensure that staff capacity and capability is assessed to ensure effective and efficient management and implementation of projects.**

Ministry's Comment

No comments were provided by the Ministry of Provincial Development and Disaster Management.

17.9 Non – Monitoring of Rural Housing and Self – Help Projects

The self – help scheme is to promote and assist rural dwellers in the construction of small infrastructural and other projects and provision of income generating projects on a cost sharing basis.²⁷

The rural housing scheme assists the homeless through provision of affordable, durable and cyclone resistant structures so that they can also live in decent homes.²⁸

A total of \$4.89 million and \$2.9 million in expenditure for self-help and rural housing project respectively were assisted by the Ministry over the last three year as outlined below:

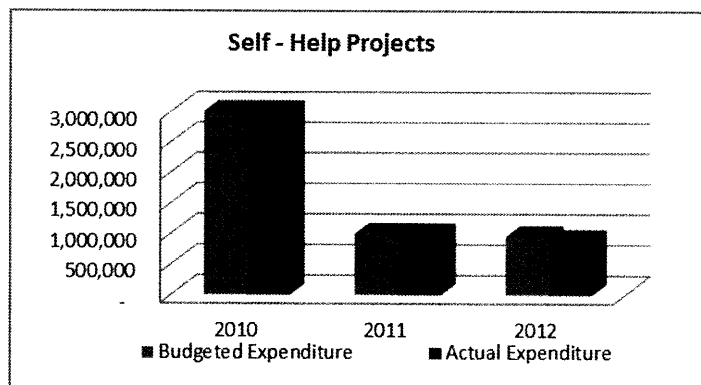
Table 17.13: Self Help Projects Assisted Over the Last Three Years²⁹

Year	Budgeted Expenditure (\$)	Actual Expenditure (\$)
2010	3,000,000	2,997,400
2011	1,000,000	993,442
2012	953,626	894,375
Total	4,953,626	4,885,217

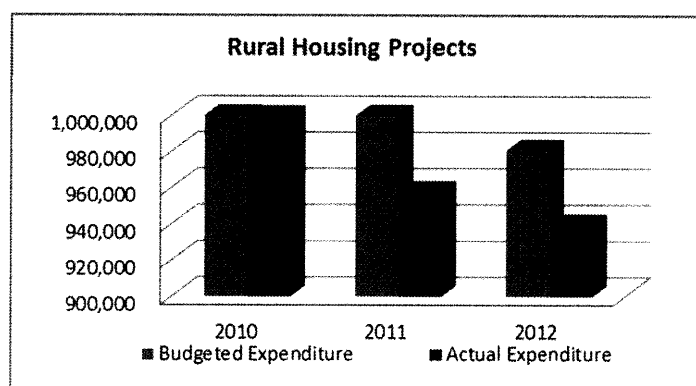
²⁷ Ministry of Provincial Development, Standard Operating Procedures, Working Guidelines for Self-Help Scheme, Paragraph 1.1

²⁸ Ministry of Provincial Development, Standard Operating Procedures, Working Guidelines for Rural Housing Scheme, Paragraph 1.1

²⁹ Financial Management Information System, GL Account Allocation 1-18300-00000-100110 for year 2011 and 2012 data and 1-18200-00000-100110 for year 2010 data, Accessed on 07/08/2013

**Table 17.14: Rural Housing Projects Assisted Over the Last Three Years³⁰**

Year	Budgeted Expenditure (\$)	Actual Expenditure (\$)
2010	1,000,000	999,357
2011	1,000,000	957,724
2012	980,800	939,685
Total	2,980,800	2,896,766



The audit noted the following anomalies in the implementation and monitoring of the community projects despite being with the Ministry over the years:

17.9.1 Self – help Project - Tawava Housing Project

- The construction of a 36 feet by 24 feet - three bedroom house in Yawe, Tawava, Kadavu was approved in year 2009 as a self - help project, with the community contributing \$15,000 and the government to provide \$9,000.³¹
- Despite the commencement of the project in year 2009, it was still 45% complete as at 04/11/11.³²
- Request for building materials sought from the community in September 2011 was paid in November 2012;
- To date, only the community contribution has been applied in the purchase of building materials as follows:

Table 17.15 Community Contribution Applied for Building Materials

Date	Cheque No.	Payee	Amount (\$)
26/06/09	4278	Suncourt Hardware	8,341

³⁰ Financial Management Information System, GL Account Allocation 1-18400-00000-100000, Accessed on 07/08/2013

³¹ Commissioner Eastern Division Memorandum, Application for Grant Assistance Under the Self-Help Programme, Project Profile approved on 27/04/09

³² Commissioner Eastern Division Memorandum dated 04/11/11, construction of building survey report and pictorial evidence of partly constructed building

Date	Cheque No.	Payee	Amount (\$)
26/11/12	9043	Carpenters Hardware	5,429
		Total	13,770

- Project file was not maintained to ascertain the following:
 - Memorandum of Understanding between the community and the Ministry;
 - Procedure for the application of payment and at what stage will the government contribution apply;
 - The design and approved plan of the building;
 - Monthly physical project status report from the Divisional and Provincial Administrators.

17.9.2 Rural Housing Project - Basalusalu Housing Project

The Basalusalu family of Somosomo village in Taveuni paid \$2,000³³ in 2005 for their housing project and an additional \$700 on 03/03/2006³⁴ to cater for the increase in price of materials as required by the Ministry. Local Purchase Order³⁵ (LPO) was issued to Wingate Marketing Limited in Lami on 03/03/06 for \$8,600 to supply buildings materials, invoiced on 07/08/06 and paid on 19/12/06. The following anomalies were noted:

- The housing project has not commenced since 2005;
- The Basalusalu family is requesting the Ministry to refund the one-third contribution paid since genuine effort to construct the house was lacking;
- Delivery docket for materials received was not available for verification as to where the building materials were delivered;
- However, the LPO was authorised by one of the officers from the northern division for goods received on 08/12/06. Refer below for details of invoice and cost of materials delivered by Wingate Company Ltd.

Table 17.16: Details of Invoices

Invoice No	Date	Cost of Materials (\$)	Remarks
8177	07/08/06	4,442	The invoices were drawn to the attention of Sanjay of Accounts section of the Commissioner Northern Division in respect Vasemaca Basalusalu, Somosomo Village of Taveuni.
8178	07/08/06	2,203	
8179	07/08/06	715	
8180	07/08/06	150	
8181	07/08/06	929	
8182	07/08/06	161	
Total		8,600	

- The Basalusalu Family have been following up with the Ministry for the last 5 years, however; the Ministry only assured building materials will be delivered;

³³ Receipt No. 516184 dated 24/11/2005

³⁴ Receipt No. 727711 dated 03/03/2006

³⁵ Local Purchase Order No. 564712 on 03/03/2006

- As at to the date of the audit³⁶, the construction of the house has not begun.

The above indicates laxity of the divisional and provincial administrators for timely implementation and monitoring of community projects.

Failure to deliver projects on time deteriorates the trust of communities to partner with government for rural development. Also, the risk of fraud and manipulation is high.

Recommendations

- **The Divisional Officers and the Provincial Administrator should ensure that community projects are monitored on a monthly basis and reported to the Commissioners and the Permanent Secretary.**
- **The Commissioners in consultation with the Permanent Secretary should standardize the format of the monthly reports to achieve consistency in reports submitted.**
- **Lessons learnt from community projects are to be documented for replication of similar projects in the future through benchmarking and sustained success of future projects.**
- **Disciplinary action should be instituted on officers for failing to monitor projects on a monthly basis and providing reports accordingly.**

Ministry Comments

Commissioner Eastern Comments on TAVAWA project

The TAVAWA project is a project that was initiated a previous CED who is now in the prime minister's office, the project was the building of three bedrooms for village for the VAKATAWA (member of Methodist church delegation in the village), during the initial approval phase of the project there were serious of uncoordinated government policies in the assistance that should be made to rural areas in the maritime islands.

The policy changes in 2010, in which government will no longer fund projects that are related to village HALLS and Churches have been a dilemma for the continuity of this type projects. Up until today there have been no directives that significantly direct the resumption of such project within the eastern division and the risk of deliberately using the past year's project to justify the resumption of churches and halls has been put to on hold.

These types of projects are not basically focussing on the needs to elevate the condition and standard of living in the rural sector, but statistically have indicated the increase in social activities through gathering for traditional celebration and exchange rather than the need to increase their performance in livelihood.

The division continue to refrain from conducted such projects related to halls and churches (that has been a norm from the past) and has reflected its path to the charter and road map that determines the approach and strategic goals for the future in rural development.

17.10 Discrepancy in the Management of Inventory and other Items

Inventory purchasing, storage and recording should be efficiently managed to ensure that there is sufficient level of inventories when needed, while minimising the cost of holding inventory and the risk of stock becoming obsolete or damaged.³⁷ Storage of inventories shall be the responsibility of the store man. The Store man must ensure that adequate storage space is available for incoming stock as and when required, stocks are handled with care and well stored so as to reduce the risk of damage and quantity of stock is closely monitored to avoid excess holdings or shortages.³⁸

³⁶ 22/05/2013

³⁷ Ministry of Provincial Development and Disaster Management, Finance Manual 2011 – Part 7 – Inventory Management

³⁸ Ministry of Provincial Development and Disaster Management, Finance Manual 2011 – Section 7.2.1

The Director Corporate Services shall appoint two stocktake officers, one of whom is independent of the inventory function, to undertake a stocktake of all inventories at least once a year. The stock take officers shall prepare their stock take report noting any surplus, damage, obsolete or unaccounted stock and their recommendations.³⁹

The audit inspection of the store house at Topyard, Walu Bay noted the following anomalies:

- The store house does not have adequate space for the incoming stock materials;
- Damaged and obsolete items are in the yard. Refer Appendix 17.1 - Figure 17.1 and 17.2;
- Unaccounted materials were stacked idly outside the yard which is deteriorating due to adverse weather conditions and wear and tear. Refer Appendix 17.1 - Figure 17.3 and 17.4;
- Items and materials for the Tropical Cyclone Evan Rehabilitation were stacked inside the store room and some are lying idly outside the yard. Refer Appendix 17.1 - Figure 17.5, 17.6, 17.7, 17.10, 17.11, 17.12, 17.13 and 17.14;
- The separation of items purchased by the Ministry for community and housing projects and that received through donations was lacking.
- Stocktake of items in the store room and outside the yard has not taken place at the end of the year.

Accumulation of store items without being used or distributed is a waste of public funds and donations provided in good faith depriving the development and assistance of communities and individuals.

The risk of inventory mismanagement and fraudulent purchases is also high.

Recommendations

- **The Director Corporate Services in consultation with the Permanent Secretary should immediately instigate a stock take of items at Topyard storehouse.**
- **The Storeman should ensure that items received in the yard have proper authority and are clearly labelled;**
- **The store men should properly place items received in the shed or in a proper storage facility to avoid deterioration due to weathering.**
- **The Director Corporate Services should strengthen supervisory checks in the management of storehouse at Topyard.**

Ministry's Comment

No comments were provided by the Ministry of Provincial Development and Disaster Management.

17.11 Cheques Raised and Held for Five Months

Ministries and Departments are required to plan expenditures well in order to avoid accumulation of unpresented cheques at year end.⁴⁰ The Annual Procurement Plan (APP) contains all procurement of goods, services or works required to be carried out during the budget year, the proposed methods of

³⁹ Ministry of Provincial Development and Disaster Management, Finance Manual 2011 – Section 7.3.1 & 7.3.3

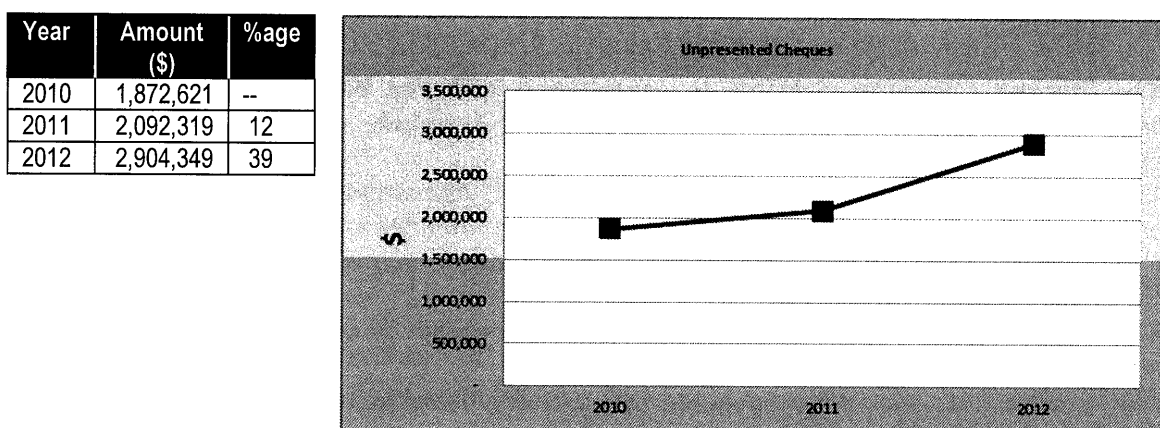
⁴⁰ Ministry of Finance Circular No. 13/2012, paragraph 5.1.3

procurement and the estimate quantity, budget and timing of each purchase or group of purchases.⁴¹ The *Accounts Officer* must not certify a payment as correct unless they are satisfied that it is in accordance with other authorization and there is documentation that the goods, services or works have been received.⁴²

If an amount appropriated by an annual appropriation act for a financial year has not been used in that financial year; or is unlikely to be used in that financial year, the Minister may authorise the carry-over to the following year.⁴³

Unpresented cheques for the Ministry totalled \$2.9 million in 2012 compared to \$2.0 million in 2011, an increase of 39%. Refer Table 17.17 below for details:

Table 17.17: Unpresented Cheques over the Three Year Period⁴⁴



The audit noted the following anomalies from the review of unpresented cheques:

- Audit noted a total of \$121,192 in cheques that were raised in December, 2012 for projects, but were not released to the suppliers. Refer Table 17.18 below for details of cheques raised and not released to suppliers;

Table 17.18: Cheques Raised on 31/12/12 but held from Suppliers

Cheque No.	Payee	Amount (\$)	Date Raised	Date Cheque Disbursed to Supplier	Type of Project
9232	Pacific Fibreglass Ltd	16,791	24/12/12	No date on the voucher	Institutional Strengthening
9290	Kasabia	7,482	31/12/12	25/04/13	Rural Housing Project
9076	Kasabia	7,482	30/11/12	17/05/13	Rural Housing Project
9013	Kasabia	7,482	20/11/12	17/05/13	Rural Housing Project
9276	Kasabia	7,482	31/12/12	17/05/13	Rural Housing Project
9287	R.C Manubhai	9,043	31/12/12	24/05/13	Rural Housing Project
9279	R.C Manubhai	27,863	31/12/12	31/05/13	Rural Housing Project
9255	R.C Manubhai	9,043	28/12/12	24/05/13	Rural Housing Project
9043	Carpenters Hardware	10,858	26/11/12	23/05/13	Self Help Project
9005	Kasabia	10,666	19/11/12	No date on the voucher	Boarding Facility
9072	Vinod Patel	15,000	29/11/12	24/05/13	Non Cane Access Roads
Total		129,192			

⁴¹ Procurement Regulations 2010, Section 26 (1) to (4)

⁴² Ministry of Provincial Development and Disaster Management, Finance Manual 2011 - Section 2.8.4

⁴³ Financial Management Act 2004 – Section 19 (1)

⁴⁴ Financial Management Information System, Account Number 1-18000-00000-530000, accessed on 07/08/2013

- According to the Accounts Officer, the cheques were held since the shipping vessels were not available to deliver the purchased materials to the islands;
- Later, in 2013, cheques were released to suppliers by the accounts section without evidence of the declaration of goods and services received on the delivery note;
- The Accounts Section failed to provide a list of all cheques raised on 31/12/12 that was pending for the delivery of goods and services.

The above shows circumventing financial regulations to utilize funds at year end as a result of poor planning and timing for commencement and purchases of project materials.

Circumventing financial regulations are susceptible to fraud and can be extravagant payments to ineffective and uneconomical projects.

Recommendations

- **The Director Corporate Services in consultation with the Permanent Secretary should ensure that Annual Procurement Plans are prepared for timely procurement and delivery of items.**
- **The Director Corporate Services should ensure that discussions with shipping vessels are held for concerted effort to ensure the timely purchase and delivery of items to the Islands.**
- **Carryover of funds are to be applied for authorization in accordance with section 19 (1) of Financial Management Act 2004.**
- **The Accounts Officer should ensure that payments are made in accordance with section 2.8.4 of the Finance Manual.**
- **The Director Corporate Services should have officers disciplined for circumventing financial regulations and procedures.**

Ministry's Comments

The Audit Findings is acknowledged and noted, but the commissioner eastern office procedures for procurement is such where material from Hardware's are delivered to the Top Yard for verification and storage before it's shipped to the islands. The Accounts Section will only process payment once the invoice is certified by the Officer in Charge for Top yard certifying that all materials have been received in line with the Quotation and Invoice that was submitted. In the above case, the top yard was used for storing rehab materials for TC Evans and with no space to cater for all our project materials and in the absence of government vessels at this point in time, the materials were retained at the hardware until the Top yard is clear and the next government vessel is available.

The issues surrounding the held up of cheques are the non-availability of government vessel, the storage space and lack of funding to hire private vessels as the next option since all government vessels were engaged in the Western Division for the TC Evan Rehabilitation works. The government vessel was available towards the first quarter of this year where all the outstanding project materials were cleared and at the same time cheques were released. These were the cheques raised on 31/12/12 that was pending for the delivery of materials. In reality the payments of cheques to the supplies will not determine the progress of the projects on the ground based on;

- a. Timeframe of procurement procedures (quotation box) that often causes variation in the cost of materials from selected contracted supplies.*
- b. Shipping schedule for the maritime will be determined by the availability of the boat and the friendliness of the weather.*

Storage facility is limited and that once there is no storage of facility available the supplies facilities are used for storage.

17.12 Unreconciled Variance between Statement of Acquittal and General Ledger for Projects

Upon completion of the project, the grant must be properly acquitted.⁴⁵ The *Accounts Officer* is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.⁴⁶

The audit noted that the statement of acquittals prepared by the divisions for the various projects did not reconcile with the financial management information system general ledger. Refer Table 17.19 for details of variances noted between the two records:

Table 17.19: Detail of Variance – Review of Projects from Eastern Division Statement of Acquittals and the General Ledger

Program Name	Allocations	Total Expenditure as per FMIS (\$)	Total Expenditure as per Statement of Acquittal (\$)	Variance (\$)
Self – Help	1-18301-94991-100110	240,911	105,502	135,410
Non –Cane Access Road	1-18301-94991-080103	372,372	230,850	141,522
Rural Housing & Poverty Alleviation Program	1-18401-94991-100111	245,215	115,886	129,329
Building Grant	1-18301-94991-100143	101,424	174,386	(72,962)
Total		959,922	626,624	333,299

The findings indicate that the accounts section failed to reconcile and rectify the variances between the two records.

In the absence of reconciled records, projects undertaken by the Ministry are not properly accounted for and therefore financial management information system cannot be relied for assistance provided over the years.

Recommendations

- The Planning Section must ensure that the statement of acquittals prepared are accurate and reflect all the cost associated with the projects.
- The accounts section should investigate and rectify the variances noted between the statement of acquittals and the general ledger balance.
- The Account Section and the Divisional Officers should ensure that the monthly reconciliations are carried out properly and accurately, and checked by the Head of the Accounts Section, the Commissioners and the Director Corporate Services.

Ministry's Comments

The Audit comment is acknowledged and noted, the commissioner eastern comments is:

Part of the finance deliverable is the preparation of the Expenditure Reports on a weekly, monthly and quarterly basis for management purposes. The Divisional Accounts facilitates these reports and advises management on the financial utilisation of funds based on the budgetary provision for both operating and capital. The planning cell on the other hand prepares capital acquittals on a quarterly basis incorporating both the financial and the physical progress of projects. These two reports should reconcile before the acquittal is submitted to Ministry of Finance. The costs reflected in the acquittals does not include the overall cost of project but the material cost

⁴⁵ Ministry of Provincial Development – Standard Operating Procedures – Section 3.5

⁴⁶ Ministry Finance Manual 2011 – Part 14 – Ledger Accounts

only together with the administration cost thus the variance in the Acquittal Report and the General Ledger (FMIS) balance.

We will improve on our internal process where Acquittals need to be verified from the Accounts Section before it's submitted to Ministry of Finance and such the our standard procedure and processes will need to be readjusted.

APPENDICES

Appendix 17.1: Storehouse at Topyard, Walubay



Figure 17.1: Broken Block Pieces on the Yard

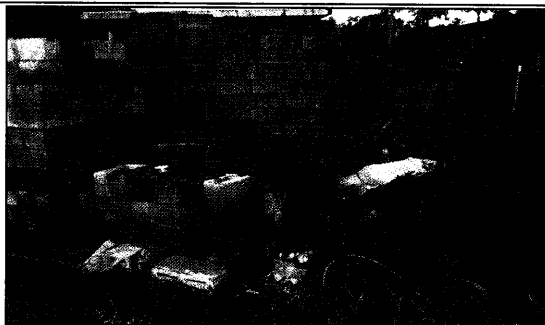


Figure 17.2: Broken Block Pieces on the Yard



Figure 17.3: Unaccounted Sink on the Yard



Figure 17.4: Unaccounted Iron Steel Rod



Figure 17.5: 2011 TC Tomas Rehabilitation Materials

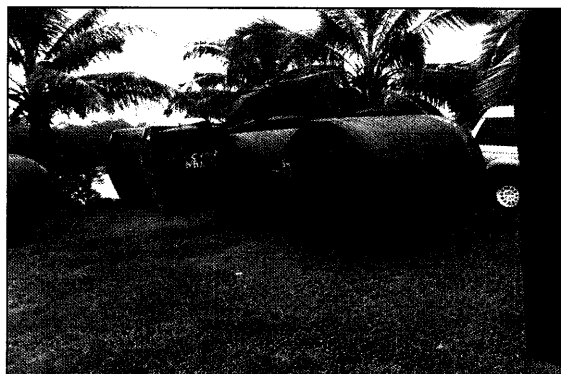


Figure 17.6: 2011 TC Tomas Rehabilitation Materials

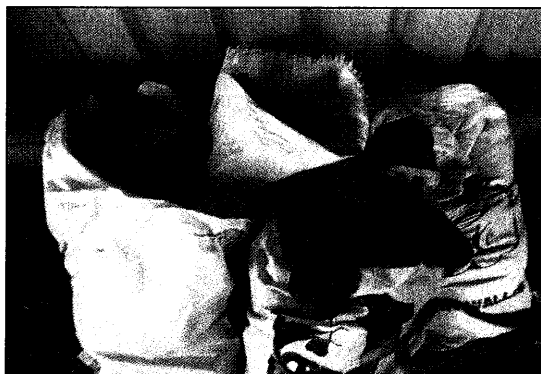


Figure 17.7: TC Tomas In Kind donation in the Storehouse

Figure 17.8: Undistributed Bags of Clothing and Shoes in the

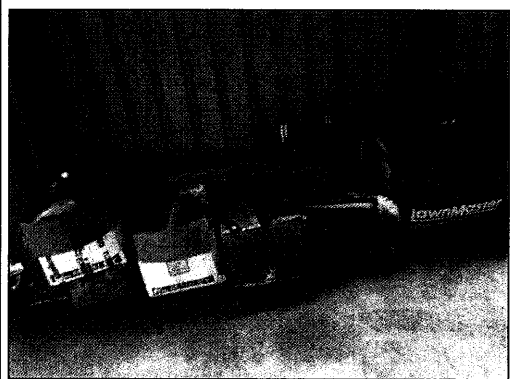


Figure 17.9: Undistributed Utensils and other in kind Donation in the Storehouse

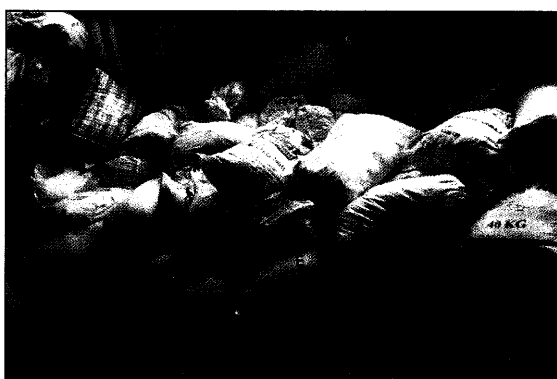


Figure 17.10: Other Undistributed in kind donation kept in Storehouse



Figure 17.11: Undistributed Materials purchased in 2011 for TC Tomas stored inside the Storehouse



Figure 17.12: Other Undistributed Materials purchased in 2011 for TC Tomas stored inside the Storehouse



Figure 17.13: Other Undistributed Materials purchase in 2011 for TC Tomas stored inside the Storehouse



Figure 17.14: Other Undistributed Materials purchased in 2011 for TC Tomas stored inside the storehouse

Section 18 **Fiji Military Forces**

Role and Responsibilities

The Fiji Military Forces is charged with, and responsible for, the defense and state security of Fiji in the maintenance of law and order in land and sea and maritime surveillance of Fiji's maritime zone. It also provides forces to international peacekeeping operations in line with Government foreign policy on world peace, improves the living standards of rural community through infrastructure development and youth training of life skills provided by the Engineering Corp. It also provides coast radio station to all vessels within Fiji waters – as required under the International law of sea and provides shipping services to maritime zone and survey and charting of Fiji waters.

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PART A: FINANCIAL STATEMENTS

18.1 Audit Opinion

The audit of the 2012 accounts of the Fiji Military Forces resulted in the issue of an unqualified audit report; however management attention was drawn to the following matters:

- The Force failed to prepare bank reconciliation for the RFMF Engineers project fund account totalling \$3.6 million contrary to section 32 (6) of the Finance Instructions 2010. This account is also not recorded in the general ledger;

- Expenditure totalling \$2.2 million was incurred in excess of the Appropriation Act for established staff and government wage earners contrary to section 14 (1) of the Financial Management Act 2004 and section 7 of the Finance Instructions 2010;
- Outstanding Revolving Fund Account balance totalling \$2.2 million was not reconciled and recorded to the relevant revenue and expenditure allocations during the year, understating revenue and expenditure reflected in the Statement of Receipts and Expenditure;
- Board of survey report was not prepared contrary to section 49 (2) of the Finance Instructions 2010;
- Investigations into the misappropriation of cash recorded in the statement of losses have not concluded and thus, the extent of the losses could not be ascertained.

18.2 Statement of Receipts and Expenditure

The Force collected revenue totaling \$611,758 and incurred expenditure totaling \$106,046,625 in 2012. Refer Table 18.1 below for details.

Table 18.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
State Revenue	84,924	84,774
Agency Revenue	526,834	595,503
TOTAL REVENUE	611,758	680,277
EXPENDITURE		
Operating		
Established Staff	86,486,170	83,911,914
Government Wage Earners	1,981,985	2,173,583
Travel and Communications	1,182,266	1,146,291
Maintenance and Operations	6,622,065	4,820,088
Purchase of Goods and Services	4,214,796	6,328,307
Operating Grants and Transfers	736,400	1,426,078
Special Expenditures	770,668	1,379,112
Total Operating Expenditure	101,994,350	101,185,373
Capital Expenditure		
Construction	1,447,433	2,433,053
Purchases	240,725	3,196,976
Total Capital Expenditure	1,688,158	5,630,029
Value Added Tax	2,364,117	2,417,673
TOTAL EXPENDITURE	106,046,625	109,233,075

Total expenditure declined by \$3,186,450 or 2.9% in 2012 compared to 2011 due to the decrease in government wage earners, the Force clearing previous years' outstanding payments for goods and services in 2011 and the delay in the shipping franchise contracts.

18.3 Appropriation Statement

The Force incurred expenditure totaling \$106,046,625 against the budget of \$107,641,627 resulting in savings of \$1,595,002. Details of expenditure against the budget estimates are provided in Table 18.2.

Table 18.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	Operating Expenditure					
1	Established Staff	85,581,113	(1,207,967)	84,373,146	86,486,170	(2,113,024)
2	Government Wage Earners	1,823,462	80,326	1,903,788	1,981,985	(78,197)
3	Travel & Communications	1,152,012	167,699	1,319,711	1,182,266	137,445
4	Maintenance & Operations	6,249,208	1,112,548	7,361,756	6,622,065	739,691
5	Purchase of Goods & Services	5,088,342	(303,606)	4,784,736	4,214,796	569,940
6	Operating Grants & Transfers	1,500,000	(351,551)	1,148,449	736,400	412,049
7	Special Expenditures	699,500	151,000	850,500	770,668	79,832
	Total Operating Expenditure	102,093,637	(351,551)	101,742,086	101,994,350	(252,264)
	Capital Expenditure					
8	Construction	4,040,000	(1,136,835)	2,903,165	1,447,433	1,455,732
9	Purchases	3,497,000	(2,992,186)	504,814	240,725	264,089
	Total Capital Expenditure	7,537,000	(4,129,021)	3,407,979	1,688,158	1,719,821
13	Value Added Tax	3,109,900	(618,338)	2,491,562	2,364,117	127,445
	TOTAL EXPENDITURE	112,740,537	(5,098,910)	107,641,627	106,046,625	1,595,002

In 2012, Cabinet approved the re-deployment of \$5,098,910 from the budget of Fiji Military Force to other Ministries and Departments.

Force Comments

OAG findings are acknowledged.

The savings highlighted above is mostly from the Kula Patrol Boat Life Extension Programme. The early departure from the project of Mr. Charlie Cole in 2012, the Australian Project Consultant with vast experience in PPB LEP and the sanctions by the Australian Government affected the progress of the programme as RFNS Kula was costumed built from Australia for the region. Majority of parts that were previously ordered from Australia were also affected.

However, the Fiji Navy has to seek other alternative service providers locally. The work required in the LEP was intensive and requires companies with proven record in naval architectural, engineering and associated technical expertise for managing Pacific Patrol Boat (PPB) LEP refits. It took 6 months for the Navy to establish alternatives avenues of sourcing custom made spare parts suppliers locally for the PPB LEP refits. Local companies such as FSHIL, Kooltech Refrigeration Limited and Peter Whippy Boat Building Company was identified to complete the project. This company has met the quality standards required and they have been servicing all PPBs for the past years with satisfactory professional commitment. RFNS Kula is nearing completion and should be operational by June with Sea Trails and Work Up.

As demonstrated by the LEP for RFNS Kula which was the first for the PPB's in the region and with identification of local companies providing specialist navigation and surveillance, the second PPB's LEP refits should be streamline and less time consuming.

18.4 Consolidated Trading and Manufacturing Account

Table 18.3: Manufacturing Account

Manufacturing Account	2012 (\$)	2011 (\$)
Opening Raw Material	5,950	5,950
Add: Purchases	---	114,057
	5,950	120,007

Manufacturing Account	2012 (\$)	2011 (\$)
Less: Closing Raw Materials	5,950	5,950
Raw Material Used	---	114,057
Add: Direct Labour	16,137	---
Cost of Goods Manufactured transferred to Trading Account	16,137	114,057

Table 18.4: Trading Account

Trading Account	2012 (\$)	2011 (\$)
Sales	1,729,863	815,597
Opening Finished Goods	9,552	12,233
Add: Cost of Manufactured Goods	16,137	114,057
	25,689	126,290
Less: Closing Finished Goods	12,322	9,552
Cost of Goods Sold	13,367	116,738
Gross Profit/(Loss) transferred to Profit & Loss Statement	1,716,496	698,859

Table 18.5: Profit & Loss Statement

Profit and Loss Statement	2012 (\$)	2011 (\$)
Income		
Gross Profit transferred from Trading A/C	1,716,495	698,859
Other Income	3,940	---
Total Income	1,720,435	698,859
Expenses		
Travel & Communication	89,039	160,626
Maintenance & Operation	803,013	401,477
Other Expenses	384,180	---
Special Expenses	3,140	2,706
VAT	---	99,719
Total Expense	1,279,372	664,528
Net Profit/(Loss)	441,063	34,331

Table 18.6: Balance Sheet

Balance Sheet	2012 (\$)	2011 (\$)
Assets		
Cash at Bank	1,169,500	120,002
Accounts Receivable	289	289
Inventory	18,272	15,503
Total Assets	1,188,061	135,794
Liability		
Deposit, Deduction & Retention	63,376	32,437
Accrued Expenses	546,126	---
Total Liability	609,502	32,437
Equity		
TMA Accumulated Surplus	650,553	177,052
TMA Surplus	(71,994)	(73,695)
Total Equity	578,559	103,357
Total Equity and Liability	1,188,061	135,794

PART B: AUDIT FINDINGS

18.5 Over Expenditure

The Appropriation Act and budget estimates set out details of the appropriation that cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the authorisation of the Ministry of Finance, pending approval by Cabinet.¹ Expenditures should be monitored under each Standard Expenditure Group (SEG) to ensure over expenditures do not occur.²

The audit noted that the Force over-spent \$2.2 million in 2012 as outlined in Table 18.7:

Table 18.7: Over – Expenditure

SEG	Revised Budget(\$)	Actual Expenditure(\$)	Over Expenditure(\$)
Established Staff	84,373,146	86,486,170	(2,113,024)
Government Wage Earner	1,903,788	1,981,985	(78,197)
Total	86,276,934	88,468,155	(2,191,221)

These indicate weak financial management control of expenditure.

As such, expenditure in excess of the appropriation is unauthorised and contrary to section 7 of the Finance Instructions.

Recommendation

The Principal Accounts Officer should strictly adhere to Section 7 of the Finance Instruction 2010 and ensure that proper budget planning and monitoring is in place to avoid over expenditure.

Force Comments

The Force acknowledges the findings and recommendations of OAG. The over expenditures highlighted was mainly due to the under budgeted Location Allowance with unbudgeted additional deployment of fifty five (55) RFMF personnel which was approved vide Cabinet Decision No. 260 dated 28th June, 2011 for mission to Iraq.

18.6 Outstanding Liabilities

An appropriation made by an Annual Appropriation Act lapses at the end of the financial year to which it relates.³ Permanent Secretaries are requested to advise their section heads to plan well ahead for all their proposed purchases of goods and services to ensure their Local Purchase Orders (LPO's) are prepared and approved by 07/12/12 and that all payments are made by 31/12/12.⁴

The audit noted outstanding liabilities totalling \$505,533 at the end of the financial year.

The Principal Accounts Officer has failed to clear all outstanding liabilities as at 31 December 2012.

¹ Finance Instruction 2010 – Section 7

² Ministry of Finance Circular 13/2012 of 19/10/2012: 2012 Closing of Accounts Procedures

³ Financial Management Act 2004: Part 4(18)

⁴ Ministry of Finance Circular 13/2012 of 19 October 2012: 2012 Closing of Accounts Procedures 7.1.4

Outstanding liabilities indicate that expenditure recorded in the Statement of Receipts and Expenditure is understated and is in breach of closing of accounts financial regulation.

Recommendation

The Principal Accounts Officer should ensure that outstanding liabilities are reviewed and paid in the financial year to which it relates.

Force's Comments

OAG observations and recommendations are noted. The outstanding liabilities highlighted was mostly the supply of food rations for the RFMF personnel on duty in which demand and orders were received and issued on day to day basis in which payments may overlap the financial year ending 31/12/12 due to the processes and procedures to be followed. However, the Force has formed a Finance Monitoring Team (FMT) and has been tasked to monitor and report on individual cost centers to ensure of the timely clearance of outstanding liabilities and procurement processes and procedures are always adhered to.

18.7 RFMF Engineers Project Fund Account

A bank account for public money, other money or trust money must only be established with the approval of the Chief Accountant, who must inform the bank of the agency officers authorised to operate on it.⁵ All bank accounts must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.⁶

A total of \$3.6 million was held with the Bank of South Pacific (BSP), in respect of, *RFMF Engineers Project Fund Account*.⁷ These are funds received for capital works from various Ministries/ Departments by the RFMF Engineers. Refer Table 18.8 for details of balance held over the four year period:

Table 18.8: Bank Account – RFMF Engineers Project Fund Account

Year Ended	Amount (\$)
2012	3,605,420
2011	1,922,049
2010	Bank statement not provided
2009	44,045

The audit noted the following anomalies:

- The approval of the Ministry of Finance for the operation of the account was not made available;
- The bank reconciliation was not performed contrary to section 32 (6) of Finance Instructions 2010;
- The general ledger account was not created for the operation of the bank account;
- Transactions incurred from the account were not recorded for the year;
- Annual Financial Statement submitted for audit did not include the receipts and payments from this separate bank account.

The lack of authority, reconciliations and records for the Engineers projects is a serious breach of accounting and finance procedures and regulations.

Accountability and transparency is lacking in the operations of the Engineers projects.

⁵ Finance Instruction 2010 – Section 32 (1)

⁶ Finance Instruction 2010 – Section 32 (6)

⁷ BSP Bank Account Number 6652519

Recommendations

- The Principal Account Officer should make available the authority for the operation of the bank account and liaise with the Ministry of Finance to open the general ledger account
- The Principal Accounts Officer should ensure that monthly bank reconciliations are carried out.
- The Chief of Staff and Land Force Commander should ensure regular review of the operations of the RFMF Engineers Project Fund Account by its internal audit division.

Force Comments

The Force acknowledges the findings and recommendations. The Force is in the process of formalising the operation of this private bank account with the Ministry of Finance and the Officers concerned have been advised accordingly to prepare monthly bank reconciliations and submitted to PAO for verifications and monitoring of funds.

18.8 Revolving Fund Account

The Accounting Head is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁸ Within three days of receiving the monthly general ledgers reports from the Ministry of Finance, the *Accounts Officer* shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.⁹ Travel advances must be recouped within seven days of the completion of travel by submission of a voucher with documents to support the claim.¹⁰ Upon clearance of the advance, the Accounts Officer Payments shall update the debtors register, offset the advance account and debit the appropriation expenditure account.¹¹

The audit noted the following anomalies in the revolving fund account:

- A total of \$2.2 million has been outstanding for long that remained to be reconciled and recorded accordingly. Refer Table 18.9 for details.

Table 18.9: Uncleared Revolving Fund Account Balance

Allocation	Description	FMIS Figure (\$)
1-19101-19999-560203	AR Individuals	189,933
1-19101-19999-569902	Malaya Pension	552,255
1-19101-19999-569903	Malaya Widow Pension	127,145
1-19101-19999-570301	Advances	(414,812)
1-19101-91021-840101	Blackrock	(1,212)
1-19105-91011-840101	Patrol Boat Refit	(23,406)
1-19101-19999-840602	Withholding Tax	(6,918)
1-19101-19999-850202	GL Deferred Income	1,806,852
Total		2,229,837

- A variance of \$567,904 was noted between the general ledger and the reconciliation performed by the Force. Refer Table 18.10 for details.

⁸ Finance Manual – Part 18: Miscellaneous – Section 18.1.3

⁹ Finance Manual 2011 – Section 16.3.3

¹⁰ Finance Instructions 2010 – Section 44, subsection 3.

¹¹ Fiji Military Force – Finance Manual – Section 8.1.15

Table 18.10: Variance in RFA Reconciliation

Revolving Fund Account Balances	Amount (\$)
Balance as per FMIS for SLG 84 (closing 2011)	(579,661)
Balance as per Force Reconciliation (Opening 2012)	(11,757)
Variance	(567,904)

- The Accountable advance register was not maintained.
- An accountable advance of \$11,166 was retired¹²; without a follow-up with the reimbursement from Forum Fisheries Agency.
- Advances were not retired after the 7 day period after returning from duty. Refer Table 18.11 below:

Table 18.11: Details of Accountable Advance not retired within seven Days

Cheque Number	Payee	Description	Amount (\$)	Anomaly
55067 of 11/7/2012	Laisani K. Vulakaivaki	Accountable advance for 28 officers from 16/7/2012 to 04/08/2012	14,364	<ul style="list-style-type: none"> • Retirement after 3 months on 20/11/2012 • Time for leaving and arriving station not stated in Subsistence Allowance and Travelling Expense Claim Form
56442 of 22/8/2012	Laisani K. Vulakaivaki	Accountable advance for 27 officers from 14/8/2012 to 25/08/2012	9,396	<ul style="list-style-type: none"> • Retirement after 3 months on 20/11/2012 • Time for leaving and arriving station not stated in Subsistence Allowance and Travelling Expense Claim Form
57175 of 07/09/2012	Laisani K. Vulakaivaki	Accountable advance for 36 officers from 07/9/2012 to 21/08/2012	16,200	<ul style="list-style-type: none"> • Retirement after 2 months on 26/11/2012
Total			39,960	

Lack of supervisory checks and laxity in the Accounts section has resulted in the above anomalies. Failure to journalize balance in revolving fund account to relevant expenditure account understates expenditure recorded in the statement of receipts and expenditure for the Force.

Recommendations

- The Accounting Head must ensure that Accountable Advance register is maintained at the Accounts Section.
- The Accounting Head should ensure that Revolving Fund Account, SLG 84 is reconciled with the general ledger on a monthly basis and any variances noted are adjusted accordingly.
- The Accounting Head must investigate long outstanding balances to reconcile the revolving balances.
- The Accounting Head should follow-up with Forum Fisheries Agency for the reimbursement of funds.

¹² Paid to General Rokoua, cheque no. 52548 on 19/04/12 to attend XVII International Hydrographic conference Monaco which was later to be refunded by the Forum Fisheries Agency.

- **The Accounting Head must ensure that the retirements of accountable advance are done within 7 days of completion of travel and claim forms to be completely filled with time of departure and arrival to station.**

Force's Comments

OAG findings and recommendations are acknowledged. The Force is maintaining an updated accountable advance register in the Accounts Section. Accountable advances which were given to the CO TF Brigade, MAJOR LK Vulakauvaki were for the training of the Territorial Forces. The cheque was only written to the CO's name, cashed and distributed to all training officers engaged including those in Labasa and Lautoka camp. Once the training had been completed, training officers are required to submit their acquittals to the CO TF Brigade for verification before it's submitted to the Accounts Section for the clearance. These exercise its time consuming and may overlap the 7 days requirement which is quoted above. This only applies for the training of the Territorial Forces in which there are other factors contributes to the clearance of accountable advance.

As for the Uncleared Revolving Fund Account Balances as shown on table 7.4 above, the following actions have been taken by the Force-

- Account No. 850202 – Deferred Income - The force had written and liaising with MOF to clear this account as this account were in active since 2002 when Telecom Fiji Limited, the contractor discontinued to install Telecommunications and satellites (Telesat) throughout the whole of Fiji.*
- Account No. 569902 and 569903 – Malaya Pension – Clearance of these accounts is time consuming. Payment of Malayan Pension is initially paid by Fiji Government. At the end of each financial year, the Force notifies the British Government for reimbursements when after verifying documents remits reimbursements.*
- As for the other accounts such as 560203, 570301, 840101, 840602, the Force will continue the reconciliation and clearance of these accounts in consultation with MOF.*

18.9 Overdrawn Trust Fund Accounts

Trust fund accounts compromise monies, which are not the property of the state and not utilized for the purpose of government. In addition, trust money is to be accounted for separately from public money and other money,¹³ and by convention should always have credit balances. Thus, the trust fund accounts should not at any time be overdrawn.¹⁴

The operating trust fund account had overdrawn balances totaling \$5,784,111 as at 31/12/12. Refer to Appendix 18.3 for details.

Most of the overdrawn balances were brought forward from previous years.

Recommendations

- **The Accounting Head must ensure that the trust funds are not overdrawn at any time.**
- **The Accounting Head must investigate these overdrawn trust fund accounts and take appropriate action.**
- **Internal control procedures such as supervisory checks in the accounts section should be strengthened to avoid such anomaly.**

Force Comments

OAG comments and recommendations are noted. Overdrawn Trust Fund Accounts were carried forward from previous years but with the supervision of the PAO, the Force will streamline and continue to reconcile accounts and make necessary adjustments accordingly.

¹³ Financial Management Act 2004 – Section 25 (1)

¹⁴ Finance Circular No. 4/98 of 30/03/98

18.10 Non- Submission of the Board of Survey Report

An annual board of survey must be conducted each year to verify the existence and condition of assets recorded on the asset register.¹⁵ A written record must be kept of each board of survey and must be signed and dated by the officers undertaking it.¹⁶

The board of survey report for 2012 was not provided during audit.

As such, losses disclosed in the statement of losses of financial statements could not be verified.

Recommendations

- **The Principal Accounts Officer must ensure that the Statement of Losses provided in the Agency Financial Statement is supported with the Board of Survey report.**
- **All records should be provided to audit for verification purposes.**

Force Comments

The Force acknowledges observations and recommendations and will ensure that Board of Survey Reports are provided to audit for verification purposes as recommended. Furthermore, the Internal Audit Officer RFMF has been tasked to follow up, receive and maintain all RFMF BOS records for audit purposes.

18.11 Payment of Allowances Contrary to Force Regulations

The lodging allowance will not be paid where the soldiers' live out at their own request, except in the case where approval has been given by the Commander and from the date of allocation of an army quarter, unless the Commander directs a soldier may continue to live out for special reasons. The Commander may grant to married soldiers, up to and including Warrant Officers, a lodging allowance to help pay cost of rent, water and lighting charges, incurred while they are not in occupation of an official quarters.¹⁷

Location allowance is payable from and including the day of arrival up to and including the day of departure from the overseas country.¹⁸ Officers that need the location allowance to be sent over to the place of tour, the middle-east drawings accounts facilitates the payment at the location of the tour.

The audit noted the following anomalies in the payments of allowances:

- Soldiers occupying staff quarters received lodging allowances simultaneously. From a sample selected, a total of \$41,069 was paid in lodging allowance to staff occupying the quarters. Refer to Appendix 18.1 for details.
- Location allowance totalling \$27,910 continued to be paid to officers despite the return of the soldiers from tour. Refer Table 18.12 for details of these:

¹⁵ Finance Instruction 2010 – Section 49 (1)

¹⁶ Finance Instruction 2010 – Section 49 (2)

¹⁷ Force Standing Orders Volume 1, 1973 - Section 17.55 and 17.58

¹⁸ Force Standing Orders Volume 1, 1973 – Section 17.69

Table 18.12: Continued Payment of Location Allowance

Regimental Number	Name	Amount Recovered (\$)	Balance to be Recovered (\$)	Comments
24076	Inoke Vola	1,210	110	Last recovery in pay 20/12
25099	Meli Vuadreu	200	1,120	Only one recovery in pay 14/12
24392	Matereti Tabukarawa	200	1,200	Only one recovery in pay 14/12
27146	Aisea Komaitai	0	1,320	No recovery made
25736	Samu Young	200	1,120	Only one recovery in pay 14/12
22023	Ilisania Bai	800	520	Last recovery in pay 16/12
25032	Kadavu Mara	0	1,320	No recovery made
27299	Tupou Colati	200	1,120	Only one recovery in pay 14/12
22051	Sairusi Rakai	1,000	320	Last recovery in pay 18/12
26862	Josevata Wainigolo	800	520	Last recovery in pay 17/12
31713	Eneri Raboila	800	740	Last recovery in pay 26/12
28510	Timoci Salaca	0	3,080	Allowance to cease w.e.f 23/06/12
25402	Peni Baleira	0	440	Allowance to cease w.e.f 23/06/12
22585	Sakiusa Tagivakatini	6,160	3,080	Allowance to cease w.e.f 08/08/12
27902	Akisi Tora	100	230	Only one recovery in pay 16/12
	Total	11,670	16,240	

- *Middle East drawings account deduction* continued despite the return of the soldiers from the tour of duty. Refer Table 18.13 below:

Table 18.13: Deduction of Middle East drawings

Regimental No	Name	Amount Deducted (\$)	Comments
26770	Kaulotu Tikodrauniwalai	300	Posted to the Units w.e.f 04/05/12
31616	Rusiate Keleidaveta	600	Posted to the Units w.e.f 04/05/12
31157	Salimoni Tamani	400	Posted to the Units w.e.f 04/05/12
29772	Simione Togoloa	250	Posted to the Units w.e.f 04/05/12
29860	Semiti Cagica	200	Posted to the Units w.e.f 04/05/12
31829	Eparama Daucakacaka	600	Posted to the Units w.e.f 04/05/12
30954	Daniel Nawaqabuli	200	Posted to the Units w.e.f 04/05/12
29001	Ratunaisa Rekinadawai	200	Posted to the Units w.e.f 04/05/12
31555	Peniasi Mudunasau	500	Posted to the Units w.e.f 04/05/12

The lack of timely communication and coordination between the concerned parties' has resulted in the erroneous payment of allowances.

Payments contrary to regulations are unauthorised and extravagant spending.

Recommendations

- The Principal Accounts Officer should ensure that lodging allowances paid erroneously are verified and recovered.
- The Chief Staff Officer, Human Resource Management should ensure that Chief Staff Officer Finance is advised promptly for the cessation of the lodging allowance where staff quarters are provided to soldiers and vice-versa.
- The Director Finance should ensure that supervisory checks for Human Resource Management and the Finance division are strengthened.

- **Monthly management reports are to be prepared to review and note exceptions of officers provided allowances.**

Force Comments

Audit memorandum was sent on 28/08/13 to the RFMF; however management comment was not received.

18.12 Failure to instigate Surcharge

A driver involved in an accident may be surcharged if the surcharging authority believes the driver was at fault. If a surcharge is imposed, the driver shall be informed in writing.¹⁹

The audit noted that the Force failed to surcharge Inia Daunikana²⁰ for accident of motor vehicle, registration GN 570.

- The Ministry of Finance surcharged \$18,320 deductible at \$50 per fortnight commencing from pay 13/13 from the officers pay.²¹
- It will take 366 fortnights or 14 years to recover the amount of the surcharge;
- The Force has not instigated the surcharge and is awaiting the board of inquiry report of the Force;
- The officer will retire from the Force on 16/10/13.

The above indicates lack of urgency by the Ministry of Finance and Force to practically recover the surcharged amount. Non-timely recovery of losses through surcharge will result in irrecoverable debt of the Force.

Recommendations

- **The Chief of Staff and Land Force Commander should consult the Ministry of Finance to practically recover the full amount of the surcharge since the officer is retiring on 16/10/2013.**
- **The Chief of Staff Headquarters should ensure that concerted efforts are taken to ensure timely recovery of the surcharged amounts from the various divisions.**
- **Supervisory checks for timely activation of surcharge should be strengthened by the Chief of Staff headquarters.**

Force Comments

Audit memorandum was sent on 28/08/13 to the RFMF; however management comment was not received.

¹⁹ Force Finance Manual 2011 – Section 10.6.7

²⁰ Regimental Number 22358

²¹ Ministry of Finance memorandum dated 11/06/2013 – File GN 570

18.13 Excessive Annual Leave

Annual leave shall be taken when due. The *Permanent Secretary* or *Head of Department* shall ensure scheduling of leave to avoid bulging of leave entitlements at any time of the year.²² Officers may be allowed to carry over up to a maximum of ten working days entitlement from one leave year to the next.²³

The audit noted that more than 10 working days in annual leave was carried forward as outlined in Table 18.14.

Table 18.14: Excessive Annual Leave Due

Name of the Officer	Regimental No.	Rank	Leave Balance (Days)
Mesulame Nakalevu	27616	CPL	284
Sanaila Senabiau	27314	CPL	82
Esika Radrodoro	28262	SSGT	138
Peli Kete	21980	WO2	148
Ratu Peni Ro Kilibau	31815	LCPL	72
Mesake Daunitoko	29420	CAPT	178
Samuela Wainibuli	31365	AB	95
Pita Basilio	31420	PTE	101
Jone Verebasaga	30293	CAPT	41
Praneel Singh	29764	CAPT	59
Viliame Finemateaki	29580	CAPT	92
Ili Maciu Matalau	29847	LT	76
Viliame Baledrokadroka	29965	CPL	27
Jone Nadredre	30576	PTE	74
Ulaiasi Rabesa	30930	PTE	63
Tomasi Vakausausa	24273	WO2	73
Josaia Lotawa	31989	OS	59
Malakai Rakusa	31369	SIG	90
Josua Seduadua	30717	LS	47
Samisoni Nabulivou	28748	AB	28
Mosese Kurulala	27264	CPL	75
Firipo Kamilo	30633	SPR	47

In addition, excess leaves were taken by officers as outlined in Table 18.15.

Table 18.15: Negative Leave Balance

Name of the Officer	Regimental No.	Rank	Officers Unit (Days)
Seniteli Veitata	26638	LCPL	-7
Sairusi Rakai	22051	SSGT	-24
Peli Kete	21980	WO2	-126

This was due to the non-reconciliation of leave records maintained with the officers' units and the leave unit.

²² General Orders 2011 – Section 705 (d)

²³ General Orders 2011 – Section 705 (c)

Accumulation of leave balances exposes government to leave expenses at higher rates of pay and cause disruption to work should officers take such leave at one time.

Recommendations

- The Chief of Staff and the Land Force Command should ensure that officers are encouraged to take leave when due without hindering the continuity of the Force's functions.
- General Order section 705 should be strictly complied with.
- Internal controls for leave are be strengthened and the approval of leave should only be granted after the leave unit has endorsed the leave.

Force Comments

Audit memorandum was sent on 28/08/13 to the RFMF; however management comment was not received.

18.14 Procurement without Obtaining Competitive Quotations

For procurement of goods, services or works valued at \$1,000 and more but \$50,000 and less, a minimum of three quotes must be obtained and where the procurement of goods, services or works costs less than \$1000, competitive quotations must be received verbally but must be documented and signed by the officer receiving the quotes.²⁴

The audit noted that competitive quotations were not obtained for payments totaling \$108,031. Refer Table 18.16 below for details.

Table 18.16: Competitive Quotations not obtained

Date	Cheque No.	Vendor	Description	Amount (\$)
26/06/12	54586	Professional Electronics Ltd	Purchase of Codan Telephone Interconnect Unit	18,241
28/12/12	60195	South Pacific Business Systems	Purchase of MP 335 SP Digital Photocopier	12,650
28/05/12	53605	Clyde Equipment Ltd	Purchase of Yamaha pump	12,000
28/05/12	53605	Clyde Equipment Ltd	Cyl Kit (X-Head Gner Assy)	10,800
26/10/12	58344	Asco Motors Ltd	Yamaha Outboard Engine 60 Hp Long Shaft	11,700
22/03/12	51816	Western Marine Ltd	GSS-Settlement Of Outstanding 2009 Account	11,054
27/04/12	52748	BOS Equipment & Engineering Supplies	Mcnaughty Rotary Pump	1,760
27/04/12	52748	BOS Equipment & Engineering Supplies	120 °C thermometer -\$565.04 ²⁵ 160 °C thermometer-\$565.04*2 Hydraulic hose- \$280.03	1,975
27/04/12	52748	BOS Equipment & Engineering Supplies	Blower fan	8,851
27/04/12	52748	BOS Equipment & Engineering Supplies	To make up high pressured hose complete ²⁶	180
27/04/12	52748	BOS Equipment &	Swivel Hook ²⁷	280

²⁴ Procurement (Amendment) Regulation 2012 effective from 12th June 2012- Section 4, sub-section 29(1) (2)

²⁵ Procurement Regulation 2010 Section 29 Applies to items above \$100 since it is a transaction before 12/06/2012.

²⁶ Procurement Regulation 2010 Section 29 Applies to items above \$100 since it is a transaction before 12/06/2012.

Date	Cheque No.	Vendor	Description	Amount (\$)
		Engineering Supplies		
20/04/12	52568	Elcom Services Ltd	Cost for Amp Stud and labour and transportation	380
09/02/12	50607	D. Gokal	Payment for purchase of 32" LED	1,600
13/02/12	50645	Clyde Equipment	Payment for replacement of electric water pressure pump	1,850
24/05/12	53595	RFMF Engineers Project Fund	Payment for LSU roofing works	7,990
11/09/12	57208	Integrated Welding Works	Payment for works done on RFNS Kula	6,720
TOTAL				108,031

Failure to obtain three competitive quotations deprives government from procuring goods and services from the most economical or cost-effective supplier.

Recommendation

- **The Director Finance, Logistics and Administration should ensure that competitive quotations are obtained in accordance with the procurement regulation.**
- **Disciplinary procedures should be instigated against non-complying officers who continue to defy procurement regulations in purchasing goods and services.**

Force Comments

Audit memorandum was sent on 28/08/13 to the RFMF; however management comment was not received.

18.15 Lacked Documentation of Repair of Communications Equipment

Payments are only to be processed using invoices and not through pro-forma invoices or statements.²⁸ The *Principal Accounts Officer*, *Senior Accounts Officer* or *Accounts Officer* must not certify a payment as correct unless they are satisfied that it is in accordance with an local purchase order, indent, contract, invoice or other authorization.²⁹

The audit noted that payment³⁰ for repair of the Force communication equipment totaling \$854,640 was made on pro-forma invoice. In addition, the following payments anomalies were noted:

- Delivery dockets for the receipt of repaired equipment's was not available;
- Declaration that equipment was satisfactorily repaired was lacking;
- The contract for the service and how the supplier was identified could not be established;
- Payment voucher was not properly authorised, such that, the voucher was not authorized for "passed for payment" and not "certified as correct and incurred with authority";

Inadequate documentation to payments limits assessment of value for money for the services paid.

²⁷ Procurement Regulation 2010 Section 29 Applies to items above \$100 since it is a transaction before 12/06/2012.

²⁸ Finance Circular 15/2010, dated 11/11/2010, paragraph 2

²⁹ RFMF Finance Manual 2011 – Section 2.8.4 (i)

³⁰ Cheque No. 51960 dated 30/03/12, purchase of various items from Lee, Kang and Partner Inc. Korea

Recommendations

The Principal Accounts Officer should strictly adhere to section 2.8.4 of the Finance Manual 2011 and Finance Circular 15/2010.

Force Comments

Audit memorandum was sent on 28/08/13 to the RFMF; however management comment was not received.

18.16 Purchase orders raised after the receipt of invoices

A local purchase order shall be issued when procuring any goods, services or works from an organization within Fiji, unless a contract or agreement has been entered into.³¹ The *Principal Accounts Officer, Senior Accounts Officer or Accounts Officer* must not certify a payment as correct unless they are satisfied that it is in accordance with the local purchase order, indent, contract, invoice or other authorization.³²

The audit noted that for payments totaling \$36,548, the local purchase order was issued after the invoices was received. Refer Table 18.17 below for details:

Table 18.17: Local Purchase Order raised after the receipt of Invoice

Date	Cheque No.	Payee	Particulars	Invoice Date	LPO Date	Invoice Amount (\$)
28/12/12	60211	Tebara meat Limited	Payment for various types of meat	01/10/12	02/10/12	1,017
				01/10/12	02/10/12	386
28/12/12	60175 (A)	South Pacific Business Systems	Payment for 2 Turbo chargers.	11/12/12	17/12/12	14,200
28/12/12	60175 (B)		Payment for engine parts.	11/12/12	14/12/12	12,380
20/04/12	52568	Elcom Services Ltd	Payment for repair of rotating rectifier assembly for AC Generator from RFNS Lautoka and Front Panel display unit for Magel.	11/03/12	20/03/12	380
28/12/12	60246	Tebara meat Limited	Payment for various types of meat	08/12/12,	12/12/12,	86
				20/10/12,	22/10/12,	530
				19/10/12	22/10/12	685
27/12/12	60147	Tebara meat Limited	Payment for various types of meat	03/07/12,	30/08/12,	410
				22/03/12,	29/08/12,	332
				23/05/12	30/08/12	495
29/12/12	60293	Freshet International Limited	Payment for the purchase of various types of meat	05/12/12	21/12/12	694
				07/12/12	21/12/12	3,130
				20/12/12	21/12/12	492
				05/12/12	21/12/12	1,331
TOTAL						36,548

The above cases are indications of laxity in procurement procedures which could have been the result of immediate telephone orders without processing the local purchase order.

³¹ Department's Finance Manual 2011 – Section 2.5.1

³² RFMF Finance Manual 2011 – Section 2.8.4 (i)

Procurements without prior authority could be uneconomical purchases and allows room for corrupt practices.

Recommendations

- **The Principal Accounts Officer should ensure that procurements are paid with properly authorised local purchase order.**
- **The Principal Accounts Officer should ensure that invoices without the prior approved local purchase orders are investigated and reprimanded.**
- **The Director Finance, Logistics and Administration should institute disciplinary actions on officers for failing to comply with procurement regulations.**

Force Comments

Audit memorandum was sent on 28/08/13 to the RFMF; however management comment was not received.

18.17 Lack of Authority for the Operations of RFMF Farm

Except with the Commander's approval, a regular officer will not engage in any profit making venture on his/her own account.³³ Any other fund authorized by headquarters RFMF will be maintained and all accounts paid by the headquarters RFMF.³⁴

The Government Tender Board approved the purchase of fresh and frozen foods, root crops, vegetables, fruits, fish, meat and eggs from Fresh'et International for the central and eastern division.³⁵

The audit noted the following anomalies in the operation of RFMF farm operating at Force Training Group in Nasinu:

- The authority to operate the RFMF farm was not provided;
- Records pertaining to the farm was not provided such as:
 - the price list of standard farm products;
 - where the proceeds of the farm are kept / banked;
- A total of \$135,222 of goods was purchased from the RFMF farm by the Force as outlined in Table 18.18 below:

Table 18.18 Purchases Made From RFMF Farm

Month	2012 (\$)
January	24,583
February	11,653
March	12,499
April	15,768
May	1,302
June	14,531
July	15,539
August	6,690

³³ Fiji Military Forces, Standing Orders, Volume 1, Organization Discipline and Finance 1973 – Section 7, paragraph 21.58

³⁴ Fiji Military Forces, Standing Orders, Volume 1, Organization Discipline and Finance 1973 – Section 7, paragraph 23.44

³⁵ Tender No. CTN 05/2011 dated 16/08/2011

Month	2012 (\$)
October	10,859
November	9,042
December	12,756
Total	135,222

- The purchase from the RFMF farm is contrary to the approved Government Tender Board decision.

The above shows the operation of an unauthorized business enterprise for which the proceeds is not recorded into government accounts and finance.

Recommendations

- The Chief of Staff, Headquarters should probe into the authority for the operations of the farm and proceeds accordingly.
- The Director Finance, Logistics and Administration should ensure that proceeds are recorded in the government finances and that the procurement regulations are strictly adhered to.

Force Comments

Audit memorandum was sent on 28/08/13 to the RFMF; however management comment was not received.

18.18 Failure to Procure from Contracted Supplier

The Permanent Secretaries must ensure that all standing offer contracts executed by the Fiji Procurement Office on behalf of government are complied with at all times.³⁶ Agencies must seek the approval of the Minister of Finance before undertaking any emergency procurement.³⁷ The Supplier, Fresh'et International is contracted to supply and deliver fresh and frozen goods, root crops, vegetables, fruits, fish, meat and eggs in the central and eastern division.³⁸

The audit noted the following anomalies in the procurement of goods from Fresh'et International:

- The Royal Fiji Navy Services (RFNS) bought general food items at higher prices from Fresh'et International; Refer Appendix 18.2 for analysis conducted on a sample of payment³⁹;
- The RFNS has violated the procurement regulation where the purchases of general food items have been contracted to various other suppliers⁴⁰;
- A total of \$296,114 was paid to Fresh'et International during the year as outlined below;

Table 18.19: Purchases Made On Emergency Situation

Cheque	Date	Particulars	Payee	Amount (\$)
60617	31/12/2012	Payment of goods	Fresh'et International	110,510

³⁶ Fiji Military Forces Finance Manual 2011 – Section 2.3.1 & 2.3.2

³⁷ Fiji Procurement Regulation 2010 – Emergency Purchases – Section 32

³⁸ CTN 05/2011 dated 16 August 2011

³⁹ Cheque No. 60301 dated 30/12/12

⁴⁰ Tender No. CTN 146/2012 dated 16 November 2012, and P197/2011 dated 25 April 2012

Cheque	Date	Particulars	Payee	Amount (\$)
60512	30/12/2012	Payment of rations	Fresh'et International	19,278
60204	28/12/2012	Payment of goods	Fresh'et International	43,874
56128	09/08/2012	Payment of goods	Fresh'et International	23,301
59088	20/11/2012	Payment of goods	Fresh'et International	10,290
60301	30/12/2012	Payment of rations	Fresh'et International	13,081
58987	16/11/2012	Payment of goods	Fresh'et International	9,018
60489	30/12/2012	Payment of rations	Fresh'et International	17,583
60398	30/12/2012	Payment of rations	Fresh'et International	18,380
60293	29/12/2012	Payment of rations	Fresh'et International	30,799
TOTAL				296,114

- According to the Force, the purchase was acquired out of emergency; however, the approval of the Minister of Finance was not provided.

The above is a blatant disregard of procurement regulations.

Non-purchase from contracted suppliers negates the economy and purpose for which contracts are entered into. Also, this could result in unnecessary lawsuits against Government for failing to adhere to contractual obligations.

Recommendations

- **The Chief Staff Officer – Finance should ensure that procurement regulations are strictly adhered to.**
- **The Director – Finance, Logistics and Administration should ensure that supervisory checks in the procurement of goods and services are strengthened.**
- **Disciplinary action should be instigated on officers for persistent non-compliance with procurement regulations.**

Force Comments

Audit memorandum was sent on 28/08/13 to the RFMF; however management comment was not received.

APPENDICES

Appendix 18.1: Sample of Over-Payment of Lodging Allowances

Overpayments for Married officers	12,908
Overpayments for Single officers	<u>28,161</u>
Total Overpayments for Lodging allowances	<u>\$41,069</u>

Married Quarters

Regimental Number	Name	Date Quarters Occupied	Year	Amount to be Recovered (\$)
30293	Jone Verebasaga	06/04/12	2012	301.84
29764	Praneel Singh	17/06/12	2012	525.40
29580	Viliame Finemateaki	02/07/13	2013	262.70
29847	Ili Maciu Matalau	06/04/12	2012	2,914.98
26638	Senitieli Veitata	05/10/12	2012/2013	975.74
30992	Keasi Turaganikeli	10/04/13	2014	86.19
29965	Viliame Baleidrokadroka	29/12/11	2012	367.47
30576	Jone Nadredre	22/10/11	2011	360.60
30930	Ulaiasi Rabesa	28/08/12	2012	81.48
24273	Tomasi Vakausausa	26/11/11	2011/2012	3,538.87
31989	Josaia Lotawa	11/10/12	2012	218.60
31369	Malakai Rakusa	11/06/13	2013	150.57
30717	Josua Seduadua	20/06/13	2013	195.80
28748	Samisoni Nabulivou	17/09/12	2012	230.82
27264	Mosese Kurulala	24/04/13	2013	707.31
30633	Firipo Kamilo	28/12/12	2012/2013	1,020.52
20892	Balawa Koroinamara	19/09/11	2011/2012	969.34
Sample Total				12,908.23

Single Quarters

Regimental Number	Name	Year	Amount to be Recovered (\$)
3FIR			
29784	Isoa Koroigesa	2013	80.55
29939	Maciu Samisoni	2012/2013	2,250.55
30065	Atunaisa Waqalevu	2013	80.55
30141	Iliesa Kuruvata	2012/2013	2,095.65
30193	Meli Tuni	2013	80.55
30261	Danny Molia	2013	80.55
30276	Timoci Saukawa	2013	80.55
30303	Anare Luveniyali	2013	80.55
30575	Watisoni Radinikuva	2013	80.55
30629	Tomasi Valetino	2013	80.55
30891	Nemani Driu	2013	80.55
30991	Joji Aseri	2013	80.55
31131	Sefanaia Nofaga	2012/2013	1,933.15
31163	Ilai Derenalagi	2013	80.55
31242	Napolioni Durusolo	2013	80.55
31265	Tomasi Se	2013	80.55
31439	Samuela Demesi	2013	121.06
31446	Joeli Seuvou	2013	80.55

Regimental Number	Name	Year	Amount to be Recovered (\$)
31470	Leo Tukana	2013	80.55
31517	Ilaitia Navunisaravi	2013	80.55
31605	Adrea Drauna	2012/2013	1,901.72
31797	Aminio Waqa	2013	161.00
31798	Aminiasi Waqalevu	2013	161.00
31799	Tomasi Waqanimaravu	2013	161.00
31811	Varinava Kinikinilau	2013	161.00
31834	Noa Namoro	2013	161.00
32036	Acura Loco	2013	161.00
32042	Levi Moli	2013	161.00
32083	Jolami Vanavana	2013	161.00
32101	Alipate Rokosuli	2013	161.00
LFC			
31615	James Kean	2012/2013	3,384.10
31259	Josefa Rokouma	2012/2013	3,579.80
31511	Punal Naicker	2012/2013	1,703.00
31616	Rusiate Keleidaveta	2012/2013	3,690.30
31724	Aminio Rasekaseka	2013	1,047.10
31965	Samuela Tagicakibau	2012/2013	3,394.60
32017	Peceli Mara	2013	322.20
Total			\$28,161.03

Appendix 18.2: Variance in Contracted Price and the Non-Contracted Price

Cheque Number	Vendor	Item	Quantity	Quantity Type	Unit Cost (\$)	Total Cost (\$)	VIP amount(\$)	Contracted Vendor	Quantity	Quantity Type	VIP Unit Cost (\$)	VIP Total Cost (\$)	Variance from contracted price (\$)
60301(A)	Freshet International	Sugar	20.00	kg	2.45	49.00	56.35	MH	20.00	kg	1.71	34.20	22.15
Date		Dhal	10.00	kg	2.18	21.80	25.07	MH	10.00	kg	1.65	16.50	8.57
30/12/12		Rice	20.00	kg	2.60	52.00	59.80	Flour Mills	20.00	kg	1.33	26.64	33.16
Amount		Maxi noodle	10.00	pkt	2.31	23.10	26.57	Ashabhai Flour Mills-	10.00	pkt	1.50	15.00	11.57
13,080.94		Maggie noodles	20.00	pkt	0.56	11.20	12.88	(Chow)	20.00	pkt	0.49	9.89	2.99
		Salt	5.00	pkt	0.74	3.70	4.26	MH(907gm)	5.00	pkt	0.45	2.25	2.01
		Corn Flour	3.00	pkt	3.53	10.59	12.18	Ashabhai	3.00	pkt	4.45	13.35	(1.17)
		Tea	2.00	pkt	5.80	11.60	13.34	Ashabhai	2.00	pkt	5.41	10.82	2.52
		Powdered Milk	10.00	pkt	6.86	68.60	78.89	Fiji Dairy Ltd	10.00	pkt	5.10	51.00	27.89
	(2gallon=9.09litres)	Cordial	2.00	gln	15.71	31.42	36.13	Motibhai(1galn=4.5L)	9.00	Litres	3.20	28.80	7.33
		Biscuit	2.00	bkt	26.09	52.18	60.01	Flour Mills	2.00	bkt	21.29	42.58	17.43
		Flour	15.00	kg	1.60	24.00	27.60	Punjias	15.00	kg	1.12	16.83	10.77
		Margarine	14.00	tub	3.28	45.92	52.81	Joos Farm/Ashabhai	14.00	tub	3.20	44.80	8.01
		Coffee	2.00	bottle (grams not specified)	17.41	34.82	40.04	Ashabhai	2.00	(454g Tin)	25.78	51.56	(11.52)
		Spaghetti	6.00	tin	3.23	19.38	22.29	Ashabhai	6.00	tin	2.45	14.70	7.59
		S/Sauce	2.00	bottle	3.28	6.56	7.54	Motibhai	2.00	bottle	2.10	4.20	3.34
		Mayonnaise	4.00	bottle	6.91	27.64	31.79	Ashabhai	4.00	bottle	4.54	18.16	13.63
		Sunbell Tuna	8.00	tin	1.53	12.24	14.08	Ashabhai	8.00	tin	1.47	11.76	2.32
		Cooking oil	5.00	bottle	3.45	17.25	19.84	MH	5.00	bottle	3.80	19.00	0.84

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI – SEPTEMBER 2013

Cheque Number	Vendor	Item	Quantity	Quantity Type	Unit Cost (\$)	Total Cost (\$)	VIP amount(\$)	Contracted Vendor	Quantity	Quantity Type	VIP Unit Cost (\$)	VIP Total Cost (\$)	Variance from contracted price (\$)
		Ice-cream	5.00	tub	6.78	33.90	38.99	Joel Farm/Ashabhai	5.00	tub	5.93	29.65	9.33
60301(B)	Freshet International	Ice-cream	6.00	tub	6.78	40.68	46.78	Joel Farm/Ashabhai	6.00	tub	5.93	35.58	11.20
30/12/12		Cordial	2.00	gln	15.71	31.42	36.13	Motibhai(1galn=4.5L)	9.00	Litres	3.20	28.80	7.33
13,080.94		Biscuit	2.00	bkt	26.09	52.18	60.01	Flour Mills	2.00	bkt	21.29	42.58	17.43
		Flour	20.00	kg	1.60	32.00	36.80	Punjias	20.00	kg	1.13	22.52	14.28
		Coffee	2.00	bottle (grams not specified)	17.41	34.82	40.04	Ashabhai	2.00	(454g Tin)	25.78	51.56	(11.52)
		Spaghetti	6.00	tin	3.23	19.38	22.29	Ashabhai	6.00	tin	2.45	14.70	7.59
		Soy Sauce	2.00	bottle	3.28	6.56	7.54	MH	2.00	bottle	2.10	4.20	3.34
		Mayonnaise	4.00	bottle	6.91	27.64	31.79	Ashabhai	4.00	bottle	4.54	18.16	13.63
		Sunbell Tuna	8.00	tin	1.53	12.24	14.08	Ashabhai	8.00	tin	1.47	11.76	2.32
		Cooking oil	5.00	bottle	3.45	17.25	19.84	MH	5.00	bottle	3.80	19.00	0.84
		Sugar	30.00	kg	2.45	73.50	84.53	MH	30.00	kg	1.71	51.30	33.23
		Dhal	10.00	kg	2.18	21.80	25.07	MH	10.00	kg	1.65	16.50	8.57
		Rice	30.00	kg	2.60	78.00	89.70	Flour Mills	30.00	kg	1.33	39.90	49.80
		Maxi noodle	10.00	pkt	2.31	23.10	26.57	Ashabhai	10.00	pkt	1.50	15.00	11.57
		Maggie noodles	20.00	pkt	0.56	11.20	12.88	Flour Mills-(Chow)	20.00	pkt	0.49	9.89	2.99
		Salt	5.00	pkt	0.74	3.70	4.26	MH(907gm)	5.00	pkt	0.45	2.25	2.01
		Corn Flour	3.00	pkt	3.53	10.59	12.18	Ashabhai	3.00	pkt	4.45	13.35	(1.17)
		Tea	2.00	pkt	5.80	11.60	13.34	Ashabhai	2.00	pkt	5.41	10.82	2.52
		Powdered Milk	12.00	pkt	6.86	82.32	94.67	Fiji Dairy Ltd	12.00	pkt	5.10	61.20	33.47

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI – SEPTEMBER 2013

Cheque Number	Vendor	Item	Quantity	Quantity Type	Unit Cost (\$)	Total Cost (\$)	VIP amount(\$)	Contracted Vendor	Quantity	Quantity Type	VIP Unit Cost (\$)	VIP Total Cost (\$)	Variance from contracted price (\$)
		Cocoa	2.00	pkt	5.86	11.72	13.48	Ashabhai	2.00	pkt	4.48	8.96	4.52
		Baked Beans	6.00	tin	3.23	19.38	22.29	Ashabhai	6.00	tin	1.43	8.58	13.71
		Margarine	14.00	tub	3.28	45.92	52.81	Joos Farm/Ashabhai	14.00	tub	3.20	44.80	8.01
60301(C)	Fresh'tet International	Sugar	10.00	kg	2.45	24.50	28.18	MH	10.00	kg	1.71	17.10	11.08
30/12/12		Dhal	10.00	kg	2.18	21.80	25.07	MH	10.00	kg	1.65	16.50	8.57
13,080.94		Rice	20.00	kg	2.60	52.00	59.80	Flour Mills	20.00	kg	1.33	26.60	33.20
		Maggie noodles	10.00	pkt	0.56	5.60	6.44	Flour Mills-(Chow)	10.00	pkt	0.49	4.95	1.50
		Maxi noodle	20.00	pkt	2.31	46.20	53.13	Ashabhai	20.00	pkt	1.50	30.00	23.13
		Powdered Milk	12.00	pkt	6.85	82.20	94.53	Fiji Dairy Ltd	12.00	pkt	5.10	61.20	33.33
		Corn Flour	4.00	pkt	3.53	14.12	16.24	Ashabhai	4.00	pkt	4.45	17.80	(1.56)
		Salt	5.00	pkt	0.74	3.70	4.26	MH(907gm)	5.00	pkt	0.45	2.25	2.01
		Tea	2.00	pkt	5.80	11.60	13.34	Ashabhai	2.00	pkt	5.41	10.82	2.52
		Cocoa	5.00	pkt	5.86	29.30	33.70	Ashabhai	5.00	pkt	4.48	22.40	11.30
		Flour	15.00	kg	1.60	24.00	27.60	Punjias	15.00	kg	1.13	16.89	10.71
		Coffee	3.00	bottle	17.41	52.23	60.06	Ashabhai	3.00	(454g Tin)	25.78	77.34	(17.28)
		Cocoa	2.00	pkt	5.86	11.72	13.48	Ashabhai	2.00	pkt	4.48	8.96	4.52
		Margarine	10.00	tub	3.28	32.80	37.72	Joos Farm/Ashabhai	10.00	tub	3.20	32.00	5.72
		Cordial	2.00	gln	15.71	31.42	36.13	Motibhai(1galn=4.5L)	9.00	Litres	3.20	28.80	7.33
		Biscuit	2.00	bkt	26.09	52.18	60.01	Flour Mills	2.00	bkt	21.29	42.58	17.43
		Spaghetti	10.00	tin	3.23	32.30	37.15	Ashabhai	10.00	tin	2.45	24.50	12.65
		Soy Sauce	3.00	bottle	3.28	9.84	11.32	MH	3.00	bottle	2.10	6.30	5.02
		Margarine	5.00	pkt	6.91	34.55	39.73	Joos Farm	5.00	pkt	6.00	30.00	9.73

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI – SEPTEMBER 2013

Cheque Number	Vendor	Item	Quantity	Quantity Type	Unit Cost (\$)	Total Cost (\$)	VIP amount(\$)	Contracted Vendor	Quantity	Quantity Type	VIP Unit Cost (\$)	VIP Total Cost (\$)	Variance from contracted price (\$)
		Sunbell Tuna	10.00	tin	1.53	15.30	17.60	Ashabhahi	10.00	tin	1.47	14.70	2.90
		Cooking oil	7.00	bottle	3.45	24.15	27.77	MH	7.00	bottle	3.80	26.60	1.17
		Ice-cream	4.00	tub	6.78	27.12	31.19	Joos Farm/Ashabhahi	4.00	tub	5.93	23.72	7.47
60301(D)	Fresh'tet International	Margarine	10.00	tub	3.28	32.80	37.72	Joos Farm/Ashabhahi	10.00	tub	3.20	32.00	5.72
30/12/12		Cordial	3.00	gln	15.71	47.13	54.20	Motibhai(1galn=4.5L)	13.50	Litres	3.20	43.20	11.00
13,080.94		Biscuit	2.00	bkt	26.09	52.18	60.01	Flour Mills	2.00	bkt	21.29	42.58	17.43
		Spaghetti	10.00	tin	3.23	32.30	37.15	Ashabhahi	10.00	tin	2.45	24.50	12.65
		Soy Sauce	2.00	bottle	3.28	6.56	7.54	MH	2.00	bottle	2.10	4.20	3.34
		Mayonnaise	5.00	bottle	6.91	34.55	39.73	Ashabhahi	5.00	bottle	4.54	22.70	17.03
		Sunbell Tuna	10.00	tin	1.53	15.30	17.60	Ashabhahi	10.00	tin	1.47	14.70	2.90
		Cooking oil	8.00	bottle	3.45	27.60	31.74	MH	8.00	bottle	3.80	30.40	1.34
		Ice-cream	5.00	tub	6.78	33.90	38.99	Joos Farm/Ashabhahi	5.00	tub	5.93	29.65	9.33
		Sugar	20.00	kg	2.45	49.00	56.35	MH	20.00	kg	1.71	34.20	22.15
		Dhal	20.00	kg	2.18	43.60	50.14	MH	20.00	kg	1.65	33.00	17.14
		Rice	30.00	kg	2.60	78.00	89.70	Flour Mills	30.00	kg	1.33	39.90	49.80
		Maxi noodle	15.00	pkt	2.31	34.65	39.85	Ashabhahi	15.00	pkt	1.50	22.50	17.35
		Maggie noodles	20.00	pkt	0.56	11.20	12.88	Flour Mills- (Chow)	20.00	pkt	0.49	9.89	2.99
		Salt	5.00	pkt	0.74	3.70	4.26	MH(907gm)	5.00	pkt	0.45	2.25	2.01
		Com Flour	4.00	kg	3.53	14.12	16.24	Ashabhahi	4.00	pkt	4.45	17.80	(1.56)
		Tea	2.00	pkt	5.80	11.60	13.34	Ashabhahi	2.00	pkt	5.41	10.82	2.52
		Powdered Milk	10.00	pkt	6.86	68.60	78.89	Fiji Dairy Ltd	10.00	pkt	5.10	51.00	27.89
		Cocoa	3.00	pkt	5.86	17.58	20.22	Ashabhahi	3.00	pkt	4.48	13.44	6.78

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI – SEPTEMBER 2013

Cheque Number	Vendor	Item	Quantity	Quantity Type	Unit Cost (\$)	Total Cost (\$)	VIP amount(\$)	Contracted Vendor	Quantity	Quantity Type	VIP Unit Cost (\$)	VIP Total Cost (\$)	Variance from contracted price (\$)
		Coffee	3.00	bottle	17.41	52.23	60.06	Ashabhai	3.00	(454g Tin)	25.78	77.34	(17.28)
60301(E)	Freshet International	Soy Sauce	4.00	bottle	3.28	13.12	15.09	MH	4.00	bottle	2.10	8.40	6.69
30/12/12		Com Flour	4.00	pkt	3.93	15.72	18.08	Ashabhai	4.00	pkt	4.45	17.80	0.28
13,080.94		Vinegar	2.00	bottle	3.41	6.82	7.84	Ashabhai	2.00	bottle	2.40	4.80	3.04
		Jelly(200grams)	8.00	pkt	2.18	17.44	20.06	Ashabhai (4.80/2kg; \$0.96/200grams)	8.00	pkt	0.96	7.68	12.38
		Margarine	10.00	tub	2.62	26.20	30.13	Joes Farm/Ashabhai	10.00	tub	3.20	32.00	(1.87)
		Ice-cream	7.00	tub	6.78	47.46	54.58	Joes Farm/Ashabhai	7.00	tub	5.93	41.51	13.07
		Sugar	20.00	kg	2.45	49.00	56.35	MH	20.00	kg	1.71	34.20	22.15
		Rice	30.00	kg	2.60	78.00	89.70	Flour Mills	30.00	kg	1.33	39.90	49.80
		Salt	3.00	pkt	0.74	2.22	2.55	MH(907gm)	3.00	pkt	0.45	1.35	1.20
		Tea	2.00	pkt	5.60	11.20	12.88	Ashabhai	2.00	pkt	5.41	10.82	2.06
		Biscuit	1.00	bkt	26.09	26.09	30.00	Flour Mills	1.00	bkt	21.29	21.29	8.71
		Sunbell Tuna	10.00	tin	1.53	15.30	17.60	Ashabhai	10.00	tin	1.47	14.70	2.90
		Powdered Milk	10.00	pkt	6.85	68.50	78.78	Fiji Dairy Ltd	10.00	pkt	5.10	51.00	27.78
		Cooking oil	7.00	bottle	3.45	24.15	27.77	MH	7.00	bottle	3.80	26.60	1.17
		Cordial	2.00	gln	15.71	31.42	36.13	Motibhai(1galn=4.5L)	9.00	Litres	3.20	28.80	7.33
													974.10

Appendix 18.3: Overdrawn Operating Trust Fund Accounts

Account	Description	Amount As at 31/12/12 (\$)
1-19101-19999-861104	208 PD RENT H/A UNEST	2,260.49
1-19101-19999-861105	267 PD RENT PUBLIC RENTAL BRD	1,554.35
1-19101-19999-861106	390 PD GOV WATER RATES CHRGS	11,158.81
1-19101-19999-861202	241 PD CMLA	66,815.62
1-19101-19999-861204	244 PD-LICI	101,346.99
1-19101-19999-861207	247 PD BLUE SHIELD	183.42
1-19101-19999-861299	XXX PD OTHERS	365,461.01
1-19101-19999-861306	263 PD HOUSING AUTHORITY	12,902.08
1-19101-19999-861308	266 PD FDB HOUSING	23,985.10
1-19101-19999-861401	068/211 PD RENT REFUND	78,819.02
1-19101-19999-861511	301 PD FPS CREDIT UNION	12,978.37
1-19101-19999-861514	304 PD FIJI NURSING & ASS. CU	1,295.00
1-19101-19999-861520	311 PD SAVUSAVU CREDIT UNION	439.20
1-19101-19999-861525	316 PD SERVICE WORKER CU	62.95
1-19101-19999-861532	YYY PD PUBLIC EMPLOYEE UNION	211.20
1-19101-19999-861534	254 PD UNITY INSURANCE- FTU	15.00
1-19101-19999-861535	DOMINION FINANCE LIMITED	2,215.75
1-19101-19999-861599	XXX PD OTHERS0	1,004,006.40
1-19101-19999-861601	341 PD MAINT-SUVA	14,473.44
1-19101-19999-861602	342 PD MAINT-NAUSORI	302.30
1-19101-19999-861605	345 PD MAINT-BA	324.00
1-19101-19999-861606	346 PD MAINT-LAUTOKA	1,474.00
1-19101-19999-861607	347 PD MAINT-NADI	400.00
1-19101-19999-861608	348 PD MAINT-SIGATOKA	325.00
1-19101-19999-861609	349 PD MAINT-LABASA	693.00
1-19101-19999-861610	350 PD MAINT-LEVUKA	60.00
1-19101-19999-861614	355 PD MAINT-SUVA DOMESTIC	60.00
1-19101-19999-861701	357 PD RATES-SUVA	6,554.96
1-19101-19999-861702	364 PD RATES-NAUSORI	808.31
1-19101-19999-861706	361 PD RATES-LAUTOKA	24.99
1-19101-19999-861707	360 PD RATES-NADI	38.00
1-19101-19999-861716	XXX PD RATES-NASINU	35,049.38
1-19101-19999-861799	XXX PD RATES-OTHER	1,194.88
1-19101-19999-861801	410 PD RENT SPECIAL GRADE	2,387.78
1-19101-19999-861901	201 PD TAX ARREARS / PAYE	360,086.14
1-19101-19999-861902	204 PD DEPST A/C RECOVERABLE	2,338.00
1-19101-19999-861911	385 PD SPORTS & SOCIAL	5,832.85
1-19101-19999-861913	387 PD RFA IDC SALARIES	62,473.63
1-19101-19999-861920	501 P D EMPLOYEES FNPF	3,451,005.64
1-19101-19999-861999	YYY PAYROLL DEDUCTION MISCEL	150,563.51
1-19101-19999-863201	VAT ON REVENUE	1,930.02
Total		5,784,110.59

Section 19

Fiji Police Force

Role and Responsibilities

The Fiji Police Force is responsible for the formulation and implementation of policies related to national defence, domestic security, public order, citizenship, maritime surveillance, passports, residency, national day celebrations and responding to natural disasters. The targeted outcome(s) and output(s) in relation to the above responsibilities are achieved by maintaining law and order and upholding the rule of law effectively and efficiently, redressing the law and order situation, enhancing the operation of the courts and improving access to justice to strengthen and uphold the rule of law and ensuring peace and prosperity.

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PART A: FINANCIAL STATEMENTS

19.1 Audit Opinion

The audit of the 2012 accounts of the Fiji Police Force resulted in the issue of a qualified audit report. The issues qualified are as follow:

- The drawings bank account reconciliation was not performed properly to account for the payments made and consequently the cheques issued, cheques presented and the unpresented cheques as at 31/12/12. As such the completeness and accuracy of payments made and recorded in the Statement of Receipts and Expenditure could not be ascertained to be fairly stated.
- The Board of Survey was not carried out contrary to section 49 (1) and (2) of the Finance Instructions 2010. As such the completeness and accuracy of losses recorded in the Statement of Losses cannot be ascertained.

Management attention was also drawn to the following matters:

- The operating trust fund account had an accumulated balance of \$2.9 million, of which \$2.1 million relates to Fiji National Provident Fund employee contributions and Value Added Tax (VAT) collected on revenue. There were trust payments made from the operating fund account instead of the trust fund account resulting in the accumulation of trust fund account balances and overstated operating expenditure reflected in the Statement of Receipts and Expenditure.
- Expenditure totalling \$1.3 million was incurred in excess of the appropriation act for Established Staff and Capital Construction contrary to Section 14 (1) of the Financial Management Act 2004 and Section 7 of the Finance Instructions 2010.
- Outstanding revolving fund account balance totalling \$752,227 was not reconciled and recorded to the relevant expenditure allocations during the year, thus, understating expenditure reflected in the Statement of Receipts and Expenditures for the Force.

19.2 Statement of Receipts and Expenditure

The Force collected revenue totalling \$1,843,976 and incurred expenditure totalling \$84,394,422 in 2012. Refer Table 19.1 for details.

Table 19.1: Statement of Receipts and Expenditure for 2012

Description	2012 (\$)	2011 (\$)
RECEIPTS		
Police Clearance Fees	1,597,049	1,658,016
Licenses Fees	156,589	150,919
Other Agency Revenue	90,338	46,842
TOTAL REVENUE	1,843,976	1,855,777
EXPENDITURE		
Operating Expenditure		
Established Staff	68,902,927	64,391,677
Government Wage Earners	591,575	451,962
Travel & Communications	3,249,311	3,381,313
Maintenance & Operations	5,623,676	4,896,422
Purchase of Goods & Services	2,357,360	2,093,661
Operating Grants & Transfers	79,992	35,711
Special Expenditures	502,234	525,777
Total Operating Expenditure	81,307,075	75,776,523
Capital Expenditure		
Construction	253,816	241,542
Purchases	1,008,741	414,824
Total Capital Expenditure	1,262,557	656,366
Value Added Tax	1,824,790	1,539,933
TOTAL EXPENDITURE	84,394,422	77,972,822

Total expenditure increased by \$6,421,600 or 8% in 2012 compared to 2011 due to the adjustment of three percent increase in salaries of civil servants and an additional six percent increase in pay for police officers following the review of the last phase of the Job Evaluation Exercise.

In addition capital purchases were made for the automated finger print system, drug analysis machine, medical, pathologist and standard equipment's and the purchase of forensic science equipment.

19.3 Appropriation Statement

The Force incurred expenditure totalling \$84,394,422 against the revised budget of \$84,414,165 resulting in a savings of \$19,743 or 0.02%.

Details of expenditure against the budget estimate are provided in Table 19.2.

Table 19.2: Appropriation Statement for 2012

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	Operating Expenditure					
1	Established Staff	67,607,294	---	67,607,294	68,902,927	(1,295,633)
2	Government Wage Earners	616,579	---	616,579	591,575	25,004
3	Travel & Communications	3,468,020	(173,898)	3,294,122	3,249,311	44,811
4	Maintenance & Operations	5,091,600	1,071,665	6,163,265	5,623,676	539,589
5	Purchase of Goods & Services	2,610,002	(101,630)	2,508,372	2,357,360	151,012
6	Operating Grants & Transfers	90,000	---	90,000	79,992	10,008
7	Special Expenditures	1,021,750	(431,079)	590,671	502,234	88,437
	Total Operating Expenditure	80,505,245	365,058	80,870,303	81,307,075	(436,772)
	Capital Expenditure					
8	Construction	1,000,000	(752,760)	247,240	253,316	(6,576)
9	Purchases	1,568,595	(303,674)	1,264,921	1,008,741	256,180
	Total Capital Expenditure	2,568,595	(1,056,434)	1,512,161	1,262,558	249,604
13	Value Added Tax	2,206,000	(174,299)	2,031,701	1,824,790	206,911
	TOTAL EXPENDITURE	85,279,840	(865,675)	84,414,165	84,394,422	19,743

A total of \$865,675 was redeployed by Cabinet from the budget of the Fiji Police Force to other ministries and departments.

PART B: AUDIT FINDINGS

19.4 Salary and Wages Processes not Adequately Performed

The *Force Accountant* is responsible for the safekeeping and proper maintenance of all accounting records or documents.¹ The payroll report shall be handed to the *Assistant Accounts Officer Ledgers* or *Clerical Officer* who is responsible for preparing the salary reconciliation (this officer must not be involved in the payment process or the preparation of input forms).²

The salary reconciliation must reconcile the difference between the previous fortnight payroll report and the current report, and must be prepared prior to each pay date. The salary reconciliation shall be signed by the *Deputy Force Accountant* to the Ministry of Finance, within one week from the pay date.³

Each year the appropriation act and the budget estimates set out details of the appropriations that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the proper authorisation of the Ministry of Finance, pending approval by Cabinet.⁴ Expenditure of money appropriated by an appropriation act from the

¹ Fiji Police Force, Finance Manual 2011 – Section 17.1.3

² Fiji Police Force, Finance Manual 2011 – Section 4.6.3

³ Fiji Police Force, Finance Manual 2011 – Section 4.6.4 and 4.6.5

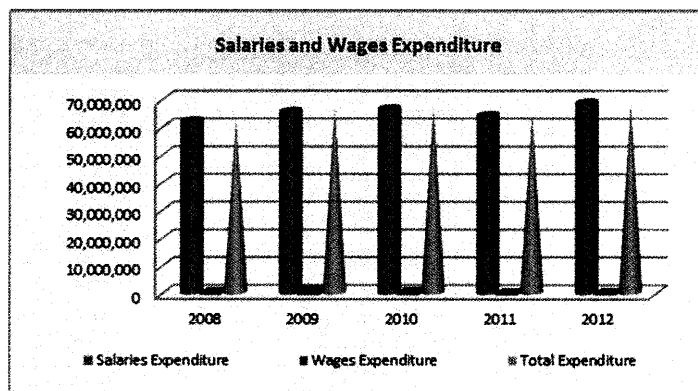
⁴ Finance Instructions 2010 – Section 7

consolidated fund or any other fund may be incurred only in accordance with the authorisation effected by the appropriation act.⁵

The Force salaries and wages expenditure totalled \$69.5 million in year 2012 compared to \$64.8 million in 2011, an increase by \$4.7 million or 7%. Refer Table 19.3 for details.

Table 19.3: Salaries & Wages over the 5 Year Period

Year	Salaries Amount (\$)	Wages Amount (\$)	Total (\$)	% Change
2008	62,367,530	683,447	63,050,977	---
2009	65,857,555	1,578,012	67,435,567	7.0
2010	66,787,063	791,351	67,578,414	0.2
2011	64,391,677	451,962	64,843,639	(4.0)
2012	68,902,927	591,575	69,494,502	7.2



The following anomalies were noted in the payment of wages and salaries:

- Actual expenditure totaling \$68,902,927 was incurred against the revised budget of \$67,607,294 for Standard Expenditure Group (SEG) 1, resulting in an over-expenditure totaling \$1,295,633;
- The reconciliation for salary totaling \$8 million was not prepared on time;
- The reconciliations were not certified by the Senior Accounts Officer;
- Reconciliation for pay 16/12 totaling \$2 million was not provided during audit. Refer Table 19.4 for details.

Table 19.4: Late Preparation of Reconciliations – Established Staff

Pay No.	Total Officers Paid	Amount Paid (\$)	Pay Date	Reconciliation Date	Audit Remarks
13	2,715	2,064,065	21/06/12	07/08/12	Pay was reconciled after 3 months
16	2,685	2,046,527	02/08/12		Not Provided
25	2,633	2,001,892	06/12/12	03/01/13	Pay was reconcile after 1 month & were not certified by the Senior Accounts Officer
26	2,641	2,028,934	20/12/12	08/01/13	
Total	10,674	8,141,418			

- Certified salary and wages reconciliations totaling \$1.4 million were not maintained for the Special Constables and the Government Wage Earners respectively. Refer Table 19.5 for details.

Table 19.5: Details of Unsubstantiated GWE and SC Reconciliations

Pay No.	Total Officers Paid	Amount Paid (\$)	Pay Date	Reconciliation Date
<i>Government Wage Earner (GWE)</i>				
1	70	10,533	04/01/12	Not Provided for audit verifications
15	72	12,454	11/04/12	Not Provided for audit verifications

⁵ Financial Management Act 2004 – Section 14 (1)

Pay No.	Total Officers Paid	Amount Paid (\$)	Pay Date	Reconciliation Date
24	72	11,931	03/06/12	Not Provided for audit verifications
51	115	18,771	19/12/12	Not Provided for audit verifications
<i>Special Constables (SC)</i>				
7	Not Provided	363,599	13/01/12	Not Provided for audit verifications
10	Not Provided	349,372	27/07/12	Not Provided for audit verifications
22	Not Provided	337,949	30/11/12	Not Provided for audit verifications
26	Not Provided	333,250	28/12/12	Not Provided for audit verifications
Total		1,437,859		

- A variance of \$45,166 in the salary reconciliation, for pay 16/12, performed by the Force and the salary paid was noted. A total of 2,658 officers were paid.

Table 19.6: Unreconciled Variance - Pay 16/2012

Reconciliation	Amount (\$)
Force's Reconciliation	2,046,527
System Reconciliation	2,001,361
Variance	45,166

The above shows the laxity of the Force Accountant in ensuring timely reconciliations and due care of the funds expended.

In the absence of timely reconciliations and certification of reconciliations, the management of the Force will not be able to detect possible irregularities in the payment of salaries and wages.

Recommendations

- **The Force Accountant should ensure that salary and wages reconciliation are performed on a timely basis and filed accordingly.**
- **The Force Accountant should ensure that expenditure is incurred within the appropriation and over-expenditure is authorized in accordance with Section 7 of the Finance Instructions 2010.**
- **The Force Accountant should ensure strict compliance with Section 17.1.3 of the Finance Manual 2011.**
- **The Deputy Commissioner of Police should ensure that the wages and salary reconciliation not prepared by the Force are investigated and variances rectified through its internal audit division.**

Force Comments

We have strengthened our process for 2013. Therefore salary and wages reconciliations will be closely monitored by Deputy Force Accountant and Accounts Officer. The 2012 salary and wages reconciliations are available with the reconciliation clerks for audit verification, copies were also submitted to Ministry of Finance. For the past years the Force was under budgeted in SEG 1.

We agree with your findings of over expenditures incurred in SEG 1 for the past years because the Fiji Police Force was under provisioned in SEG 1. Salary and allowances were not provided as per approved establishment and their entitlement. Further, FNPF was not factored in allowances (entitled to police officers as per Cap 85) but only on the basic annual salary. Moreover, the Special Constabulary allocation was also under budgeted which is also paid out from SEG 1. These issues have been corrected in this year's 2013 budget with increase in the budgetary provisions amounting to \$4.8m. Further, due to upgrade of civilian salaries and SCs & GWEs wages (minimum \$10,000 and 10% increases for SCs & GWE) and for the 110 police officers new recruits

because once passed out parade, they will be paid allowance in accordance with Laws of Fiji Cap 85. As a result we have also requested additional funds in the 2014 budget submissions.

For your information, the SEG I overpayment should be ironed out provided the Force is given the Budgetary provisions in accordance with budgetary submissions every year

Further OAG Comments

The Fiji Police Force was not able to provide the salary and wages reconciliations report during further audit verification carried out on 06/09/13 following the management comments.

19.5 Unverified Accounting Records

The *Force Accountant* is responsible for the safekeeping and proper maintenance of all accounting records or documents of the agency.⁶ The need to improve record management in all agencies is vital for promoting good governance, transparency and accountability in the public sector. It is the responsibility of all staff hierarchy levels in each agency to integrate proper record management upkeep.⁷

A handing over statement should outline the details of what is being handed over.⁸ Journal vouchers shall be used to correct accounting errors and make other required transfers between accounts.⁹ Only the *Force Accountant* and *Deputy Force Accountant* shall approve journal adjustments, thus, journal vouchers must also be numbered in sequential order. Supporting documents shall be attached to the voucher.¹⁰

Within one week of the end of each month, the *Assistant Commissioner of Police, Administration and Finance* shall submit to the *Deputy Commissioner of Police* the internal control report.¹¹

The audit was not provided payment vouchers and its supporting documents for expenditure recorded in the general ledger totalling \$1.6 million. Refer Table 19.7 for details.

Table 19.7: Unverified Payment Vouchers

Date	Payment Voucher Number	Allocation	Amount (\$)
15/06/12	684643	1-20104-20101-050151	12,534
31/12/12	690837	1-20104-20101-050100	12,010
25/09/12	687357	1-20101-20101-050304	12,512
31/12/12	690196	1-20103-20101-050311	12,942
31/10/12	688313	1-20101-20101-080423	10,895
02/08/12	685899	1-20101-20101-090132	58,000
03/07/12	685156	1-20101-20101-090155	26,855
31/12/12	690708	1-20104-20101-059102	264,258
09/03/12	682040	1-20106-20101-059144	16,074
07/09/12	686967	1-20106-20101-059144	230,014
23/11/12	689037	1-20106-20101-059144	104,043
03/12/12	689395	1-20106-20101-059144	13,236
31/12/12	690704	1-20106-20101-059144	143,100
03/08/12	685909	1-20106-20101-059144	500

⁶ Fiji Police Force, Finance Manual 2011 – Section 17.1.3

⁷ PSC Circular 10/2011

⁸ Fiji Police Force, Finance Manual 2011 - Schedule 3, Page 57

⁹ Fiji Police Force, Finance Manual 2011 – Section 15.1.1

¹⁰ Fiji Police Force, Finance Manual 2011 – Section 15.1.2 and 15.1.3

¹¹ Fiji Police Force, Finance Manual 2011 – Section 16.1.10

Date	Payment Voucher Number	Allocation	Amount (\$)
10/02/12	681334	1-20101-20101-060401	40,000
16/05/12	683799	1-20101-20101-060401	40,000
16/05/12	683808	1-20101-20101-070803	12,078
23/05/12	684057	1-20101-20101-070803	11,316
20/06/12	684754	1-20101-20101-070803	3,432
20/06/12	684755	1-20101-20101-070803	3,432
20/06/12	684756	1-20101-20101-070803	3,432
20/06/12	684757	1-20101-20101-070803	3,432
20/06/12	684758	1-20101-20101-070803	3,432
20/06/12	684759	1-20101-20101-070803	3,432
20/06/12	684760	1-20101-20101-070803	3,432
20/06/12	684761	1-20101-20101-070803	3,432
20/06/12	684762	1-20101-20101-070803	3,432
13/07/12	685437	1-20103-20101-071112	10,000
19/12/12	689999	1-20104-20101-071224	17,798
Total			1,079,053

(The list is not exhaustive, only a sample of payment vouchers was selected)

In addition journal vouchers totalling \$525,807 and its supporting documents were not provided during audit. Refer Table 19.8 for details.

Table 19.8: Unverified Journal Vouchers

JV Reference	Debit Allocation	Credit Allocation	Amount (\$)
12/2012 – 63122	1-20101-20101-536101	1-20106-20101-030401	251,468
12/2012 – 63123	1-20106-91011-130101	1-20101-20101-130101	1,937
12/2012 – 63123	1-20106-91011-130101	1-20104-20101-130101	2,162
12/2012 – 63123	1-20106-20101-040321	1-20104-20101-050151	12,913
12/2012 – 63123	1-20106-20101-040321	1-20104-20101-050151	14,414
09/2012 – 063087	1-20101-20101-130101	1-20106-20101-059144	206,265
	1-20103-20101-059999		
	1-20103-20101-130101		
	1-20105-20101-130101		
	1-20105-91011-030402		
	1-20106-20101-040102		
	1-20106-20101-040299		
	1-20106-20101-040321		
	1-20106-20101-040362		
	1-20106-20101-040422		
	1-20106-20101-040522		
	1-20106-20101-059999		
11/2012 – 063105	1-20106-91011-030401	1-20106-20101-059144	23,285
	1-20106-20101-040321		
	1-20106-20101-040201		
	1-20106-20101-030101		
	1-20105-20101-130101		
	1-20105-20101-040299		
	1-20101-20101-130101		
	1-20101-20101-050304		
11/2012 – 063105		1-20106-20101-130101	160
	1-20106-20101-040362	1-20106-20101-059144	13,203
Total			525,807

According to the Force, some of the payment vouchers have been taken by the Special Investigation Unit (SIU). However, the handover statement of the vouchers taken was not provided during the audit.

The above shows the laxity of the accounts section in maintaining and monitoring records to retrieve with ease without delays.

In the absence of records and monitoring, the expenditure was unverified and could be deliberate to conceal fraudulent activities.

Recommendations

- **The Force Accountant should strictly comply with Section 17.1.3 of the Finance Manual 2011.**
- **The Assistant Commissioner of Police, Administration and Finance should carry out checks on a monthly basis of records and documents.**
- **The Deputy Commissioner of Police should ensure that the unverified journals and payment vouchers are reviewed by the Force's Internal audit section to ensure that payments and journals raised are not fraudulent.**

Force Comments

The source documents were taken by Special Investigation Unit (SIU) due to investigation purpose. All missing vouchers are recorded by the filing clerk and Force Accountant is also notified on this. The payment vouchers that were misplaced have been located and are available for your audit verification. Due to several police investigations, the payment vouchers were taken for investigations. However, the Force Accountant has instructed the responsible officers to ensure that all accounting records are properly and securely maintained and for any vouchers taken for police investigations, etc., proper records are to be maintained with the Force Accountant.

Further OAG Comments

The Fiji Police Force was not able to provide the unverified payment and journal vouchers during further audit verification carried out on 06/09/13 following its management comments.

19.6 Unsupported Payments and Journals Raised

The *Force Accountant* is responsible for the safekeeping and proper maintenance of all accounting records or documents of the agency.¹² The procurement of any goods, services or work required by Ministries or Department must be initiated either by the issue of a purchase order for any purchases of goods, services or works made locally or by the issue of an indent for any purchase of goods from overseas.¹³ A minimum of three competitive quotes must be obtained for the procurement of goods, services or works valued at \$100 and more but \$30,000 and less.¹⁴ The *Force Accountant* or the *Senior Accountant* must not certify a payment as correct unless they are satisfied that it is in accordance with an order, invoice or other authorization.¹⁵

Only the *Force Accountant* and *Deputy Force Accountant* shall approve journal adjustments and supporting documents shall be attached to the journal voucher which should be filed.¹⁶ Within one

¹² Fiji Police Force, Finance Manual 2011 – Section 17.1.3

¹³ Procurement Regulations 2010 – Section 21 (3)

¹⁴ Finance Instructions 2010 – Section 29

¹⁵ Fiji Police Force, Finance Manual 2011 – Section 2.8.4

¹⁶ Fiji Police Force, Finance Manual 2011 – Section 15.1.1 to 15.1.7

week of the end of each month, the *Assistant Commissioner of Police, Administration and Finance* shall submit to the *Deputy Commissioner of Police* the internal control report.¹⁷

The audit of payment records noted that the following documents were not attached with the payment and journal vouchers to support that payments have been made with due care, economy and in compliance to the procurement and accounting regulations.

- Absence of three competitive quotations;
- Local Purchase orders were not raised;
- Invoices or statement of account for payment were not attached;
- Receipts were not attached for payment made to suppliers;
- Payments were made on proforma invoice without justification; and
- Lacked supporting documents for the journals raised to correct accounting errors.

Refer Table 19.9 and 19.10 for details of payment and journal vouchers reviewed.

Table 19.9: Breach of Procurement Regulations

Date	Payment Voucher Number	General Ledger Account	Amount (\$)	Audit Remarks
10/12/12	689638	1-20104-20101-050141	17,600	Absence of competitive quotation and Local Purchase Order. Items were received on 28/09/12 via delivery no. 9094
12/04/12	682831	1-20103-20101-050311	14,299	Absence of LPO and payment made on proforma invoice.
01/02/12	681144	1-20103-20101-050311	4,804	Absence of invoice, quotations, receipt of payment made and acquittal of payment.
12/07/12	685368	1-20106-20101-059144	78,086	Absence of Statement of Account
27/07/12	685774	1-20101-20101-040522	220	Statement of bill not attached
12/04/12	689401	1-20101-20101-861210	81,181	Payments for Police Welfare scheme, however payment voucher not provided.
12/5/12	689495	1-20101-20101-861210	26,099	Payments for Police Welfare scheme, however payment voucher not provided.
12/10/12	689615	1-20101-20101-861517	69,396	Payments to Police Service Credit Union, however payment voucher not provided.
12/10/12	689616	1-20101-20101-861210	78,711	Payments for Police Welfare scheme, however payment voucher not provided.
12/13/12	689747	1-20106-20101-010302	57,959	Payment of salaries to ANZ Bank, however payment voucher not provided.
12/31/12	690784	1-20106-20101-040102	61,794	Payment to Total Fiji Ltd, however payment voucher not provided.
Total			490,149	

Table 19.10: Breach of Accounting Journal Regulations

Journal Voucher Reference	Debit Allocation	Credit Allocation	Amount (\$)
05/09/12 – 63091	1-20101-20101-090151	1-20101-20101-536101	206,814
11/09/12 – 63091	1-20101-20101-090151	1-20101-20101-536101	20,430
02/12/12 – 63132	1-20101-20101-090155	1-20101-20101-536101	45,329
01/12/12 – 63144	1-20101-20101-050133	1-20101-20101-536101	11,780
05/12/12 – 63150	1-20101-20101-090155	1-20101-20101-536101	24,358
04/12/12 – 63132	1-20101-20101-090155	1-20101-20101-536101	7,855

¹⁷ Fiji Police Force, Finance Manual 2011 – Section 16.1.10

Journal Voucher Reference	Debit Allocation	Credit Allocation	Amount (\$)
03/09/12 – 63091	1-20101-20101-090154	1-20101-20101-536101	80,223
04/09/12 – 63091	1-20101-20101-090154	1-20101-20101-536101	11,241
07/12/12 – 63091	1-20101-20101-090154	1-20101-20101-536101	53,000
Total			461,030

The above shows a blatant disregard to procurement and accounting regulations for record keeping within the Force.

As such, procurement and journals raised cannot be deduced to be made without being fraudulent in nature.

Recommendations

- The Force Accountant and Senior Accountant should ensure that payments are only authorized in accordance to section 2.8.4 of the Finance Manual and section 29 of the Finance Instruction 2010.
- The Force Accountant should check and report on a monthly basis on the record keeping of the payment and journal vouchers within the Force.
- The Assistant Commissioner of Police, Administration and Finance should monitor the records maintained through the internal control report provided in accordance to section 16 of the Finance Manual.
- Disciplinary action should be instigated upon officers for failure to maintain accounting records and documentations.
- The Deputy Commissioner of Police should ensure that the unverified journals and payment vouchers are reviewed by the Force's Internal audit section to ensure that payments and journals raised are not fraudulent.

Force Comments

With reference to Table no. 19.10, the clearance of indents is correctly cleared through journals via our IDC allocation, after receiving the form S from Fiji Procurement Office of Ministry of Finance, however the Force Accountant will ensure all journal vouchers are verified and signed before posting through the FMIS, with relevant documents as attachment.

The Force will ensure to obtain at least three competitive quotes for purchases of goods and services costing more than \$1000 (revised) before services are rendered. The Force will take appropriate disciplinary actions against officers for purchasing goods and services without obtaining quotations or noncompliance with Finance Instructions.

19.7 Un-reconciled and Falsified Entries as Unpresented Cheques

All bank accounts must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.¹⁸ The administrative staff and clerical officers shall enter details of all cheques drawn into a payment cashbook before they are issued. The payment cashbook shall contain details of the payee, payment date, ledger account, cheque details and the amount paid.¹⁹

¹⁸ Finance Instructions 2010 – Section 32 (6)

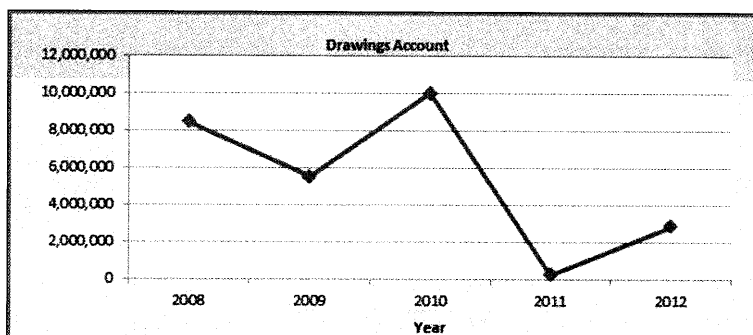
¹⁹ Fiji Police Force, Finance Manual 2011 – Section 2.8.10

The *Commissioner of Police* must appoint a Board of Survey to conduct a physical stock take of all cash on hand and other stocks held in safes at least once a year.²⁰ Ministries/departments are required to plan their expenditures well in order to avoid the accumulation of unrepresented cheques at year end.²¹ The *Assistant Commissioner of Police, Administration and Finance* shall appoint two compliance officers (Principal Auditor and Senior Examiner of Accounts) to conduct monthly reviews of the existing internal controls associated with accounting functions within the agency.²²

As at 31/12/12, unrepresented cheques totalled \$2,887,012 compared to \$271,267 in 2011, an increase of \$2,615,745. Refer Table 19.11 for details of balances over the five year period.

Table 19.11: Unrepresented Cheques over the 5 Year Period²³

Year	Amount (\$)	Increase / (Decrease)
2008	8,477,570	3,713,415
2009	5,554,381	(2,923,188)
2010	10,014,288	4,459,907
2011	271,267	(9,743,021)
2012	2,887,012	2,615,745



The audit noted the following anomalies:

- Unexplained variance of \$181,129 was noted between the drawing account reconciliation performed by the Force and the general ledger record. Refer Table 19.12 for details.

Table 19.12: Variance between the Drawings Account Reconciliation and the General Ledger

Particulars	Force Reconciliation (\$)	General Ledger Balance (\$)	Variance (\$)
Opening Balance	266,813	271,267	(4,454)
Add Credit (Cheques Issued)	39,440,062	44,950,234	(5,510,172)
Less Debit (Cheques Presented)	36,638,735	42,334,490	(5,695,755)
Closing Balance	3,068,140	2,887,012	181,129

- In spite of such variances, the drawings reconciliations were certified as correct by the Senior Accountant and the Force Accountant.
- The Force does not record payments into the cash book but rather print the payment details from the Finance Management Information System and paste onto the cashbook. As such, the independent check for the cheques issued to that recorded in system cannot be carried out and thus, the unreconciled unrepresented cheques.
- False unrepresented cheques and its details totalling \$155,644 was recorded in the drawings account reconciliation which was certified correct by the Senior Accountant and the Force Accountant. Refer Table 19.13 for details.

²⁰ Finance Instructions 2010 – Section 31 (5)

²¹ Finance Circular 13/2012 dated 19/10/12, paragraph 5.1.3

²² Fiji Police Force, Finance Manual 2011 – Section 16.1.8

²³ Financial Management Information System, General Ledger Account Number 1-20000-00000-530000, accessed on 26/04/13

Table 19.13: Falsified Records in Drawings Account Reconciliation for the Month of December

Date	Cheque Number	Amount as per Drawing Reconciliation (\$)	Amount as per FMIS (\$)	Variance (\$)
12/12/12	689709	20,087	2,007	18,080
20/12/12	690057	11,114	1,114	10,000
31/12/12	690838	124,443	829	123,614
Total		155,644	3,950	151,694

- In addition, the annual board of survey for the drawings account was not certified.

The above anomalies indicate that the Force Accountant failed to record, reconcile and maintain the cheques raised.

Hence, there could be a possibility of cheques been raised fraudulently, thus, overstating the expenditure recorded in the Statement of Receipts and Expenditure.

Recommendations

- The Force Accountant and the Senior Accountant should supervise the performance of the drawings reconciliations, ensuring that balances are reconciled to the general ledger;
- The Force Accountant and the Senior Accountant should genuinely check reconciliations performed before certifying as correct;
- The administrative and clerical officers should ensure that a payment cash book is maintained and recorded for each cheque prior to its issue;
- The Commissioner of Police should ensure that annual board of survey is certified.
- The Assistant Commissioner of Police, Administration and Finance should instigate an investigation immediately for the falsified records noted in the Drawing Account reconciliations.

Force Comments

- In addition to FMIS (AP470) records, the Fiji Police Force now maintains a manual cash book for reconciliation of drawings account against the system generated figures.
- Proper supervision will be done on the reconciliation submitted by the reconciliation clerk.
- The Accounts officer is assigned to check, verify reconciliations in detailed before submitting to FA.
- The Annual Board of Survey was certified and sent to Ministry of Finance; however the copies produced for audit were not signed.
- Proper training will be conducted to accounting officers for reconciliation of drawings account, including FMIS.

19.8 Stale Cheques

If cheques remain in the unpresented cheque list for more than three months, the *Force Accountant* must attempt to locate the payees and have their cheques presented before they become stale.²⁴

Stale cheques (those which are at least 6 months old) must be reviewed each month to determine the need for a replacement cheque. Where a replacement cheque is not required, action should be taken to clear it.²⁵

²⁴ Fiji Police Force, Finance Manual 2011 – Section 6.5.1

²⁵ Finance Instruction 2010 – Section 33(3)

A total of \$35,928 in un-presented cheques was over six months old. A detailed list of stale cheques is shown in Appendix 19.1

The above indicates that stale cheques were not regularly reviewed to determine whether adjustments or a replacement cheque is required. Also, stale cheques misstate current expenditure recorded in the Statement of Receipts and Expenditure in the agency financial statement.

Recommendation

The Force Accountant should ensure that cheques are cleared when it becomes stale. If the payee is identified, a replacement cheque should be written, otherwise appropriate adjustments should be made in the accounts to clear the stale cheques.

Force Comments

- *Cheques that are more than 6 months old will be written off on monthly basis.*
- *Stale cheques for 2012 will be journalized in 2013.*
- *FMIS is assisting Force to clear*

19.9 Un-reconciled Operating Trust Fund Accounts

Where charges are for payments to organizations through salary deductions, the relevant creditor account shall be credited. When actual payment is made to the organization, the creditor account shall be debited.²⁶

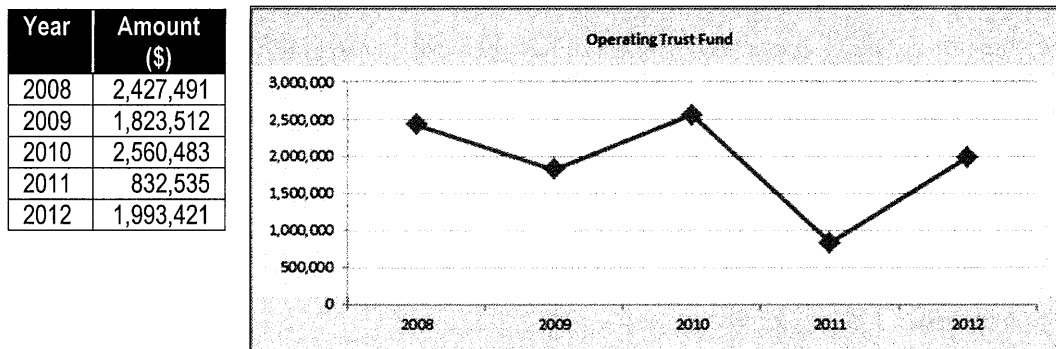
Within five days after the end of each month, the *Assistant Accounts Officer Ledgers* shall prepare a trust reconciliation to reconcile trust account balances to the ledger total. Details of balances must be attached to the reconciliation statement. The *Deputy Force Accountant* shall certify and date the reconciliation statement after ensuring that all balances in the statement are verified to supporting documents. The *Force Accountant* must submit the trust reconciliation to the *Deputy Commissioner of Police* within ten days of the end of the month.²⁷

As at 31/12/12, the operating trust fund account had a balance of \$1,993,421 compared to \$832,535 in 2011, an increase of \$1,160,886. These comprise of direct payroll deductions for police welfare scheme, police service credit union, deductions for Wesram Finance, Fiji National Provident Fund contributions and VAT collected in trust to be remitted to FRCA.

Refer Table 19.14 for details of balances over the five year period.

²⁶ Fiji Police Force, Finance Manual 2011 – Section 4.7.3

²⁷ Fiji Police Force, Finance Manual 2011 – Section 14.4.1 to 14.4.4

Table 19.14: Trust Fund Account over the Five Year Period²⁸

The audit noted the following anomalies in the operating trust fund account:

- Of the 67 operating trust fund accounts, 11 accounts were dormant. Refer Table 19.15 for details.

Table 19.15: Dormant Trust Fund Accounts

Account Number	Description	Dormant From	Amount (\$)
1-20101-20101-861310	396 PD FAB Loan Receivable	2008	1,284
1-20101-20101-861524	315 PD Central Credit Union	2008	115
1-20101-20101-861814	419 PD Rent Grade IV	2008	48
1-20101-20101-861609	349 PD Maintenance – Labasa	2009	310
1-20101-20101-861307	264 PD Home Finance Company	2010	1,566
1-20101-20101-861521	312 PD Sacred Heart CU	2010	2,414
1-20101-20101-861532	YYY PD Public Employee Union	2010	410
1-20101-20101-861603	343 PD Maintenance – Rakiraki	2010	140
1-20101-20101-861611	351 PD Maintenance – Savusavu	2010	80
1-20101-20101-861207	247 BSP Health Care	2011	596
1-20101-20101-861913	387 PD RFA IDC Salaries	2011	33,599
Total			40,562

- Thirty – three (33) of the operating trust fund accounts were overdrawn during the year;
- Overdrawn balance has increased by \$249,786 or 34% compared to 2011. Refer Table 19.16 for the schedule of overdrawn trust fund accounts:

Table 19.16: Overdrawn Trust Fund Accounts

Account Number	Description	2012 (\$)	2011 (\$)
1-20101-20101-861104	208 PD Rent H/A Unestablished	19,761	12,884
1-20101-20101-861105	267 PD Rent Public Rental Board	8,402	4,680
1-20101-20101-861106	390 PD Govt Water Rates Charges	81	(2,729)
1-20101-20101-861202	241 PD CMLA	84,530	61,146
1-20101-20101-861204	244 PD-LICI	143,759	95,502
1-20101-20101-861206	246 PD Marsh & McLennan	47,189	47,233
1-20101-20101-861210	250 PD Police Welfare Scheme	280,097	105,681
1-20101-20101-861306	263 PD Housing Authority	4,435	3,313

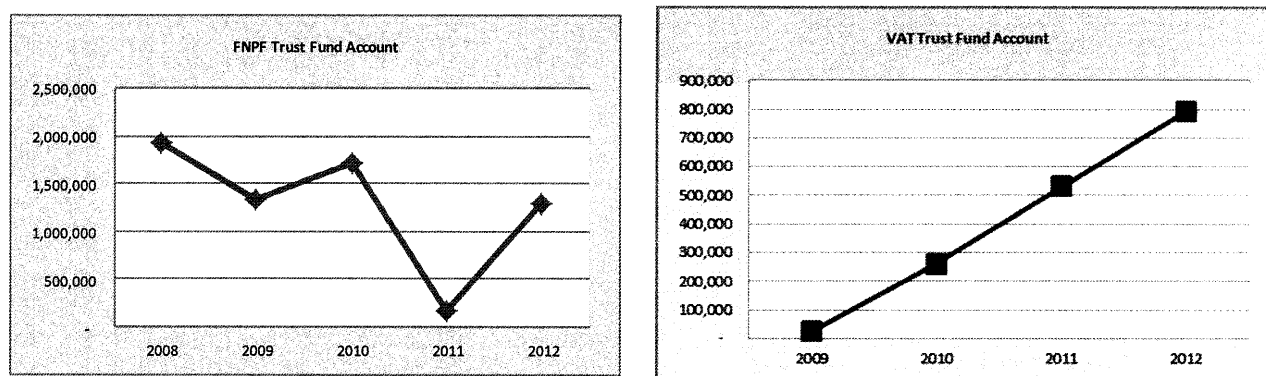
²⁸ Financial Management Information System, General Ledger, Account Number, 1-20000-00000-860000, accessed on 30/05/2013

Account Number	Description	2012 (\$)	2011 (\$)
1-20101-20101-861307	264 PD Home Finance Company	1,561	1,566
1-20101-20101-861308	266 PD FDB Housing	4,110	3,076
1-20101-20101-861511	301 PD FPS Credit Union	11,828	6,310
1-20101-20101-861511	305 PD GSMA Credit Union	360	160
1-20101-20101-861521	312 PD Sacred Heart CU	2,414	2,414
1-20101-20101-861524	315 PD Central Credit Union	115	115
1-20101-20101-861532	YYY PD Public Employee Union	410	410
1-20101-20101-861533	Wesram Finance	96,672	62,931
1-20101-20101-861601	341 PD Maintenance – Suva	3,775	2,067
1-20101-20101-861602	342 PD Maintenance – Nausori	5,604	3,890
1-20101-20101-861603	343 PD Maintenance – Rakiraki	140	140
1-20101-20101-861604	344 PD Maintenance – Tavua	880	640
1-20101-20101-861605	345 PD Maintenance – Ba	633	375
1-20101-20101-861606	346 PD Maintenance – Lautoka	4,060	3,190
1-20101-20101-861607	347 PD Maintenance – Nadi	880	700
1-20101-20101-861608	348 PD Maintenance – Sigatoka	840	480
1-20101-20101-861609	349 PD Maintenance – Labasa	310	310
1-20101-20101-861611	351 PD Maintenance – Savusavu	80	80
1-20101-20101-861616	PD Maintenance – Nasinu	1,130	710
1-20101-20101-861701	357 PD Rates – Suva	866	771
1-20101-20101-861706	361 PD Rates – Lautoka	218	238
1-20101-20101-861716	XXX PD Rates – Nasinu	325	(40)
1-20101-20101-861901	201 PD Tax Arrears/PAYE	157,569	180,675
1-20101-20101-861911	385 PD Sports & Social	11,188	39,250
1-20101-20101-861912	386 PD Unique (DISP SERV)	96,903	103,169
Total		991,125	741,339

- A total of \$2.2 million is being held as statutory payments yet to be paid. This has increased significantly in 2012 by \$1.4 million compared to 2011. Refer Table 19.17 for details:

Table 19.17: Statutory Trust Fund Accounts

Account Number	Description	2012 (\$)	2011 (\$)
1-20101-20101-861309	388 PSC Scholarship loan	1,698	2,216
1-20101-20101-861310	396 FAB loan receivable	1,284	1,284
1-20101-20101-861902	204 Deposit account recoverable	56,829	42,846
1-20101-20101-861914	389 Court bankruptcy	2,692	2,582
1-20101-20101-861915	400 Fines and Treasury	1,280	---
1-20101-20101-861920	501 Employee FNPF	1,292,343	176,500
1-20101-20101-863201	Vat from provision of Goods and Services	795,601	532,553
Total		2,151,727	757,980

Graph 19.1: FNPF²⁹ and VAT³⁰ Trust Fund Account over the 5 Year Period

In addition, the reconciliations prepared failed to address accumulated balances.

The above shows the laxity in ensuring timely payment of balances held in trust. Also, there is possibility that statutory payment have been made from the operating fund account instead of the trust fund account, thereby overstating expenditure recorded in the Statement of Receipts and Expenditure in the Force Agency Financial Statement.

As such, large balances remained outstanding in the operating trust fund account.

Recommendations

- The Deputy Force Accountant should review trust fund account balances every month and explain the reason for the accumulating balances.
- The Force Accountant should instigate supervisory controls for the clearance of balances;
- The Deputy Commissioner of Police should ensure that monthly reconciliations are reviewed for large outstanding balances.

Force's Comments

- *These balances are accumulated from previous years and this has been forwarded to the Ministry of Finance for write-off.*
- *Your recommendation has been noted and the DFA will ensure that the monthly reconciliations are carried out and adjustments for errors are made accordingly.*

Further OAG Comments

The Fiji Police Force was not able to provide the submission made to Ministry of Finance for the write off during further audit verification carried out on 06/09/13, following the management comments.

19.10 Substantial Un-traceable Advances Issued

A *travelling officer* shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents. If an advance has not been fully expended, the travelling officer must repay the balance within seven days of completing travel.³¹

²⁹ Financial Management Information System, General Ledger, Account Number 1-20101-20101-861920, accessed on 30/05/2013

³⁰ Financial Management Information System, General Ledger, Account Number 1-20101-20101-863201, accessed on 30/05/2013

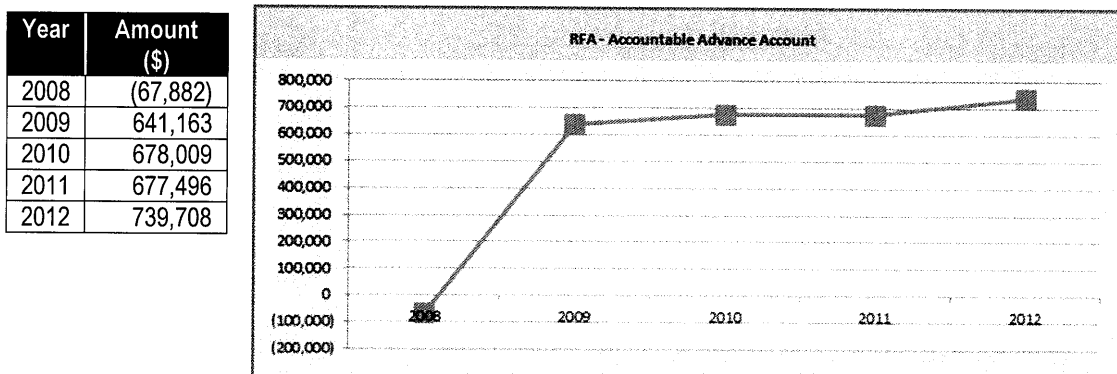
³¹ Fiji Police Force, Finance Manual 2011 – Section 9.1.11 and 9.1.12

Where an advance has not been acquitted within seven days of travel, the *Force Accountant* shall affect recovery through a salary deduction from the concerned officers salary within six fortnights.³²

Upon clearance of the advance, the *Force Accountant* shall update the advance register, offset the advance account and debit the appropriate expenditure account.³³

As at 31/12/12, the Revolving Fund Account, accountable advance account had a balance of \$739,708 compared to \$677,496 in 2011, an increase of \$62,212 or 9%. Refer Table 19.18 for balances in the advance account over the five year period.

Table 19.18: RFA – Advance Account over the 5 Year Period³⁴



The audit noted the following anomalies:

- The outstanding advances have been recurring from previous years without much genuine effort to reconcile the balance;
- The reconciliation performed for 2012 is only a brought forward balance of previous years;
- A review of 2009 advance reconciliation noted details of balances outstanding and to whom these were provided;
- In spite of this, the Force has failed to reconcile and journalize the transactions;
- A review of advances issued during the year noted that \$11,312 is still outstanding in advances as outlined in Table 19.19.

Table 19.19: Outstanding Advances

Date	Cheque No.	Amount (\$)	Payee	Details
30/03/12	682589	144	Ilai Naibati	Advance to Cater meals for 2 officers engaged 1st quarter RFL & Ed
02/06/12	684310	1,650	Moses Nailumu	Advances for Officers travelling to Totoka Island on Special operation duties wef 03/06-15/06/12
24/09/12	687354	1,000	Ananth Narayan	Advance to cater Incidentals for 2 officers during the Advance Security Co-operation course at Honolulu wef 25/09 - 03/10/12

³² Fiji Police Force, Finance Manual 2011 – Section 9.1.14

³³ Fiji Police Force, Finance Manual 2011 – Section 9.1.15

³⁴ Financial Management Information System, General Ledger, Account Number 1-20000-00000-570000, accessed on 30/05/2013

Date	Cheque No.	Amount (\$)	Payee	Details
24/09/12	687370	225	Unaisi G	Advances to cater for the Crime Prevention Workshop wef 21/09 -29/09/12
24/10/12	688145	63	Nanise Natau	Advance to cater meals during the the major investigations in Western Division wef 25-27/10/12
24/10/12	688144	63	Louise Toganivalu	Advance to cater meals during the the major investigations in Western Division wef 25-27/10/12
24/10/12	688146	63	Intiaz Mohammed	Advance to cater meals during the the major investigations in Western Division wef 25-27/10/12
26/10/12	688187	2,808	Pauliasi Lutunauga	Advance to cater meals for 8 officers engaged in Lau Court sitting wef 29/10-09/11/12
31/10/12	688312	39	Manasa Ramasirai	Advance to cater for meals to attend court on 01/11/12
16/11/12	688858	675	Joape Ravunibuna	Advance to cater meals for 5 officers to reinforce Nadi operation wef 15-20/11/12
22/11/12	689000	540	Joape Ravunibuna	Advance for extension of reinforcement operation in Nadi wef 21-24/11/12
28/11/12	689201	943	Suliano Tevita	Advance to cater for travel and meals for 3 days
28/11/12	689228	180	Kusitino Delana	Advance to attend report from Rotuma PS wef 02/02/12 for 6 days
29/11/12	689279	456	Aminisitai Seru	Advance to cater meals for 2 officers for another week in Kadavu
04/12/12	689409	891	Epeli Sovalevu	Advance to cater meals for 11 officers for investigation in Ba for escaped prisoners - 3 days
06/12/12	689599	231	Dewan Chand	Advance to cater meals and accommodation while attending Labasa Magistrate court wef 12-14/12/12
07/12/12	689600	264	Ulaiasi Talebula	Advance to cater for meals, travel and accommodation in IB and HQ
15/12/12	689904	753	Hare Jione	Advance to cater for refreshments and meals for participants of the Community Policing model presentation wef 16/12-17/12/12
21/12/12	690143	324	Uate Rogo	Advance to cater meals for 4 officers for communication Tasking in Western Division - 3 days
Total		11,312		

Non-timely clearance of advances is a contributing factor of large un-reconciled balances in the advance account over the years and may become irrecoverable.

Failure to acquit and journalize the advance amount to the relevant expenditure allocations at year end undertsate the expenditure for the year. Hence, expenditure in the Statement of Receipts and Expenditure in the agency financial statement of the Force is understated.

Recommendations

- **The Force Accountant should ensure that recovery actions are instigated on officers who failed to retire advances within seven days upon return from duty.**
- **The Force Accountant should thoroughly review reconciliations performed for the timely retirement of advances.**
- **The Force Accountant should investigate reconciliations of prior periods to update the general ledger and instigate recovery against officers who have not cleared the advances.**
- **The Deputy Commissioner of Police, Finance and Administration should institute disciplinary action on officers who failed to reconcile and follow-up on the advances that have become irrecoverable.**

Recommendations

- **The Force Accountant should ensure that accounting records are properly and securely maintained.**
- **The Force Accountant should ensure that payment vouchers are filed in chronological order and are easily retrieved when needed.**

Force's Comments

- *With reference to Table 19.22 above, the cheques were voided but the vouchers were not cancelled from the system, as a result it was showing as outstanding advances in the debtors' ledger. We have now completed the process and the above mentioned vouchers have been cancelled.*
- *As for Table 19.23, the advances has been cleared as per details as follows:*
 - *Cheque number 681243 was cleared through Journal Voucher no. 063021 dated – 02/02/12*
 - *Cheque no. 689027 was cleared through refund, cheque no.690092 dated – 21/12/12.*
 - *As for cheque no.690235, it was cleared in 2013 through journal voucher no. 063029 dated 04/04/13 and journal voucher no. 063042 dated 01/06/13.*
- *Journals are available for your audit verifications.*

Further OAG Comments

The Fiji Police Force was not able to provide the respective journal vouchers and payment records stated above during further audit verification carried out on 06/09/13 following the management comments.

19.12 Non-Reconciliation of Provisional Tax Paid

The *Force Accountant* is responsible for maintaining ledgers and reconciling balances in ledgers to ensure the accuracy of financial information and the timeliness of management reports.³⁹ Natural account in Standard Liability Group (SLG) 84 relates to accounts payable balances and by nature should have a credit balance or zero balance at a particular point in time.⁴⁰

To facilitate the payment of provisional tax payable by any person in respect of the profits or gains of the trade, profession or vocation of that person, there shall be deducted from any payment made under any contract for services, but not being a contract of employment, including progress payments under a contract, a sum equal to 15 per cent of such payment. Where any sum has been deducted by any person, such sum shall be deemed to be held in trust for the crown.⁴¹

As at 31/12/12, the provisional tax payable account had a debit balance of \$97,758⁴² indicating more payment in provisional taxes have been made than deducted from contracts. Refer Table 19.22 for balances in the account over the five year period.

³⁹ Fiji Police Force, Finance Manual 2011 – Part 15

⁴⁰ Chart of Accounts – Account Number Structure for Fiji Government

⁴¹ Income Tax (Collection of Provisional Tax) Regulations – section 2 (2) and 3

⁴² Financial Management Information System, Account Number 1-20101-20999-840602 accessed on 30/05/13

Force Comments

Reference is made to Table no.19.20 and the Force Accountant has taken appropriate actions in obtaining acquittals (promulgated in FRO 7/13). For the balance of the Accountable advance, recoveries has commenced with effect from pay 07/13 through their salary. FSO3 No. 255199 dated 19.03.13 is relevant.

Recoveries from officer's salary will be affected for officers who fail to retire within the stipulated time.

Further OAG Comments

The Fiji Police Force was not able to provide the relevant documents during further audit verification carried out on 06/09/13 following the management comments.

19.11 Anomalies noted in Issue and Recording of Advances

The *Force Accountant* is responsible for the safekeeping and proper maintenance of all accounting records or documents.³⁵ The need to improve record management in all agencies is vital for promoting good governance, transparency and accountability in the public sector.³⁶ The *Force Accountant* must record the travel advance in the debtors register.³⁷

The audit noted that cancelled advances totalling \$5,651 was recorded in the debtors register. Refer Table 19.20 for details.

Table 19.20: Cancelled Cheques Recorded as Issued Advances

Date	Payment Voucher No.	Amount (\$)	Particulars
23/10/12	688031	135	Joape Vunibola advance as part of Internal Audit investigation team
11/11/12	688808	774	Accountable advance for Eparama Siga for deployment
01/08/12	685856	1,000	Advance for Extra expenses in FBI Thailand Training x-50373
25/06/12	684893	1,831	Advance for Rusiate Tudravu - Contingency support to Vanuatu
1/8/2012	686271	576	Advance for BOI meals
21/02/12	681644	1,200	Advance for meals of 8 officers for the Lautoka High Court Attendance
28/03/12	682551	135	Advance for x-S16332
Total		5,651	

In addition, the supporting documents for the issue and retirement of advances totalling \$21,971 were not produced for verification on the date³⁸ of audit.

Table 19.21: Source Documents not Verified

Date	Payment Voucher No.	Amount (\$)
08/02/12	681243	7,476
23/11/12	689027	1,535
22/12/12	690235	12,960
Total		21,971

The above shows lack of due care in issuing, recording and maintaining records relating to advances and is one of the compounding factors of large balances in advance account as discussed above.

³⁵ Fiji Police Force, Finance Manual 2011 – Section 17.1.3

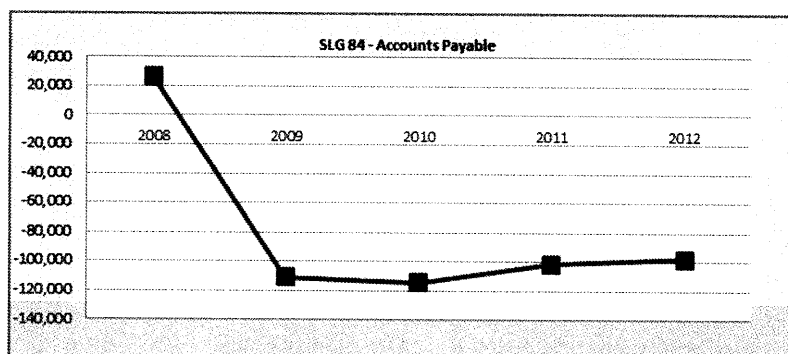
³⁶ PSC Circular 10/2011

³⁷ Fiji Police Force, Finance Manual 2011 – Section 9.1.10

³⁸ 18/04/13

Table 19.22: Provisional Tax Payable Account over the 5 Year Period

Year	Amount (\$)	%
2008	26,757	---
2009	(110,504)	(513)
2010	(114,286)	3
2011	(101,454)	(11)
2012	(97,758)	(4)



The audit noted that the Force failed to maintain a reconciliation of the account and hence is a contributing factor for more payment made from the account than the tax deducted.

In addition, there could be possibility that the payments have been made but the deduction of the provisional tax has not taken place and recorded to the account or erroneously recorded in some other account.

The above shows the laxity of the Force Accountant to reconcile the account balance resulting in misstated account balances.

Recommendation

The Force Accountant must ensure that proper monthly reconciliations are performed and investigate the payments made with the corresponding deduction of provisional tax from contracts paid.

Force Comments

It has been noted as errors in previous years that PAYE was debited from P/Tax allocation. As from 2012 separate allocations were utilized for PAYE and P/Tax payments. The outstanding amount for 2012 was \$3,696.54 which was cleared in January 2013.

19.13 Non - Maintenance of Virement Register and the Pertaining Records

The Minister of Finance may, in writing, authorise the transfer of any unspent amount in an appropriation category within a head of appropriation administered by a budget sector agency (other than a parliamentary body) to another appropriation category within that head of appropriation.⁴³ The Permanent Secretaries of agencies may authorise the transfer of budgeted funds.⁴⁴

The *Force Accountant* must maintain a virement register containing the serial number, budgetary allocation to which and from which the transfer of funds is being made, amount transferred and the revised amounts of the budget allocations and the date of approval.⁴⁵ The *Force Accountant* is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁴⁶

⁴³ Financial Management Act 2004 – Section 16

⁴⁴ Finance Instructions 2010 – Section 10

⁴⁵ Fiji Police Force, Finance Manual 2011 – Section 2.1.9

⁴⁶ Fiji Police Force, Finance Manual 2011 – Section 17.1.3

Within one week of the end of each month, the *Assistant Commissioner of Police, Administration and Finance* shall submit to the *Deputy Commissioner of Police* the internal control report.⁴⁷

As at 31/12/12, a total of \$3,009,003 was re-allocated within the appropriation provided through virement.

The audit noted that the Force failed to maintain a virement register for the changes made to its appropriation and reconcile the budget changes made within the year.

In addition, the virement forms were missing and hence the validity of virements raised in accordance to section 10 of the Finance Instructions could not be ascertained.

This shows that records are not kept in a consistent and proper manner to retrieve with ease.

Recommendations

- **The Force Accountant should ensure that a virement register is maintained and records filed accordingly to retrieve with ease when needed.**
- **The Force Accountant should ensure that budget changes made within the year are reconciled.**
- **The Assistant Commissioner of Police, Finance and Administration should review and monitor the records maintained within the accounts and administration division.**

Force Comments

The 2012 virements are now available for verification and the virement register is now maintained up to date with copies of virement filed and kept with Deputy Force Accountant.

Further OAG Comments

The Fiji Police Force was not able to provide the copies of virements during further audit verification carried out on 06/09/13 following the management comments.

19.14 Board of Survey Report not Provided

An annual board of survey must be conducted each year to verify the existence and condition of assets recorded on the asset register.⁴⁸ Within one week of the end of each month, the *Assistant Commissioner of Police, Administration and Finance* shall submit to the *Deputy Commissioner of Police* the internal control report.⁴⁹

The Force failed to provide the board of survey report for 2012 during the audit. As such, audit was unable to establish whether a board of survey was carried out or not. Refer Table 19.23 for assets, inventory and expendable items purchased over the five year period.

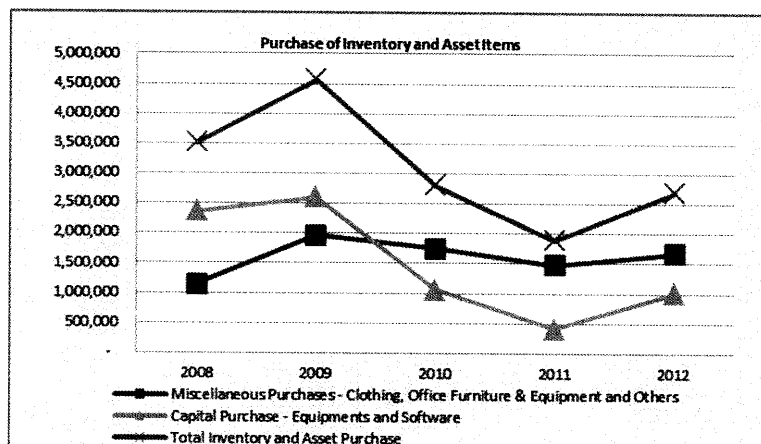
⁴⁷ Fiji Police Force, Finance Manual 2011 – Section 16.1.10

⁴⁸ Finance Instructions 2010 – Section 49 (1)

⁴⁹ Fiji Police Force, Finance Manual 2011 – Section 16.1.10

Table 19.23: Purchase of Stores and Other Asset Items over the Five Year Period

Year	Miscellaneous Purchases (\$)	Capital Purchase (\$)	Total (\$)
2008	1,142,114	2,368,636	3,510,750
2009	1,965,390	2,606,902	4,572,291
2010	1,748,685	1,054,525	2,803,210
2011	1,483,986	410,125	1,894,111
2012	1,678,049	1,008,741	2,686,790
Total	8,018,224	7,448,929	15,467,152



In spite of substantial expenditure and investment in assets, the Force failed to implement and carry out the board of survey.

Without a board of survey report, the statement of losses other than money cannot be substantiated.

Failure to carry out the board of survey is a breach of Finance Instructions. Despite being raised in previous audits, the force is yet to convene the board of survey of its assets.

As such, the risk of misappropriation of assets is high.

Recommendation

The Assistant Commissioner of Police, Finance and Administration should ensure that a Board of Survey is carried out annually in accordance with Section 49 of the Finance Instructions 2010.

Force's Comments

Due to limited staff, the Force was able to conduct board of survey on uniform and accessories only and these reports were available at the time of audit at the Nasese Stores Office. However, from this year in conjunction with Ministry of Finance as their Pilot project, the Force is conducting 100 per cent on stock take on all Force Assets.

Your recommendation is noted and would convene an annual Board of surveys on all our assets once the Ministry of Finance has completed the Project. The officer in charge - stores is responsible for convening regular board of surveys and maintaining of appropriate records for all Force Assets.

Further OAG Comments

The Fiji Police Force was not able to provide the board of survey report during further audit verification carried out on 06/09/13 following the management comments.

19.15 Staff Establishment contrary to the Authorised Establishment

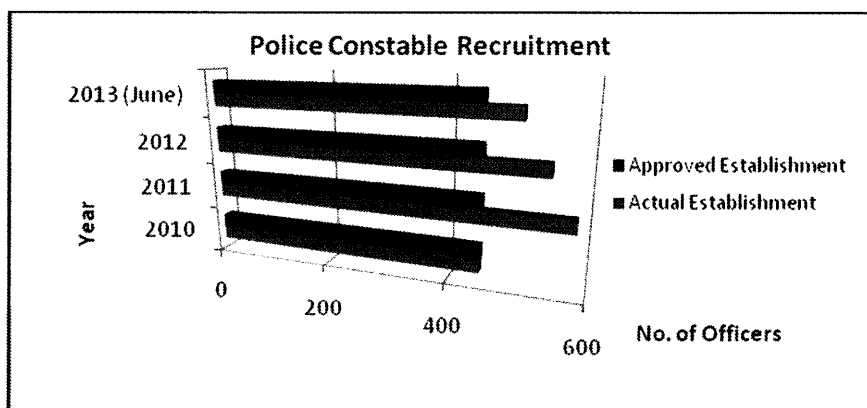
The number of persons to be recruited as subordinate officers and the frequency of recruitment will be directed by the Commissioner of Police. The Commandant Fiji Police Academy will be responsible for arranging recruiting tours, the selection of recruits, the processing of recruits and advertisement of recruiting tours.⁵⁰

The audit noted that a total of 96 police constables were recruited in excess of the authorized establishment of 450 police constables while six contract officers were recruited for which the authorized establishment was not available. Refer Table 19.24 for details.

Table 19.24: Excess Recruitment of Police Constables

Year	Actual	Approved
2010	449	450
2011	584	450
2012	546	450
2013 (June)	505	450

(Source: Police Manpower Status Report – Human Resource Management as at 31/12/12)



In addition, more police constables were recruited while the other higher positions did not adequately have the authorized minimum officers. Refer Table 19.25 for vacant establishments.

Table 19.25: Force Authorised Establishment vs the Actual Officers Employed

Officers	Authorised Establishment	Actual Officers	Under / (Over) Allocation of Staff
US01 (CP)	1	1	---
US02 (DCP)	2	1	1
US03 (ACP)	4	4	---
PL01 (CP)	15	13	2
PL02 (ACP)	27	20	7
PL03(ASP)	69	66	3
PL04	189	175	14
PL05 (SM)	283	283	---
PL05(SGT)	442	385	57
PL07	1471	1113	358
PL08 (PC)	450	546	(96)
TOTAL:	2953	2607	346
Civilian	135	114	21
TOTAL:	135	114	21
SCs	1150	1150	---
GWEs	60	58	2
Contracted Officers	---	6	(6)
TOTAL:	1210	1214	(4)
Grand TOTAL:	4298	3935	363

⁵⁰ Fiji Police Force Standing Order – No. 228: Recruits

(Source: Police Manpower Status Report – Human Resource Management as at 31/12/12)

Absence of adequate officers in authorized higher ranks could impact the capability and capacity of the force to deliver timely services to the public. Also, recruitment above authorization is open to nepotism and favoritism.

Recommendations

- The Deputy Commissioner of Police should review the staff establishment and ensure that officers in accordance with the authorized establishment are appointed immediately.
- The Deputy Commissioner of Police should review the recruitments in excess of the authorized establishment immediately.
- Disciplinary action should be instituted on officers for recruiting officers in excess of the authorized limit.

Force Comments

Upon management approvals only the new recruitments or police constables were made based on the vacancies as per total establishment. Officers were not promoted due to not meeting minimum qualification requirement (MQR) as set by the Commissioner of Police. As a result over establishment were in PL08 and less in PL07, etc. From second half 2013 new recruits of police constables have been selected and are now trained at the Fiji Police Academy in accordance with the revised recruitment and training policies. The Fiji Police Force is in the process of filling vacancies and recruiting police officers on the revised recruitment policies. Further Force had introduced Police Cadet Scheme for capacity building initiative program.

19.16 Absence of Contracts Contrary to Procurement Regulations

Contract management is the process in which the parties to a procurement contract ensure that they fully meet their respective obligations as efficiently and effectively as possible, according to the terms and conditions of the procurement contract.⁵¹

The Force was advised by the Government Tender Board to ensure that proper contracts are put in place and vetted by the Solicitor General's Office. A signed copy shall then be submitted to the Procurement Office.⁵²

The audit noted that the Force has failed to enter into contracts with the suppliers for equipment and materials as outlined in Table 19.26 for details.

Table 19.26: Procurement without Contracts in Place

Tender No.	Awarded to	Details	Amount (\$)
CTN 19/12	Global Safety & Civil Supplies	Supply of Police Uniform Accessories	732,692
CTN 19/12	Shanti Lal Brothers	Uniform Accessories	161,020
CTN 10/12	Global Safety & Civil Supplies & Shantilal Brothers	Supply of Standard Equipment	300,000
CTN 07/12	Shanti Lal Brothers	Police Uniforms	408,581
CTN 59/12	Footwear Industries	Supply of Footwear	1,620,870

⁵¹ Fiji Procurement Regulations 2010 – Section 2 (1)

⁵² Government Tender Board Approval: Tender No. CTN 59/2012, CTN 07/2012, CTN 19/2012, CTN 10/2012

Tender No.	Awarded to	Details	Amount (\$)
Total			3,223,163

The above indicates a blatant disregard of the Force to Government Tender Board directives.

In the absence of contracts, the suppliers and department may not know the terms and conditions of the purchasing and could result in inferior items supplied against which actions could not be taken. Also, the risk of litigation, mismanagement and misappropriation of funds is high.

Recommendation

The Force should strictly adhere to section 2 (1) of the procurement regulations 2010 and the directives of the Government tender Board at all times.

Force Comments

The recommendation is noted, however the Fiji Police Force is in the process of preparation of contracts and obtaining required surety performance bond, in accordance with Fiji Procurement Office Tender Board approvals.

19.17 Excessive Vodafone Chargers for Unused Vodafone

The principles of responsible financial management are to ensure value for money in the use of money and resources.⁵³ The *Force Accountant* or the *Senior Accountant* must not certify a payment as correct unless they are satisfied that the goods, services or works have been received.⁵⁴ With regards to telephone calls, office telephones should be used for official purposes only. Official calls should be limited, wherever possible, to three-minute duration and should not exceed six minutes duration. Officers must not use telephones for private purposes.⁵⁵

The Public Service Commission approved the need to modernise Government's work practices and processes by the provision of Information Computing Technologies (ICT) solutions which is essential for effective service delivery. In addition, Public Service Commission has reviewed the Mobile Phone Policy and the decision for purchase of mobile phones and its usage in government agencies is delegated to the Permanent Secretaries and Heads of Departments.⁵⁶

The Force telecommunication budget was revised during the year from \$1,765,000 to \$1,996,881, an increase of \$231,881 or 13%. Refer Table 19.27 for details of telecommunications expenditure (VIP) over the five year period.

⁵³ Financial Management Act 2004, Section 5 (c)

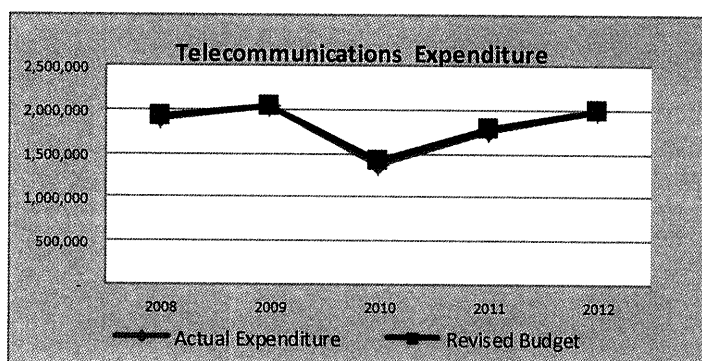
⁵⁴ Fiji Police Force, Finance Manual 2011 – Section 2.8.4

⁵⁵ General Orders 2011 – Section 1114

⁵⁶ Public Service Commission, Circular 60/2012, Paragraph 4 and 5

Table 19.27: Telecommunications Expenditure over the five Year Period

Year	Actual ⁵⁷ (\$)	Budget ⁵⁸ (\$)
2008	1,921,391	1,922,500
2009	2,053,817	2,054,388
2010	1,385,263	1,419,300
2011	1,764,416	1,805,300
2012	1,996,308	1,996,881
Total	9,121,195	9,198,369



The audit noted the following anomalies from the review of telecommunications expenditure:

- The cost of telecommunications expenditure has increased over the years in spite of the use of mobile phones;
- The Force internal mobile phone policy that administers the use of mobile phones was not provided;
- The contract with the mobile phone service provider, Vodafone, was not provided;
- The supplier of mobile phone services was not reviewed for the economical supplier of the service;
- The Force pin system of making calls through landline was not scrutinized and reviewed for personal calls or calls that were longer than the standard duration defined in the General Order.
- A total of 129 inactive landlines was with the force as at 31/12/12 as outlined below.

Table 19.28: Inactive Landlines⁵⁹

Division	No. of Inactive Landlines
Southern	87
Eastern	25
Western	17
Total	129

- A review of the monthly mobile bills noted that the force has 624 mobile numbers⁶⁰;
- A list of mobile holders and the numbers provided was not comprehensive compared to the numbers in the monthly bills;
- A total of \$97,476 expenditure was incurred as standard charges for mobile and flashnet numbers which were not utilized as evidential through zero user charges. Refer Table 19.29 for details of monthly chargers for mobile phones not in use:

⁵⁷ Financial Management Information System, General Ledger Account No. 1-20000-00000-030400, Fiscal Set "A" accessed on 30/05/13

⁵⁸ Financial Management Information System, General Ledger Account No. 1-20000-00000-030400, Fiscal Set "2" accessed on 30/05/13

⁵⁹ Fiji Police Force, Inactive Telephone Lines Report by Divisions

⁶⁰ Vodafone Bill for the month of January 2012 for mobile numbers that had standard charges only

Table 19.29: Mobile Standard Charges⁶¹

Month	Amount (\$)
January	9,115
February	9,924
March	9,000
April	8,800
May	9,004
June	8,404
July	8,066
August	8,647
September	9,041
October	9,029
December	8,446
Total	97,476

The above shows a blatant disregard to ensure adequate controls and monitoring in the use of telecommunications.

Hence, the expenditure incurred is extravagant.

Recommendations

- **The Chief of Staff, Administration should ensure that telecommunications through landline, mobiles and flashnets are reviewed to ensure that inactive numbers are cancelled.**
- **The Chief of Staff should ensure that a telecommunication register is opened to record all the numbers that have been assigned to the posts, units and the officer responsible for the numbers.**
- **The Chief of Staff should ensure that a mobile phone policy is developed.**
- **GO 1114 should be strictly adhered to.**

Force Comments

Force is in the process of reviewing its communication policies and its effectiveness with the consultation with government ITC services and engagement of a consultant. This issue should be resolved in late this year or in the year 2014. The review of policy includes all method of communication for example landlines phones, mobile phones, flashnets, radio communications, handsets, etc. For your information the Fiji Police Force has submitted contract for supply of Fiji Police Data Communication Networking Equipment to Fiji Procurement Office.

⁶¹ The month of November 2012 bill was not provided to audit

APPENDICES

Appendix 19.1: List of Stale Cheques

Date	Cheque No	Amount (\$)
04/06/12	684332	6.00
04/06/12	684334	780.00
04/06/12	684339	99.65
04/06/12	684340	250.00
04/06/12	684348	594.00
05/06/12	684361	1,563.81
05/06/12	684363	45.00
05/06/12	684367	315.00
05/06/12	684368	194.74
05/06/12	684377	29.70
07/06/12	684421	72.00
07/06/12	684422	3,719.63
07/06/12	684424	308.54
07/06/12	684425	559.06
07/06/12	684426	455.17
07/06/12	684427	525.82
07/06/12	684428	407.71
07/06/12	684429	294.97
07/06/12	684432	755.84
07/06/12	684433	1,300.02
07/06/12	684437	120.00
07/06/12	684439	240.00
07/06/12	684442	2,251.00
07/06/12	684446	88.53
07/06/12	684447	110.00
07/06/12	684458	690.00
08/06/12	684486	608.50
08/06/12	684491	540.00
12/06/12	684505	180.00
12/06/12	684508	97.34
12/06/12	684509	219.32
12/06/12	684514	37.50
12/06/12	684522	72.00
12/06/12	684523	509.20
12/06/12	684530	90.00
12/06/12	684531	120.00
14/06/12	684617	85.00
14/06/12	684627	277.51
14/06/12	684628	277.51
14/06/12	684630	277.51
14/06/12	684631	372.32
14/06/12	684632	335.68
14/06/12	684639	548.14
14/06/12	684640	789.28
14/06/12	684641	611.89
14/06/12	684642	853.17
15/06/12	684644	277.81
15/06/12	684653	1,101.68
15/06/12	684654	554.94
15/06/12	684656	54.00

Date	Cheque No	Amount (\$)
15/06/12	684658	853.75
15/06/12	684664	45.00
18/06/12	684685	360.00
18/06/12	684697	196.71
19/06/12	684709	921.36
21/06/12	684786	51.80
21/06/12	684787	241.50
21/06/12	684788	50.00
21/06/12	684789	210.00
21/06/12	684790	1,098.00
21/06/12	684818	753.94
21/06/12	684821	249.29
21/06/12	684841	250.00
22/06/12	684851	923.10
25/06/12	684891	226.95
25/06/12	684893	1,831.15
26/06/12	684905	75.28
26/06/12	684919	79.74
28/06/12	684968	138.12
28/06/12	685004	70.00
28/06/12	685006	260.00
28/06/12	685009	60.00
29/06/12	685024	395.00
29/06/12	685028	426.17
29/06/12	685032	140.00
29/06/12	685057	60.00
29/06/12	685065	398.00
29/06/12	685070	54.00
29/06/12	685071	342.97
29/06/12	685072	180.00
29/06/12	685073	140.00
29/06/12	685080	180.00
Total		35,928.32

